

WESTSIDE AMB. TO CC.  
January 7, 2025 update to July 2024 Request

7/22/2024

Dear Glenn County Board of Supervisors and Orland City Council,

Our non-profit organization, founded in 1939 by the community, has been dedicated to providing emergency medical services to our community for over eight decades. Our core mission is to save lives and ensure the well-being of our community by delivering timely and professional emergency medical services.

Recently, we have encountered significant financial challenges due to a decline in reimbursement rates. Over the past 18 months, our insurance reimbursement has declined due to a shift in the types of insurance held by patients, placing additional strain on our budget and exacerbating our financial difficulties. This has resulted in an annual deficit of \$184,113.63.

In addition to the decline in reimbursement rates, we have faced increased costs in equipment maintenance, which have risen by 18% over the past year, and staff salaries, which have increased by 10% over the past five years. These factors have further contributed to our financial instability.

The goal of this funding proposal is to secure financial support from the City of Orland and the County of Glenn to cover our operational costs and restore financial stability. This funding is crucial to maintain our current services for our target population without interruption. We are requesting funding to cover our annual deficit and provide a buffer for future financial uncertainties and unexpected costs.

The urgency of this funding request is driven by the immediate need to stabilize our financial situation due to the recent decline in reimbursement rates. Securing this funding will have a significant impact on our organization and its stakeholders by allowing us to continue providing essential services without interruption.

We respectfully request the City of Orland and the County of Glenn to consider our proposal and provide the necessary funding to help us overcome these financial challenges and continue serving our community effectively.

Our non-profit organization is currently facing a significant annual deficit of \$184,113.63. Here, we provide a detailed overview of our financial situation:

- **Insurance Reimbursement Rates:** The average ambulance bill is \$4,691.21, but the average reimbursement amount is only \$597.10 for emergency transports and \$118 for non-transports. This substantial gap between billed amounts and reimbursements has significantly impacted our revenue.
  - **Medicare** (57% of our calls last year) average reimbursement is \$583.04
  - **Medi-Cal** (27.5% of our calls last year) average reimbursement is \$118.20 and an add on of \$220.80 if patient is taken to the hospital and \$3.55 per mile.

- **GEMT (Ground Emergency Medical Transportation)-** In order to receive the add-on of \$220.80 we must pay \$34.37 per call (all calls not just Medi-Cal). This is paid over a 4-month period for the previous year. And averages around \$10,000. The GEMT add-on is voted every year and is not guaranteed.
- **\*Other** (15.5% of our calls last year) consists of vitrains, employer insurance, private insurance, workers comp, non-insured etc.
  - **Collections:** 8% of the other category go to collections with an average of only 2.4% of what is sent to collections is re-paid.
  - **Pay in full:** Only 1.4% of all calls are paid in full

	Calls	Total Charges	Gross Receipt	Write-Off
Medi-Cal	Ave per call	\$5,132.72	\$461.79	\$4,670.93
Medicare	Ave per call	\$4,608.84	\$583.04	\$4,025.80
*Other	Ave per call	\$4,332.08	\$2,158.88	\$2,173.20

- **Increased Costs:** Over the past year, our equipment maintenance costs have risen by 18%, while staff salaries have only increased by 10% over the past five years. These increases are essential to maintain our operational readiness and retain skilled personnel, but they have also contributed to our financial strain.
- **Unexpected Expenses:** We have encountered unexpected expenses for emergency repairs to ambulances and repairs to our station, further exacerbating our financial challenges.
- **Cost-Cutting Measures:** To manage these financial challenges, we have implemented several cost-cutting measures, including reducing administrative expenses by 10% through measures such as decreasing office supply orders, negotiating lower fees for credit card charges, changing phone plans, and minimizing utility usage. These measures have saved us approximately \$33,919.18 annually, but they are not sufficient to cover the deficit.
- **Current Funding Sources:** Our primary funding comes solely from services provided and membership dues. Despite these efforts, the gap between our expenses and revenue continues to widen.

## Bank Balances

Aug- 23	Credits	\$102,414.33	Feb- 24	Credits	\$59,087.90
	Debits	\$82,914.61		Debits	\$113,033.43
	Difference	\$19,499.72		Difference	(\$53,945.53)
Sep- 23	Credits	\$113,387.77	Mar- 24	Credits	\$90,657.47
	Debits	\$97,250.93		Debits	\$104,800.48
	Difference	\$16,136.84		Difference	(\$14,143.01)
Oct- 23	Credits	\$76,380.79	Apr- 24	Credits	\$92,269.02
	Debits	\$87,376.16		Debits	\$103,601.58
	Difference	(\$10,995.37)		Difference	(\$11,332.56)
Nov- 23	Credits	\$88,280.21	May- 24	Credits	\$96,748.99
	Debits	\$104,154.80		Debits	\$91,665.75
	Difference	(\$15,874.59)		Difference	\$5,083.24
Dec- 23	Credits	\$71,310.56	Jun- 24	Credits	\$92,936.65
	Debits	\$97,818.12		Debits	\$95,054.15
	Difference	(\$26,507.56)		Difference	(\$2,117.50)
Jan- 24	Credits	\$83,659.18	Jul- 24	Credits	\$107,486.03
	Debits	\$90,170.32		Debits	\$95,736.10
	Difference	(\$6,511.14)		Difference	\$11,749.93

## Annual Expenses Breakdown

Here is a breakdown of our organization's annual expenses:

Category	Amount
<b>Salaries and Wages (Amb)</b>	\$619,164.13
<b>Salaries and Wages (Clerical)</b>	\$135,907.66
<b>Maintenance Costs</b>	\$21,930.43
<b>Medical Supplies</b>	\$38,088.36

These figures highlight the significant costs associated with maintaining our operations and the challenges we face in balancing our budget.

## Financial Challenges of Non-Profits

Non-profit organizations like ours often face financial challenges due to the lack of state or federal funding to offset uncompensated care and charity care. Additionally, unexpected expenses such as emergency repairs to equipment and facilities can strain our limited resources.

In summary, the financial overview underscores the urgent need for funding to cover our operational costs and restore financial stability. The requested funding from the City of Orland and the County of Glenn is crucial to ensure that we can continue providing essential emergency medical services to our community without interruption.

Our operational costs are divided into several key categories, each essential to maintaining our emergency medical services. Below is a detailed breakdown of these costs:

## **Salaries and Wages**

The salaries and wages for our staff have increased by 6% over the past few years. This increase is primarily due to our efforts to retain highly trained personnel, which is crucial for maintaining the quality of our services. We currently employ 7 full-time and 12 per diem staff members. The overall costs also include employment taxes. The total annual expenditure on salaries and wages is \$755,071.79. In 2024 we were not able to give a pay increase to any of our staff due to our losses.

## **Maintenance Costs**

Maintenance costs have seen a significant rise, with an 18% increase over the past year. These costs are critical for ensuring our ambulances and equipment are always in operational readiness. We recently had to do major repairs on our 2016 ambulance costing around \$6,000.

Common maintenance expenses include:

- **Tire replacements:** High-quality tires for ambulances range from \$200 to \$500 per tire, with a total cost of \$1,200 to \$3,000 for a full set.
- **Brake repairs:** Complete brake repairs, including pads, rotors, and calipers, can range from \$200 to \$1,200.
- **Emergency repairs:** unexpected repairs such as air conditioning replacements and garage door motor replacements are also frequent.

The total annual maintenance costs amount to **\$21,930.43**.

## **Medical Supplies**

Medical supplies are essential for our daily operations. These include oxygen cylinders, IV solutions, and first aid materials. The average annual cost for these supplies is approximately \$35,000. Recently, supplier price increases have slightly raised these costs.

Medical equipment needs routine maintenance and parts replaced over its life span that averages 5-7 years. Routine maintenance averages a couple thousand, parts a few hundred, and replacement can range from a couple thousand to hundreds of thousands.

## Utilities and Operation Costs

Our utility costs, which include electricity/gas, water, waste management, internet and telephones, total around \$78,000 annually. Additionally, operational costs amount to \$261,191.79 annually. These costs cover office supplies, insurance, government dues and fees, and IT services. Rising prices have led to an increase in these expenses recently.

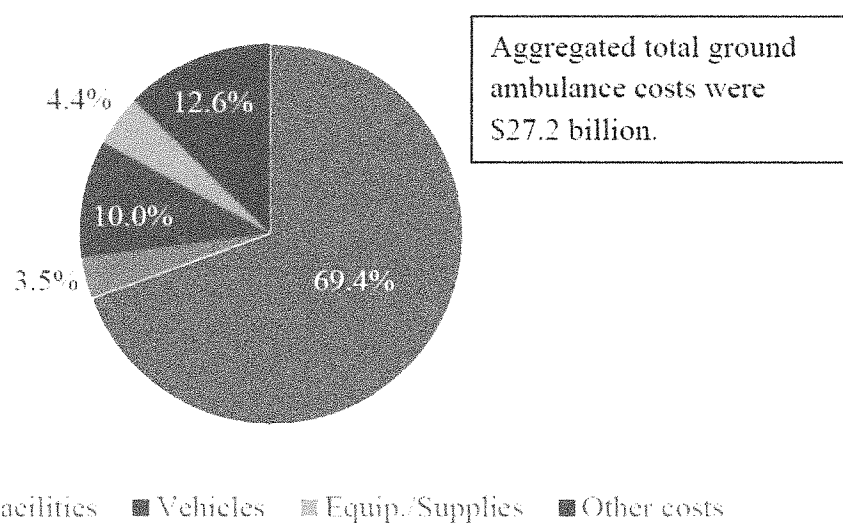
## Summary of Annual Expenses

Category	Annual Cost
Salaries and Wages (Amb)	\$619,164.13
Salaries and Wages (Clerical)	\$135,907.66
Maintenance Costs	\$21,930.43
Medical Supplies	\$38,088.36
Operation Expenses	\$339,191.79

These operational costs are essential to our ability to provide timely and professional emergency medical services. The requested funding from the City of Orland and the County of Glenn will help cover these expenses, ensuring that we can continue to serve our community without interruption.

Early 2024 CMS did an in-depth survey with ambulance companies nationwide to show how Medicare and Medicaid reimbursement is impacting the financial stability of ambulance companies.

**Figure S.1. Relative Contribution to Aggregated Total Ground Ambulance Costs**



SOURCE: RAND analysis of GADCS Year 1 and Year 2 analytic file.

NOTE: "Equip." is equipment.

Securing funding from the City of Orland and the County of Glenn will have a profound impact on our organization and the community we serve. Here are the key benefits and impacts:

**Benefits:**

- **Avoiding Staff Burnout:** With additional funding, we will be able to hire more personnel, reducing the workload on current staff. This will help prevent burnouts and ensure that our team remains motivated and capable of providing high-quality emergency medical services.
- **Immediate Repairs and Maintenance:** The funding will enable us to carry out necessary repairs and maintenance on our ambulances and station, including critical repairs such as air conditioning replacements, tire replacements, and brake repairs, ensuring that our vehicles are reliable and ready for any emergency.
- **Financial Stability:** The funding will provide the financial stability needed to continue our operations without interruption. Stability is crucial for retaining our skilled staff, which directly impacts the quality and consistency of the services we provide.
- **Sustained Services:** With financial stability, we can continue to offer critical emergency medical services to Orland and the surrounding areas. This ensures that our community has access to timely and professional medical intervention when it is most needed.
- **Improved Staff Morale:** By meeting salary demands and reducing the need for overtime, we can improve staff morale and retention. A motivated and well-supported team is essential for maintaining high standards of service and care.

**Community Impact:**

- **Enhanced Service Quality:** Retaining skilled staff and ensuring the reliability of our equipment will directly benefit the community by providing consistent and high-quality emergency medical services. This is vital for the well-being and safety of our residents.
- **Operational Readiness:** Regular maintenance and repairs funded by the grant will keep our ambulances in optimal condition, reducing the risk of breakdowns and ensuring that we can respond promptly to emergencies.
- **Buffer for Future Uncertainties:** The requested funding will also provide a buffer for future financial uncertainties and unexpected costs, allowing us to manage unforeseen expenses without compromising our services.

## **Funding:**

Below are a few examples of suggested funding and possible allocation strategies.

### **\$17,000 monthly:**

- 90% - Average monthly loss
- 10% - Pay increase of 3%

This amount would be sufficient for us to maintain operations and provide employees with a salary increase that they have not yet been able to receive, but it would not allow for growth.

### **\$35,000 monthly**

- 44% - Average monthly loss
- 14% - Pay increase of 5% and 401k Benefits
- 8% - Station upgrades and maintenance
- 14% - Small equipment, training, and reserves for capital purchases
- 20% - Purchase of ambulance this year and creating reserves for future purchase (8 years)

This would permit some growth and potential savings for capital purchases with the amount that can be reserved.

### **\$50,000 monthly**

- 30% - Average monthly loss
- 16% - Pay increase of 5%, 401k Benefits, and a part-time office assistant
- 10% - Station upgrades and maintenance
- 16% - Purchase of ambulance this year and creating reserves for future purchase (8 years)
- 2% - Billing and accounting program upgrades
- 26% - Equipment, Training, and reserves for capital purchases

This would enable growth and savings for future capital purchases. Equipment should be replaced every five to ten years, and maintaining a backup supply of items such as a monitor and gurney is recommended. The organization currently does not have a backup supply of either of these items.

In conclusion, securing the requested funding from the City of Orland and the County of Glenn is crucial for maintaining the financial stability of our non-profit organization. Private non-profit ambulance companies around the U.S. are closing their doors for the same reason and larger companies are coming in to take over while asking the cities and counties for subsidies ranging in the millions. This funding will allow us to continue providing reliable and essential emergency medical services to our community, which started this company almost 85 years ago, without interruption.

Our organization has a longstanding commitment to the well-being of Orland and surrounding area's residents, and this financial support will directly benefit the community by ensuring that we can retain skilled staff, improve staff morale, and maintain operational readiness. The ability to manage unexpected costs and maintain essential equipment is vital for the quality and reliability of our services.

We emphasize the urgent need for this funding to address our current financial challenges, primarily caused by the decline in reimbursement rates and increased operational costs. By supporting our funding request, the City of Orland and the County of Glenn will help us continue to save lives and improve the quality of life for all residents.

We are profoundly grateful for the consideration and assistance from the City of Orland and the County of Glenn. Your support will have a significant positive impact on our organization and the community we serve. Thank you for your commitment to ensuring the continued provision of critical emergency medical services in Orland and surrounding areas.

Most sincerely,

*Westside Ambulance Association*