



**BOARD OF SUPERVISORS  
AGENDA LETTER**

Agenda Number:

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Public Health  
**Department No.:** 041  
**For Agenda Of:** August 09, 2011  
**Placement:** Departmental  
**Estimated Tme:** 15 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

**TO:** Board of Supervisors  
**FROM:** Department Takashi Wada, MD, MPH Director/Health Officer, Public Health  
Director Department  
Contact Info: Nancy Lapolla, MPH (681-5264)  
Emergency Medical Services Agency Director  
**SUBJECT: Amendment to Agreement for Services with American Medical Response West**

**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence: Risk Management**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors consider recommendations, as follows:

- a) Receive a departmental presentation on the AMR Ambulance Rate Increase by Amendment as described in item b) below.
- b) Approve and authorize the Chair to execute an Amendment to the Professional Services Agreement with American Medical Response West to adjust ambulance rates and provide additional compensation to the County.
- c) Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline Section 15061(b)(3), since it can be seen with certainty that there is no possibility that the activities may have a significant effect on the environment.

**Summary Text:**

Board Agreement BC-05-168 between the County of Santa Barbara and American Medical Response West (AMR) for ambulance services includes an option for AMR to petition the EMS Agency for an ambulance rate adjustment depending on a set of particular circumstances. AMR has requested to exercise this option in accordance with the Agreement language Section 10.3 which states:

*Annual Profit – Contractor’s annual profit will be capped at eight (8) percent pre-tax of net revenue. If revenues exceed this cap the EMS Agency would*

*implement a review of ambulance rates. If the profit rate falls below 6% pre-tax for any given three (3) month period the Contractor has the right to submit to the EMS Agency cause for a financial review and provide all the appropriate financial documentation to petition for a rate increase. The EMS Agency will review said documentation and only at their approval will the petition for rate increase be forwarded to the Board of Supervisors.*

**Background:**

Board Agreement BC-05-168 between the County of Santa Barbara and American Medical Response West (AMR) for Advanced Life Support ambulance services was approved by your Board on December 14, 2004. The contract term was for seven years: January 1, 2005 through December 31, 2011 with the option for two (2) three-year extensions. On July 13, 2010 your Board approved and executed the first extension to the Agreement extending the term through December 31, 2014.

The AMR Agreement allows for a pre-tax net income of no greater than 8%. AMR’s profit rate percentage has not reached the 8% during the life of the Agreement to date. The Agreement also states that if the profit rate falls below 6% (for any given 3-month period), AMR may request a rate adjustment. AMR has made that request and has provided financial documentation which was reviewed by the EMS Agency, including a 2010 Audited Financial Report by an independent auditing firm. The documentation was provided to the County Auditor-Controller’s Office for concurrence. The documents indicate the profit margin for AMR for the calendar year 2010 was 0.33% which is below the 6% minimum specified in the Agreement. Below is a comparison of the current rates and the proposed new rates which, upon approval, would become immediately effective.

Current Rates as of February 1, 2011

Proposed New Rates

<b>BLS* Base Rate</b>	<b>\$ 976.84</b>
<b>ALS** Base Rate</b>	<b>\$ 1,502.90</b>
<b>Oxygen</b>	<b>\$ 99.86</b>
<b>Mileage</b>	<b>\$ 29.36</b>
<b>Stand-by rate (per hour)</b>	<b>\$ 151.31</b>

<b>BLS Base Rate</b>	<b>\$ 1,261.39</b>
<b>ALS Base Rate</b>	<b>\$ 1,940.69</b>
<b>Oxygen</b>	<b>\$ 128.95</b>
<b>Mileage</b>	<b>\$ 37.91</b>
<b>Stand-by rate (per hour)</b>	<b>\$ 195.39</b>

\*BLS: Basic Life Support

\*\*ALS: Advanced Life Support

In addition to adjusting the AMR rates, Board approval of this Amendment will provide increased compensation from AMR (using AMR’s figures) to the Sheriff’s Department from \$1,172,621 to \$1,272,621 in support of emergency medical dispatch services. The Amendment also provides for increased compensation from AMR to the EMS Agency from \$217,469 to \$417,469 for contract oversight and system monitoring services which will provide additional support to strengthen the EMS system and performance improvement processes.

The new rates will be for all EMS transport providers. County Fire and UCSB, who also provide ambulance services, will benefit from this additional revenue estimated at \$149,186, without the financial burden of contributing to the system infrastructure cost that AMR continues to support.

EMS ambulance rates vary from county to county based upon the following factors: payer mix by population; payments to county for services; subcontract agreements to providers; response time requirements; bundled charges vs. billing for supplies; county fund subsidies, and implementation of

compassionate care programs which provide relief for those unable to pay. Attachment A details the current rates and charges for our benchmark counties. The average cost per call for Santa Barbara County (current and proposed) and benchmark counties is:

<b>County</b>	<b>Avg Price per ALS Call</b>
Santa Barbara – <b>Current</b>	\$1,733.59
Monterey	\$3,300.09
Stanislaus	\$2,475.38
Santa Cruz	\$2,311.32
<b>Santa Barbara – Proposed</b>	<b>\$2,238.59</b>
Marin	\$2,209.56
Sonoma	\$2,157.14
San Luis Obispo	\$2,131.92
Placer	\$2,122.55
San Joaquin	\$2,107.63
Tulare	\$1,371.26
Solano	\$1,293.50

AMR has been in compliance with performance standards and has met all requirements for payments to the County and its subcontractors during the term of this Agreement. Attachment B details payments AMR has made to County and subcontractors. At the close of this calendar year AMR will have provided \$16,358,525 to the County, cities and fire districts in support of the emergency medical services system and is projected to reach \$33,605,170 by the end term of the Agreement.

**Performance Measure:**

Ensure that the response times of the County Advanced Life Support (ALS) providers are compliant in each of the seven EMS zones of the County. This includes the ambulance contractor, AMR, and the Advance Life Support (ALS) and Basic Life Support (BLS) fire departments that have subcontracts agreements with AMR. System-wide time compliance exceeds the required 90 percent of the time with a response time compliance rate of 95% for the periods of January 2005 – December 2010.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

There is no General Fund impact with the approval of this Amendment. Board approval of this Amendment shall provide \$300,000 in increased compensation from AMR to County as follows: \$100,000 to the Sheriff’s Department (from \$1,172,621 to \$1,272,621) for emergency medical dispatch services; and \$200,000 to the EMS Agency (from \$217,469,000 to \$417,469) for contract oversight and system monitoring services. Upon approval of this action, a budget revision will follow, increasing the Public Health and Sheriff’s adopted FY 2011-12 operating budget by \$300,000.

This agreement will not result in additional need for facilities.

**Special Instructions:**

Please return one executed original Amendment to the Agreement to PHD Contracts Unit at 300 N. San Antonio Rd., Santa Barbara, CA 93101 Attn: Rose Davis. Please send one electronic minute order to PHDcu@sbcphd.org.

**Attachments:**

- PowerPoint Presentation on \*\*\*
- First Amendment to Agreement for Services of Independent Contractor
- Attachment A – Current Ambulance Transportation Rates for Benchmark Counties
- Attachment B – Payments AMR has made to County and Subcontractors

**Authored by:**

John Eaglesham, EMS Performance Improvement Coordinator, Emergency Medical Services Agency,  
681-5394