



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: November 19, 2019
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Van Do-Reynoso MPH, PhD
Director Public Health Department
Contact Info: Nick Clay (681-5264)
Emergency Medical Services Agency Director
SUBJECT: **Fourth 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 and file American Medical Response West's petition for an ambulance rate increase which has been reviewed by the County Auditor-Controller's Office and by the Public Health Department, acting in its capacity as the Local Emergency Medical Services Agency, to be implemented via the Fourth Amendment as recommended in item "b" below;
- b) Approve and authorize the Chair to execute a Fourth Amendment to the Professional Services Agreement, BC-05-168, with American Medical Response West to increase ambulance rates, to implement several emergency medical services system improvement initiatives, and to extend the term 3 years through December 31, 2022;
- c) Approve and authorize the Director of the Emergency Medical Services Agency to approve any rate adjustment up to five percent (5%) in accordance with Section 10.4.B.1 upon concurrence of the County Auditor-Controller and until December 31, 2022; and
- d) Determine that the above recommended actions are not a "Project" within the meaning of the California Environmental Quality Act (CEQA) and are exempt per CEQA Guideline 15378(b)(4)

because it is creation of a governmental fiscal activities which do not involve commitment to any specific project which may result in a potentially significant physical impact 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 (“Agreement”) includes a clause allowing AMR to petition the Local Emergency Medical Services (“LEMSA”) Agency for an ambulance rate adjustment depending on a set of particular circumstances. AMR has exercised its rights under this clause 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.

This Fourth Amendment also makes several modifications to implement three EMS system improvement initiatives presented to your Board on October 1, 2019.

Once this Fourth Amendment is executed, the LEMSA requests AMR to review the subcontractor agreements with the Fire Departments to ensure subcontracts are aligned with this amendment.

Background:

Board Agreement BC-05-168 between the County of Santa Barbara and American Medical Response West (AMR) for advanced life support (“ALS”) ambulance services was approved by your Board on December 14, 2004. The initial 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 the Board approved and executed the first option extending the Agreement through December 31, 2014. On August 9, 2011, the Board approved and executed the First Amendment increasing rates and compensation to the County. On August 20, 2013, the Board approved and executed the second option extending the Agreement through December 31, 2017. On December 13, 2016, a two-year term extension was executed, extending the term through December 31, 2019. On October 1, 2019 your Board approved the Public Health Department, acting as the Local EMS Agency (LEMSA) to negotiate a three-year extension of the current agreement.

The AMR Agreement allows for a pre-tax net income of no greater than 8%. AMR’s profit rate percentage has only exceeded 8% twice 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 LEMSA, including a 2018 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 2018 was (-9.25)% 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 effective with the terms of the amended Agreement.

Current Rates as of February 1, 2019

BLS* Base Rate	\$ 1,525.91
ALS** Base Rate	\$ 2,347.67
Oxygen	\$ 155.99
Mileage	\$ 45.87
Stand-by rate (per hour)	\$ 236.36

Proposed New Rates

BLS Base Rate	\$ 1,907.39
ALS Base Rate	\$ 2,934.59
Oxygen	\$ 194.99
Mileage	\$ 57.34
Stand-by rate (per hour)	\$ 295.45

*BLS: Basic Life Support (EMT level care)

**ALS: Advanced Life Support (paramedic level care)

The new rates will be for all EMS transport providers, including the Santa Barbara County Fire Department, who also provides ambulance services.

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 G details the current rates and charges for our benchmark counties.

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 H details payments AMR has made to County and subcontractors. At the close of this calendar year AMR will have provided \$43,034,998 to the County, cities and fire districts in support of the emergency medical services system and is projected to reach \$54,139,314 by the end of the term of the Agreement in 2022.

The LEMSA negotiated with AMR to implement several changes to the Agreement, primarily the addition of staffing ambulances with two Emergency Medical Technicians (EMTs). These changes will enhance the flexibility of AMR to serve the County with the most appropriate resources in the non-emergency setting. The current Agreement restricts AMR to staffing all ambulances with at least one paramedic, for both emergency and non-emergency transports. This change should allow AMR to staff ambulances specifically for non-emergency transports, thus reducing the strain on the emergency 9-1-1 system ambulances. Additionally, changes are needed in the structure of the Interfacility Transport (IFT) system. These changes will require stakeholders to develop new processes for categorizing and managing IFTs. The IFT structure is currently defined by the Agreement, limiting the LEMSA’s ability to make any alterations. The LEMSA will move the IFT structure to EMS policy, engaging stakeholders to develop a new process, allowing for flexibility. The IFT response-time requirements will still remain effective in the Agreement, as will AMR’s exclusive control of IFTs. Lastly, the Public Health Department has a Memorandum of Understanding between the Sheriff’s Department, outlining EMS Dispatch requirements.

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 subcontract agreements with AMR. AMR has maintained an overall compliance above the contractual minimum of 90% for the duration of the contract.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

There is no General Fund impact with the approval of this contract Amendment. The contract extension will provide estimated future revenue beginning in FY 19-20 totaling approximately \$11,104,316. Of this amount, AMR will pay approximately \$3,885,387 to city and district fire departments, of which 1,425,976 is allocated to the County Fire Department; \$4,805,721 to the Sheriff's Department, and \$2,413,208 to the EMS Agency. These amounts will be included as part of each prospective fiscal year recommended budgets.

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:

- A. Fourth Amendment to the AMR Agreement for Professional Services
- B. Third Amendment to the AMR Agreement for Professional Services
- C. Option to Extend AMR Agreement dated August 20, 2013
- D. Option to Extend AMR Agreement dated July 14, 2010
- E. First Amendment to the AMR Agreement for Professional Services
- F. AMR Agreement for Professional Services
- G. Current Ambulance Transportation Rates for Benchmark Counties
- H. Payments AMR has made to County and Subcontractors

Authored by:

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