



Santa Barbara County

REPORT TO LEGISLATURE ON AB 1900 (Nava) MADDY EMS FUND

November 2010

Introduction

This report to the Legislature identifies local actions taken by the County to implement alternative local sources of funding when revenues from AB 1900 (Nava) sunset on January 1, 2011. This report is a requirement of the legislation which stipulates that the "Board of Supervisors shall report to the Legislature whether, and to the extent that, any actions are taken by the County of Santa Barbara to implement alternative local sources of funding."

Background

The "Maddy Emergency Medical Services (EMS) Fund" generates funding through the assessment of penalties on motor vehicle and criminal fines and forfeitures to partially compensate health care physicians and hospitals for otherwise uncompensated emergency medical and trauma care services. AB 1900 provided a means for Santa Barbara County to continue this fund through January 1, 2011.

History of the Maddy EMS Fund in Santa Barbara County

In November 1991, local needs for criminal justice facilities were pressing. The Santa Barbara County Board of Supervisors established a Courthouse Construction Fund and Criminal Justice Facilities Construction Fund with funds collected under Government Code 76000. The option for a Maddy EMS Fund was not exercised for Santa Barbara County at that time.

Over the next decade, the need for a Maddy EMS Fund in Santa Barbara County increased significantly. Rising healthcare costs and decreasing reimbursement rates for Medicare and Medi-Cal, along with a growing population of uninsured in Santa Barbara County put hospitals and physicians under increasing financial strain. Adding to this was the continued inclusion of Santa Barbara in Locality 99, a rural designation which resulted in lower Medicare reimbursement rates. These factors along with the expense associated with the seismic retrofit requirements of SB 1953 resulted in the closure of two hospitals: Valley Community Hospital in Santa Maria in 1999, and St. Francis Medical Center in Santa Barbara in 2003.

Santa Barbara County was the only county in the state with a Level II Trauma Center that did not have a Maddy EMS Fund. As a result, in 2003 the County Board of Supervisors directed EMS Agency staff to work with community partners to seek legislation to establish a Maddy EMS Fund.

2005 – SB 635 was signed into law allowing Santa Barbara County to establish a Maddy EMS Fund by increasing surcharges on fines and forfeitures under Government Code 76000. SB 635 had a sunset date of January 1, 2007.

2007 – AB 2265 extended the sunset date to January 1, 2009 and required that Santa Barbara County place an appropriate tax ordinance as a County Measure on the ballot on or before November 2008.

2008 – Measure S was placed on the ballot asking Santa Barbara County voters to assess a parcel tax of \$35.15 per parcel of property in the February 5, 2008 election. Measure S was approved by 46% of the voters, failing the required 2/3 majority vote to pass.

2009 – AB 1900 (Nava) was passed. It assessed fines and forfeitures only on alcohol and drug related violations within Santa Barbara County. This reduced Maddy EMS funding from all sources from \$2 million in FY 2007-08 to \$1.1 million in FY 2009-10. The sunset date was extended to January 1, 2011, with the stipulation that Santa Barbara County would not seek legislation for another extension, and would address Maddy EMS funding through a local mechanism.

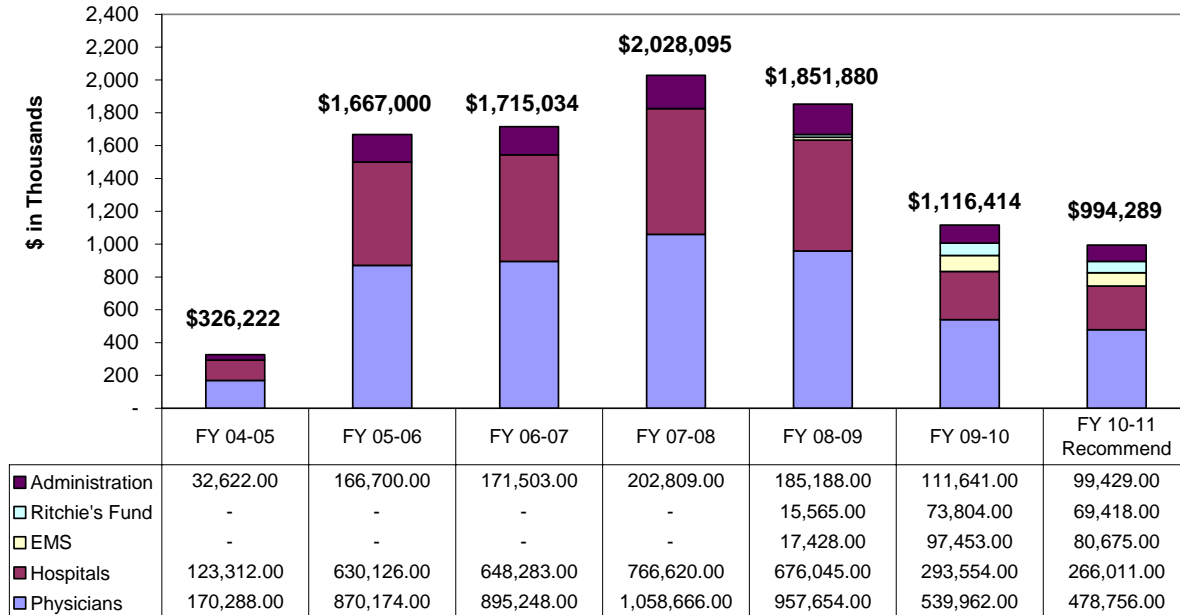
2009 – SB 1236 (Padilla) provided an increase in fine and forfeitures on Government Code 76000 across California to enhance Maddy EMS funds and to fund pediatric trauma care. Santa Barbara County passed a resolution in December 2008 to access these funds which sunset on January 1, 2014.

Maddy EMS Fund Revenue

Since its inception in 2005, a total of \$9,698,934 has been generated via the Maddy EMS Fund to support emergency medical and trauma care services in Santa Barbara County. Physicians received a total of \$4,970,748, hospitals received \$3,403,951, Ritchie's Fund received \$158,787 and the County Emergency Medical Service Agency received \$195,556. The highest revenue received in one year was approximately \$2 million; in FY 2009-10 Santa Barbara County received approximately \$1.1 million (\$397,000 from Maddy residuals and \$719,000 from AB 1900 (Nava) and SB 1236 (Padilla) penalty assessments). For FY 2010-11 the anticipated revenue is \$994,000.

The loss of revenue with the sunset of AB 1900 (Nava) is estimated to be approximately \$700,000/year. The loss of this revenue can be mitigated for a portion of the emergency and trauma care network providers (hospitals and emergency department physicians) through the Intergovernmental Transfer (IGT) process which leverages local revenues with federal matching dollars. Approval of IGT funds is done on a yearly basis. Through the IGT process Santa Barbara County, in partnership with CenCal Health (the local Medi-Cal Managed Care intermediary), has the potential to generate ~\$900,000 in additional revenue to support Santa Barbara County hospitals for FY 2010-11 with the possibility of ~\$200,000 in additional revenue to support emergency room physician groups.

Maddy/Nava/Padilla Fund Revenue Summary
Fiscal Year 2004-05 thru 2010-11 Recommend
SOURCE: Financial Information Network (FIN)



Who Benefits from Maddy EMS Funds?

Every resident of, and visitor to, Santa Barbara County benefits from the access to emergency medical and trauma care that the Maddy EMS Fund helps preserve. Maddy EMS funds are used to partially offset the cost of emergency room and trauma services provided to the under- and un-insured and to ensure a comprehensive system of emergency department care is available for everyone in Santa Barbara County. The EMS Agency receives Maddy EMS funds and uses these funds for direct oversight of the EMS system to ensure quality emergency medical services are available.

Actions Taken to Implement Alternative Local Sources of Funding

The County of Santa Barbara has worked to identify and implement alternate local sources of funding for uncompensated emergency and trauma care as well as ways to provide that care in a most efficient manner.

A local Maddy EMS Committee was formed with key stakeholders to strategize on methods to secure additional funding. This committee examined the feasibility of ballot initiatives options. To prepare for a local tax initiative, a public opinion survey was conducted in 2005. Voters surveyed were positive overall about the need to strengthen the emergency medical care system but the polling indicated support was less than the 66% necessary to pass.

Following is a summary of actions taken to increase funding and support for the emergency medical and trauma care system since the inception of a Maddy EMS Fund for Santa Barbara County in January 2005.

- **Tobacco Settlement Funding.** The Board of Supervisors allocated 100% of local tobacco settlement funds to health needs. Since 1999, more than \$20 million of local tobacco settlement funding was allocated to hospitals, emergency room physicians, and primary care providers for care to the uninsured.
- **Address Inclusion of Santa Barbara County in Medicare Locality 99.** Under Medicare Locality 99, healthcare providers in Santa Barbara County are paid at a Medicare rate applied to less costly rural areas. This is estimated to result in \$5 million/year less in payments to physicians — substantially less than the cost of providing care. The Santa Barbara County Board of Supervisors has identified this issue as a priority for its legislative platform for the past 3 years. This legislative advocacy has resulted in support for the GPCI Justice Act [HR 2820 (Farr) and S 1326 (Feinstein)] and HR 4213 (Capps), which would adjust the Medicare geographic schedule in California. In 2008, the Santa Barbara County Board of Supervisors voted to join a class action lawsuit filed with six other counties to address the Locality 99 issue which was recently remanded back to the trial court by the Ninth Circuit Court of Appeals. Santa Barbara County is continuing its efforts to resolve this issue.
- **SB 1236 (Padilla) Funds.** Santa Barbara County passed a resolution in December 2008 to allow for increased fines and forfeitures to enhance Maddy EMS funds and to fund pediatric trauma care. These funds sunset on January 1, 2014.
- **County Parcel Tax Measure.** The County Board of Supervisors voted to place Measure S, a parcel tax measure on the February 8, 2008 ballot to fund emergency medical and trauma care services. Measure S failed to meet the 2/3 voter approval requirement. In 2010, language to assess support for inclusion of emergency medical and trauma care services was included as part of a voter poll on support for a sales tax initiative to fund a new jail in Santa Maria. Including emergency trauma care services did not increase the likelihood of a sales tax measure to pass.
- **Renegotiated Ambulance Contract to Increase Funding to Emergency Medical Services.** The contract renewal provided funding for additional training for field personnel on trauma care, and implementation of new \$1.5 million dispatch system to improve overall system efficiencies and reduce system costs.
- **Development of a Santa Barbara County Healthcare Coverage Initiative.** California's proposal for the 1115 Medicaid Waiver would allow counties to expand health coverage to currently uninsured residents. The Santa Barbara County Public Health Department is actively developing a Healthcare Coverage Initiative plan and anticipates that several thousands of uninsured residents will be covered under this new plan. This would provide a funding mechanism for these residents to cover emergency department care that is currently uncompensated. If Santa Barbara County's Healthcare Coverage Initiative plan is approved by the state, the new program would likely begin enrollment in the fall on 2011.

- **Increased Funding to Hospitals via Inter-governmental Transfer (IGT).**
Santa Barbara County doubled the funding to hospitals via an IGT to increase access to care for Medi-Cal patients. Funding to hospitals was increased from ~\$900,000 annually to ~\$1.8 million annually.
- **Efforts Underway to Increase Funding to Emergency Room Physicians.**
Santa Barbara County is pursuing an IGT to leverage local tobacco settlement dollars allocated to emergency physician groups. When complete, this IGT will increase funding to local emergency room physician groups from ~\$200,000 annually to ~\$400,000 annually to increase access to care for Medi-Cal patients.

Conclusion and Future Outlook

Santa Barbara County has had success in leveraging local revenue to support hospitals and emergency room physicians via the IGT process. The IGT application must be approved annually. Santa Barbara County will need to reapply each year to leverage local funds to maintain access to care in the future. This funding is in addition to the ~\$2.2 million annual allocation of local tobacco settlement dollars that the Board of Supervisors makes to hospitals, emergency rooms and safety net providers to provide indigent care and the \$492,000 in annual funding to enhance the Maddy EMS Fund and pediatric trauma care via SB 1236 (Padilla) which allows for increased fines and forfeitures through 2013. The specific local funding sources and amounts are as follows:

- An additional ~\$900,000 in funding to hospitals provided annually via leveraging local tobacco settlement dollars via the IGT process.
- An additional ~\$200,000 in funding to emergency room physicians annually is anticipated via leveraging local tobacco settlement dollars via the IGT process.

These funding sources are critical in supporting a stable EMS system that is currently seeing more uncompensated care due to the poor economy and increasing rates of uninsured patients.

Although the additional revenue generated through the IGT process does not fully backfill the loss of AB 1900 (Nava), the anticipated development and implementation of a local Healthcare Coverage Initiative in 2011 and healthcare reform through the Patient Protection and Affordable Care Act in 2014 should significantly reduce the amount of uncompensated care. Increased rates of residents with comprehensive health insurance coverage and greater efforts to prevent disease will additionally reduce the burden on the EMS system.