

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: October 1, 2019
Placement: Departmental
Estimated Time: 90 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Van Do-Reynoso, MPH, PhD
Director(s) Public Health Department Director
Contact Info: Nicholas Clay, 681-5394
Emergency Medical Services Agency Director
SUBJECT: EMS System Review Final Report and Ambulance Agreement Recommendation

County Counsel Concurrence

As to form:

Other Concurrence:

As to form:

Recommended Actions:

That the Board of Supervisors consider recommendations as follows:

- a) Receive and file the Fitch & Associates Emergency Medical Services (EMS) System Assessment Phase 2 and 3 Report;
- b) Direct the Public Health Department, acting as the Local EMS Agency (LEMSA) to:
 - a. Negotiate and return to the Board for approval a new Professional Services Agreement with American Medical Response West (AMR) to continue providing emergency ambulance services and 9-1-1 emergency response in the same manner and scope; OR
 - b. Begin the competitive process to select a Contractor to provide emergency ambulance services for Santa Barbara County and to redefine exclusive operating areas as may be necessary.
- c) Determine that the recommended actions do not constitute a "Project" within the meaning of California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(5) of the CEQA Guidelines, because the actions consist of organizational and administrative activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

The LEMSAs, as designated by the Board of Supervisors on March 5, 1984, is statutorily responsible for planning, evaluating, and implementing an EMS System. (Health & Saf. §§ 1797.200, 1797.204.) An approved paramedic service provider must have a written agreement with the LEMSAs to participate in the EMS system and to comply with all applicable State regulations and local policies and procedures.

(22 CCR § 100168(b)(4).) Additionally, the LEMSA has established an Exclusive Operating Area (EOA) 1 for ambulance service provided by AMR. (Health & Saf. § 1797.224.) A competitive process is not required for the continuous use of existing providers operating in the same manner and scope without interruption within an EOA. (Health & Saf. § 1797.224.) However, once a competitive process is implemented through a state approved local plan that competitive process must be held at periodic intervals. (Id.) The interval is no longer defined in state guideline.

On December 13, 2016, the Board approved the term extension of the current agreement between the County of Santa Barbara and AMR for ambulance services, which expires on December 31, 2019. Additionally, the Board directed staff to conduct an EMS System Review. The LEMSA initiated a three phase EMS System Review and contracted with Fitch & Associates (FITCH) to lead the study. Phase 1 report (Attachment A) was presented to your Board of Supervisors on May 21, 2019. On May 21, 2019, your Board directed the Public Health Department to negotiate and return to the Board for a fourth Amendment to the AMR agreement to extend the term through June 20, 2021. The LEMSA is actively negotiating with AMR to reach an agreement on terms. Given the uncertainty of the County's contractual relationship with AMR, it has been challenging to reach an agreement. The LEMSA expects to present a negotiation of the short-term extension in the next 60 days.

In the Phase 1 Report, FITCH reported being “impressed with the EMS System participants’ level of cooperation, collegiality and passion for patient well-being.” (Phase 1 Report, pg. 4) They reported on numerous positive attributes of the EMS System, EMS Providers, and EMS Agency. These attributes included an effective and timely EMS response both at the first responder and ambulance transport level (Phase 1, pgs. 37, 38), providing robust and effective EMS Service to the community. FITCH noted that EMS providers and the LEMSA had effective relationships, citing EMS System advancements and improvements over the years (Phase 1, pgs. 10, 37, 39). The LEMSA and EMS provider medical directors were also highlighted as being engaged in pre-hospital clinical care, especially highlighting the success of the Specialty Care Systems (Phase 1, pgs. 39, 41, 42, 44).

FITCH also noted opportunities for improvement in the EMS System, which were further explored in the Phase 2 & Phase 3 process, which began in March 2019. The outcome of the four focused meetings was the Phase 2 and 3 EMS System Assessment Report (Phase 2 and 3 Report, Attachment B), which recommends 23 EMS System Solution Initiatives (Initiatives). The LEMSA has reviewed these Initiatives for alignment with the Triple Aim framework. **The Triple Aim framework is centered on three key components: safe & effective patient experience, improving population health, and reducing costs.** Initiatives consistent with this framework were further analyzed to determine if they are within the same “manner and scope” of the EMS Plan (Attachment C). Additionally, the LEMSA researched recent ambulance Request for Proposals (RFPs) conducted by LEMSAs in the State (Attachment D). Lastly, the LEMSA explored historical EMS System enhancements made within each of Santa Barbara County’s preceding ambulance agreements with AMR since 1981.

While the Phase 2 and 3 Report proposed Initiatives that can enhance the current EMS System, FITCH concluded the Santa Barbara County EMS System is robust and effective, as stated above. The Phase 1 Report noted that the current EMS System exceeds many benchmarks and providing a high level of service and care (Phase 1, pg. 39).

Background:

Phase 2 and 3

The desired outcome of the EMS System Review is to implement an approach in the Santa Barbara County EMS System that maintains a high level of clinical proficiency, is operationally sound, and fiscally responsible. The Triple Aim framework consists of enhancing the patient experience, improving population health, and reducing costs.

Phase 2 and 3 Phase of the project began in March 2019 with four stakeholder meetings. Prior to these meetings the LEMSA asked stakeholders to rank the FITCH findings from Phase 1 in order of priority. Stakeholders from the hospitals, AMR, the fire agencies, Behavioral Wellness, and the CEO's office were invited to engage in focused a solution-oriented discussion on the top four priorities ranked by the stakeholders:

1. *Improve Coordination/Management of Interfacility (IFT) System;*
2. *Improve Coordination/Management of EMS for Mental Health Patients;*
3. *Provide Appropriate Flexible Access to Treatment for Aging and At Risk Patients;*
4. *Improve Quality Metrics System-Wide*

The Santa Barbara County Fire Chiefs' Association (SBCFCA) provided an additional seven themes they wished to explore. FITCH incorporated these seven themes into the four stakeholder meetings.

As a result of these meetings, FITCH identified 23 EMS System Solution Initiatives (Initiatives) in the Phase 2 and 3 report representing stakeholder input and best practices from across the nation. The LEMSA has reviewed these findings, nearly all of which support an element of the Triple Aim framework (Attachment E).

Eight of the Initiatives were identified as already "*In Progress*".

- 1.3 Determine issues regarding system surge capacity
 - LEMSA staff are working with providers to identify the frequency in which additional resources are required to respond to EMS calls
- 2.1 Convene a multidisciplinary task force consisting of EMS, the Public Health Department, law enforcement, ambulance providers, receiving facilities and other interested stakeholders to revise the EMS system's response protocol for behavioral health patients.
 - LEMSA staff routinely attend *Crisis Action Team Meeting*
 - LEMSA staff will also be adding this as a discussion topic to the next Emergency Medical Advisory Committee (EMAC) meeting
- 2.5 Designate a single liaison point between EMS and behavioral services.
 - A member of LEMSA staff has already been identified as this liaison.
- 3.1 Identify and develop alternate treatment plans for the most frequent 50 users of the 911 system.
 - LEMSA staff piloted this process, meeting with Santa Barbara City Fire Department personnel to identify frequent 911 system users.
 - Additional work is required to expand this program and develop a mitigation or response plan for these individuals
- 4.1 Increase EMS medical direction and quality improvement capability commensurate with EMS System scope to facilitate expanded metrics reporting.
 - The CQI Committee has recently begun collaboratively developing new standards, based on provider feedback.
 - The LEMSA has been working with providers to develop standardized CQI plans
- 4.2 Determine data sources for development of metrics regarding adherence to protocols for all responders in the system.
 - The LEMSA established a uniform electronic patient care record (ePCR) system in 2014. All providers input clinical care data on this platform.
 - In January 2019, the Public Health Department was awarded a grant from the Homeland Security Approval Authority (HSAA) to purchase FirstPass. FirstPass is a clinical data surveillance tool that will allow for more robust clinical quality oversight.

- 4.5 Select a software platform to share real-time metrics system-wide.
 - FirstPass has provider licenses available that allow providers to access their clinical performance data and compare it to the EMS system.
 - FirstWatch is an operational data surveillance tool that allows providers to monitor several operational EMS metrics such as response times.
- 4.7 Increase community engagement/awareness of EMS performance metrics.
 - In mid-2019, the LEMSA released the first *EMS Year in Review: 2018*. This document highlighted a number of EMS system metrics.
 - The LEMSA is continuing to evaluate other tools to share data on the LEMSA website

The LEMSA will *not pursue* two Initiatives.

- 2.6 Consider staffing a specialty crisis team to transport 5150 patients.
 - The LEMSA will share this finding with the Crisis Action Team for their consideration.
- 2.7 Designate/build and staff a teen crisis center.
 - The LEMSA will share with finding with Behavioral Wellness for their consideration.

Three initiatives were determined to “*Need Further Review*” prior to the LEMSA making a determination to pursue them.

- 1.2 Implement an IFT transport coordination center to serve the entire system.
 - Further review of the IFT system is required.
 - Future changes in the dispatch center could impact this process.
- 2.2 Determine the feasibility of awarding a separate agreement for longer distance/duration 5150 mental health transports.
 - The LEMSA will work Behavioral Wellness and system providers to obtain more detailed knowledge and seek a variety of solutions to this challenge.
- 2.4 Expand the use of “safety cars” and/or other vehicles for 5150 transports.
 - When the County utilized the Mental Health Assessment Teams (MHAT) they proved to be an effective alternative to ambulance transport for these patients.
 - The LEMSA will explore this initiative with Behavioral Wellness to explore this initiative further.

The LEMSA will pursue the remaining 10 Initiatives and plans to implement them in the next agreement with the ambulance provider.

- 1.1 Amend current response and transport regulations, transport agreement or RFP specifications to allow for alternative staffing and vehicles in ensuring medical necessity, patient and crew safety.
- 1.4 Determine whether CCT and specialty transports need to be more available to the system.
- 2.3 Determine law enforcement’s current role in transporting 5150 patients.
- 3.2 Consider implementation of a Nurse Health Phone Line to receive from 911, the low acuity “Omega” calls that are deemed appropriate to further triage.
- 3.3 Reduce utilization of EMS Transport services to perform “lift assists” at long term and other care facilities.
- 3.4 Designate working group to research existing alternative destination plans and ET3 feasibility.
- 3.5 Research existing community paramedicine programs and review with system stakeholders in anticipation of enabling legislation.

- 4.2 Using GAMUT and/or other clinical outcome tools as a guide to determine applicable metrics to be measured.
- 4.4 Convene working group to include crew representatives, to complete recommendations regarding specific metrics to be measured or safety issues for patients, first responders and transport personnel.
- 4.6 Survey, using an independent entity, various stakeholder groups to determine service perceptions and facilitate benchmarking.

The LEMSA sought technical guidance from the State to advise if any of these findings required the LEMSA to pursue an RFP to implement any of the Initiatives. A representative from the State responded via email: *“HSC 1797.204 gives the LEMSA the ability to “plan, implement and evaluate” their local system and contracts with such providers who are determined exclusively under HSC 1797.224 are the responsibility of the LEMSA to implement.”* The LEMSA interpreted this response to mean that the LEMSA has the latitude to implement the initiatives, as long as they are consistent with the State approved EMS Plan for Santa Barbara County.

Future Landscape of EMS

As indicated in the Phase 2 & 3 Report, EMS in California and nationally is on the precipice of unprecedented change. These changes are likely to impact EMS delivery models, care reimbursement, and place more significance on clinical outcomes. The fiscal impact of these changes are inevitable. Based on FITCH’s assessment, it seems likely insurance companies will continue to alter payment methodologies, finding innovative ways to pay for non-traditional EMS care delivery, such as “treat/no transport”, telemedicine, alternate transport methods, or alternate destinations. As these alterations may result in the reduction of ambulance transport volume, they have the potential to present fiscal challenges for any transport provider. These fiscal challenges could be significant in Santa Barbara County, as over 70% of the ambulance transports are covered with government insurance. (Phase 2 and 3 Report, p. 3.)

At the State level, there is the significant potential for change, as legal challenges are brought forth on the State’s interpretation of legislative and regulatory authority. To date the legal challenges have been focused on the State’s approval process for RFPs. FITCH reported there were 50 bills pending before the legislature, as of June 24, 2019 (pg. 15). These challenges are occurring amidst a change in leadership at the State, as the EMS Authority Director retired in June 2019.

EMS System Growth through Previous and the Existing Ambulance Agreement

Since 1980, the County has successfully negotiated the ambulance agreement with the existing ambulance provider, routinely modifying the terms of the agreement with each negotiation. The early contracts were limited, with no direction on ambulance deployment, contained no performance standards or penalties, had limited reporting requirements, and the County provided a financial subsidy (up to \$371,000 in 1987) to the ambulance provider. With each negotiated agreement the LEMSA has introduced new initiatives, increased the regulatory oversight. The changes have included significant EMS System growth such as developing performance standards and associated financial performance penalties, deployment standards, unit configuration, clinical quality metrics, disaster deployment readiness, and training standards. As opposed to County paying the provider, the County now receives a subsidy from AMR, recovering much of the cost of EMS oversight. Since 2005, AMR has provided over \$40M to the County for EMS oversight, EMS System enhancements, dispatch services, and supporting the fire agencies in EMS service delivery. These EMS System enhancements have contributed to improvements in clinical outcomes and the recognition of the Santa Barbara County EMS System as a national leader in cardiac arrest care.

Ambulance Transport Fiscal Challenges

In the current EMS model, the County is not financially responsible for the ambulance service provided by AMR. The ambulance provider bills for service, provides financial subsidies to the Dispatch Center, the fire departments and the LEMSA, covers all personnel and operating costs as well as uncompensated care. In 2018, AMR reported a significant loss, however all fiscal contractual obligations were met. In Phase 1, FITCH reported that Santa Barbara County's EMS System providers collect 24% of the billed amount, commensurate with other high-performing EMS Systems in the U.S. (Phase 1 report, p. 48). The ambulance collection rate is predominantly driven by the combination of medical insurance carriers for the patients who are transported by ambulance. In Santa Barbara County, FITCH reviewed AMR's audited financial reports as well as the County Fire Department's financial reports, and provided the following medical insurance carrier (payer) mix for all of Santa Barbara County's ambulance transports:

Medicare: 51%

- Federally administered program; primarily covers persons aged 65 or older

Medicaid: 24%

- State administered, federal program; primarily covers persons with limited income and/or resources

Private Insurance: 14%

- Represents a large group of private insurance providers, such as Kaiser and Anthem

Self-Pay: 11%

- Represents a group of patients with no insurance carrier and who are entirely payment responsible of the ambulance transport bill

Each medical insurance provider reimburses the ambulance providers at various allowable rates, based on numerous reasons. The maximum allowed ambulance transport rate is established by the County Board of Supervisors, based on advice from the LEMSA. These rates can be adjusted within the terms of the current agreement, should the provider be able to demonstrate financial challenges. Ambulance transport providers are required to bill the same rate for each patient, irrespective of the type of insurance. Per the California Ambulance Association's paper, *California's Private Sector Ground Ambulances (2013)* (Attachment F), the average reimbursement rates in California by insurance carrier are below:

Medicare: \$426/transport

Medicaid: \$150/transport

Private Insurance: \$1,274/transport

Self-Pay: \$233/transport

In the Phase 1 Report, FITCH reports that the population of residents over the age 65 will increase by 43% by the year 2030. FITCH cites this increase will likely have an increase on the number of ambulances responses and transports. The rising number of Medicare ambulance transports will continue to have a negative impact on EMS System providers' ability to collect for the services they provide.

Statewide Ambulance Agreement Review

LEMSA has reviewed ambulance RFPs conducted across the State in the past five (5) years, looking at timelines, costs, legal challenges, and outcomes. The LEMSA reviewed sixteen (16) LEMSA initiated RFPs for ambulance services. Three resulted in no selection and one is still in progress (Attachment D).

Of the 16 RFP's:

- Three RFP processes were halted or cancelled
 - *Mendocino*: Received no qualified bidders
 - *Monterey*: Received one qualified bidder whose ambulance rates were too high
 - *Solano*: RFP cancelled and current provider agreement extended

- The mean interval from the beginning of drafting RFP Requirements to agreement start date was *28 months*
- The mean interval to select an RFP Consultant was about *6 months*
- Average cost of the RFP Consultant was *\$156,881*
- The percentage of RFPs that required changes from the State was *94%*
- The mean interval for the State to review and approve an RFP was *1.6 months*
- The mean number of agencies that submitted an RFP response was *1.2 companies*
 - Orange County had 17 bidders, was omitted from the mean as a significant outlier
- The percentage of counties that selected the incumbent provider was *83%*
- Based on reports submitted by counties, the percentage of counties that had a higher ambulance rate as a result of the RFP was *64%*

RFP Process Overview (14 – 18 months, possibly up to 28 months)

If the LEMSA were to pursue an RFP for ambulance service, the first step would be hire a consultant to manage the RFP process. The process would likely start mid to late October 2019. The cost of an RFP consultant and process is not a budgeted expense. To help offset some expenses, other counties have charged bidders a processing fee to submit their bid.

Potential RFP Timeline (October 2019 – January 2022)

- RFP Consultant Selection Process: *October 2019 – March 2020*
 - Includes consultant RFP scope of work development and selection process
- Develop Ambulance RFP Requirements: *April 2020 – December 2020*
- CA EMS Authority Review and Approval: *January 2021 – February 2021*
- Ambulance RFP Release, Response and Award Period: *February 2021 – May 2021*
- Ambulance Provider “Ramp Up” Period: *June 2021 – December 2021*
- New Ambulance Agreement Effective: *January 2022*

Negotiation Process Overview (4 – 7 months)

If the LEMSA were to pursue a new agreement with AMR, the timeline would look similar to the below

Potential Negotiation Timeline (October 2019 – May 2020)

- Develop Ambulance Agreement Requirements: *Sep 2019 – Dec 2019*
- Negotiate with AMR: *Jan, 2019 – Mar 2020*
- Present Ambulance Agreement to your Board: *April 2020*
- New Ambulance Agreement Effective: *May 2020*

Staff Recommendation

The LEMSA recommends your Board authorize the LEMSA to negotiate and return to your Board for approval of a new Professional Services Agreement with AMR to continue providing emergency ambulance services and 9-1-1 emergency response in the same “manner and scope” (Health & Saf. § 1797.224). Based on the assessments completed by Fitch and the additional analysis by the LEMSA, negotiating the agreement with AMR allows the current EMS system in Santa Barbara County to continue delivering integrated, high quality healthcare, quickly implement EMS System initiatives, and collaborate with stakeholders to improve health outcomes for the community. A renegotiated agreement will allow the LEMSA to implement any of the 23 EMS System Solutions, with reduced procedural costs and can be completed in a shorter timeframe than an RFP.

Fiscal and Facilities Impacts:

Budgeted: N/A

Fiscal Analysis:

There are no fiscal or facilities impacts to accepting this report and reviewing the recommendations. However, the ambulance RFP process is currently not funded nor is it budgeted in the Public Health Department's Adopted FY 2019-20 Operating Budget. Should your board choose to move forward with a competitive process, the department will return with a request for discretionary local funds to be used to fund the cost of an RFP process.

Staffing Impacts:**Legal Positions:**

0

FTEs:

0

Special Instructions:

Please email one (1) electronic Minute Order to phdcu@sbcphd.org.

Attachments:

- A. Fitch & Associates EMS System Review Phase 1 Report
- B. Fitch & Associates EMS System Review Phase 2 & 3 Report
- C. Santa Barbara County EMS Plan (2016, current)
- D. Statewide Review of Ambulance RFPs
- E. LEMSA Review of Phase 2 & 3 EMS System Solution Initiatives
- F. *California's Private Sector Ground Ambulances (2013)*
- G. EMS System Review Presentation

Authored by:

Nicholas Clay, LEMSA Director