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March 23, 2015

To: Orange County City Managers  
 Orange County Fire Chiefs  
 Orange County Ambulance Providers

From: Tammi McConnell, RN, MSN  
 EMS Administrator

Subject: Proposed Fiscal Year 2015-2016 Ground Emergency Ambulance Service Rates Adjustment

In accordance with Orange County Emergency Medical Services Policy 720.00, Section 314, *Orange County Ambulance Rules and Regulations Related to Ground Emergency Ambulance Service Rates Adjustment*, you are being notified of the proposed adjustment in the maximum allowable 911 emergency ground ambulance rate for Basic Life Support (BLS) services chargeable to a patient transported at the request of a public safety employee, by Orange County ambulance service providers for 2015.

The proposed rate increase (attachment) is based on the methodology used by the Board of Supervisors when rates were last adjusted on September 10, 2013. Specifically, the method calculates the percentage difference in the prior year's LA-Riverside-Orange County "all items" Consumer Price Index (CPI) rounded to the nearest tenth. The methodology also adjusts the maximum advanced life support (ALS) Paramedic Assessment and Transportation rate for Orange County Fire Authority (OCFA) jurisdictional areas (excepting San Clemente, Westminster and Buena Park). The proposed rate increase is attached.

The rate adjustment has been placed on the April 24, 2015 EMCC agenda for review and comment and will be placed on the next regularly scheduled EMCC agenda for additional comment and action on Friday, June 26, 2015.

- Meeting: Emergency Medical Care Committee
- Date / Time: Friday, April 24, 2015 and Friday, June 26, 2015 at 9:00 a.m.
- Location: Commission Hearing Room (333 W. Santa Ana Blvd., Santa Ana, CA 92701)

Any written comments on the proposed rate increase should be directed to my attention. Comments received prior to either meeting will be provided to the Emergency Medical Care Committee (EMCC) and forwarded to the Board of Supervisors. You are welcome to attend the EMCC meetings and address this agenda item if you so desire.

TCM:ee:#2265

Attachment



County of Orange/Health Care Agency  
 Health Disaster Management  
 Emergency Medical Services  
 405 W. Fifth Street, Suite 301A  
 Santa Ana, CA 92701



**PROPOSED FY 2015-16 RATES FOR  
 ORANGE COUNTY AMBULANCE PROVIDERS  
 CALCULATED RATE ADJUSTMENT**

Type of Charge	Basis for Charge	Current Rate	2012-2013 \$ change 1.1%	2013-2014 \$ change 1.3%	Proposed Rate
Emergency BLS (Basic Life Support) Base Rate	Applicable for urgent or Code III response at the request of a public safety employee	\$731.41	\$ 8.04	\$ 9.51	\$748.96
Mileage	Per patient mile or fraction thereof	\$16.87	\$ 0.19	\$ .22	\$ 17.28
Oxygen (includes mask or cannula)	Applicable when administered	\$82.74	\$ 0.91	\$ 1.06	\$ 84.71
Standby	Per 15 minutes after the first 15 minutes and any fraction thereof	\$40.83	\$ 0.45	\$ .53	\$ 41.81
Expendable medical supplies	Maximum per response or fair market value, whichever is least	\$32.66	\$ 0.36	\$ .42	\$ 33.44
OCFA Jurisdictional Areas Only: Emergency ALS (Advanced Life Support) Base Rate	Applicable for patients who have received ALS assessment by paramedics and are transported via BLS or ALS.	\$387.35	\$ 4.26	\$ 5.04	\$396.65

**Consumer Price Index – “All Items” Los Angeles – Riverside – Orange County**

<http://www.bls.gov/data>

**2012 Annual: 236.648**

**2013 Annual: 239.207**

1.0814 rounded to nearest tenth = ↑ 1.1%

**2013 Annual: 239.207**

**2014 Annual: 242.434**

1.349% rounded to nearest tenth = ↑ 1.3%

**Ambulance Rate History**  
*Prepared for Emergency Medical Care Committee*  
**April 24, 2015**

**AUTHORITY**

As specified in Division 9, Title 4, of the Codified Ordinances of the County of Orange (Ambulance Ordinance 3517), the Board of Supervisors establishes the maximum Basic Life Support (BLS) emergency ground ambulance rates applicable within the County's unincorporated area and cities that have agreed with the Ordinance for the provision of licensing and regulation of ambulance services. Ordinance 3517 also establishes the authority to adjust the maximum Advanced Life Support (ALS) Paramedic Assessment and Transport rate applicable for Orange County Fire Authority's (OCFA) jurisdictional areas, with the exception of three cities that establish their own ALS rate.

Orange County Emergency Medical Services (OCEMS) policy #720.314: Ground Emergency Ambulance Service Rates Adjustment identifies the process for annually rate adjustments. Over the past few years, the Board has considered alternatives and on September 13, 2013 passed Board Resolution No. 13-087 which approved the revision of the ambulance rates and adopted the recommended methodology for calculation and application of future annual adjustments, but not formally directed program to change the current process or methodology. **Annual adjustments are effective on July 1<sup>st</sup> of each year utilizing the annual percentage change in the annual Los Angeles-Riverside-Orange County "all items" Consumer Price Index (CPI).** Data is obtained from the US Dept of Labor Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)) to determine the percentage from the prior year and applied to current rate. The proposed rate adjustment, presented to the Emergency Medical Care Committee (EMCC) for review and comment, is forwarded to the Board for approval.

**ORDINANCE HISTORY**

The current Ambulance Ordinance 3517 primarily regulates the operation of ambulances within the unincorporated areas of Orange County and those member cities of OCFA. However, most non-member cities have adopted or minimally edited 3517 and integrated the same language into their city codes. Decades ago, there were two ambulance Ordinances 3022 & 3138. Ordinance 3022 established that ambulance licensees were not permitted to charge more or less than the rates set by the County for ambulance and convalescent services.

In the early 1980's, Ordinance 3517 was drafted at the direction of the Board by the Health Care Agency (HCA) and the Orange County Fire Department in conjunction with County Counsel based on the following principles:

- De-regulation of Non-Emergency Ambulance Services
  - The Ordinance accomplished this by requiring specific response areas in regard to emergency situations only. All other forms of ambulance transportation were not restricted & allowed for ambulance providers to solicit non-emergency business in any of the areas governed by the Ordinance.
- Setting Maximum Rates for Ambulance Responses
  - The partial de-regulation of ambulance services eliminated the [then] current pricing structure for emergency and non-emergency transfer responses. The resultant policy was designed to encourage competition among providers without County intervention by establishing only a maximum rate for public safety dispatched transports.
- Development of an Objective Competitive Mechanism Whereby Contracts for Emergency Response Areas may be Awarded
  - This was achieved through language in the Ordinance requiring a Request for Proposals (RFP) bid system.

**Ambulance Rate History**  
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Section 4-9-13 of the Ordinance specifies that no ambulance licensee shall charge more than those rates approved by the Board for emergency ambulance services. Since one of the guiding principles in drafting the Ordinance was to deregulate to the extent feasible, the Ordinance was written to set a maximum allowable rate for emergency transportation only, allowing competitive prices for the minimum rates. A national index was used to establish the rate. Of note, the Ordinance does not make reference to whether emergency ambulance service is BLS, ALS or both services.

On 4/30/85 the Board passed and adopted Ordinance 3517 (repealing 3022 & 3138) and currently remains in effect. **In short, the intent of Ordinance 3517 was to establish general operating procedures and standards for medical transportation services operating within the unincorporated areas of the County in both emergency and other situations; provide a fair & impartial means of allowing responsible private operators to provide such services in the public interest; provide a means for the designation of emergency response areas; and establish maximum rates for public safety dispatched transports.**

**RATE SETTING METHODOLOGIES**

6/16/87: Board approved a rate increase for ambulance providers after an application was submitted & evaluated through HCA.

8/8/89: Board approved a rate increase for ambulance providers after an application was submitted & evaluated through HCA. The Board was advised that using a national index to measure the cost of overhead & labor did not fairly represent the cost to the ambulance companies. At that time HCA stated that it would begin utilizing the medical & transportation Consumer Price Index (CPI) values gathered from the greater Los Angeles area as well as other appropriate factors. The resultant rates: base rate \$150; emergency response \$40; Night Call \$30; Mileage \$8; Oxygen \$30; Standby \$22; Supplies \$10.

1989-2001: Relatively small adjustments with an important distinction in that the emergency response charge was combined with the base rate in 1991 & the night call was combined in 1994.

2000: Ambulance Association of Orange County (AAOC) reported that the service quality was affected by uncollectible bills & fixed Medicare, Medical & Indigent rates that did not cover costs; diminished revenues & increased costs. AAOC requested OCEMS to approve a one-time rate increase to bring the maximum rate into the median range of California counties and to develop a process to ensure that rate adjustments were fair. This proposal (a 43% increase over the then current base rate of \$220) was approved by the BOS on 6/19/01 and in order to ensure that emergency ambulance service continued to be financially viable and to prevent large increase requests in the future, OCEMS policy/Ambulance Rules & Regulations were revised to provide an annual review & possible rate adjustment by the Board.

7/16/02: Board approved an annual adjustment of base rate based on the median rates in effect for San Bernardino, LA Counties & the City of San Diego.

6/24/03; 4/27/04; 5/24/05: Board approved an annual rate adjustment utilizing the 2002 methodology.

2005: OCEMS convened a committee to review methodologies that could be employed for establishing future rate adjustments. The committee was put on hold to await a General Accounting Office (GAO) report on ambulance service costs that was anticipated by the end of 2005. The report was not issued until 2007.

6/26/06: Board approved an annual adjustment of base rate based on the 2002 methodology.

In 2007, OCEMS evaluated the GAO report released in May 2007 that examined providers' costs of ground ambulance transports (from 2004) & factors that contributed to cost differences; average Medicare ambulance payments expected

**Ambulance Rate History**  
**Prepared for Emergency Medical Care Committee**  
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under the national fee schedule in 2010; how these payments related to providers' costs per transport; and changes that occurred in Medicare beneficiaries' use of ambulance transports from 2001-2004. The GAO estimated costs were based on a national survey of 215 ambulance providers that did not share costs with non-ambulance services. Providers that shared costs with other institutions or services and could not report their ambulance service costs separately, such as fire departments, were excluded because their reported costs appeared unreliable.

The study, with one recommendation, had limited findings; indicated that transport costs were highly variable & dependent on several factors including volume of transports, service area (urban vs. rural) and local tax revenues, etc. Nationally, the average cost per transport was reported to be \$415 (95% confidence interval \$381-\$450). The urban costs were lower at \$370 (95% CI \$326-\$414) due to efficiencies of scale & volume. The sole recommendation: continue to monitor utilization of ambulance transports.

Accordingly, OCEMS surveyed all of the Local EMS agencies throughout California for their rates & rate setting procedures. Responses varied but most counties tied rates to one of the Consumer Price Indices (CPI). The majority utilized the US Dept of Labor CPI to make adjustments; some based increases on the Medical Care Index & others a combination of the Medical Care and Transportation Indices. Along with this information, the Board was presented with seven options to consider for determining the rate and process.

On 10/16/07, the Board approved an annual methodology for setting maximum ambulance rates: The annual change in the LA-Riverside-Orange County "all items" CPI multiplied by 150%. The multiplier was added to compensate for the cost-shifting of un/under-funded patients. Following this, rate adjustments were sporadically applied in order to explore alternate methodologies or not made due to unstable economic factors.

**Advanced Life Support Fee**

In 1998, the Board authorized OCFA to issue a Request for Proposal (RFP) for ambulance services in the unincorporated areas, including the collection of Advanced Life Support (ALS) charges and reimbursement for paramedic accompanied patients. The fee was established as a means to reimburse OCFA for its ALS services and was based on partial recovery of the incremental costs of the OCFA paramedic program and included a factor for collection and processing costs incurred by ambulance companies. The fee remains applicable to all of the OCFA jurisdictional areas, with the exception of San Clemente, Buena Park and Westminster which establish their own ALS rates.

In 2004, the Board approved an OCFA ALS rate adjustment equal to the BLS rate for emergency transports and directed the Health Care Agency to return annually to adjust the fee by the same percentage as the BLS rate, provided that the resulting rate did not exceed the actual costs of OCFA ALS service.

**April 24, 2015**

This year's proposed rate increase is computed based on the methodology utilized by the Board when rates were last adjusted on September 13, 2013. The proposed adjustment (increase) has been provided and effects the maximum allowable 9-1-1 emergency ground ambulance rate for BLS services chargeable to a patient transported at the request of a public safety employee and the OCFA maximum ALS fee by the same percentage. The recommendation from the EMCC will be included in the proposal to the Board.

**SUMMARY OF ORANGE COUNTY RATE ADJUSTMENT FOR EMERGENCY TRANSPORTATION SERVICES**

	1977 <sup>1</sup>	1980	1983	1987	1989	1991	1992	1993	1994	1995	1998 <sup>4</sup>	2001	2002	2003	2004	2005	2006	2007	2011	2012	2013	2015 <sup>5</sup>
BLS Base Rate		\$75.00	\$96.00	\$110.00	\$150.00	\$201.50	\$217.50	\$225.30	\$242.75	\$263.20	\$314.00	\$450.00	\$466.00	\$480.00	\$531.75	\$581.50	\$601.50	\$671.75	\$698.22	\$717.07	\$731.41	\$748.96
Percent change - EBR		28.00%	14.58%	36.36%	34.33%	7.94%	3.59%	7.75%	8.42%	19.30%	43.31%	3.56%	3.00%	10.78%	9.36%	3.44%	4.96%	3.94%	2.70%	2.00%	2.40%	
Emergency Response <sup>2</sup>		\$15.00	\$19.00	\$22.00	\$40.00																	
Percent change -ER		26.67%	15.79%	81.82%																		
Night Call <sup>3</sup>		\$15.00	\$19.00	\$22.00	\$30.00	\$35.25	\$38.50	\$39.90	\$40.90													
Percent change - NC		26.67%	15.79%	36.36%	17.50%	9.22%	3.64%	2.51%														
Expendable Medical Supplies		\$20.00	\$20.00	\$30.00	\$10.00	\$11.50	\$12.50	\$13.00	\$13.30	\$13.30		\$20.10	\$20.75	\$21.25	\$23.50	\$25.75	\$26.75	\$28.25	\$31.18	\$32.02	\$32.66	\$33.44
Percent change - EMS		0.00%	50.00%	-66.67%	15.00%	8.70%	4.00%	2.31%	0.00%		51.13%	3.23%	2.41%	10.59%	9.57%	3.88%	5.61%	10.37%	2.69%	2.00%	2.39%	
Oxygen		\$15.00	\$19.00	\$22.00	\$30.00	\$35.25	\$38.50	\$39.90	\$40.90	\$40.90		\$57.00	\$60.50	\$60.75	\$63.00	\$65.50	\$68.25	\$71.75	\$78.99	\$81.12	\$82.74	\$84.71
Percent change - Oxygen		26.67%	15.79%	36.36%	17.50%	9.22%	3.64%	2.51%	0.00%		39.36%	6.14%	0.41%	3.70%	3.97%	4.20%	5.13%	10.09%	2.70%	2.00%	2.38%	
Mileage		\$5.00	\$6.00	\$7.50	\$8.00	\$8.50	\$9.50	\$9.80	\$10.05	\$10.05		\$12.40	\$12.25	\$12.25	\$13.00	\$13.25	\$13.75	\$14.75	\$16.11	\$16.54	\$16.87	\$17.28
Percent change - Milage		20.00%	25.00%	6.67%	6.25%	11.76%	3.16%	2.55%	0.00%		23.38%	-1.21%	0.00%	6.12%	1.92%	3.77%	7.27%	7.27%	9.22%	2.67%	2.43%	
Standby		\$15.00	\$19.00	\$22.00	\$22.00	\$25.25	\$27.50	\$28.50	\$29.20	\$29.20		\$32.25	\$30.75	\$30.75	\$31.00	\$31.00	\$33.50	\$35.25	\$38.98	\$40.03	\$40.83	\$41.81
Percent change - Standby		26.67%	15.79%	0.00%	14.77%	8.91%	3.64%	2.46%	0.00%		10.45%	-4.65%	0.00%	0.81%	0.00%	8.06%	5.22%	10.58%	2.69%	2.00%	2.40%	
(Advanced Life Support Established 1998)																						
****ALS Base Rate												\$185.00	\$185.00	\$185.00	\$282.00	\$308.25	\$319.00	\$338.00	\$369.77	\$379.75	\$387.35	\$396.65
Percent change - ALS Base Rate												0.00%	0.00%	52.43%	9.31%	3.49%	5.96%	9.40%	2.70%	2.00%	2.40%	
OCFA ALS Reimbursement Rate																\$218.60	\$226.00	\$240.00	\$252.00	\$269.00	\$274.38	
Percent change - ALS Rate																3.39%	6.19%	5.00%	6.75%	2.00%		
ALS Supplies																\$24.47	\$25.31	\$26.82	\$29.26	\$30.05	\$30.65	
Percent change - ALS Supplies																3.43%	5.97%	9.10%	2.70%	2.00%		
ALS Administration Rate																\$92.75	\$98.00					
Percent change - ALS Admin Rate																5.66%						
Notes:																						
<sup>1</sup> Data not available for 1977 although system established																						
<sup>2</sup> Emergency Response combined with BLS Base Rate from 1991 and subsequent adjustments																						
<sup>3</sup> Night call charges eliminated for 1995 and subsequent rate adjustments																						
<sup>4</sup> BLS base rate for 1998 derived from Board ASR for FY 2001, other rate categories not available																						
<sup>5</sup> Proposed rate increase for 2015																						