



CITY OF KIRKLAND
Fire & Building Department
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.ci.kirkland.wa.us

MEMORANDUM

To: Kirkland City Council
From: J Kevin Nalder, Fire Chief
Date: March 4, 2010
Subject: Medical Transport Fee Contract Approval

Recommendation

Council considers hiring a third party consulting firm to provide a complete, thorough, and unbiased analysis of a Medical Transport Fee Program for the City. Management Partners Inc. was recently hired by the City of Renton to perform a Medical Transport Fee analysis. Therefore, I recommend considering them as the preferred consulting firm to perform the analysis, in an effort to save cost, expedite the turnaround time of the study, and utilize data that has been collected in our region already. Attached is a Proposed Scope of Work provided by Management Partners Inc. In the Scope of Work they have quoted \$12,400 as the total fees and expenses to complete the work. They anticipate the project will take 80 hours of professional consulting assistance to complete.

Purpose

Fee for Emergency Medical Service is increasingly being used by Cities in the State of Washington and across the United States to recover the cost for this service from insurance companies and users of the service. A proposal to recover revenue through a mechanism of a fee for Basic Life Support transport has been presented to the Public Safety Committee (PSC) and the Finance Committee. They have asked that a proposal to have a third party consultant hired to further the research be presented to the full Council as an agenda item during Council meeting.

Background

Issue

In our current economic environment governments and their fire departments are facing declining tax bases and resources while trying to maintain timely and high-quality emergency responses to their constituents. Specifically, in order for the Kirkland Fire Department to maintain the current standard of service we must also maintain current minimum staffing levels. Based on 2009 budget data we are facing an anticipated budget shortfall in 2010 of \$200,000 if we are to maintain the current minimum staffing levels through the end of the year. This is coupled with a "hard cap" on the overtime budget as a result of the City's anticipated 2010

budget shortfall. Once the overtime budget for the year has been spent, strategies will need to be considered including a policy to brownout fire stations based upon staffing fire stations with only firefighters scheduled to work that day.

Emergency Medical Service

Emergency Medical Service to our community consists of a tiered level of response requiring Advanced Life Support (ALS), Basic Life Support (BLS), or a combination of both. Calls for Advanced Life Support require personnel trained to the level of Paramedic. Calls for Basic Life Support require personnel trained to the level of Emergency Medical Technician (EMT). ALS is fully funded in King County through the Medic One Levy. A portion of BLS is funded by the Medic One Levy.

Kirkland Levy Revenue

2008 - \$ 793,023
2009 - \$ 836,938
2010 - \$ 831,434

Kirkland Fire Department (KFD) is the Emergency Medical Authority in the City of Kirkland and Fire District 41. We are designated first responders to EMS calls. KFD firefighters are all trained to the level of EMT. KFD responds to EMS calls in four cross staffed Aid Units, one dedicated staffed Aid Unit, and one Aid Unit staffed part time with Reserve Firefighters.

Patients are triaged to be transported to a hospital via one of three transport modalities.

- Medic One ALS Aid Unit
- KFD BLS Aid Unit
- Private Ambulance BLS Transport

Data averaged over the past five years show calls for EMS account for seventy percent of KFD total call volume. The Kirkland Fire Department responded to 5,248 BLS calls in 2009. KFD transported 3,404 of those patients, and utilized a private ambulance to transport 103 of those patients.

Preliminary Research

In order to determine the feasibility of a Fee for Transport (FFT) program the KFD Fire Chief queried the King County and Snohomish County Fire Chief's to determine which agencies had implemented a FFT program. Next, a questionnaire was sent to those agencies soliciting experience and input regarding the opportunities and obstacles encountered during implementation of a FFT program. KFD also gathered national insurance data. This data was then used to determine what the potential revenue could be from implementing a FFT program.

Regional Transport

Snohomish County:

- 23 dept's currently charge fee for transport
- 2 performing feasibility studies (Edmonds, Lynnwood)

King County:

- 3 dept's charge (Bothell, Maple Valley, Valley Regional)
- 1 performing feasibility study (Renton)

Seattle:

- Contracting out all transport

Regional Experience

- Revenue is considered justifiable
- Non-payment is accepted and written off
- Minimal citizen objection (Most citizens already pay insurance premiums and the impact is mostly on insurance companies)
- Difficult change for Firefighters
- Contracted billing agency is important
- Additional staffing to cover in-house admin. is necessary

Who Covers the Fee Nationally?

- Medicare coverage = 29.7%
- Private Insurance = 25.5%
- Other = 17.7%
- Medicaid coverage = 15.5%
- Patient self pay = 11.6%

Average collection rate = 72%

Kirkland Transports

3,404 BLS Transports in 2009

- City - 53%
- District - 47%

Citizens currently pay no additional cost for transport

Potential Revenue using Average Regional Fees

Basic fee @ \$500/transport x 3,404 transports/yr.	\$1,702,000
Mileage @ \$12.00/mile x 8,500 transport miles/yr.	<u>\$ 102,000</u>
Possible gross revenue	\$1,804,000

Expected Revenue using Average Fee Recovery Rate

Average amount of billing recovered = 56%

Collection rate less insurance adjustment & individual non-pay

Kirkland estimated revenue

Possible Gross Revenue \$1,804,000 x 56% = \$1,010,240

FFT Program Expenses

Administrative Assistant to administer program	\$ 75,000
Printing forms & brochures	\$ 1,000
Contracted billing service @ \$22/transport	<u>\$ 74,900</u>
Total FFT Expenses	\$150,900

Kirkland Estimated Net Revenue

Collected Gross Revenue	\$1,010,240
Less FFT Program Expenses	<u>\$ 150,900</u>
Net Revenue	\$ 859,340

FFT Opportunities

- Recover medical insurance payments from patients paying insurance premiums covering fee for transport to hospitals
- Revenue to bridge current fire department budget gap to maintain current minimum staffing
- Revenue to improve EMS to citizens by converting cross staffed Aid Units to dedicated staffed Aid Units. Improving the availability of Fire Units for all other hazard responses including EMS calls also increases our capabilities to respond.

FFT Obstacles

- Firefighters perceive a change in relationship with their patients
- Some patients may be discouraged from calling for medical aid
- Some citizens may object to a new fee
- May create additional paperwork for firefighter at the scene

Elements for FFT Program Success

- Professional survey to assess citizen response
- Contract with highly rated billing agency
- Minimum 1 FTE program administrator
- Adopt successful policies, procedures, materials
- On-going community education
- Personnel training; on-going refreshers
- Annual program evaluations

City Consideration

- Timing of introducing fee for transport
- Willingness to undertake City-community change
- Preparedness for dealing with internal/external objections
- Willingness to take steps and assume expenses necessary to succeed



MANAGEMENT PARTNERS

I N C O R P O R A T E D

January 20, 2010

Chief J. Kevin Nalder, Director of Fire and Building
City of Kirkland
123 Fifth Avenue
Kirkland, WA 98033-6189

Dear Chief Nalder:

It was a pleasure to talk with you yesterday regarding an analysis and evaluation of fee and revenue generation options related to EMS services in order to help support fire and emergency service provision. In what follows I have updated an earlier proposal we had provided to the City in August of 2009.

Management Partners would be pleased to help the City of Kirkland develop revenue projections for proposed EMS fees for your Fire Department. As a result of our conversation, we understand that you are interested in an analysis of potential revenue generated by new EMS transport fees. Management Partners will develop these revenue projections based on our experience and research with peer cities and nationwide best practices. We will also make recommendations about implementing and administering the new fee program.

EMS fees have been charged for many years by cities and others who provide basic and advanced on-scene life support services and transport. The fees are intended to recover a portion of the cost for services that are rendered during an emergency medical response. As the cost for public safety services continues to rise and local governments face difficulty funding basic services, cities have begun to examine (and some have enacted) fees for public services to recover some of the costs incurred with the provision of such services. The rationale is to charge a portion (or all) of the cost of some services to the users of the service. This is especially true for non-fire suppression services that are not linked to property or supported by property taxes and are likely to be used by non-residents.

Proposed Scope of Work

The following scope of work outlines our approach. We are confident that it will provide the results you are seeking. Upon completion, you will have the information you need to establish an EMS fee program that will recover a portion of the costs to users of non-fire suppression services.

Activity 1 – Start Project

Our project will begin with a careful listening phase designed to identify and clarify the desired outcomes of the project. I will meet with appropriate Kirkland officials to review the proposed project schedule and scope of work. The purpose of this meeting is to ensure that both are well-drawn to accomplish management's objectives in a timely fashion, while considering the existing work commitments that staff must address. In addition during this initial meeting we will identify what cost effective and appropriate public outreach efforts can be made as part of the project in

Activity 2 to help inform the recommendations which will be developed in subsequent phases of the work. It will also ensure that we identify the communication process and contacts for both Management Partners and the City.

Activity 2 – Collect and Analyze Data

We will begin this activity by requesting information and data regarding the City's fire and EMS operations. We will review the annual budget, operating policies and procedures, performance reports and other pertinent documents. Incident response data will be critical so we can analyze the composition of the workload and identify specific costs included in major service categories.

Management Partners will calculate recommended service fees using the number of incidents and the market rates in the Seattle region. Based on the recommended fees, we will then calculate the annual estimated net revenue to be produced by the fees. The proposed fee schedule will be reviewed with the appropriate City staff and then modified as necessary.

During this phase of the project we will also initiate some limited public outreach efforts in partnership with the Department to ascertain the issues and objectives that members of the public may have with respect to the proposals to be developed as recommendations

Activity 3 – Research Best Practices

Fees for EMS services are quite common in Snohomish County but less so for King County. However, given the current decline in general revenues; we expect more cities to rely on EMS fees to cover some of the cost for EMS services.

Management Partners will gather data and experiences from Washington cities that have successfully developed and adopted new EMS fees. In addition to collecting quantitative data regarding the fees and revenues generated, we will also learn about significant issues and challenges from their experiences. We will evaluate issues related to billing and collection, policy considerations, and customer and community relations issues. In short, we will help the City of Kirkland learn from the most successful fee programs and avoid the pitfalls and problems experienced by those who have already implemented these fees.

Activity 4 – Report Results

Management Partners will prepare a draft report that includes recommendations for implementing a new fee program. This will include a sample of any required ordinances, the recommended fees to be charged for each service, tables and schedules supporting the fee calculations, and a sample request for proposals (RFP) for a billing and collection vendor.

The draft report will be reviewed with appropriate staff to assure that it is complete and meets the City's expectations. Following a review of the draft report, we will make the necessary revisions and produce a final report.

Activity 5 – Support Implementation

Management Partners has a strong bias for action. We pride ourselves on being the authors of reports that do not just sit on shelves collecting dust. Rather, we provide our clients with a management tool to implement (and track implementation of) the recommendations contained in our report and remain available to assist with the implementation process. The action plan will detail the specific steps and individual responsibilities for implementing the recommended fee program.

Management Partners' Experience and Qualifications

Management Partners brings extensive public sector experience to this project, along with first-hand knowledge of innovative financial approaches to support critical public safety services. Each of our team members has actual public service experience in addition to the analytical and collaborative skills necessary for high-performance consulting work. Our methodology and unique skill sets will provide the City of Kirkland with a superior end product.

The firm was created in 1994 to help local government leaders improve their organizations. Our team has significant experience helping numerous local governments improve their operations. Management Partners' previous experience assisting cities with EMS fee studies will allow us to deliver this work in a timely and cost effective manner.

Project Team

This project will be led by Steve Burkett, Partner, who will provide direction and guidance throughout the project. Steve will be assisted by Jovan Grogan and Simon Grille. The most significant qualifications for each team member follows.

Steven Burkett, Partner, joined Management Partners in 2006, and he has subsequently led a variety of organizational reviews and studies in Washington, Oregon, Utah and California. The focuses of those analyses range from strategic planning to customer service to organizational development. Steve has 38 years of diverse local government management experience, including serving four cities as city manager: Shoreline, Washington; Tallahassee, Florida; Fort Collins, Colorado; and Springfield, Oregon. He also worked in management positions in Phoenix, Arizona, and Corvallis, Oregon. Over the span of his career, Steve has developed expertise in strategic planning, financial planning, customer service, performance/management audits, team building/organizational development and project management. He has made presentations on local government management to the International City/County Management Association, the National League of Cities and international delegations.

Jovan Grogan, Management Advisor, has a breadth of local government experience that ranges from hands-on leadership to community relations to national agency work. He joined Management Partners in 2006. Jovan most recently worked as a special assistant to the county administrator of Tompkins County, New York. In this capacity, he was responsible for a wide range of budgetary and fiscal analysis, and he successfully facilitated and developed a consensus on information sharing among criminal justice agencies within the county. Jovan graduated from Cornell University, where he earned a bachelor's degree in urban and regional studies, with a concentration in law; and a master's degree in regional planning, with a concentration in economic development planning.

Simon Grille, Management Analyst, initially joined Management Partners in the summer of 2007 as an intern while completing his degree at the University of California, Berkeley. He began working in the San Jose office on a full-time basis in September 2008. Simon has provided benchmarking and best practices research for a variety of clients in the cities of San Jose, Kirkland, Ceres, Long Beach and Vallejo, California and Bellevue, Washington. Simon is the recipient of many academic awards including the Marshall Memorial Scholarship, Robert D. Lynd Scholarship, Alumni Leadership Scholarship, and others. He served as president of Kappa Delta Rho for three semesters and was recently named a "Man of Honor" to recognize his accomplishments in this role. While attending UC Berkeley, he served as a supervisor at the Cal Calling Center, a division of University Relations.

Hours, Schedule and Cost

Based on the work plan above, we estimate that the project will take 80 hours of professional consulting assistance to complete. The ultimate test of a quality project is that the client is pleased with the results, and we are committed to achieving that goal. Total fees and expenses for the work plan described above are \$12,400.

The project schedule will be tailored to meet the City's needs at the first project meeting. Management Partners anticipates that the work will take approximately two months from the time we receive a notice to proceed.

Conclusion

Management Partners will be pleased to assist the City of Kirkland with this EMS fee study. We look forward to the opportunity to discuss this proposal further with you and welcome the opportunity to provide any additional information that may be helpful. Please feel free to call Steve Burkett at 425-774- 8579, or you can reach me in our San Jose office at 408-437-5400.

Sincerely,



Andy Belknap
Regional Vice President

Accepted for the City of Kirkland by:

Name: _____

Title: _____

Date: _____

FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
J. Kevin Nalder, Director of Fire & Building Services							
Description of Request							
Request for \$12,400 from the Council Special Projects Reserve to pay for medical transport consultant contract fee.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of \$12,400 of the Council Special Projects Reserve. The reserve is able to fully fund this request.							
Recommended Funding Source(s)							
Reserve	Description	2010 Est End Balance	Prior Auth. 2009-10 Uses	Prior Auth. 2009-10 Additions	Amount This Request	Revised 2010 End Balance	2010 Target
	Council Special Projects Reserve	271,960	104,276	0	12,400	155,284	N/A
	2009-2010 Prior Authorized Uses of this reserve include: \$2,000 for Council Retreat facilitator, \$26,000 for federal lobbyist services, \$25,000 for Neighborhood Connections program, \$20,000 for Hopelink's relocation, \$13,770 for the Flexpass alternative program, \$5,000 for Council requested special investigation, and \$12,506 for the Bank of America review.						
Revenue/Exp Savings							
Other Source							
Other Information							

Prepared By	Neil Kruse, Budget Analyst	Date	March 6, 2010
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