



TO: Finance and Administration Committee

FROM: Scott Niehaus, Village Manager
Rick Sander, Fire Chief
Tim Sexton, Finance Director
Jaime Cunningham, Assistant Finance Director

SUBJECT: PRESENTATION OF RESEARCH REGARDING AMBULANCE FEE STRUCTURE

As part of the annual budget process and discussions that took place in February/March of this year, Village staff was directed to conduct research on the Village's ambulance fee structure and provide it to the Finance and Public Safety Committees as part of formal budget discussions for FY 2018 scheduled for August. It was noted that the last time that the Village adjusted its ambulance fees was in calendar year 2009. Since that time the cost of providing ambulance services has increased as well as the fees charged in other comparable communities.

The attached information was compiled through a collaborative and participatory process that included staff from the Finance Department, Fire Department and Village Manager's Office. It should be noted that the Fire Department group included multiple layers of staff including Lieutenants and Firefighters. Village staff respectfully requests the opportunity to present this information to the Finance and Administration Committee at their July meeting. As part of that presentation and discussion, Village staff will be seeking specific policy direction so that projections for the FY 2018 Budgeted Revenue can be adjusted accordingly.

The policy issues to be discussed include the following:

Cost Recovery – Does the Finance Committee wish to establish a policy direction related to ambulance fees that requires us to recover a specific percentage of the annual expense related to the cost of ambulance service? Information on the projected revenue to be derived from various percentage levels is included in this information and will be presented to the Committee. The possible benefit of establishing this policy is that it will provide direction for future adjustments to the ambulance fees on a rational and non-political basis. In addition, it will help to ensure that we do not go 8 years without adjusting fees again in the future.

Elimination of Fee Differential between ALS and BLS – Staff's research has found that most communities do not have different fees based upon the level of ambulance support. Moving to a flat fee structure that does not differentiate between Advance Life Support and Basic Life Support will streamline the billing process and be more efficient. There is very little cost

difference based on the level of service we provide, as all of the personnel and equipment responding is the same.

Resident Rate Preference – Past practice of the Village has been to have a reduced rate for Village residents based upon the philosophy that residents do pay property taxes to the Village which help to subsidize the fixed costs associated with providing EMS services. However, this discount is typically minor as the overall service provided is more in line with a “user fee” basis that applies charges to those citizens that use the service as opposed to those that do not use the service. This discussion also may have some impact/application to the percentage of cost recovery item noted above.

Balance Billing – Past practice of the Village has been to conduct balance billing for those residents who do not have their insurance pick up 100% of the ambulance fees. The Village only collects 14% of what is balance billed. It is possible that the percentage people get “balance billed” may go up with a fee increase, as well as the amount being balance billed will increase significantly. Naperville recently enacted a change where residents do not get balance billed for anything that does not get paid by insurance.

Again, Village staff looks forward to presenting this information to the Committee in July. Assuming there is a recommendation to increase the fees at some level, the following actions would need to take place prior to implementation of the new fee:

- Recommendation of Finance Committee provided to the Village Board for consideration;
- Ordinance amending fee structure placed on Village Board for adoption in August/September;
- Communication of new fees to appropriate parties including citizens, billing service, etc;
- Implementation date identified (possibly October 1, 2017).

Should you have any questions in advance of the Finance Committee meeting please do not hesitate to reach out to myself or other staff members.

Thank you.



Village of Lombard

2018 Ambulance Billing Rates



“When someone pays property taxes, they are paying for the ambulance to be staffed and available for their use if needed. When someone actually uses an ambulance for an emergency service, there are certain costs that are incurred by the Village and billing the user of the ambulance helps to recoup that cost. User fees/ambulance billing saves Village taxpayers money by shifting a portion of the total costs for providing these services to the individuals who use the services.”

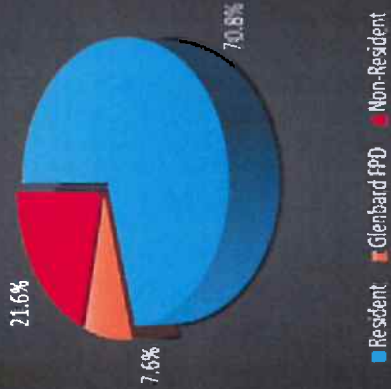


Agenda

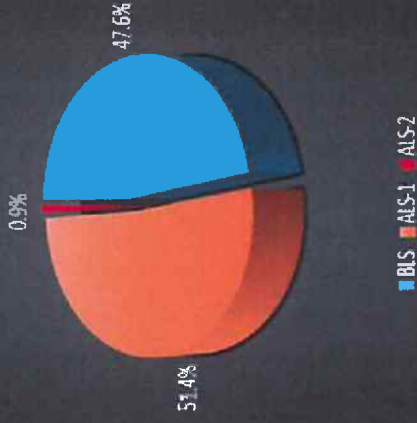
- ▶ Demographics
- ▶ Comparable Data
- ▶ Rate Model Options
- ▶ Policy Discussion Items
 - Cost Recovery
 - Elimination of Fee Differential between ALS & BLS
 - Resident vs. Non-Resident Rate
 - Balance Billing
- ▶ Implementation Plan
- ▶ Recommendation

General Demographics

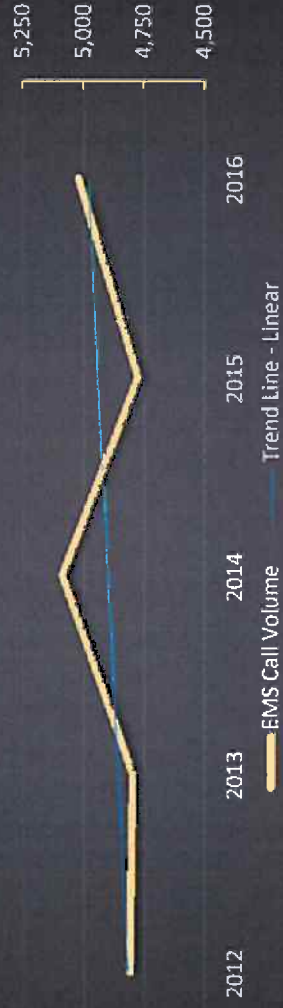
2016 EMS Responses by Residency Status



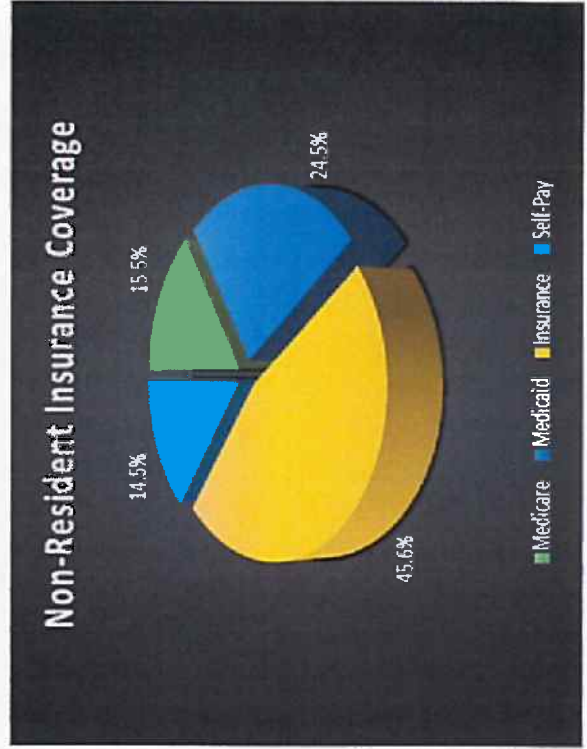
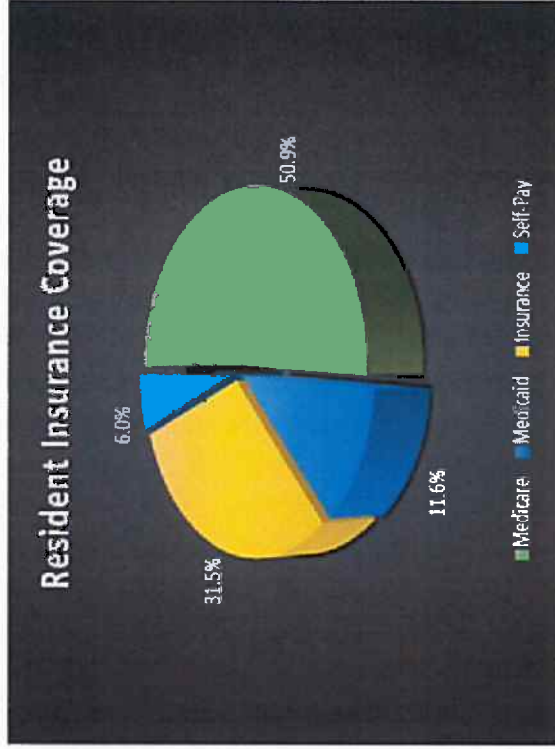
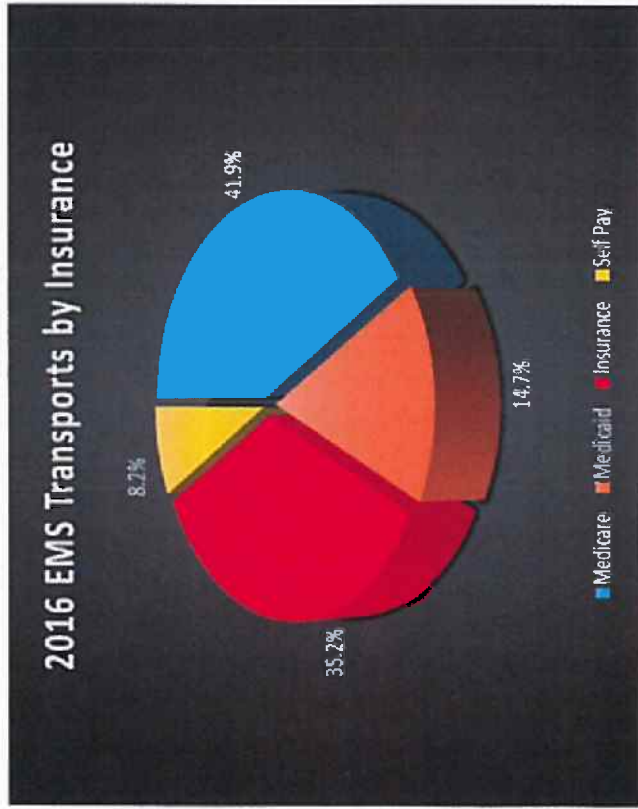
2016 EMS Transports by Level of Services



Annual EMS Call Volume for the Village of Lombard

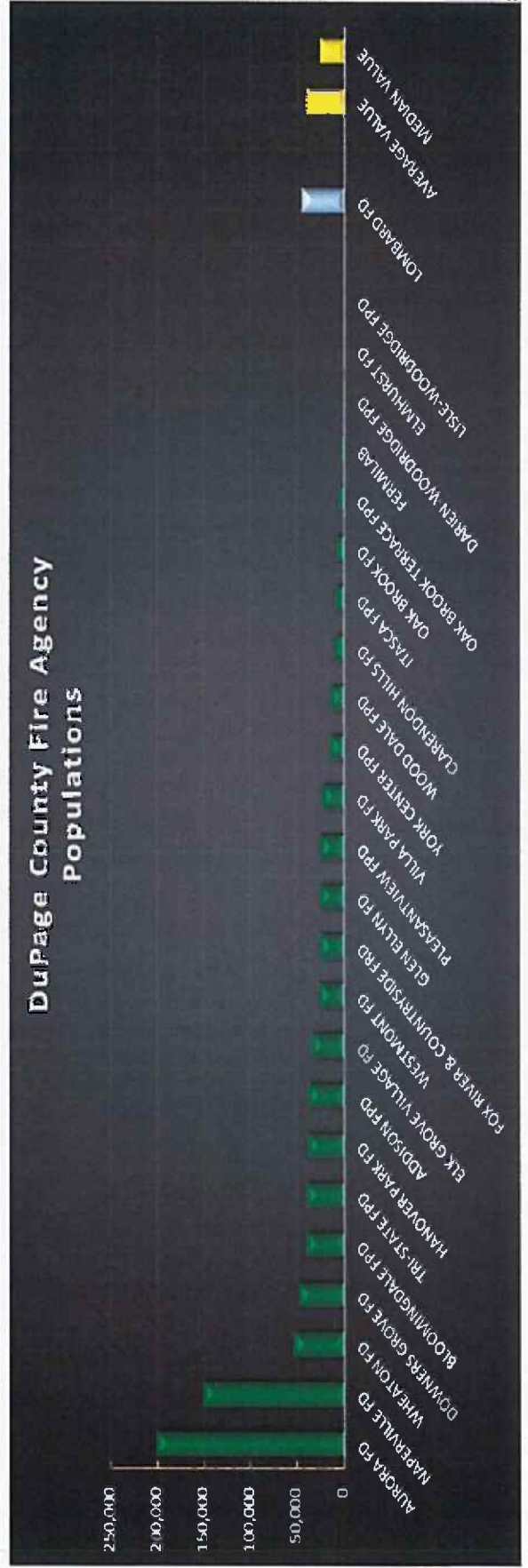
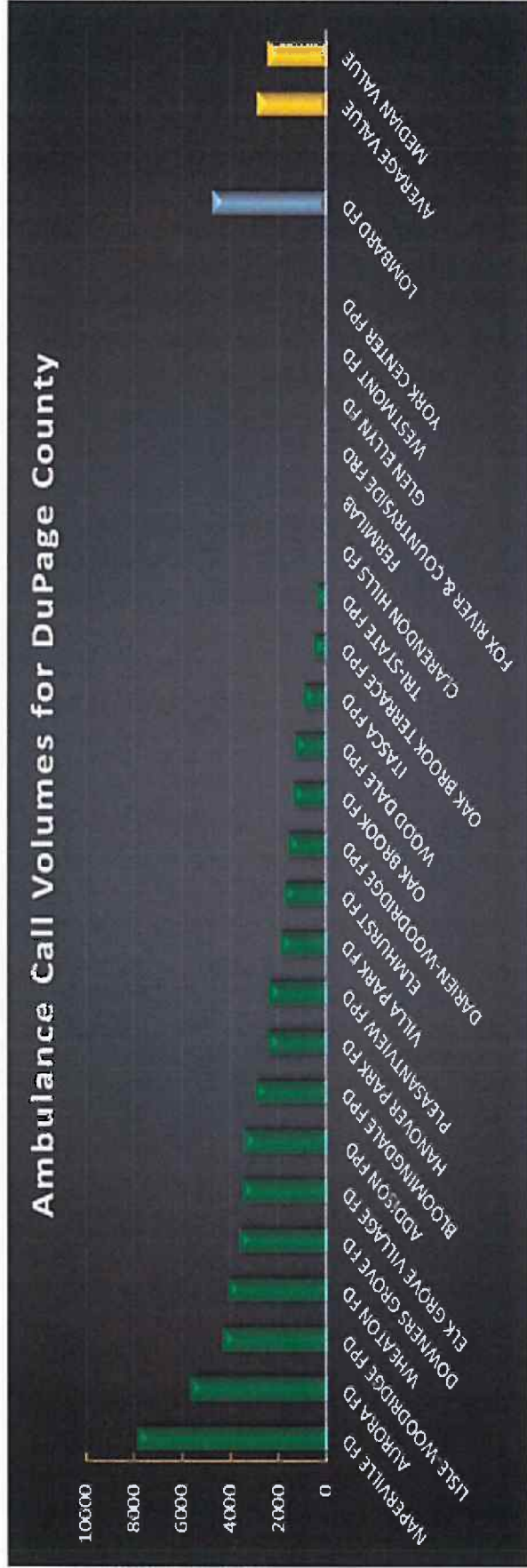


Insurance Demographics

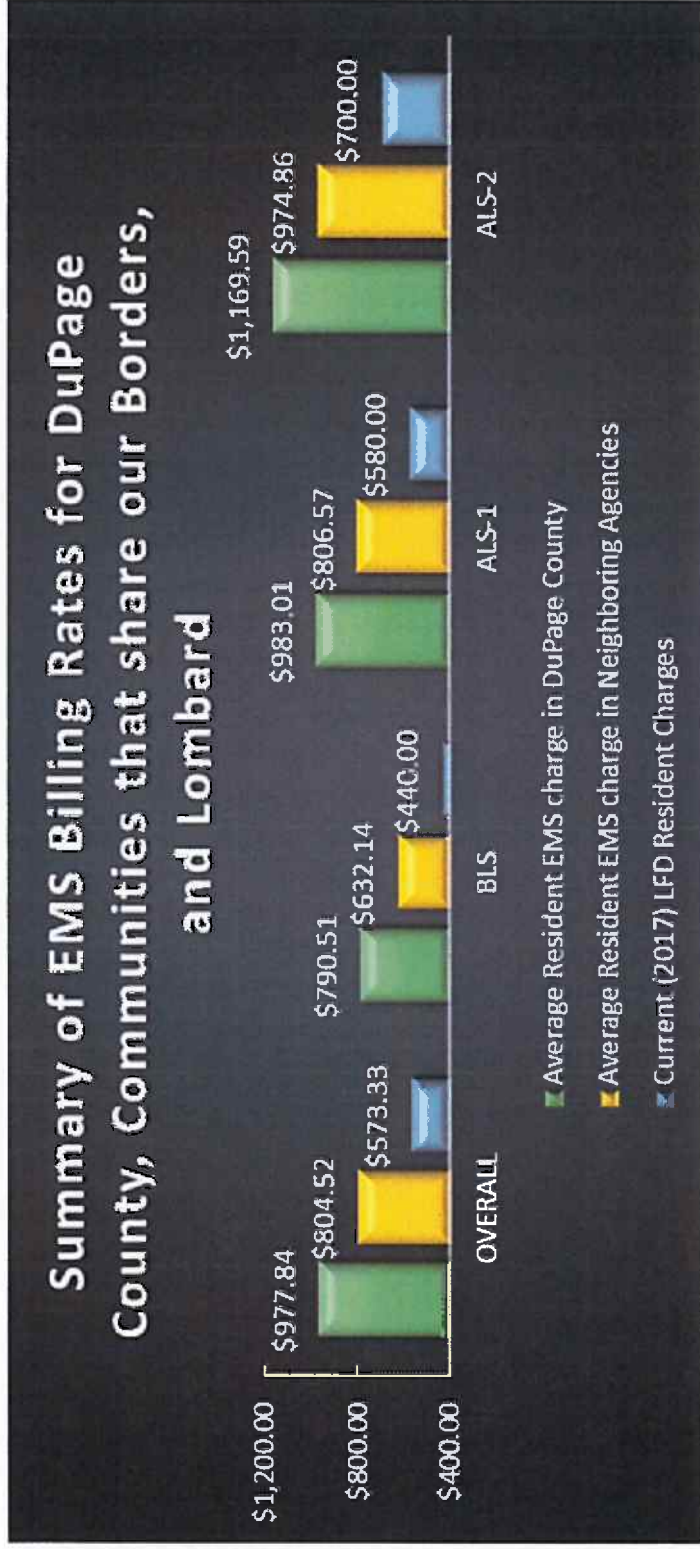


2016 EMS # Transports Billed by Insurance Type	
Medicare	1442
Medicaid	506
Insurance	1213
Self Pay	284
Total	3445

Comparable Call Volume/Population



Comparable Rates



- Last EMS rate increase for Village of Lombard was in 2009
- Flat billing is becoming a trend in the fire service
 - One rate for all users and levels of service
 - Flat rates that vary between resident and non-residents
 - Flat rates for the various levels of service provided

Rate Model Options



- In 2016, our charges only recovered about 70% of our EMS personnel costs, not including pension expenses (pension, fleet, and operating costs are subsidized through property taxes and other general fund revenues)
- Most communities are billing their residents over \$1000 for transports (examples below)
 - Addison charges between \$1275 and \$2100
 - Itasca charges between \$1200 and \$1800
 - Wood Dale charges between \$1200 and \$2000
 - Naperville charges a flat rate of \$1800 and will write off what insurance doesn't cover for residents

Policy Discussion Items

- ▶ Staff is seeking the Finance & Administration Committee recommendation for the Village Board on these four items
 - Cost Recovery
 - Elimination of Fee Differential between ALS & BLS
 - Resident vs Non-Resident Rate
 - Balance Billing

Cost Recovery

- ▶ Does the F&A Committee wish to establish a policy related to ambulance fees that requires staff to recover a specific percentage of the annual expense related to the cost of ambulance service?
- ▶ Possible Benefits
 - To provide direction for future adjustments to the ambulance fees on a rational and non-political basis
 - Ensure we don't go 8 years without adjusting fees

Elimination of Fee Differential between ALS & BLS

- ▶ Research shows that most communities do not have different fees based upon level of ambulance support
- ▶ Moving to a flat fee structure will streamline the billing process and be more efficient
- ▶ There is very little cost difference based on type of call because the same personnel respond with the same equipment

Resident Rate Preference

- ▶ Past practice has been to have a reduced rate for Village residents based on the philosophy that residents pay property taxes which help subsidize the fixed costs associated with EMS services
- ▶ The discount is minor as the overall service is in line with a “user fee” basis that applies charges to citizens that use the service as opposed to those that do not use the service
- ▶ May impact percentage of cost recovery

Balance Billing

- ▶ Past practice has been to balance bill both residents and non-residents when insurance does not cover 100% of the ambulance fees
- ▶ It is possible that the percentage people get “balance billed” may go up with a fee increase and the amount being balance billed will increase significantly
- ▶ The following area departments do not balance bill residents
 - Naperville, Addison, Itasca, Lisle /Woodridge, Warrenville, Tri State, Wheaton, Darien, Carol Stream

Implementation Plan

- ▶ Recommendation of Finance Committee to the Village Board for consideration
- ▶ Ordinance amending fee structure to Village Board in August/September
- ▶ Communication of new fees
- ▶ Implementation date (possibly October 1, 2017)