



**Cal Tahoe Emergency  
Services Operations Authority**

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September 30, 2014

Don Ashton  
Health and Human Services Agency Director  
3057 Briw Road, Suite B  
Placerville, CA 95667

**RECEIVED**

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**EMERGENCY MEDICAL  
SERVICES AGENCY**

Dear Mr. Ashton,

I am writing today on behalf of the Cal Tahoe Emergency Services Operations Authority (CTESOA) Board of Directors regarding our current contract with El Dorado County for EMS services.

In 2011, after completing 10 years of service under the original contract, CTESOA participated in the RFP process with El Dorado County and was selected to continue pre-hospital EMS operations for CSA No.3 region of El Dorado County and portions of Alpine County. The new contract that was awarded is similar to the first for its exclusive 911 and inter-facility transfer operations in CSA No.3 region, for a period of five years with the ability to earn five 1-year contract extensions based upon performance criteria set forth in the contract.

The mission of CTESOA is to work collaboratively with fire districts, hospitals, air ambulance services and other stakeholders to ensure high quality services. Please know CTESOA shares in the county's vision of "Transforming Lives and Improving Futures".

The purpose of this letter is to bring to your attention Article VII of the County Contract:

*"CAL TAHOE acknowledges and agrees that this Contract is funded from specified identified CSA No. 3 funding sources and is primarily a fixed price contract with annual adjustments plus standby revenue.*

*At any time during the Contract term, in the event that significant circumstances beyond the reasonable control of CAL TAHOE or COUNTY dramatically increase or decrease CAL TAHOE's expenses or COUNTY revenues, either party may request that the other meet and confer regarding the terms of the Contract. Potential options include:*

- *Agree to continue the Contract without changes*
- *Increase or decrease CAL TAHOE compensation*
- *Modify the performance requirements of the Contract"*

**At this time, the CTESOA is respectfully requesting a formal meet and confer meeting to discuss the terms of this contract as there have been significant circumstances beyond our control causing a dramatic increase in our operating costs. We are prepared to appear before the Board of Supervisors if that is what may be required to resolve our financial crisis.**

CTESOA is requesting additional funding to maintain the existing level of service required by the contract and our community. Since the new contract in 2011 the CTESOA no longer receives comparable Inter Facility Transfer dollars. The current annual operational expenses have caused CTESOA to deplete its reserves at an unsustainable rate. The City of South Lake Tahoe reduced staff in 2010 to run the ambulance service. Lake Valley Fire Protection is in the process of going out to voters for a parcel tax to assist with the District's needs for Fire Protection. Both agencies subsidize by 50% personnel costs associated with providing ambulance service to CSA 3.

- 1) CTESOA has experienced a 29% increase in Inter-Facility Transfers (IFT's) in the last year. Our "System Status Management Plan" allows for one of the three ALS Ambulances to be out of our service area at a time for inter-facility transfers. In order to maintain our stellar ALS response times, the third ambulance is a necessity. We would be unable to maintain our current level of service if we depended on two ambulances. This is due to the following reasons:
  - Size of our JPA service area, and the relative isolation of the Lake Tahoe area to mutual aid ambulances and other area hospitals.
  - Seasonal heavy traffic conditions which also coincide with our busiest call volumes
  - Weather conditions
  - Transportation distance of our IFT's. Minimum of 3-4 hours, can be over 12 hours, with a medic unit out of the area. Compounded by the "emergency IFT" which is treated as a "Priority-3" with 15 min. response time, regardless of the number of ambulances available in the service area.

This increased number of transports out of the area, coupled with poorly maintained roadways and the need to drive ambulances with snow chains drastically increases the necessity to replace ambulances due to high mileage and increased wear and tear. The capital expense cost of ambulance replacement comes from CTESOA capital reserves with an approximate cost of \$120k on a remount and \$160k for total ambulance replacement. CTESOA has paid approximately \$620,000 for new ambulances over the past four years utilizing undesignated reserve money. These units are paid for by CTESOA but remain the property of El Dorado County.

- 2) Physiocontrol Lifepak 15 monitors will increase our equipment cost in this fiscal year with an estimated cost of \$110,000. These monitors are crucial to patient care and again is a critical tool based upon our isolation and long transportation times.
- 3) CSA No.3 recently signed a one year dispatch contract resulting in a \$55,000 increase to the previous contract for services for FY 2014/2015. CTESOA expects this cost may increase an additional \$150,000 the following year. This would result in an additional annual increase to of \$205,000 per year over FY 2013/2014. Additional funds must be secured in order to maintain consistent, high quality dispatch services for our service area.

- 4) The CTESOA board has committed to operating CTESOA within a new administrative structure with Executive Director and an Attorney on retainer to ensure the contract obligations are met consistently resulting in a \$75,000 increase to the budget.
- 5) CTESOA's budget currently pays 50% of each department's ambulance payroll for a total of \$1,171,175. This leaves each department to subsidize the remainder. CTESOA currently operates three ambulances at approximately \$686,666 per ambulance. Each fire department cannot sustain a 50% subsidy; therefore a 50% increase in payroll funding is necessary to operate each ambulance at approximately \$1,170,391 per ambulance. This amount will be comparable to other County Service Area ambulance costs and in line with CSA #7 cost per ambulance of \$1.2 million.
- 6) CTESOA's member agencies, the City of South Lake Tahoe Fire Department and the Lake Valley Fire Protection District, have both instituted enhanced services to the community by providing Advanced Life Support Engine Companies at significant cost to both departments. Both member agencies are considering instituting a trial period of expanded scope paramedic service transporting patients with Heparin and Nitroglycerin drips as paramedic CCT. This would allow increased billing revenue for the County of El Dorado.

The benefit assessment and patient charges received by the county vs. what the CTESOA receives as contracted payment:

- Fees collected by County Fiscal year 2011/2012 \$2,270,254 vs. CTESOA \$1,996,447
- Fees collected by County Fiscal Year 2012/2013 \$2,500,324 vs. CTESOA \$2,047,605
- Fees Collected by County Fiscal Year 2013/2014 \$2,284,489 vs. CTESOA \$2,046,920

Currently CSA 3 has nearly \$2,000,000 in the operating account that should fund our capital equipment replacement program. The County of El Dorado actually owns the ambulances but does not currently pay for those costs. Those monies were accrued based upon tax collection and fees collected by the County for the provision of EMS in CSA 3, and that money should be allocated to maintain and improve ambulance service in CSA 3's area.

Another source of funding for the County of El Dorado comes from the GEMT- Ground Emergency Medical Transport Act. As the revenue realized by the County of El Dorado has increased substantially both from three year retroactive payments and ongoing continuous revenue from CSA 3 Medicare and Medical patient transports, the CTESOA should share in the proceeds. Below offers some insight to the process.

### **GEMT PROGRAM OVERVIEW**

California Welfare and Institutions (W&I) Code §14105.94, enacted October 2, 2011, authorized the Ground Emergency Medical Transportation Services (GEMT) supplemental reimbursement program. This voluntary Certified Public Expenditure (CPE) based program provides additional funding to eligible governmental entities that provide GEMT services to Medi-Cal beneficiaries. The Centers for Medicare and Medicaid Services (CMS) approved State Plan Amendment (SPA) 09-024 on September 4, 2013, authorizing the federal share of the supplemental reimbursement payments based on uncompensated costs for Medi-Cal fee-for-service transports, effective January 30, 2010.

**In summary, CTESOA is requesting funding to replace capital costs and an increase in funding per year for the remaining term of the contract as follows:**

<b>Line Item</b>	<b>Dollar Amount</b>
<b>Recoup Ambulance costs for the last three years to return to CTESOAs general fund</b>	<b>\$620,000</b>
<b>Dispatch Services</b>	<b>\$205,000</b>
<b>Administration &amp; Legal Fees</b>	<b>\$75,000</b>
<b>Payroll costs to cover 100% of actual payroll (50% payroll increase)</b>	<b>\$1,171,174</b>
<b>Total annual increase:</b>	<b>\$1,451,174</b>
<b>One time capital cost replacement:</b>	<b>\$620,000</b>

Thank you,

Ryan Wagoner  
Executive Director

CC  
Richard W. Todd, EMS Agency Administrator - MHOAC  
El Dorado County, Health and Human Services Agency  
2900 Fair Lane Court  
Placerville, CA 95667