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# County Service Area No. 3 Fee Increase

— June 21, 2022 —

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# Background - Ambulance Rates & Funding the System

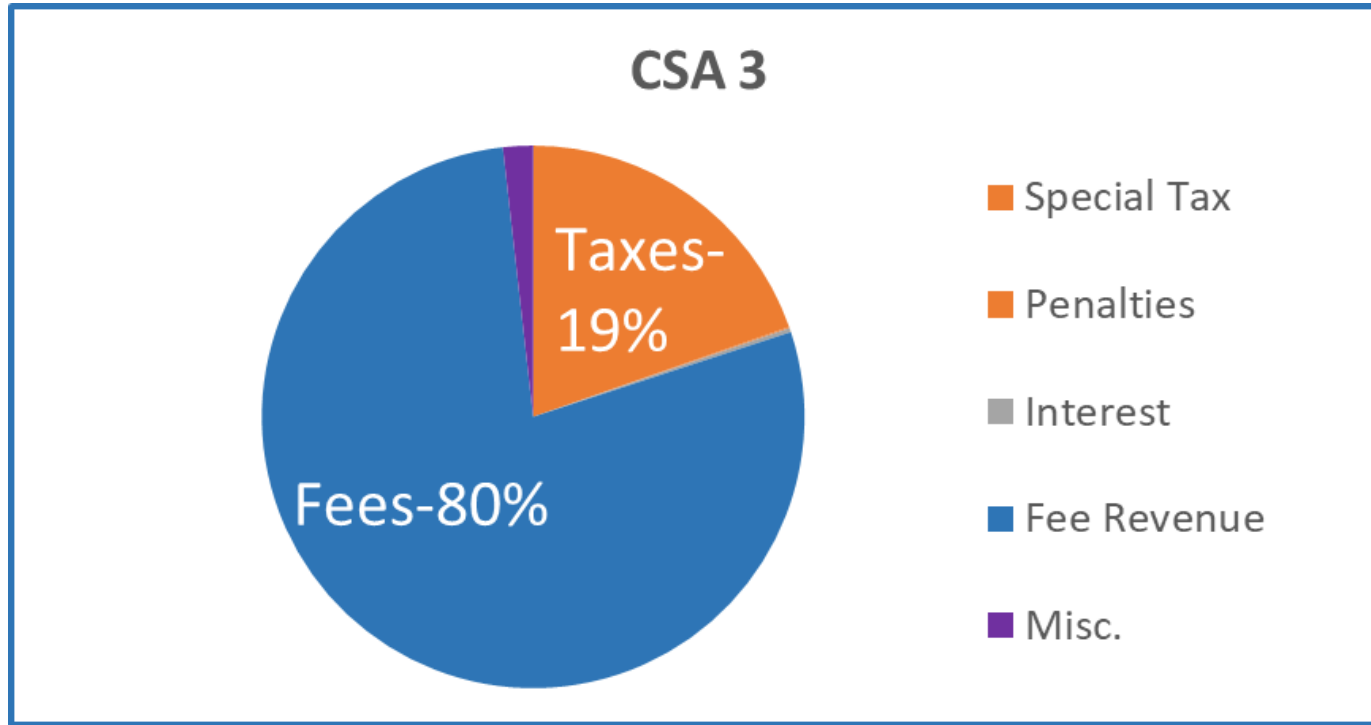
- Historically, there has been one countywide rate schedule for the West Slope (CSA No. 7) and the East Slope (CSA No. 3)
  - Does not account for subsidy variance between service areas
  - CSA 7 has benefited from property tax growth
- The County, through the Health & Human Services Agency, contracted with The Polaris Group in 2015 to conduct an ambulance rate analysis.
  - Increased fees countywide 28.11% and the Board approved annual increase by the Consumer Price Index to adjust rates along with inflation.
  - Prior to 2015, rates were last increased in 2010

# Funding the Ambulance System

| CSA 7 - West Slope  | CSA 3 - East Slope  |
|---|---|
| Special Tax (\$1,720,020)   | Special Tax (\$688,476)   |
| Ambulance Fee Revenue (\$9,043,561)   | Ambulance Fee Revenue (\$2,747,144)   |
| Shingle Springs Band of Miwok Indians* (\$285,000)  |   |
| Ad Valorem Property Tax* (\$3,774,476)  |   |
|   |   |
| <p style="text-align: center;"><b>The taxpayer subsidy in CSA 7 is 39%</b><br/> <b>Ambulance fee revenue is 60%</b></p> | <p style="text-align: center;"><b>The taxpayer subsidy in CSA 3 is 19%</b><br/> <b>Ambulance fee revenue is 80%</b></p> |

\*Shingle Springs and Ad Valorem are equal to 45% of the ambulance fee revenue for CSA 7 and CSA 3 does not have those revenue sources.

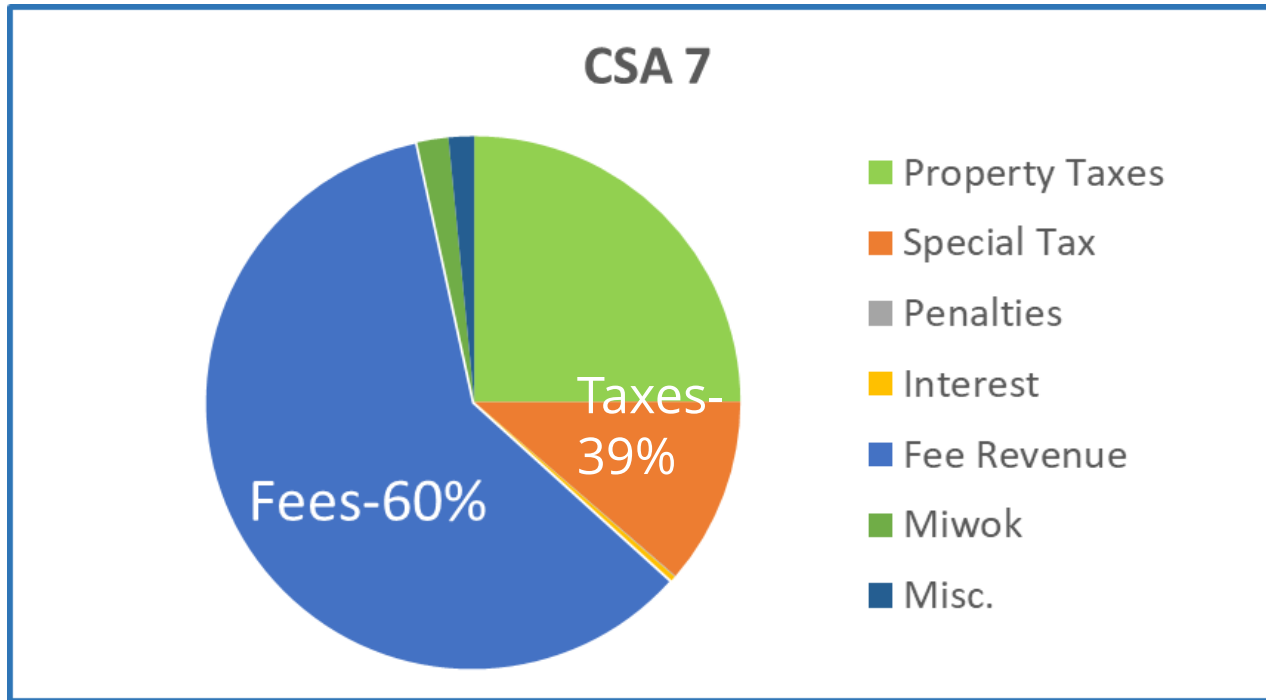
# Funding the Ambulance System



CSA 3 is more dependent on fee revenue

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# Funding the Ambulance System



CSA 7 has additional revenue sources that equal to 45% of the ambulance fee revenue for the system

# Who Pays?

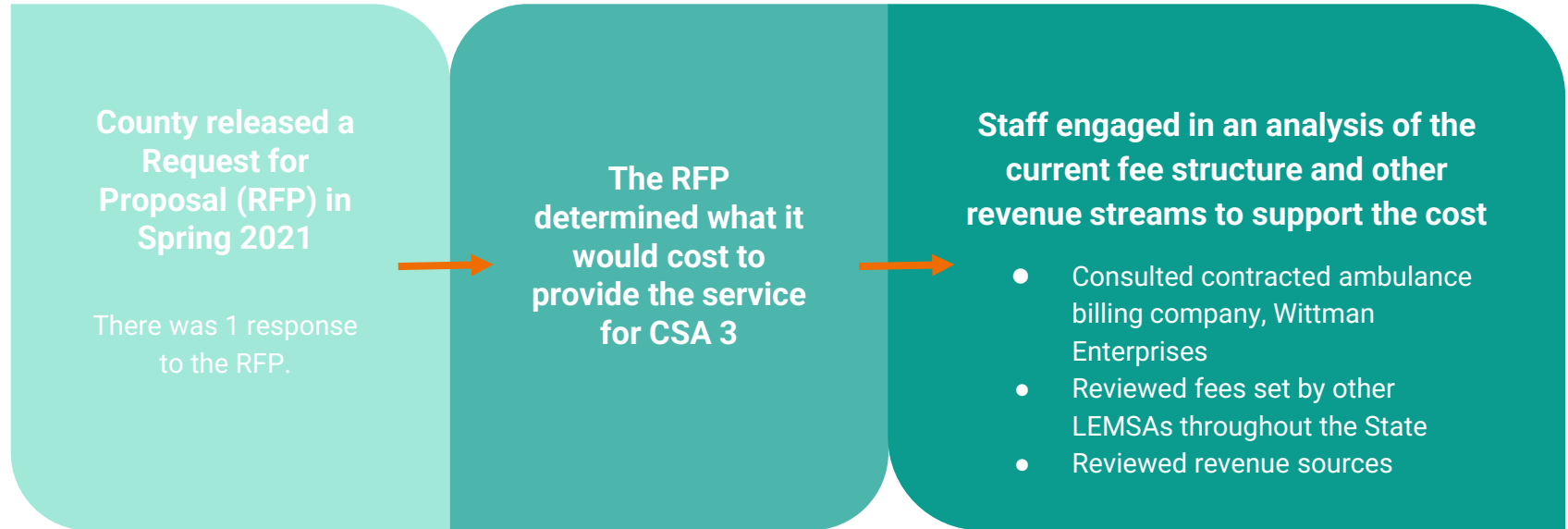
Fee Revenue: Payor mix is the primary factor that influences ambulance fee revenue. This is further influenced because Medicare and Medi-Cal reimbursements are a fixed rate.

|                         |         |
|-------------------------|---------|
| Medicare                | 21.54%  |
| Medi-Cal                | 7.22%   |
| Kaiser Mcare/MCal       | 6.47%   |
| Insurance (inc. Kaiser) | 56.94%  |
| Private Pay             | 7.83%   |
|                         | 100.00% |

# Challenges

- Increasing Costs
  - Medical Supplies
  - Personnel
  - Fuel
  
- Declining Federal Revenue
  - GEMT
  - Medicare

# Determining a Proposed Fee Structure for CSA 3





# Rate Options - Average, Max or Recommended

|                            | <b>Current</b> | <b>Average</b> | <b>Max</b> |
|----------------------------|----------------|----------------|------------|
| ALS Non-Resident Base Rate | \$1954.00      | 2,313.00       | \$3,500.00 |

|                            | <b>Recommended</b> | <b>Percent Increase</b> |
|----------------------------|--------------------|-------------------------|
| ALS Non-Resident Base Rate | \$2,828.00         | 44.73%*                 |

- The current rate is about 18.5% below average and that will remain the case for CSA 7
- The recommended rate for CSA 3 is slightly less than midway between the average and highest rates we considered after a comparative analysis
- The comparison was made using other agencies non-resident rate as it is a rate that was universally available

\*This is approximately the disparity between the tax and other revenue streams between CSA 3 & CSA 7

# Future Rate Increases

There are factors that will influence the need for future rate increases:

- Cost of the service, inclusive of major increases in costs of supplies, fuel, etc.
- Changes to reimbursement rates through public and private insurers
- Changes to various healthcare laws and regulations
- Changes to the Medicare Annual Inflation Factor for ambulances
- Changes to the demographics of CSA #3 in the form of payor mix

Even with this current rate increase, it is projected that we will still have a structural deficit after 3 years.