

# **Review of Structure of and Consideration of Options for County Service Area #7's Ambulance Transport Services**

July 19, 2011

# Public Utility Model

- In Both CSA #3 & CSA #7 the County is the provider and contracts with JPA's formed by Fire Departments to operate the ambulances
- The County bills for services and funds the contractors using collections from patient fees, benefit assessments and a special tax

# Exclusivity Status

- CSA #3 was established as an exclusive operating area (EOA) in 1999 and a contract was awarded to the CalTahoe JPA through a competitive process
- CSA #7 continues to be non-exclusive although it has a single ambulance provider (The County) which contracts with the JPA to operate ambulances

# Risks of Non-Exclusive Areas

- New providers may enter market and dilute revenue supporting the system (Cherry picking)
- Coordination and “fair” distribution of calls to multiple providers would be difficult to impossible
- Reduction in revenue for County and JPA would decrease funding without decreasing required effort (duty to respond, response times)

# Risks of Non-Exclusive Areas

- Duplication of coverage & infrastructure would increase overall system costs
- Reduced revenue and increased costs would require additional tax subsidy of EMS
- Without legally established exclusivity, refusal to include any qualified ambulance provider risks anti-trust litigation

# Exclusive Operating Areas

- Health and Safety Code 1797.224
  - County may establish EOA's through use of "periodic competition"
  - Grandfathering exception:
    - Provider providing continuous uninterrupted service
    - Since January 1, 1981
    - Same manner and scope
- Health and Safety Code 1797.201
  - Exception for municipal providers
  - Not applicable in this case

# Options

- Do not establish CSA #7 as an EOA
  - Operational and financial risks, Anti-trust risk
- Establish EOA through competitive process
  - 18 to 24 months, significant expense
  - Risk that new service might cost more or perform worse than current arrangement
  - Risk of lost funding for current JPA members affecting the provision of fire services
- Establish EOA by grandfathering County as provider
  - Allows County to contract as it sees fit for operations
  - Provides “Sovereign Immunity” defense from anti-trust

# Grandfathering Risks

- State EMS Authority may challenge
- If challenge successful, County returns to other two options



# Questions?