



Memo

To: Lyn Simmons, Town Manager
From: John P. Dearborn, Fire Chief
CC: Jennifer Leydon, Finance Director
Date: June 2, 2022
Re: FY 23 Ambulance Rates and Operating Report.

Our Emergency Medical Service continues to be a very successful service. Our revenue generation has maintained a steady pace and our collection rate is still one of the highest regionally at **94.7%** of collectable revenue for calendar year 2022. We receive praise from our customers on a regular basis. We are very proud of the work our crews do daily.

This document will focus on the financial aspects of our service. However, perhaps the most important aspect of our service is the quality of care we provide. Our EMS crews provide a quality of care which is based on their commitment to our residents. Very often we find ourselves interacting with a resident at a most difficult time. In many cases we know the patient from a previous call. We may know the location of a key or the name of a relative or caretaker. These relationships, the caring nature and the technical ability of our EMTs and Paramedics is truly the value of this service.

There are several notable and dynamic aspects to providing EMS service in today's environment. We will discuss the impacts of increasing costs further in this document. However, other factors are somewhat in the background, but we felt need to be identified. First and foremost is the lack of qualified employees to conduct this work. It is a struggle to maintain employees in this environment. During the pandemic, many more qualified employees left this profession than those who chose to enter. The lack of available paramedics is considered at the critical level regionally and nationally. At the time of this report, we can state LFD is currently at full staffing. Although, we still have several employees in training, we are in a good position as compared to many agencies. We at least have fully qualified employees in the pipeline.

There is also a lack of available ambulances regionally. The private sector of EMS is struggling to stand up their services. This is due to a lack of employees and the costs to operate. Providing 911 or emergency EMS service is the most expensive EMS service type to provide. Many private providers are pulling back from providing 911 municipal service or providing back up 911 services. We have also seen that private based EMS service rates are approximately 35% higher than municipal rates. This has left municipal based / fire service based EMS providers to pick up the slack. Again, we are in a good position

with having more than one ambulance and having our strong cooperative relationships with our mutual aid partners, mainly from the East Longmeadow and Agawam Fire Departments.

Each year when preparing this presentation we go through a process of looking at our expenses and projecting the level of revenue we need to meet our commitments and remain sustainable. This is the eighth time we have engaged in this analysis. This year is unique in the fact that costs have risen at a rate much higher than we have previously seen. This year we are seeing a 12% increase in fuel costs, 11.5 % increase in material costs, 3.7% increase in insurance costs and a 3.3% increase in employee costs. We are also still in recovery from a downturn in service delivery during the pandemic. To remain sustainable we need to cover our operating expenses while putting some revenue into the EMS account for future capital expenses. We are projecting base operating costs in FY 2023 to be \$ 835,561.00. With our capital projections we should look at a total revenue of approximately \$ 920,000.00.

In recommending the new rates for FY 2023, we do employ a checks and balances approach. We start by looking at what our costs are with our commitment to revenue and capital. We also look at what is being charged regionally to provide these same services. In recommending these new rates we are confident that we will keep our commitment to the community while staying within the acceptable and defensible range of what is the regional average for municipal / fire based EMS service providers.

Anytime we look at EMS rates we need to consider the impact to our customers. In the case of our customers who are on Medicare or Medicaid, these charges are capped. In these cases we can only collect what is dictated by Medicare. So, increasing our rates really has no impact on these customers. Our customers who have insurance will see some impact. In the vast majority of insurance policies, Emergency Medical Services is covered. Customers may, depending on their policy have a co-pay or deductible contribution. However, in the case of an emergency transport, they will pay the deductible or co-pay to the total service provided, including hospital expenses, EMS treatment and transportation. The largest impact is to those customers who do not have insurance or are self-insured. In this State, most have insurance and those customers who do not have insurance can apply for an abatement. It has been our policy to never burden a resident who legitimately cannot pay for Emergency Medical Services. Since becoming Chief, I have only received a handful of requests for abatements. In these cases after working with the patients, we often determine that they actually have insurance or some type of coverage, and the bill was paid if not in full or at least partially.

Over the last seven years we have seen significant growth in the volume of EMS service delivery. During this period we have experienced a **29%** increase in the number of EMS calls. Growth has leveled off. However, this has been within the last two years, during the pandemic. We are seeing an uptick in run volume in the last five months. We have experienced a 4.5% increase in run volume on the EMS side of the operations during this time period. We would assume at this rate we will return to FY 19 / 20 run volumes. We have instituted several changes in our service delivery profile. Perhaps the biggest change is the implementation of utilizing the second ambulance on a regular basis. We have also added staffing to accommodate this increase in service need. It has greatly enhanced our level of service and improved our quality of patient care. By self-performing the vast majority of our in-town calls, patients receive our high quality of care and are not forced to wait for an out of town ambulance.

In doing our analysis for this year's rate increase. We also looked at the regional averages as comparison. In looking at our actual cost and the regional averages we have adjusted each call type accordingly rather than an across the board percentage.

Our loaded mileage has been historically higher than the regional average rate. The reason for this is our short transport distances to our hospitals. For the vast majority of our transports our destinations

are Bay State Hospital and Mercy Medical Center. Our average mileage is 7.5 miles. At this distance our costs per mile averages out to a higher rate. Mileage is equated to fuel and vehicle maintenance costs. Our mileage rates are consistent with other local service providers.

The rate increases that I am recommending are based on a comparison to the regional average and the FY increase to the Fire Department Operating costs. This increase will make us neither the most expensive service nor the least. I feel that this is a sound and defensible practice for setting rates when it is compared with our operating and capital commitments. These rates would keep this valuable and highly regarded service sustainable and I believe would not put any undue burden on our residents.

<u>Service Level</u>	FY 22 Rates	Recommended FY 23 Rates
BLS Emergency & Non-Emergency	\$ 1,076.77	\$1,272.55
ALS-1 Emergency & Non-Emergency	\$ 1,840.50	\$ 2,032.98
ALS-2 Emergency	\$ 2,725.31	\$ 3,088.92
Specialty Care Transport (Not Used in our service model)	\$ 3,069.19	\$ 3,169.19
Intercept Rate	\$ 300.00	\$ 300.00
Mileage	\$ 33.25 per loaded mile	\$ 36.25 per loaded mile

In the past, the Select Board has voted to adopt these rates. I am asking that these recommendations be placed on the next available agenda so we may make the necessary adjustments for ambulance billing.

Should you have any questions, please feel free to contact me.



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FY 23 Ambulance Rate Study

Table 1: Rate Comparison and Recommendation

	Percent of LFD Transports (QTR 1 & 2)	Current LFD Rates 2022	Medicare Current 2021	Top 50 Mass Average	Western MA Average 2022	Recommended New LFD Rates FY 2023
Basic Life Support Rate	28.67 %	\$ 1,076.77	\$ 395.54	\$ 1,553.00	\$ 1,247.46	\$1,272.55
Advanced Life Support-1 Rate	70.61 %	\$ 1,840.50	\$ 469.70	\$ 2,420.00	\$ 1,993.02	\$ 2,032.98
Advanced Life Support-2 Rate	.68 %	\$ 2,725.31	\$ 543.86	\$ 3,571.00	\$ 3028.88	\$ 3,088.92
Specialty Care Transport Rate	0 %	\$ 3,069.19	N?A	\$ 4,094.00	\$ 3,169.19	\$ 3,169.19
Intercept Rate	.04 %	\$ 300.00	N/A	N/A	\$ 315.00	\$ 300.00
	100 %					
Loaded Mileage Rate	All Transports	\$ 33.25 per loaded mile	\$ 7.62	\$ 37.31	\$ 29.35	36.25 per loaded mile

Table 2 EMS Capital

List of projected EMS related Capital Expenditures.

Year	Item	Cost	Item
2022	Monitors	\$ 85,000.00	Grant Funded, removed from Capital Program
2023	None	None	
2024	None	None	
2025	Auto Pulses	\$ 50,000.00	Possible covered by grant or new technology
2026	Med-2	\$ 330,000.00	
2027	Stretcher	\$ 30,000.00	Dependent on condition

Note: In the case of an immediate failure of critical equipment, this schedule could be changed.

Table: 3 EMS Revenue (FY 22 projected is \$ 897,500.00)