



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Deanna J. Santana
William McDonald

SUBJECT: EMERGENCY MEDICAL
SYSTEM AMBULANCE 9-1-1
SERVICES

DATE: May 31, 2011

Approved

Date

5/31/11

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute the “911 Emergency Medical Services Provider Agreement between the City of San Jose and the County of Santa Clara Emergency Medical Services Agency” (Agreement) for the period of July 1, 2011 – July 1, 2016.

OUTCOME

To transmit and inform staff’s recommendation on the “911 Emergency Medical Services Provider Agreement Between the City of San Jose and the County of Santa Clara Emergency Medical Services Agency” and to adopt a resolution to execute the Agreement that will allow the County to authorize the City to continue to provide Advanced Life Support (ALS) First Responder services by the Fire Department in an uninterrupted manner beginning July 1, 2011. Staff is bringing this Agreement forward for Council consideration at the earliest possible date given that the City did not receive a final Agreement from the County until the third week of May. The City requested an interim agreement be developed, but the County was opposed to this approach, and instead two contract provisions were added that satisfied the City (90-day “re-opener” and a *Termination Without Cause Clause*). With these two contract provisions, the City has sufficient remedies to address any concerns going forward.

BACKGROUND

The Emergency Medical Services System and Prehospital Emergency Care Personnel Act (Senate Bill 125) were passed in 1980 and established the State Emergency Medical Services Authority (EMSA). Also known as the EMS Act of 1980, the law provided regulations and guidelines for the provision of prehospital emergency medical care, established medical oversight and charged the EMS Authority with establishing and standardizing EMS Systems throughout the State.

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The County has been delegated the authority by the State EMSA to establish and regulate emergency medical services within Santa Clara County. Per this authority the County can and has established an "Exclusive Operating Area," which encompasses the entire County with the exception of the City of Palo Alto. Palo Alto has the authority to provide advanced life support and emergency ambulance transportation service under Section 1797.201 of the Health and Safety Code as the services were provided by the City of Palo Alto prior to the EMS Act of 1980.

In 1994, the Fire Department and an EMS consultant developed EMS delivery options for Council consideration, which included the City providing ALS ambulance service and ALS First Responder services. The City Council chose the option of providing ALS First Responder services. This option was originally envisioned to be fully-funded by the private ambulance contractor, which obtained significant savings for the ambulance provider through lengthened response times and reduced personnel requirements. The City entered into a contractual agreement that provided partial reimbursement for ALS First Responder services with the County of Santa Clara in 1995. The City has been in a contractual agreement with American Medical Response (AMR), the current emergency ambulance provider for the County, to provide ALS First Responder services in exchange for a partial reimbursement of operating costs since 2000. This change in contractual reporting was made by the County to have each city contract directly with the ALS ambulance provider since the reimbursements came directly from AMR.

In December 2010, Santa Clara County Emergency Medical Services Agency (EMS Agency) completed its procurement process and approved and finalized, in January 2011, a five-year contract to provide County-wide 9-1-1 ambulance services with Rural Metro, effective July 1, 2011. From March through May 2011, the County EMS Agency began working with fire agencies within the County, including the City of San Jose to establish direct contractual relationships to continue the authorization and provision of ALS First Responder services.

Although there were multiple stakeholder meetings held each month for just under two years in which the City played a key role, a final version of an Agreement was not produced until late May 2011, and this timeline was driven by the County's focus on its new vendor agreement which later informed the draft Agreement with the cities in the County. As noted above, the City staff requested an interim agreement in early March 2011 to provide the City the ability to vet and resolve outstanding issues prior to moving an Agreement forward for City Council approval to meet the ambulance contract deadline of July 1, 2011. The County provided an alternative approach to include a 90-day reopener clause in the final Agreement that would allow the City the ability to address issues and concerns after signing an Agreement in order to maintain service levels within the EMS system.

Fire agencies within the County and the EMS Agency have agreed that a direct relationship to provide ALS First Responder services should be between the County and the cities and/or fire districts. If approved by the San Jose City Council, beginning on July 1, 2011, the County through the Agreement with the City would authorize and approve the delivery of ALS First Responder services by the Fire Department. Paramedics will continue to work under the license of the County Medical Director and medical oversight for the prehospital care system in San Jose and all areas of the County will be defined by the EMS Act of 1980 and the direct Agreement. The City would receive partial reimbursement of the expenses required to provide ALS First Responder services, emergency medical dispatching services and City ambulance utilization based on Annexes that are a part of the Agreement.

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Below is a table that provides a summary of the Vendor reimbursement to the City as well as cost and subsidy amounts for providing ALS First Responder services.

Table 1: Summary of Vendor Reimbursement and City Cost

Detail	FY 2010-2011		FY 2011-2012	
	Amount	%	Amount	%
Reimbursement from Vendor ¹	\$1,849,086	46%	\$2,491,929	61%
City Subsidy/Funding Gap	\$2,169,929	54%	\$1,561,809	39%
Total Cost for ALS First Response	\$4,019,015	100%	\$4,053,738	100%

The reimbursement the City would receive will increase from the current \$1,849,086 annually to \$2,491,929.73 for FY 11-12. This is still not a complete reimbursement and the City will continue to subsidize this service. It is also important to note that while the contractual agreement will be between the City of San Jose and the County of Santa Clara, the funding for reimbursement will come from the ambulance provider, Rural Metro. It should be noted that the above figures and percentages have not been adjusted to account for liquidated damages from late response performance.

ANALYSIS

The development of this Agreement has required a great amount of staff involvement from the Fire Department, City Manager’s Office, as well as the City Attorney’s Office. Some of the issues that were addressed during the development of the Agreement include:

- A major reduction in the initially proposed liquidated damages for late EMS response – initially set at a 10-fold increase over the current late response structure, down to approximately double the current levels; and
- An increase in reimbursement for the City, although still not a complete reimbursement, and assuming the amount is not reduced due to liquidated damages.

Below are highlights of significant sections of the accompanying Agreement and Annexes:

90 Day Re-opener Clause – A provision was added that allows the City to reopen the Agreement within 90 days to discuss key issues that may arise during this period. Some of the issues that the City would like to discuss include:

- An ability to exclude Fire Department response to lower acuity EMS service requests to the County Jail Facility and other medical facilities;
- An ability to reopen and modify performance requirements at the San Jose Norman Mineta International Airport should operational changes occur mid year;

¹ The reimbursement amount to the City varies depending on the late response liquidated damages assessed on the City. The projected liquidated damages for FY 10-11 are \$180,000 and the projected liquidated damages for FY 11-12 are \$360,000.

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- A reduction to current levels in the initial proposed doubling of liquidated damages for Fire Department ambulance usage outside of contractual agreements;
- An ability to work with County to develop policy and procedures with the intent of reducing workers compensation-related injuries due to patient movement;
- An ability to identify system efficiencies for the City to redirect revenue to the City;
- Modification of the Provider Financial Hardship Clause to give the City increased flexibility to reduce liquidated damages due to economic conditions that impact operational changes in the Fire Department; and,
- A graduated structure for assessment of liquidated damages between the 90% and 95% levels.

Early Termination Without Cause - The City was successful in adding into the Agreement the ability to terminate without cause by giving 180 days written notice. This gives the City the flexibility needed in today's economic climate for entering into a five-year contract with the potential for two three-year extensions that could result in an 11-year contract. If the Council determines that there are budgetary savings by restoring the previous service model, where the Fire Department did not provide ALS services, the City could transition out of this contract, with a 180 day written notice.

Late Response Liquidated Damages (Annex B) - The original proposal from the County included a 10-fold increase in late response liquidated damages for fire departments. This created an untenable position for the City with the possible exposure of \$2 million annually in late response performance liquidated damages (before adjusting for FY 2011-2012 staffing levels). After several meetings with the County, the damage schedule was adjusted to a level that could result in damage assessments of over \$360,000 a year since the Fire Department's response performance will not remain at current levels. This is still not a best-case scenario since the schedule is higher than the current damages of approximately \$180,000 per year (based on fines for the first half of FY 10-11), and while the County has reduced the penalties, this is still potentially double the City's current exposure.

The Fire Department is pursuing different EMS response models for lower acuity service requests in an attempt to improve performance and free up capacity. To optimize a retooled EMS response, it may require changes in certain apparatus and staffing configurations. If the Fire Department cannot fully modify its EMS resource response in the short-term and with the proposed resource reductions for Fiscal Year 2011-2012, the liquidated damages for the City could increase above the projected \$360,000 annually. Fire Department performance and potential increases in liquidated damages will also be impacted by the discussions with the County during the 90-day Reopener to eliminate EMS response to specific Alpha and Bravo responses at the Jail and other medical facilities with on-site medical staff. An Alpha EMS response would typically be for a person in a medically stable condition and in need of non-emergency Basic Life Support services. A Bravo EMS response would typically be for an unknown situation or for a person with no life-threatening conditions identified.

Scope of Work - The scope of work would continue to have City paramedics responding as ALS First Responders within 7:59 minutes on 90% of all EMS service requests to provide Advanced Life Support to those critically ill or injured within the City. There are new requirements placed on the triaging of EMS calls by the 9-1-1 Communications Center, with the goal of optimizing system performance and sending the right resource to the right patient at the right time. Operational readiness will likely improve as the Fire Department takes additional steps to respond with fewer resources to EMS events that tend to be more stable.

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Annex A (Fire Department Ambulance Usage) - The service requirements essentially remain unchanged in terms of usage and performance requirements. Fire Department ambulances continue to provide capacity during system surges and a value-added resource for the City in times of disaster or other large, resource-demanding incidents. The penalty schedule originally proposed by the County would have doubled liquidated damages for a fire department ambulance transport that was retrospectively deemed “inappropriate” (stable patient). Through continued discussions, the City was able to lower the damages to the current contract level. This can result in a \$5,000 damage assessment should an “inappropriate” transport occur. The City has had this liquidated damage assessed by the County twice in the past 11 years of STAR (Fire Department ambulance) service.

Modified Response to the County Jail/Other Medical Facilities - The County Jail remains one of the largest users of the Fire Department’s response for 9-1-1 medical events. This impacts the Fire Department’s operational readiness as resources are continually committed to respond to the Jail on a daily basis. The City’s position is that the Jail has on-site medical staff and there is no need to send Fire Department resources to EMS service requests that are stable (i.e. Alpha and Bravo call determinants). The County has committed to work with the City to eliminate responses to the Jail for these stable patients. The City is also interested in reviewing private urgent care facilities with on-site medical staff in order to eliminate Fire Department response for Alpha and Bravo service requests. Staff will propose to the County the identification of these facilities within the City and move to eliminate Fire Department responses to specific Alpha and Bravo call determinants. If this is able to be achieved, the Fire Department will free up capacity which assists with response performance and also reduces liquidated damages, and enhances service capacity.

POLICY ALTERNATIVES

There is one alternative that staff has identified, should the City not move forward with a signed Agreement by July 1, 2011:

OPTION #1 – *Cease ALS First Response Service*

This option would have the City convert from providing Advanced Life Support (ALS) First Responder services, to Basic Life Support (BLS) First Responder services, effective midnight, July 1, 2011. ALS care involves the administration of medications, interpretation of electrocardiograms (ECGs), advanced airway procedures, and procedures to treat cardiac irregularities, asthma and other life threatening conditions. BLS care does not provide any of these advanced treatment modalities and consists of splinting, bandaging, spinal immobilization and monitoring vital signs. This reduction of service would be provided to approximately 50,000 EMS service requests annually in the City.

Pros:

- Reduction in on-going costs due to elimination of paramedic differential pay and continuing education requirements;
- Elimination of the subsidy currently paid by the City for ALS First Responder services;
- Elimination of response time liquidated damages by County;

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- Potentially reduced equipment and training costs as fire personnel revert to EMT status and do not require the same level of medical equipment as paramedics (i.e. cardiac monitors); and
- Reduced liability for the City as Fire Department would move to BLS from ALS Service.

Cons:

- Shift of emergency medical care response from the Fire Department to the Vendor for San Jose residents, unknown outcome or monitoring of quality of service delivery since the Fire Department would no longer be providing this service;
- Significant costs to reinstate paramedics should the City reach agreement with the County at some point after July 1, 2011;
- ALS ambulance response time would likely be extended by the County resulting in longer intervals to have paramedics arrive to critically ill or injured patients in San Jose or ambulance fees would be increased to maintain the current ALS response times;
- Reduced ability for City to respond to disaster or large EMS related incidents; and
- Eliminating what has become the standard of care for fire departments in California – most communities provide ALS First Responder services.

Reason for not recommending this option

Staff does not believe this option presents a better alternative to the recommended action at this time, nor is there sufficient time to implement it responsibly. Given the cons listed above and the safety and fiscal issues associated with not entering into this Agreement, staff is recommending that the City of San Jose enter into the Agreement with the County of Santa Clara. Option 1 may be revisited in the future given the City's fiscal conditions and the current costs and subsidy to provide ALS First Responder services.

As the City moves forward in a new relationship with Rural Metro, the intent is to identify system efficiencies the City can offer to redirect revenue back to the City. This can include allowing posting of Rural Metro ambulances at fire stations and offering fire department ambulances as a resource during peak demands. Other assets/efficiencies and reimbursements may be identified as the system matures that would allow additional revenues to be redirected back to the City.

PUBLIC OUTREACH/INTEREST

- X **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- X **Criterion 2:** Continuation of a policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- X **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

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This memorandum will be posted online. This process has included a great deal of outreach and engagement with the County Fire Chiefs, the Santa Clara County City Manager's Association, and the County of Santa Clara.

COST IMPLICATIONS

As noted above, the City would receive partial reimbursement of the expenses required to provide ALS First Responder services, emergency medical dispatching services and City ambulance utilization based on Annexes that are a part of the Agreement. See Table 1 above for more cost implication information.

COORDINATION

Staff has coordinated this report with the City Attorney's Office and the Budget Office.

CEQA

Not a project.

/s/

Deanna J. Santana
Deputy City Manager

/s/

William McDonald
Fire Chief