



City of Goodyear

Meeting Minutes

City Council Work Session

Mayor Georgia Lord
Vice Mayor Joe Pizzillo
Councilmember Joanne Osborne
Councilmember Sheri Lauritano
Councilmember Wally Campbell
Councilmember Bill Stipp
Councilmember Sharolyn Hohman

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Monday, May 11, 2015

5:30 PM

Goodyear Justice Center

Immediately following the Special Meeting which begins at 5:00 PM

1 CALL TO ORDER

Vice Mayor Pizzillo called the Work Session to order at 5:30 p.m.

2. ROLL CALL

Present 6 - Vice Mayor Pizzillo, Councilmember Osborne, Councilmember Lauritano, Councilmember Campbell, Councilmember Stipp, and Councilmember Hohman
Absent 1 - Mayor Lord

Staff Present: City Manager Brian Dalke, City Attorney Roric Massey, and City Clerk Maureen Scott.

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1 [15-5607ws](#) Provide Mayor and Council an overview of the Ambulance Service Feasibility Study, which was conducted by the James Vincent Group, Scottsdale, Arizona.

Fire Chief Paul Luizzi presented. Luizzi introduced Gabriel Buldra, Principal, and Roy Ryals, subject matter expert, from The James Vincent Group, and Finance Director Larry Lange. Over the last 2 ½ years, the ambulance industry in Arizona has gone through some tumultuous changes including a bankruptcy filing by our contracted ambulance transport provider. As such, it has forced the City of Goodyear to look at all options to provide the highest level of continuous emergency transport services to our citizens. In order to be good stewards of the citizens' money, the Fire Department and City Manager felt that it was important to fully understand all of the financial nuances of applying for a Certificate of Need (CON).

The City of Goodyear is continually striving to provide the highest level of service to its community members in the most efficient and effective way possible. A CON would give the City full authority to transport patients and subsequently bill healthcare insurance for services rendered. Employees from the Fire Department, Finance Department, and the Assistant Chief

Financial Officer from West Valley Hospital were included in the vendor selection process. In February, The James Vincent Group was awarded the contract. The cost of the Ambulance Service Feasibility Study was \$26,000. The funds for the study were paid for out of the City Manager Contingency Fund.

Scope of Work

- Understand insurance payer mix, collection rates, transport fees, and provide a cost/benefit analysis of a transport service owned and operated by the Fire Department.
- Gather and compile start up and operating costs, projected transports, and make recommendations on the feasibility and sustainability of this project.
- Comparison of the economic pros and cons between recommended options and in maintaining the status quo.
- Develop a comprehensive 5-year financial outlook of adding this proposed service to the City.

The vendor looked at all models available, including Advanced Life Support (ALS), Basic Life Support (BLS), ALS emergency transport only, which would use Southwest Ambulance as back up vendor, and maintaining the status quo. Units would be staffed with civilian Emergency Medical Technicians (EMT) and Paramedic employees. The CON is a fully regulated ambulance industry that is overseen by the Department of Health Services (DHS). Southwest Ambulance/Rural Metro and American Medical Response (AMR) currently hold CON authorization to operate in Goodyear. House Bill 2588 was introduced in this year's First Regular Session, which would have allowed cities, towns, and fire districts to obtain a CON in 30 days. The bill was not passed, but there still is interest in modifying the current process of up to 450 days to 30 days.

Council Questions

Is it a fair representation to state that there was great interest in the Bill if it never made it to a Senate Hearing? Wanted to make sure Council understood what was out there from a Legislative standpoint, in case they hadn't heard about the Bill and to understand that it did not pass. From a stakeholder standpoint there is still interest in this Bill.

Is there a third provider in this area? Priority Ambulance has an interest in seeking a CON, but to date, there has been no hearings scheduled and no application submitted. An update by Council indicated that an application has been submitted and a hearing is scheduled for later this year.

What is the likelihood that a fourth CON will be awarded in this area? From discussions with the agency director approximately 18 months ago, there was a strong interest in having more government entities involved in the application process and subsequent awarding of CONs. The current environment has changed, and the view of the interim director is not known.

What was the reason why the Bill did not pass? There were concerns that the way the Bill was worded, which is to allow the cities, towns and private interests to obtain the CON in a much faster process, would push out private entities.

How does the process work? We would negotiate with the other CON providers to see who would be the primary provider of the transports, or come to an agreement to split the calls between the providers. Backup calls would be done through mutual aid.

Councilmember Campbell arrived at the Work Session at 5:40 p.m.

Gabriel Buldra from The James Vincent Group presented financial modeling. Buldra indicated that the rates and fees in the ambulance industry are regulated by the State. They used the current base rate of Southwest Ambulance as the starting point for the model. Ambulance reimbursement is regulated by Medicare and Access. Medicare assigns a fixed amount for reimbursement, while Access pays 68.59% of the State approved base rate. Census data and other CON holder data were used to project how much money the City would bring in under its own ambulance acquisition program. In order to provide ALS and BLS service, the City would need to staff four ambulances and hire nineteen new employees to staff the vehicles, including an EMS manager to oversee the ambulance operation. A fully equipped ambulance costs \$200,000.

The ALS only model would provide 24/7 coverage for the City through two 24-hour ambulances and one peak demand unit. Seventeen full-time employees would be required to staff the units, including an EMS manager to oversee the program. The BLS emergency transports would be done by a private provider to help support the system.

For maintaining status quo, the City receives reimbursement for ALS transports. Payments for a paramedic to ride into the hospital over the last two years have averaged \$145,000. There is no allocation to cover the firefighter wages.

Council Questions

Did you also take into consideration changes to the Affordable Health Care Act, the Access and Medicare programs, and how that will impact how the City will be paid? We looked at it from the standpoint of if the City got into the program today and given the current environment, what would that look like in the five-year trend.

There was a reduction in the Access approval rate recently, did you use that rate? The rate was reduced from 72% to 68.59%, and that is the rate that was used.

What is the difference between ALS and BLS call volume? Based on estimates and call data received from the department, of the 3,500 calls per year, 2,500 are ALS calls, and 1,000 are BLS calls.

Looking at the figures provided, the salary is not in the market range that the City is trying to get the employee to. What salary figures were used to come up with that number? The hourly rate was derived from market research of current rates in the valley. The higher of the average was used. The City of Goodyear will still be one of the highest payers of civilian EMT and Paramedic positions.

Is Mobile going to be covered in this program? Negotiations with Southwest Ambulance will determine if we continue to get service out of Maricopa to cover Mobile or look for a different deployment model for the area.

Will this be an Enterprise Fund? How does this effect our liability and our contract with Litchfield Park? This is considered an Enterprise Fund. The patient care liability would not change, and transport liability is covered under the vehicle insurance. We would continue to use Southwest Ambulance for Litchfield Park coverage.

If the Enterprise Fund doesn't generate enough money, how do we pay the balance? The General Fund would supplement.

Can you request a rate increase? You can request a general rate increase by submitting financials to the DHS and show them where the costs are higher than anticipated.

What is the loss ratio of those transported that have no insurance? 26% of the net collectible.

Are replacement costs for the ambulance included? Depreciation is included using a five-year life span.

It appears you used 2010 census data for demographics. 2010 is the most recent census data available; however, information was pulled from the City's Planning and Economic sections to project where the City is now, and going forward.

Does the individual insurance policy cover transport and does Medicare cover transport? Yes.

Finance Director Larry Lange presented Paying for Next Steps. Phase 1 (Application) will cost \$70,000. Phase II (Administration Hearing) can cost up to \$400,000. Lange indicated the quote was derived from one of the firms in the valley who represents most municipalities. Lange reviewed costs for funding the application process and start up costs. Phase I application will be timed to be completed during FY16, and can include monies saved from other areas instead of utilizing City Manager Contingency funds. Phase II costs can be included in FY17 budget. Start up financing can come from a loan from the General Fund, or we can consider outside financing.

Council Questions

Who mitigates the negotiation of the rights to the calls when there is more than one CON covering the area? DHS

If it is determined that the program is costing too much money, can we go back to the other providers? Luizzi said it's hard to go back because the private vendors will look for other revenue sources.

What does the City Manager want from Council? City Manager Brian Dalke responded that staff is not looking for action from council now, staff is getting information out. This is not in the budget for FY16, but staff will continue to monitor the industry and will look at the levels of service from current providers.

Dalke asked if there is anything specific Council wants staff to bring back? Council expressed interest in knowing the climate of the service level of the providers and interest in continuing to receive updates. Council would like to know the status of AMR, what the ongoing amount of a program is, what we suspect will go into the Capital Improvement Program, and what our growth plan is for an ambulance service.

Is there any way to find out what other cities that have a CON are spending and how it is impacting their general fund? Buldra indicated that anyone that has a CON is required to submit annual financial statements, but they are not always clear on how the allocation is done. He also stated that Phoenix is the only city in our region that has a CON, and they do not provide the inner financing of their ambulance operation.

4. INFORMATION

None.

5. ADJOURNMENT

There being no further business to discuss, Vice Mayor Pizzillo adjourned the Work Session at 6:41 p.m.

Maureen Scott, City Clerk

Joe Pizzillo, Vice Mayor

Date: _____