ATTACHMENT A

LFR Rates as of 9-1-16:

$ 583.00	BLS Non-Emergency
$ 842.00	BLS Emergency
$ 1,000.00	ALS 1 Emergency
$ 1,450.00	ALS 2 Emergency
$ 929.00	ALS Non-Emergency
$ 1,450.00	Special Medical Service Team
$ 467.00	ALS Paramedic Intercept
$ 467.00	ALS Treat & Release
$ 138.00	Team Transport
$ 18.10	Mileage
$ 181.00	Standby: Ambulance Team - 1 Paramedic, 1 EMT
$ 172.00	Standby: Bike Team - 1 Paramedic, 1 EMT
$ 159.00	Standby: 2 Person Event Team - 1 Paramedic, 1 EMT
$ 223.00	Standby: 3 Person Event Team - 2 Paramedics, 1 EMT
$ 298.00	Standby: 4 Person Event Team - 2 Paramedics, 2 EMTs
$ 95.00	Standby: Individual
$ 352.00	Standby: Fire Apparatus - Suppression
$ 427.00	Standby: Fire Apparatus - Extrication
$ 100.00	Standby: Command Staff 1 Person
$ 175.00	Standby: Command Staff 2 Person Team
$ 385.00	Standby: Water Rescue
$ 58.00	Administrative Fee per Standby Event
$ 330.00	Lift Assist - Facility
$ 50.00	False Alarm Registration
$ -	False Alarms #1-3
$ 106.00	False Alarms #4-8
$ 267.00	False Alarms 9 & Over
$ 1,800.00	HazMat Level 1
$ 1,425.00	HazMat Level 2
$ -	HazMat Level 3
Actual Cost	HazMat Supplies

LFR Rates as of 9-1-17:

$ 616.00	BLS Non-Emergency
$ 890.00	BLS Emergency
$ 1,056.00	ALS 1 Emergency
$ 1,531.00	ALS 2 Emergency
$ 981.00	ALS Non-Emergency
$ 1,531.00	Special Medical Service Team
$ 493.00	ALS Paramedic Intercept
$ 493.00	ALS Treat & Release
$ 146.00	Team Transport
$ 19.15	Mileage
$ 192.00	Standby: Ambulance Team - 1 Paramedic, 1 EMT
$ 182.00	Standby: Bike Team - 1 Paramedic, 1 EMT
$ 168.00	Standby: 2 Person Event Team - 1 Paramedic, 1 EMT
$ 236.00	Standby: 3 Person Event Team - 2 Paramedics, 1 EMT
$ 315.00	Standby: 4 Person Event Team - 2 Paramedics, 2 EMTs
$ 101.00	Standby: Individual
$ 372.00	Standby: Fire Apparatus - Suppression
$ 451.00	Standby: Fire Apparatus - Extrication
$ 106.00	Standby: Command Staff 1 Person
$ 185.00	Standby: Command Staff 2 Person Team
$ 407.00	Standby: Water Rescue
$ 61.00	Administrative Fee per Standby Event
$ 349.00	Lift Assist - Facility
$ 50.00	False Alarm Registration
$ -	False Alarms #1-3
$ 106.00	False Alarms #4-8
$ 267.00	False Alarms 9 & Over
$ 1,901.00	HazMat Level 1
$ 1,505.00	HazMat Level 2
$ -	HazMat Level 3
Actual Cost	HazMat Supplies

CITY OF
LINCOLN™
NEBRASKA

LINCOLN FIRE & RESCUE
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August 10, 2016

President Avery and EMSOA Board Members:

Each year Lincoln Fire & Rescue (LF&R) reviews all costs associated with providing EMS transport services under our EMS Enterprise fund and provides recommended rates to ensure the program remains viable and within best practices of the industry.

After a careful review of all costs associated with the EMS Enterprise fund, Lincoln Fire & Rescue is requesting that our rates be adjusted on September 1, 2016 as outlined in the table below. Our current rates have been in effect since September 1, 2015 and cost projects were based on the prior year's expenses.

The rate increase formula that LF&R has used over the last several years has not covered our increased operating expenses. Unfortunately this practice has placed the EMS Enterprise fund in the position of being structurally underfunded by approximately $190,000 this year.

LF&R operates very efficiently compared to other fire based EMS services but the below-cost Medicare and Medicaid reimbursement makes it difficult to develop a sound financial strategy without being very diligent looking at all the direct and indirect costs of providing essential services. LF&R's reimbursement from Medicare for a BLS emergency transport is only $337.05 but our average cost per transport is $428.32. We essentially lose money on every Medicare patient we transport since over 44% of our payor mix is Medicare.

It should be remembered the EMS Enterprise fund is designed to operate basic services without receiving tax dollars from the City of Lincoln general fund. Per the City of Lincoln municipal code we must generate sufficient funds through user fees to cover our costs. If unable to cover our costs we will either have to reduce our services or request tax funded support. We believe increasing our user fees to cover our cost of service is a better proposition than reducing our service or requesting tax support. In essence, we are asking the customer to pay for the service they requested rather than subsidizing the service with tax dollars from citizens that did not request the service.

During the initial startup of the EMS Enterprise fund LF&R used the previous private ambulance service rates to establish our rates and used their same methodology of the Consumer Price Index-Urban plus 2% to determine our annual rate increase. This methodology is usually sufficient to use for a few years at a time, however, industry best practices are that agencies conduct a more in-depth and detailed study of their true costs every few years to ensure customers are not paying too much or too little for the service. This year we initiated the more in-depth study and used it in comparison to the traditional Consumer Price Index-Medical Component (CPI-M) plus 2% and our Medicare base rate times 2.5 with a goal of right-sizing each line item within our rate structure.

The CPI-M measures the inflation rate of medical care and reflects the average price change over time for a constant array of goods and services. The CPI-M is currently 3.6%. The formula developed using our Medicare base rate times 2.5 was obtained from our research of various EMS billing companies, who all agreed that the industry standard (and the standard we should incorporate) uses the Medicare base rate times 1.5-2.5.

These new rates more effectively reflect actual direct and indirect costs of providing EMS service to the citizens of Lincoln and Lancaster County and would be very defendable in the case of a rate audit.

We have seen substantial increases in the cost of medication, supplies and overall cost to operate over the last few years. For example; Valium, a common medication used to abate seizures used to cost $2.41 in 2011 but now costs $28.02, a 1,163% increase and EZ/IO needles increased from $75 to $133. These additional operating costs have made it nearly impossible to establish funds to replace our ambulances and durable medical equipment like cardiac monitors/defibrillators.

In terms of a return on our investment for the community, we have dramatically changed our operations to improve care to our patients. The level of definitive care is currently among the best in the industry but is under threat of adverse impact if rates are not adjusted on a regular basis.

These proposed fee adjustments are estimated to generate an additional $300,000 the first year and $190,000 the second year which will return the fund to balanced barring any unforeseen costs such as vehicle or equipment breakdowns, personnel shortages, significant increases in medical supplies, etc. Whereas the amount generated using the previous method of calculation would not even pay the EMSOA fee.

LF&R Proposed rate increase

Type of Service	Current Charges	2016-2017 Recommended Increase	2017-2018 Recommended Increase
BLS Non-Emergency	$552.00	$583.00	$616.00
BLS Emergency	$744.00	$842.00	$890.00
ALS 1 Emergency	$923.00	$1,000.00	$1,056.00
ALS 2 Emergency	$981.00	$1,450.00	$1,531.00
ALS Non-Emergency	$880.00	$929.00	$981.00
Special Medical Service Team	$982.00	$1,450.00	$1,531.00
ALS Paramedic Intercept	$442.00	$467.00	$493.00
ALS Treat & Release	$442.00	$467.00	$493.00
Team Transport	$130.00	$138.00	$146.00
Mileage	$16.70	$18.10	$19.15

*LF&R has contracted with a new billing company to begin service September 1, 2016. Any new rates are best adopted prior to the new billing company's setup process. Please consider adopting these rate adjustments to allow us to maintain a continued high level of medical care to the citizens of Lincoln and the surrounding communities.

Respectfully,

(Bonin)

Roger Bonin
Division Chief of EMS

RB/sy

C: File