

BOARD OF MORGAN COUNTY COMMISSIONERS
Minutes of Meeting
Regional Ambulance Meeting
March 16, 2011

The Board of Morgan County Commissioners met on Wednesday, March 16, 2011 at 1:30 p.m. with Chairman Tony Carlson, and Commissioner Laura Teague in attendance. Also in attendance were Logan County Commissioners Debbie Zwirn, Jim Edwards and Dave Donaldson, Washington Commissioners Lee Ann Layborn and Terry Hart, Washington County Administrator, Chris Packer, Logan County Attorney Alan Samber, Morgan County Attorney, George Monsson, Morgan County Ambulance Director, Joe King, and Susan Bailey, Morgan County Administrative Services Manager. Special guests in attendance were Jeff Schanels, representing RETAC, Brad Langdorf, representing Colorado Plains Medical Center and Kevin Kuretich, representing DOLA.

Chairman Tony Carlson opened the meeting asking Mr. Langdorf if he was prepared to share any thoughts with the group at this point. Mr. Langdorf asked to see the presentation first and then would be happy to comment on what he feels Colorado Plains Medical Center may be able to offer.

Mr. King summarized his findings to the group as to the approximate costs of a regional system being put in place. He indicated that it would cost approximately \$500,000.00 per year per car with the formula of placing 1 car in Washington County, 2 cars in Morgan County and 2 cars in Logan County, as that is what is in place with Life Point at the current time. In using the five car model, it would require an approximate budget of 2.5 million dollars.

Further discussion followed as to the revenue side for each ambulance service. Mr. King stated that Morgan County currently has revenue of approximately \$900,000.00 per year, and Mr. Packer stated Washington County currently has revenue of about \$115,000.00 per year. As to Logan County, it was discussed that they probably have about the same collection as Morgan County, but numbers that were mentioned were that of around \$595,000.00. Using these figures would leave a 1 million dollar shortfall per year. Mr. King stated that these figures do not assume any efficiencies gained by regionalizing. Commissioner Teague stated that she does not feel it assumes upper management restructuring either. Mr. King agreed.

Mr. Schanels stated he feels it would be a cost of approximately \$600,000.00 per year, comparing it to Weld County and explained his reasoning. He stated that efficiencies will come from a tri-county system and that a base model of 2-2-1 was a good idea.

Commissioner Teague asked if there were any other efficiency such as training costs as being part of this model. Mr. King stated that at this time it is built in to the costs he has indicated. He feels that using the fire departments as first responders would greatly help in training and cooperation. If they were willing to pitch in for training and then get them to respond to all medical calls as first responders due to outlying areas, this would be a great asset to the EMS system. He stated that he feels this is "pretty iffy" if they will buy in or not as to providing support for training, programs, and fees. He indicated that he has spoken with the Fire Departments in our county and at this time Hillrose and Wiggins Fire Departments do respond and understands that the City of Sterling also responds. It is a matter of getting Brush, Fort Morgan, and Washington County on board.

Chairman Carlson asked Mr. King where he thought the ambulance should be housed. Mr. King felt that it would basically remain the same, given that the populated areas see 95 percent of all runs.

Chairman Carlson asked if this is a workable situation. Mr. King stated the biggest issue is funding, revenues versus costs. Further discussion followed as to how the individual services are operated at this time. Commissioner Layborn indicated that Washington County currently has a 1.5% sales tax that does help the ambulance service fund in operating costs. Attorney George Monsson indicated Morgan County is an enterprise fund operated by Morgan County and Logan County is a private service.

Mr. Monsson explained that there are two ways that this could be handled, one being an IGA, using NECALG as a model or it could be form into a tri-county ambulance district, spinning off as a special district, using the example of Quality Water. There would be a taxing authority with the special district option, which would require the matter to be sent to the voters to create the district and approve the tax. The counties do not have the right to franchise; a private business can open their own ambulance service (on their own) with the only requirement being the county has the discretion on its licensing. Mr. Samber indicated that an IGA gives the counties more flexibility and that given the second option being more restrictive but would be a way of coming up with more funding.

Discussion followed regarding Logan County and its history in regards to asking the voters for a ½ percent sales tax to be used for the ambulance service. It was explained that this had been voted down by the voters but a 1/10 percent had been voted in just prior to that to be utilized for transportation. At the time of the ambulance tax request, the city water issue had been the focus as well.

Chairman Carlson asked both Jeff Schanels and Kevin Kuretich if there are any dollars available to assist with getting a regionalized ambulance service up and running. Jeff stated that he feels there are already dollars in place to assist these medical providers with equipment. They are making every effort trying to get items into the system that can be used in a tri-county system (authority), so it would not be like starting the service from scratch. He could not say that there would be dollars for operating costs. Jeff stated there are grants as to Fire Safer Grants where they are able to get people on board to work for three years covering the cost of training and helping with personnel costs. He indicated that the State EMS does not have this option. He made mention of the Routt County

Ambulance Service in Steamboat Springs indicating it is fully funded by sales tax. Due to the poor economy, they have been hit hard so what they have done is taken a situation where if a person on staff would like to go to school, they pay the system to pay for his shift while he is in school, that way keeping the service up and running. He stated there are some systems where personnel are being paid for. He did state that this idea of regionalizing our ambulance service could be enough of a pilot program to access personnel costs. Mr. King reminded everyone that we should not include grant dollars into the budget as it may not always be there.

Commissioner Edwards discussed the issue of Morgan County using a private billing company as this is an 8 ¼ percent cost to Morgan County. Commissioner Teague stated that by using this private billing company, it has increased our collections and Morgan County's ability to collect more. Washington County stated that they use software called Ordivus for their billing. Their collections are about 40%. Morgan County's collections in 2009 were 44%.

Mr. Monsson asked Mr. Samber if he thought there would be an issue with Logan County currently using a private system, would it be that we would have to buy them out? Mr. Samber stated that yes, eventually that could happen. At this time there is support but the existing contractor is concerned that there will be an ongoing employer for his employees and himself as well as his existing assets be purchased at fair market value.

Mr. Samber stated he cannot speak for him, but he thinks he does favor a stand alone ambulance service. Commissioner Zwirn stated that she felt he was in support of a tri-county system.

Further discussion followed regarding how to go to the voters for a tax. As a special district an IGA would be completed for each separate county and Mr. Samber informed everyone that a sales tax would not be allowed under a special district.

Mr. Kuretich explained to the group that he is not aware of any dollars that may be available for the start up of a regional system. He stated the only operational grant that he is involved in is the Emergency Management Performance Grant, the EMGP Grant. Chairman Carlson followed with indicating that the real killer is labor costs. He asked Mr. King what percentage of the cost is labor with Mr. King responding about 50%.

Mr. Schanels stated that some of the \$500,000 per car is depreciation and in an ambulance these days, that is huge. The reason for this being with grant processes, it is cheaper to apply for a grant at 50/50 to buy a new ambulance therefore, depreciating the values of the older ambulances greatly.

He also stated that the technology changes rapidly comparing it to computer technology. He stated that as to personnel costs, it depends on the level of patient care the service is expected to provide and further explained the necessity of having a paramedic on board. Mr. Samber asked for clarification as to the \$500,000 per car, how much was considered personnel costs? Mr. King stated based on two people, running 24-7 in each car with a paramedic on staff.

Mr. Schanels further explained the training and certification levels and stated basically what you are able to provide to the patient is what you are going to afford.

Discussion followed regarding the surge capacity. On call versus duty call, becomes an issue of FLSA. Mr. King stated that his figure of \$500,000 does not include the surge capacity.

Further discussion followed regarding Logan County's collection. It was indicated that Life Care is collecting at about 30%. It was asked if Life Care opens his books and Mr. Edwards stated no. Mr. Samber stated that he is to disclose the information quarterly but does not always have the full information. It was agreed that the only way to assess Logan County's situation would be to get his revenue versus costs.

The issue surrounding collections and reimbursement rates was discussed. Commissioner Teague raised the question as to if the hospital is able to collect and be reimbursed at a higher Medicaid rate. Mr. Langdorf responded saying that information is correct at a certain level. Mr. Schanels asked is one of the hospital is able to provide an ambulance service to the Tri-County region. What component would be created with the hospital to create a higher Medicaid reimbursement rate? Mr. Langdorf indicated that they would have to be in partnership, but since CPMC is for profit, that would be something for the legal teams to work out.

Given the two hospitals within Morgan County having different status as to profit and non-profit, Medicaid would be billed at Part A reimbursement if transported to CPMC and billed at Part B if transported to EMCH, given its not-for-profit status.

Further discussion followed as to whether or not this is something to take to citizens in the communities and let them decide as to where they stand with a sales tax being imposed for EMS. At this time Washington County has a 1.5 percent sales tax that is divided out as to 1/3 being for the Nursing Home, 1/3 for the Clinic and the remainder for ambulance services. They do not collect Part A Medicaid rates when transporting to the clinic, only when transported to a licensed medical facility.

Suggestions and ideas were discussed as to how this proposed regionalized ambulance service could be presented to the citizens. Promote and educate would be positive ways to move things forward were mentioned as it was agreed that it depends on how it is presented to the citizens by the leadership.

Commissioner Donaldson asked due to the amount that Morgan County loses, is it feasible to ask the citizens for a sales tax. Chairman Carlson stated that a sales tax would make the fund stable taking the heat off the general fund to subsidize and then the general fund could be used for other necessary issues.

Mr. Samber indicated that he feels the costs for the start up of a regionalized system could be more than the projected \$500,000. Mr. King stated that he would need to take into consideration how uniform the boards want the services to be, and that it would be the best idea to move slowly towards uniformity so not to incur greater costs.

Mr. Samber stated that Logan County's costs would be greater as they do not currently own their own equipment. Mr. Packer followed with the statement of "are we trying to take three entities that are all losing money and shove into one box and lose more money?"

Discussion followed supporting the idea that our losses would be reduced by collaborating. Mr. Packer stated that he feels the difference in collections is due to the payer mix, the difference in each area. Commissioner Teague stated that it will be important that everyone involved make a commitment to the structure, for examples, as to the management, how to pay and if it kept the same, it will not work.

Mr. Packer stated that they would be going from approximately \$300,000 to \$500,000, as their setup now is quite different. Mr. Schanels responded with stating they could choose the structure for each county if that is what would be decided. Mr. King's figures were used as a model for the same services in each of the three areas, but if the services in one area are not of the same expectations as the others, that could be taken into consideration.

Mr. Packer expressed his concern that if it is going to be expected that if each county is to look the same, then Washington County will have to put in more than they do now. Commissioner Donaldson agreed with Mr. Packer.

Mr. Schanels stated he would be happy to check on other systems utilizing a multi-county model within the State of Colorado as well as nationwide.

Further discussion by the group followed and a follow up meeting was scheduled for Wednesday, April 6th, 2011 @ 1:30 p.m. to be held in Washington County.

The meeting adjourned at 3:15 p.m.

**THE BOARD OF COUNTY COMMISSIONERS
MORGAN COUNTY, COLORADO**

Tony Carlson, Chairman

Laura Teague, Commissioner

(SEAL)

ATTEST:

Susan Bailey, Administrative Services Manager