



## SUMMARY REPORT

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**Agenda Date:** 5/21/2019

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** Department of Health Services  
**Staff Name and Phone Number:** Barbie Robinson, 565-7876  
**Vote Requirement:** Majority  
**Supervisory District(s):** Countywide

**Title:**

Emergency Ground Ambulance Services Agreement Amendment

**Recommended Action:**

Authorize the Director of Health Services to execute the third amendment to an agreement with American Medical Response West for emergency ground ambulance services, providing for an extension of the term through June 30, 2022 with an additional two one-year options and authorizing service rate increases effective July 1, 2019.

**Executive Summary:**

On December 31, 2008 the County entered into an agreement with American Medical Response West to provide emergency ground ambulance services beginning July 1, 2009. The original five-year agreement provided for two term extensions totaling five years, for a total allowable agreement term of ten years, through June 30, 2019.

On May 8, 2018 the Sonoma County Board of Supervisors authorized the Chair to submit a letter to the California Emergency Medical Services Authority expressing County support for a one-year extension to the emergency ground ambulance services agreement with American Medical Response West. On June 26, 2018 the California Emergency Medical Services Authority approved the request to extend the agreement through June 30, 2020.

This item requests approval to execute the third amendment to the agreement with American Medical Response West. The amendment provides for an extension of the term through June 30, 2022 with an additional two one-year options that if exercised would extend the contract through June 2024 and authorizes a series of annual service rate increases effective July 1, 2019.

**Discussion:**

**Emergency Medical Services Oversight Structure**

California state law establishes oversight and coordination of the provision of emergency medical services in a two-tier system. The state-level tier is the California Emergency Medical Services Authority, which works with Local Emergency Medical Services Agencies designated by the county boards of supervisors. In Sonoma County, the Department of Health Services has been designated as the Local Emergency Medical Services Agency and administers the emergency medical services system as the Coastal Valleys Emergency Medical

Services Agency.

Each year the Local Emergency Medical Services Agency submits an Emergency Medical Services Plan to the California Emergency Medical Services Authority for review and approval. The California Emergency Medical Services Authority also approves the emergency ground ambulance service agreement for the exclusive operating area, conferring protection from anti-trust concerns during the term of the agreement.

**Need to Amend Current Agreement with American Medical Response West**

Periodically the Local Emergency Medical Services Agency conducts comprehensive system-wide stakeholder outreach to ensure that the services delivered are up to date and to set the stage for the next competitive procurement of ambulance services for the exclusive operating area. Coastal Valleys Emergency Medical Services Agency (Coastal Valleys) began this process with a stakeholder kick-off meeting scheduled for October 10, 2017. As a result of the October fires, the kick-off was delayed, with the fires requiring the time and energies of Coastal Valleys staff and the vast majority of system stakeholders. The kick-off was delayed until February 9, 2018. Not only did this four month delay reduce the time available for the stakeholder process and the procurement of the next set of ambulance services for the core area but it also introduced a new focus, disaster preparedness and response, to ensure that lessons learned from the October fires can be appropriately incorporated into the emergency medical services ordinance and the ambulance services agreement going forward.

To account for the fire-related delay and allow time to address lessons learned related to disaster preparedness and response in the competitive procurement process, Coastal Valleys initiated a process to request a one-year extension of the agreement with American Medical Response West. On May 8, 2018 the Sonoma County Board of Supervisors authorized the Chair to submit a letter to the California Emergency Medical Services Authority expressing County support for a one-year extension to the agreement with American Medical Response West. On June 26, 2018 the California Emergency Medical Services Authority approved the request to extend the agreement through June 30, 2020. The California Emergency Medical Services Authority letter approving the request is provided as Attachment 2.

**Changes to the Agreement with American Medical Response West**

In the interim between the California Emergency Medical Services Authority approval for an extended agreement and the submission of the amendment to the Board, Coastal Valleys Emergency Medical Services Agency under Department of Health Services leadership has engaged with system stakeholders in a lengthy process of information gathering and examination of the emergency medical services system within Sonoma County. That engagement has been undertaken with the intent of crafting the best possible system of emergency medical services care available through the exclusive operating area process. On March 28, 2019 the Board of Supervisors Emergency Medical Services Ad Hoc met and after considering information provided by stakeholders and American Medical Response West directed staff to pursue a further extension of the agreement with American Medical Response West to allow for a continued robust and comprehensive system review and shareholder input process.

At the direction of the Emergency Medical Services Ad Hoc the Department began negotiations with American Medical Response West regarding an extension of the existing Exclusive Operating Area Agreement. Given the short period of time before the end of the existing Exclusive Operating Area Agreement term on June 30, 2019, the parties' negotiation focused on the term of the extension and the ambulance base rate and mileage rate. After multiple discussions, the parties agreed to a three year extension of the Exclusive Operating Area Agreement through June 30, 2022 with two additional one-year options that if exercised would extend the

Agreement a total of five years through 2024. Under the proposal, exercise of the one-year options requires the mutual consent of both parties.

In addition to an extension of the term of the Agreement, Amendment Number 3 provides for a series of annual service rate increases during the extended period. In the first year of the extension effective July 1, 2019, American Medical Response West's ambulance base rate and mileage rate would increase by 19.23 percent and the rate for capped disposable supply charges would increase by 29.83 percent. Beginning July 1, 2020, in the second and third year of the extension, American Medical Response West's ambulance base rate and mileage rate would increase an amount equal to the greater of 1) the published increase over the most recent 12 months in the San Francisco-Oakland-San Jose area's Consumer Price Index for All Urban Consumers (CPI-U) for all items or 2) the published increase over the most recent 12 months in the San Francisco-Oakland-San Jose area's Consumer Price Index for All Urban Consumers (CPI-U) for Medical Care Services, not seasonally adjusted, with a minimum increase of four percent (4.0%) and a maximum increase of five-and-a-half percent (5.50%).

Except as amended, all other provisions of the existing Exclusive Operating Area Agreement shall remain in effect during the extended term of the Agreement, including but limited to, the general duties and responsibilities of American Medical Response West, response time standards, first responder coordination, data collection and evaluation requirements, personnel requirements, staffing of ambulance and response units, vehicle equipment and maintenance, disaster, multi-casualty and instant aid response requirements, mutual-aid/standby, surge capacity, and other requirements. The Department continues to work with the emergency medical services stakeholders and American Medical Response West regarding potential additional changes to the Exclusive Operating Area Agreement (e.g., the ability of Fire Departments/Districts to improve first responder services from Basic Life Support (BLS) to Advanced Life Support (ALS) level of service). If said discussions result in proposed changes to the Exclusive Operating Area Agreement, the Department will return to the Board to request approval.

The Department recommends the proposed extension of the term and rate increase. As noted above, the extended term will allow for a continued robust and comprehensive emergency medical services system review and shareholder input with the goal of identifying potential models and best practices that will support the fiscal sustainability of the emergency medical services system of care and improve the quality of emergency ground ambulance service for the residents of Sonoma County.

In addition, the Department believes the proposed rate increase is reasonable from a market comparison perspective. A significant rate increase after a 10 year agreement is not unusual, allowing the contractor to accommodate increases in the costs of services and supplies. For example, under the current agreement, American Medical Response West's costs of supplies have been capped since 2009. In addition, the proposed base rate adjustments are consistent with other rates in the Sonoma County area and neighboring counties. A cost comparison with other area providers for the Advance Life Support (ALS) base rate, Basic life Support (BLS) base rate, mileage, and oxygen is provided as Attachment 3.

If your Board approves the extension of the Exclusive Operating Area Agreement, the Department will send a letter to the California Emergency Medical Services Authority notifying them of the extension. Of note, on April 4, 2019 the California Emergency Medical Services Authority notified counties that it "will not issue, use, enforce, or attempt to enforce the alleged underground regulations" contained in California Emergency Medical Services Authority Guideline #141, "Competitive Process for Creating Exclusive Operating Areas." This Guideline suggested limiting exclusive operating area agreements to 10 years. Until further guidelines/regulations are produced by the California Emergency Medical Services Authority, prior approval of

an extension to an Exclusive Operating Area Agreement by the California Emergency Medical Services Authority appears to be unnecessary. State law is silent on the process for extending an exclusive operating area agreement that was approved by the state. Because the County is looking at fundamental changes to its delivery system to enhance public safety before issuing the next request for proposals, and is doing so with the support of all stakeholders, we are extending the current Exclusive Operating Area Agreement. State law simply requires that a competitive process be done “at periodic intervals” and we are acting consistently with that requirement.

After consulting with the Emergency Medical Services Ad Hoc, for reasons stated above, the Department requests authorization to execute Amendment Number 3 to the Agreement for Emergency Ground Ambulance Services in the Exclusive Operating Area. The request for an extension beyond the current agreement is supported by the Department and the system stakeholders.

**Prior Board Actions:**

On May 8, 2018 the board authorized the Chair to submit a letter to the California Emergency Medical Services Authority in support of a one-year extension of the Exclusive Operating Area Ambulance Services Agreement through June 30, 2020.

On September 27, 2011 the Board authorized the Director of Health Services to execute an amendment to the American Medical Response West contract for emergency ground ambulance services increasing user fees effective October 1, 2011.

On December 16, 2008 the Board authorized the County Director of Emergency Medical Services Agency to execute the Emergency Ground Ambulance Services Agreement with American Medical Response West.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 18-19 Adopted</b>	<b>FY 19-20 Projected</b>	<b>FY 20-21 Projected</b>
Budgeted Expenses		316,100	322,400
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>0</b>	<b>316,100</b>	<b>322,400</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other		316,100	322,400
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>0</b>	<b>316,100</b>	<b>322,400</b>

**Narrative Explanation of Fiscal Impacts:**

Revenue of \$316,100, which is included in the FY 19-20 budget, will be received by County for contract management and monitoring activities provided by the Department of Health Services via Coastal Valleys

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Emergency Medical Services Agency. This amount is an increase of \$6,300 over FY 18-19. The increase in the revenue will offset the amount of Maddy funding used to cover current expenditures. Revenue and associated expenditures for future years will be included in the appropriate year budgets.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A - I Step)</b>	<b>Additions (number)</b>	<b>Deletions (number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

American Medical Response West Agreement Amendment, California Emergency Medical Services Authority Approval Letter, Cost Comparison

**Related Items "On File" with the Clerk of the Board:**

None