

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

**Study Session Worksheet**

**Presentation Date:** 12/10/2013    **Approx Start Time:** 9:00 AM    **Approx Length:** 1 hour

**Presentation Title:** Proposed Contract for Emergency Ambulance Services

**Department:** Health, Housing and Human Services

**Presenters:** Richard Swift, Stephen Madkour

**Other Invitees:** Lane Miller, Larry MacDaniels

**WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

The purpose of this Study Session is to request Board direction to staff on how to proceed with the proposed contract with American Medical Response Northwest, Inc. for emergency ambulance services.

**EXECUTIVE SUMMARY:**

At the study session on December 3, 2013, staff presented proposed modifications to the proposed contract. The Board requested a study session be scheduled December 10, 2013 for additional discussion. We have attached answers to questions that came up in the 12/3 study session and are prepared to review those and answer any additional questions.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

The financial implications are unchanged from the October 8, 2013 study session.

**LEGAL/POLICY REQUIREMENTS:**

The County is proceeding as set forth in its Ambulance Service Plan, which was approved by the Oregon Health Authority pursuant to ORS Chapter 682 and is set forth in Chapter 10.01 of the County Code.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

At the direction of the Board, additional public review and comment was invited from October 23, 2013 until 4:00 PM, November 21, 2013. Letters and email in support of proposed contract were provided at the study session held November 26, 2013.

**OPTIONS:**

1. Move contract to business meeting for approval.
2. Direct staff to continue negotiations.
3. Direct staff to proceed in another fashion.

**RECOMMENDATION:**

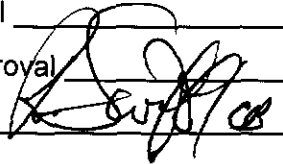
Based on the comments and questions received from all parties, staff continues to recommend moving the contract to a business meeting for approval.

ATTACHMENTS:

1. Responses to issues raised in the study session held December 3, 2013
2. Responses to the concerns sent by the CFD1 Board of Directors
3. The letter submitted to the Board of County Commissioners by CFD1

SUBMITTED BY:

Division Director/Head Approval \_\_\_\_\_  
Department Director/Head Approval \_\_\_\_\_  
County Administrator Approval \_\_\_\_\_

A handwritten signature in black ink is written over the three horizontal lines. The signature is cursive and appears to be 'L. MacDaniels'.

## ISSUES RAISED AT THE STUDY SESSION HELD ON DECEMBER 3, 2013

### **Address redundant emergency vehicles arriving at one call.**

The County does not have authority to control the response of fire or law enforcement agencies to calls from a 9-1-1 center (public safety answering point or PSAP) and therefore this issue is not within the scope of the ambulance services contract.

### **Was this a competitive bid process?**

This was a competitive process. Four proposers attended the mandatory pre-proposal conference, and proposals were prepared by three companies. One proposal was submitted in accordance with the request for proposals and one proposal was submitted after the closing time and therefore not accepted in accordance with ORS and appendix C of the County Code.

### **How were 19 percent savings achieved?**

The approved maximum rate for ambulance transport under the current contract is \$1,235.74. The approved maximum rate for ambulance transport in the proposed contract is \$997.00. This is a reduction of \$238.74 which is 19.3% less than the current rate. This rate is for the initial year of the contract and may increase in subsequent years of the contract.

In the Study Session held 10/22/2013, AMR provided the following information:

"AMR proposed a rate for service that is approximately \$233 per transport (19%) less than their rates today based on the following:

- A price proposal with a 0% operating margin (no profit) allowing an estimated reduction of \$125 per transport.
- Agreement by employees and management to forego a 2013 cost-of-living increase allowing an estimated reduction of \$30 per transport.
- Calculation of the value of cost savings from ALS first response of \$363,737, a reduction of \$296,302 from the current contract, allowing an estimated reduction of \$78 per transport."

### **How long will AMR operate without profit?**

AMR will need to answer this question.

### **Will employees be asked to give up future COLA?**

The decision to forego a COLA increase in 2013 was voted on and approved by the employees of AMR.

AMR has successfully negotiated two three-year contracts with the Teamsters, and expects to successfully reach agreement on a new contract with the Teamsters including cost of living adjustments.

**Address changes in the cost savings included in the proposed contract.**

Prior to 2004, the ambulance service was required to respond to emergency calls in the urban area in 8 minutes or less, 90% of the time. Fire agencies also responded to these calls. Three fire agencies, CFD1, LOFD and TVFR, formed the ALS Consortium. The County, AMR and these fire agencies agreed to implement an innovative program where the fire agencies agreed to meet the 8 minute standard and AMR would be required to meet a 10 minute standard. This agreement allowed AMR to remove two 24-hour ambulances and their 6 person crews from service resulting in an annual savings of \$707,884, distributed among the parties. In subsequent years, AMR found that the system was too busy for 24-hour units and added 12-hour units with 8 person crews back into the system thereby reducing the actual savings without changing the distributed savings. Under the current contract, the cost savings are \$857,568 shared as follows: 15% retained by the contractor, 5% available to the contractor for hardship reimbursement, 20% for system enhancements and 60% for the fire agencies.

As required by the request for proposals, AMR submitted the savings amount that they determined would be available if the fire agencies of the ALS Consortium signed agreements with the County that continued to allow AMR to meet slightly longer response time requirements. The amount is \$363,737 based on the proposed maximum rate of \$997.

The reduction in the total cost savings from the current contract, \$493,831, was used to reduce rates.

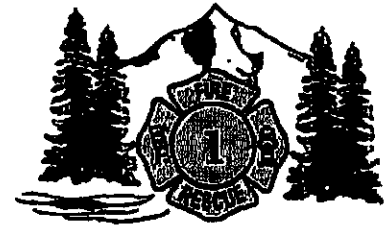
**Why are subcontracts needed to continue an already agreed upon service?**

The proposed subcontracts AMR is negotiating with CFD1 and TVFR are an innovative method to provide ambulance services by utilizing fire agency assets with compensation paid to the subcontractor. This agreement does not exist now. The fire agencies will staff ambulances respond to calls for ambulance service when requested to do so by AMR. AMR will bill for these services at their approved rates and remit the monies received to the transporting fire agency. This is the only compensation to be paid to the fire agencies. The fire agencies will pay AMR for each invoice submitted on their behalf. These subcontracts are in nearly final form.

Address the inconsistency in RFP language compared to AMR proposal. For example, AMR states, "we have over 147 percent peak deployment that exceeds the RFP requirement of 125 percent." The proposed contract states, "Contractor must have available at all times a minimum number of fully-equipped ambulance units defined as 133 percent of the number of units required at the peak load in the system status plan."

The RFP called for a minimum of 125% of the proposed peak load ambulances. AMR committed to provide 147% of peak deployment which exceeds the minimum requirement, the contract should be amended to reflect this commitment.

# Clackamas Fire District #1



December 3, 2013

Clackamas County Board of Commissioners  
2051 Kaen Rd  
Oregon City, OR 97045

Dear Commissioners,

Clackamas Fire District #1 (CFD1) has been actively engaged in the emergency ambulance services contract discussion since August 2011. During that time, our focus has been on ensuring that the communities we serve receive the highest level of care and cost-effective emergency medical services possible. To that end, CFD1 staff and our elected officials have been working diligently to provide meaningful input and recommendations to the RFP and contract process that focuses on timely performance, skilled emergency medical services, coupled with innovation, integration, and consideration for the future of health care delivery in the communities we serve.

We thank the Board of County Commissioners (BCC) for allowing us time to better understand the proposed contract with American Medical Response (AMR), ask clarifying questions, and develop the framework of a draft subcontract. Our meetings of late with AMR have been open, transparent, and focused on the EMS system as a whole. We have a draft subcontract developed and under legal review in preparation for CFD1 Board of Director and county approval. CFD1 still has areas of concern, but we are confident that the BCC and county staff will work through these issues and find the best possible solutions moving forward.

These areas of concern are as follows:

1. The "evergreen" contract provision - As noted by county staff, "the BCC may determine that significant changes in EMS system design or the scope and/or performance requirements of the contract are in the public interest." This is especially important as under the proposed contract, we may not have a competitive bidding process for the foreseeable future, if ever. We believe that the RFP, even without a competitive bid, has resulted in a broader conversation and commitment by all parties to system integration and future efficiencies for the benefit of the public we serve.

Based on the value and effect on the public of an exclusive franchise that is "evergreen", we request that the County Commissioners give strong direction to county staff to actively monitor the performance of the contractor and establish new baselines as changes, efficiencies, and/or innovations occur in the delivery of EMS within the county.

2. Cost-savings - We believe that as efficiencies are found in delivering services, those savings should be shared with the participating providers and/or used to enhance the EMS system.
3. Supply reimbursement – The RFP requires the contractor to develop mechanisms to exchange reusable orthopedic appliances, and restock or reimburse disposable and ALS medical supplies used by first responders who have provided treatment. We recommend this issue be closely examined to determine the fairest and most efficient method for restock and reimbursement of medical supplies and medical devices.
4. Response time equity among residents in urban areas - As discussed, the communities of Happy Valley and Oregon City receive an urban response; however, as continued growth occurs, this may create response time inequities. We request that the county update the Ambulance Service Plan and develop a methodology to ensure urban communities receive the appropriate response performance as they expand.

CFD1 supported an RFP process over two years ago and we have provided input throughout. As the largest first-response provider in the Clackamas ASA and as an active partner in the ALS Consortium, we believe that signing the contract for the ambulance transport exclusive franchise is not the end of the process. We believe that the emergency medical services field, including ambulance transport, is changing and that innovation and integration of the EMS system can occur in the future through collaborative efforts among CFD1, AMR, the county, and our other emergency services partners. We look forward to a contract that allows and encourages all emergency medical service providers, CFD1, AMR, and our other EMS partners to collaborate, innovate, and integrate to provide the best emergency medical services to those in need.

Very Truly Yours,  
Clackamas Fire District #1



Marilyn M. Wall  
Chair, Board of Directors

MW/ks

## AREAS OF CONCERN SUBMITTED BY CFD1

Staff will address these issues in the proposed contract if directed to do so by the Board.

These areas of concern are as follows:

1. The "evergreen" contract provision - As noted by county staff, "the BCC may determine that significant changes in EMS system design or the scope and/or performance requirements of the contract are in the public interest. This is especially important as under the *proposed contract*, we may not have a competitive bidding process for the foreseeable future, if ever. We believe that the RFP, even without a competitive bid, has resulted in a broader conversation and commitment by all parties to system integration and future efficiencies for the benefit of the public we serve.

Based on the value and effect on the public of an exclusive franchise that is "evergreen", we request that the County Commissioners give strong direction to county staff to actively monitor the performance of the contractor and establish new baselines as changes, efficiencies, and/or innovations occur in the delivery of EMS within the county.

*Staff monitors these contracts very carefully.*

2. Cost-savings - We believe that as efficiencies are found in delivering services, those savings should be shared with the participating providers and/or used to enhance the EMS system.

Proposed contract: "5. Due Diligence for Cost Savings. Contractor agrees to exercise due diligence to realize cost savings throughout the life of this agreement, and if it does realize such savings or otherwise finds that it is possible to lower the user fees established in this agreement, it agrees to propose lower rates or service enhancements, as the County shall determine."

3. Supply reimbursement -The RFP requires the contractor to develop mechanisms to exchange reusable orthopedic appliances, and restock or reimburse disposable and ALS medical supplies used by first responders who have provided treatment. We recommend this issue be closely examined to determine the fairest and most efficient method for restock and reimbursement of medical supplies and medical devices.

Staff can work with AMR to develop a method for supply replacement or reimbursement.

4. Response time equity among residents in urban areas - As discussed, the communities of Happy Valley and Oregon City receive an urban response; however, as continued growth occurs, this may create response time inequities. We request

that the county update the Ambulance Service Plan and develop a methodology to ensure urban communities receive the appropriate response performance as they expand.

## AMBULANCE SERVICE PLAN

### "Response Time Map Changes

The response time map attached as Appendix A reflects historical commitments made by the Board to various communities in the county regarding ambulance response times, and incorporates changes based on population increases within the county since 2005. In the event that changed circumstances, such as population growth or other changes, indicate a compelling need to change the response time map, the following procedure will be followed.

The Director of the County Department of Health, Housing and Human Services shall proceed with proposed response time map changes by giving prior written notice of the proposed changes to any city or fire district whose territory would be affected. At the request of any affected city or fire district, any proposed changes will be forwarded to the Board for decision by the Board.

In reviewing proposed changes to the response time map, the County may consider the following general guidelines:

"Urban area" designation may be appropriate for areas within an ASA which are in an incorporated city with a population greater than 9,000 persons and a population density greater than 2,000 persons per square mile, or which consist of census tracts having a population density greater than 2,000 persons per square mile that are contiguous to such an incorporated city.

"Suburban area" designation may be appropriate for areas within an ASA which are non-urban but are contiguous to urban areas, and consist of census tracts having a population density between 1,000 and 2,000 persons per square mile, or for traffic corridors in which the suburban response time standard can be extended without unduly adding to system cost.

"Rural area" designation may be appropriate for areas within an ASA which are not urban, not suburban, and which are either an incorporated city of less than 9,000 population, or consist of census tracts having a population density less than 1,000 persons per square mile, or for traffic corridors in which the rural response time standard can be extended without unduly adding to system cost.

"Frontier area" designation may be appropriate for areas within an ASA which are not urban, suburban, or rural areas, and for inaccessible or roadless areas of the National Forest where rural response times cannot be achieved without unduly adding to system cost.



The Director of the Department may make changes in the response time criteria detailed above to make the County criteria consistent with State mandated Trauma System and/or criteria used for similar purposes and reporting."