



Susan Harrington, M.S., R.D.  
Director, Department of Public Health

Date: January 17, 2006  
TO: Board of Supervisors  
FROM: Susan Harrington, Director of Public Health  
SUBJECT: American Medical Response Rate Increase – Call back 1/24/06

At the Board of Supervisors' meeting on January 10, 2006, Supervisor Stone raised some questions about Item 3.69 - American Medical Response's (AMR) request for an increase in mileage rate.

Schedule H of the County/AMR contract specifies the process for AMR to request increases in their charges for service. Specifically, AMR can receive an increase equal to the Consumer Price Index (CPI) for all urban consumers in the Los Angeles – Anaheim – Riverside Metropolitan region annually. If the increase is 5% or less, the Community Health Agency (CHA) in consultation with the Executive Office can approve it. If the increase is more than 5% than Board approval is required.

In addition, AMR may request a rate increase for "extraordinary increases" in its cost of operations. Such requests are subject to Board approval. In this case, AMR has documented extraordinary fuel charges that have increased its cost of operations by more than \$35,000 a month. The United States Department of Labor, Bureau of Labor Statistics (USDLBLS) has documented a 16.1% increase in gasoline costs for the 12 month period November 2004 – November 2005. Based on the USDLBLS information AMR would be justified in asking for an increase in the rate it charges for mileage during transport of a patient from \$22.00 per mile to \$25.54 per mile. However, AMR is asking that we increase its mileage charge only to \$25.00 per mile. AMR is not asking for a rate increase for its other charges (e.g., base rate, oxygen or night charge) at this time.

In the last 12 months AMR has billed patients for 1.2 million miles of transport. However, AMR has actually had to drive more than 4.5 million miles to meet its contract obligations. Insurance companies (including Medicare and Medi-Cal) allow ambulance providers to bill patients only when they are transported. Hence, AMR cannot bill patients for the miles it takes to get to a patient only when transporting a patient. Further, 30% of the time AMR is dispatched to a 9-1-1 call, the patient does not need ambulance transport. In these cases, medical insurance will not pay AMR for the call.

Granting of this increase in the mileage rate will allow AMR to mitigate the extraordinary costs they have incurred due to gasoline costs in order to maintain their adherence to the County/AMR Master Ambulance Agreement.

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

223



**FROM:** Community Health Agency/Department of Public Health

**SUBMITTAL DATE:**

December 27, 2005

**SUBJECT:** Approve American Medical Response's request for an increase in mileage rate

**RECOMMENDED MOTION:** That the Board of Supervisors:

- 1) Approve American Medical Response's (AMR) request for an "extraordinary increase" in its charges for mileage from \$22.00 per mile to \$25.00 per mile in accordance with Schedule H of the County's Master Ambulance Agreement with AMR and,
- 2) Replace any previous Schedule H with the attached Schedule H, with the effective date of February 1, 2006.

**BACKGROUND:** Schedule H of the current Ambulance Agreement between the County and American Medical Response (AMR) allows for an annual rate increase in the charges AMR levies on patients transported in accordance with the Agreement. (Agenda item 16.2, 3/30/04) In July 2005, the Executive Office approved, at the EMS Agency's request, an increase in AMR's charges by 3.3% as per the terms of the existing AMR Agreement. Schedule H also allows for the County to grant AMR additional rate increases for "extraordinary increases" in AMR's cost of operations.

(continued)

SM/pb

FORM APPROVED  
COUNTY COUNSEL

DEC 27 2005

*Susan Harrington for S.H.*

Susan Harrington, Director  
Department of Public Health

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NO
	Annual Net County Cost:	\$ 0	For Fiscal Year:	05/06

**SOURCE OF FUNDS:** N/A

Positions To Be Deleted Per A-30

Requires 4/5 Vote

**C.E.O. RECOMMENDATION:**

**APPROVE**

**County Executive Office Signature**

*Dan Marting*

Dept't Recomm.:  Consent  Policy

Per Exec. Ofc.:  Consent  Policy

Prev. Agn. Ref.: 3/30/04 16.2

District: ALL

Agenda Number:

3.7

**SUBJECT:** Approve American Medical Response's request for an increase in mileage rate

**BACKGROUND continued:** In addition to its base rate for services, AMR is allowed to bill patients for only those miles in which the patient is actually transported in an ambulance. In the last 12 months AMR has billed patients for 1.2 million miles in charges. However, AMR has to actually drive more than 4.5 million miles to meet its contract obligations. With the recent increases in gasoline costs, AMR is now spending an additional \$35,000 per month in unbudgeted gasoline expenses.

In reviewing the US Department of Labor, Bureau of Labor Statistics data the November 2005 12 month increase in gasoline is 16.1% (<http://data.bls.gov>, data extracted 12/16/05). AMR is requesting a mileage rate of \$25.00 per mile, a 12% increase over the current \$22.00 per mile, to offset the recent increases in fuel costs. This is 54 cents less per mile than could actually be requested based on the Bureau of Labor Statistics data. This increase will become effective February 1, 2006 and will only increase the mileage rate but not any of the other AMR charges.

**Schedule H**

**RATE SCHEDULE (as of 2/1/06)**

<b>RATE SCHEDULE</b>	
1. ALS Rate	\$848.00
2. BLS Rate	\$403.00
3. Mileage (loaded)	\$25.00
4. Oxygen	\$99.00
5. Night Charge	\$109.00

**Annual Adjustments  
(to Schedule H)**

The rates set out above may be adjusted in an amount necessary to compensate Contractor for increases in Contractor's direct and indirect costs as measured by the consumer price index. The CPI adjustment may be made annually and such adjustment shall be effective as of the first day of July of each year. The comparison shall be made for each January 1. The first CPI adjustment may occur as of July 1, 2005, based on the change in the CPI from January 1, 2004 through December, 31 2004. The CPI adjustment shall be determined by taking into account the percentage increase or decrease in the CPI for all urban consumers in the Los Angeles-Anaheim-Riverside Metropolitan Areas during the prior calendar year, including the housing component. The Contract Administrator, in consultation with the Executive Office, shall be responsible for reviewing rate increases up to and including 5.0%, and shall approve any such increase supported by adequate documentation by Contractor regarding its calculation. Board of Supervisors approval shall be required for rate increases over 5.0%.

Any CPI rate increase shall be confirmed, reviewed and approved in advance by the Contract Administrator by April 15 of each year. The Contractor shall submit an application containing all information necessary to document the increase, including but not limited to present rates, broken down into components, the applicable CPI increases and the need for any increase.

In addition to, and not in lieu of, the annual CPI increase or decrease described above, the Contractor may also be granted rate increases or decreases in an amount equal to Contractor's extraordinary increases or decreases in its cost of operations. The contract Administrator shall determine the application process for such extraordinary cost increases or decreases. Such extraordinary cost increases or decreases shall be subject to Board of Supervisors approval.

Level of Service: This Agreement requires Contractor to provide an ALS level response to all EMS incidents, except in cases involving patients subject to a hold under Welfare and Institutions Code Section 5150, and contemplates that Contractor shall bill patients and their third party payors (including Medicare) for such level of response. County acknowledges that in the event of a change in applicable laws such that Contractor may only bill Medicare (collectively, "reimbursement Charge"), the loss of revenue to Contractor may make it financially infeasible for Contractor to respond with an ALS vehicle in all cases or to otherwise comply with the standards set forth herein. In the event of such actual or anticipated changes, Contractor may issue a written request for renegotiation seeking a change in its rates, a change in the response requirements such that Contractor may respond with a BLS ambulance in appropriate cases, or such other change as may be necessary to compensate Contractor the actual or potential loss of revenue. In the event the parties are unable to agree upon any such amendment within sixty (60) days of Contractor's written request for renegotiation, Contractor may terminate this Agreement upon one hundred eighty (180) days written notice.