



Review of Ambulance Utilities Proposed Final Report

Joint Legislative Audit & Review Committee

January 9, 2008

Nina Oman



What is an Ambulance Utility?

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An ambulance utility is a fee structure that can be used by cities or towns as a source of revenue for ambulance service.

Other non-utility sources of revenue for ambulance service include:

- Emergency Medical Services (EMS) levy;
- Local general fund;
- Direct billing (for transported patients); and/or
- Grants.

Which Cities or Towns Are Operating an Ambulance Utility?



Source: JLARC survey.

Statutory Requirements RCW 35.21.766 (2005)



- Notification to Licensed Private Ambulance Services
- Cost-of-Service Study
- Exemptions for Medicaid Eligible Persons
 - Residing in a care facility
 - Receiving in-home services
- Ambulance Revenue and Expenditures
 - Separate fund
 - Revenues must not exceed expenditures

Notification to Licensed Private Ambulance Services



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Requirement:

Determination that existing licensed private ambulance service does not meet needs, with a 60-day waiting period.

Finding:

This requirement did not apply to any of the ten cities.

Recommendation:

None.

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Cost-of-Service Study



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Requirement:

Completion of cost-of-service study.

Finding:

Bridgeport and Sunnyside did not provide evidence of a cost-of-service study. Pasco completed a cost-of-service study but did not calculate a utility rate.

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Cost-of-Service Study



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Recommendation #1:

Bridgeport, Sunnyside, and Pasco should create or update cost-of-service studies and be able to demonstrate compliance to the State Auditor.

OFM and State Auditor's Office concur.

Bridgeport agrees to conduct a study, noting cost concerns (**partially concurs**).

Sunnyside and Pasco do not concur.

Legislative Auditor's Comments: Each city must find a cost-effective method for clearly complying with the statutory requirements.

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Exemptions: Medicaid Eligible Persons in Care Facilities



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Requirement:

For cities with a population of more than 2,500, rates must be exempted for Medicaid eligible persons in adult family homes, boarding homes, or nursing homes.

Finding:

Bridgeport has a population less than 2,500. Pasco and Sunnyside did not exempt these persons. Pasco has indicated it is providing refunds.

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Exemptions: Medicaid Eligible Persons in Care Facilities



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Recommendation #2:

Pasco should implement its plan to exempt and Sunnyside should exempt Medicaid eligible persons in these facilities. Both cities should be able to demonstrate compliance to the State Auditor.

OFM and State Auditor's Office concur.

Pasco and Sunnyside partially concur. Both cities note that they have adopted ordinances allowing discounted or limited ambulance utility rates.

Legislative Auditor's Comments: The statute clearly states that these persons must be exempted (not just limited or discounted) from the rates.

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Exemptions: Medicaid Eligible Persons Receiving In-Home Services



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Requirement:

For cities with a population of more than 2,500, rates must be exempted for Medicaid eligible persons receiving in-home services.

Finding:

Bridgeport's population is less than 2,500. In the remaining nine cities, Medicaid eligible persons receiving in-home services are not being specifically exempted.

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Exemptions: Medicaid Eligible Persons Receiving In-Home Services



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Recommendation #3:

All nine cities should notify Medicaid eligible persons receiving in-home services of their eligibility for exemption.

OFM partially concurs, noting that the requirement is to exempt these persons, not just notify them.

State Auditor's Office concurs.

Aberdeen, Mercer Island, Montesano, Moses Lake, Pasco and Sunnyside partially concur, noting the difficulty in identifying these persons.

Hoquiam, Port Angeles and Richland concur.

Revenue and Expenditures in a Separate Fund



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Requirement:

Utility revenue must be deposited in a separate fund or funds used only for utility expenditures.

Finding:

All ten cities identify utility revenue separately. Nine cities separate ambulance expenditures from other expenditures. Mercer Island combines fire and ambulance expenditures.

Revenue and Expenditures in a Separate Fund



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Recommendation #4:

Mercer Island should maintain a separate accounting mechanism for ambulance expenditures and be able to demonstrate compliance to the State Auditor.

OFM and State Auditor's Office concur. Mercer Island does not concur. The city states that the recommendation incorrectly interprets the applicable statute, and would be impractical and administratively inefficient to implement.

Legislative Auditor's Comments: Clearly identifying actual ambulance expenditures to allow a comparison to revenues is required by statute and is a common practice. This recommendation could be implemented a number of ways and does not require establishing a new accounting fund.

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Revenue Must Not Exceed Expenditures



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Requirement:

Utility revenue must not exceed utility expenditures.

Finding:

Of five cities with available data, Bridgeport's utility revenue exceeded its expenditures in 2006. The city has since indicated it is reserving revenue to purchase a new ambulance vehicle in the future.

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Revenue Must Not Exceed Expenditures



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Recommendation #5:

Bridgeport should revise its accounting methodology to account for the transfer to its reserve, and be able to demonstrate compliance to the State Auditor.

OFM and State Auditor's Office concur.

Bridgeport plans to modify its accounting procedures (concur).

Contact Information



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