



Legislation Text

File #: 13-0991, **Version:** 1

Recommendation to receive a status update on the Ground Emergency Medical Transport (GEMT) Program; discuss the implications of new GEMT revenue projections; consider alternatives for funding any proposed restorations of Engine 8 and Rescue 12; and, provide direction on any proposed restorations. (Citywide)

In a memorandum dated October 29, 2013, the City Manager provided the City Council with an update on the process staff has undertaken to apply for reimbursement under the Ground Emergency Medical Transport (GEMT) Program. This item presents the information contained in the memorandum, and provides the City Council the opportunity to discuss the issues and provide direction to City staff.

The Departments of Financial Management and Fire have been working together to apply for reimbursement under the Ground Emergency Medical Transportation (GEMT) Program. Due to the complexity of the program and to accelerate the reimbursement process, the City engaged an expert on federal costing to maximize the amount of GEMT revenue received and minimize the chance of returning money later. An update on this process follows.

Funding Timeline

Staff expects to be able to file the first tranche of reimbursement by November 15, 2013, two weeks before the current submittal deadline of December 2, 2013. The State is expected to take approximately two months to review, approve and process payment, meaning that the City would receive the first portion of reimbursement in January 2014. This first payment of money will only be a portion of the one-time retroactive funding. All funding is projected to be received by the end of March 2014.

Revenue Estimates

Based on a preliminary analysis, it appears that ongoing GEMT revenue in FY 14 will be about \$370,000; however, staff will not know exact amounts until it submits for reimbursement and future amounts are uncertain. The chart below shows the budgeted FY 14 amount and what level of reimbursement is now expected. Additionally, during the FY 14 Budget process, the City Council authorized a two-month restoration of Engine 8 and Rescue 12, beginning November 1, 2013, to provide funding until structural GEMT funding above what was budgeted could permanently support the enhancements.

However, as shown below, GEMT structural funds will not be available to support a restoration of services.

Ongoing Expenses			
	Estimated Amount	Reimbursement Expected	Gap

FY 14 Budgeted	\$1,250,000	\$370,000	(\$880,000)
Station 8 Restoration	\$2,100,000	\$0	(\$2,100,000)
Rescue 12 Restoration	\$1,000,000	\$0	(\$1,000,000)
Total	\$4,350,000	\$370,000	(\$3,980,000)

One-Time Expenses			
	Estimated Amount	Reimbursement Expected	Gap
Retroactive to January 30, 2010	\$3,600,000	\$2,600,000	(\$1,000,000)

Reason for Reduction in Revenue Estimates

This reduction in funds available is due primarily to the fact that the original assumptions provided by the GEMT Statewide Workgroup, led by firefighters from Sacramento Metro Fire District, assumed reimbursement would occur for all MediCal transports. The final regulations, however, only reimburse for MediCal Fee-For-Service transports. Fee-For-Service transports have been rapidly declining over the last few years as the State has shifted MediCal individuals from Fee-For-Service to Managed Care. In Long Beach, Fee-For-Service transports have decreased by 65 percent since 2011. Based on discussions with other Fire Departments, this appears to be a statewide issue, and not solely confined to Long Beach.

Solution for FY 14 and FY 15 Budget

Staff recommends using the one-time retroactive amount to ensure that the City will achieve its GEMT revenue projections for FY 14 and FY 15. For FY 16, staff will analyze revenue projections at the time of development of the budget, and will make recommendations as to what action to take based on the situation at the time. In the meantime, the Fire Department should not implement the restoration of Station 8 or Rescue 12 as proposed in the FY 14 Budget, as structural GEMT funding is not available to permanently fund the apparatus.

Restoration of Fire Services

GEMT revenue partially pays for the cost of providing emergency medical treatment and transport and makes available General Fund revenue that had been used to subsidize these services. At the time of the FY 14 Budget adoption, the City Council determined that the priority use for the newly available General Fund revenue was for the restoration of Engine 8 and Rescue 12.

In order to structurally restore both Engine 8 and Rescue 12 for a full year and meet FY 14 structural revenue projections, an additional \$4 million would be needed. At this point, staff does not recommend restoring these two apparatus because there are currently no identifiable ongoing revenues to pay for the cost of these ongoing services and to ensure compliance with City Council's financial policies. In addition, the Fire Chief believes the current deployment model of the Long Beach Fire Department in its existing form is meeting the needs of the community and functioning appropriately, and thus immediate action to restore apparatus is not required.

However, if the City Council would like to proceed with this service enhancement, three main options are available, although all options present some difficulty:

1. The City Council can choose to utilize the budgeted FY 14 \$3.5 million General Fund surplus, which will likely result in structural deficits in FY 15 and FY 16.
2. The City Council can reduce services or staffing levels in the Fire Department to fund the service enhancement.
3. The City Council can reduce services and staffing levels in other departments to fund the service enhancement.

This matter was reviewed by Deputy City Attorney Gary Anderson on October 31, 2013 and Budget Management Officer Victoria Bell on November 1, 2013.

City Council action is requested on November 5, 2013, to allow sufficient time for financial planning and preparation for the restoration of Engine 8 and Rescue 12 if so directed.

There is no ongoing cost associated with staff's recommendation not to restore Engine 8 and Rescue 12. The use of the one-time GEMT retroactive amount of \$2.6 million to temporarily fund the structural GEMT shortfall in FY 14 and FY 15 will allow for a transition period and ensure that the City will achieve its GEMT revenue projections for FY 14 and FY 15. For FY 16, staff will analyze revenue projections at the time of development of the budget, and will make recommendations as to what action to take based on the situation at the time.

Should the City Council choose to restore Engine 8 and Rescue 12, an additional \$4 million in ongoing funding will be needed to both restore the apparatus and meet FY 14 structural revenue projections. Restoring the service without ongoing funding would likely be in conflict with the City Council's recently adopted financial policies. In addition, an action that utilizes the FY 14 surplus or otherwise creates apparent structural deficits in the future may draw the attention of the rating agencies, who have stated recently that the City needs to maintain a structurally balanced budget in order to avoid a potential financial rating downgrade.

Approve recommendation.

PATRICK H. WEST
CITY MANAGER