



FIRE DEPARTMENT SUBSCRIPTION FEE PROGRAM

Finance Committee
Presentation

September 21, 2021

www.cityofpaloalto.org

BACKGROUND

- The Palo Alto Fire Department (PAFD) is the only Fire Department to provide an ambulance transport service in Santa Clara County
- Two-thirds of calls the PAFD responds to are for Emergency Medical Service
- The PAFD runs approximately 3,500 transports each year
- The FY22 Adopted Budget included \$0.5M of estimated revenue from the Ambulance Subscription Program

TRANSPORT BILLING

- FY22 base fee is \$2,509 for transport
- Contract billing company collects payment from insurance or insurance programs and co-pays from patients
- The Ambulance Subscription Fee Program is aimed at those with Commercial Insurance

Table 1. Patient Payer Mix

Coverage	% of Patients	Co-Pay
Medical/Medicaid	13%	\$0
Medicare	49%	10-20% Co-insurance programs
Commerical Insurance	27%	Depends on plan, Typically \$385-650
Unknown/Uninsured	11%	Full \$2,460+

AMBULANCE SUBSCRIPTION PROGRAM

- Voluntary, participants will self-select to enroll in the program and can terminate participation at any time
- Covers the cost of the co-pay for ambulance transports
- Programs in other California cities were established as early as 1985 and fees range between \$43-\$60 annually
- Cities with programs in place report general participation rates of 20-30% of the total population

PROGRAM BENEFITS

- Residential participants: all household members who are permanent residents of the subscribing household will be covered. The program will include umbrella coverage for visitors who need emergency medical transport from a resident that is a program participant.
- Business participants: the Program will cover all employees at the business address or those elsewhere in the City of Palo Alto during the course of their duties. A business subscription will not cover customers or other visitors to the premises of the business
- Monthly fee will be added into Utility bill
- Enroll online, phone or email and can cancel at anytime

FINANCE COMMITTEE DIRECTION

- In December 2020, the Department had proposed three fee options to Finance Committee of \$80/\$100/\$120 per year for residential participants
- Finance Committee directed staff to conduct community outreach to gather information on interest and fee amounts
- The Department conducted a written survey and focus group and is proposing a fee structure based on results of community feedback.

COMMUNITY FEEDBACK

Online Survey

- 8 Questions open for one week
- Sent to the Emergency Service Volunteer Group
- 35 respondents

Results:

- 52% think the program would be extremely or very valuable
- Interest in the program was split (34% very, 31% somewhat, 35% not so or not at all)
- More commercial insurance respondents (57%) reported the program to be extremely or very valuable than Medicare respondents (43%)
- More commercial insurance respondents (43%) reported they would be extremely or very interested than Medicare respondents (21%)
- The more interested in the program, the more they are willing to pay. Of those responding “extremely or very” interested in the program, most would be willing to pay \$100 or more annually

COMMUNITY FEEDBACK

Virtual Focus Group

- Held May 5, 2021 with one of the City's neighborhood associations
- 7 residents participated

Feedback and Suggestion Highlights:

- All thought the program would be beneficial to the community
- Make it a monthly program, not annual
- 2 people wanted the City to charge the highest tier fee (\$10/month)
- 1 person wanted the City to charge a lowest amount (\$6.67/month) believing this would get more people to sign up

“Well, being that I have five kids and we went through all the teenage years with them. We've met many opportunities to partake of the lovely ambulance service. So, we would have paid off in dividends for us.”

PROPOSED PROGRAM

- Monthly fee, rather than annual
- Set in the middle of the options proposed to the community based on the mixed feedback from the community
- The proposed monthly fee would be set at a rate of \$8.00 per month

Table 2. Previous Residential Rate Options

	Option A	Option B	Option C
Annual Fee	\$80	\$100	\$120
Monthly Fee	\$6.67	\$8.33	\$10

EXPECTED REVENUE: Residential

Table 3. Residential Revenue

Monthly Fee	\$8.00
Utility Customers	25,000
Expected Participation Rate	25% (6,250)
Estimated Annual Revenue	\$600,000

EXPECTED REVENUE: Business

Table 4. Business Revenue

Tier	Employee Headcount	Number of Businesses	Monthly Fee
1	0-10	2,300	\$20
2	11-50	621	\$100
3	51-100	121	\$200
4	101-250	62	\$500
5	251-1000	37	\$1,000
Expected Participation Rate			25%
Total Estimated Revenue			\$600,900

IMPLEMENTATION COSTS

\$60,000

Utilities Customer Service will provide customer support, payment posting, credit collection and accounting.

\$50,000

Community Outreach and Education efforts with print and digital strategies

These costs are not currently budgeted, and the Department is requesting a budget amendment for these to be added.

NEXT STEPS

1. Approve new Ambulance Subscription Program and associated fees for Residential and Business Participants
2. Recommend that City Council adopt an Ordinance amending the Fiscal Year 2022 Municipal Fee Schedule
3. Recommend that City Council make budget amendments as necessary to begin and maintain this program.



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