



CAMBRIA COMMUNITY HEALTHCARE DISTRICT

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To: The North Coast Community
From: The Cambria Community Healthcare District Governing Board and Administration

As many of you may have heard, the Cambria Community Health Care District Board of Trustees, (District) took action on March 21, 2018 to cease operation of one of its two nighttime ambulances. This means that it will continue to operate one ambulance 24 hours per day and a second ambulance during the daytime for 12 hours. While this was a difficult decision for the District, given our current dire financial situation, it was vital for the District to remain financially solvent. We strongly believe this change in our operation will allow the District to continue to provide safe, efficient, high quality Emergency Medical Ambulance services to the Cambria community and surrounding North Coast.

1. How Did we Get Here?

The District was created by the voters in 1947 and established as a public healthcare district. It ran as a small, mostly volunteer, operation for many years until the decision by taxpayers to begin providing additional funding which allowed it to hire personnel to staff one ambulance full-time in 1976.

The District receives a majority of its funding through tax revenue and revenue from ambulance transport fees. The last tax increase was more than ten years ago in 2006 and after that increase, the District began staffing two 24-hour ambulances. After the measure, the District hired additional employees and began to run two ambulances 24 hours per day.

Unfortunately the measure itself did not provide the funding necessary to cover the full costs of running two ambulances 24 hours per day. This resulted in the District utilizing its reserve funding for many years until it reached the critical point this year where it had essentially no money in reserves. Wages, employee health benefits, retirement contributions have increased since 2006, along with dramatically increased operating costs. The District's revenues have not increased accordingly.

Recently the financial situation became even more serious due to losses in ambulance transport billing revenues. Specifically, the District receives

approximately \$3,000 for every patient it transports who has commercial health insurance ("commercial transport") while Medicare reimburses the District about \$580 per transport. Over the past year, the District has experienced a shift in the makeup of its patients. The Medicare transports have significantly increased while the commercial transports correspondingly decreased which has resulted in more than \$100,000 decrease in revenue, which was well below District projections. While there is some speculation that this may be due to the closure of Highway-1 and commercial transports may pick up as tourism increases, we must address these issues now in order to avoid dissolution of the District.

2. Will this Change be Safe?

Over the past year, the District has undertaken an extensive study of our ambulance calls and transports, including examining industry standards and how best to approach these fiscal issues. Based on this data, our administration recommended the elimination of the second nighttime ambulance. Specifically, ten years of emergency response data revealed that the District utilizes the second ambulance transport on average a little more than one time per month or 15 times per year. According to Emergency Medical Ambulance industry metrics, this does not justify maintaining a second ambulance in the evening hours.

However, for those occasional times the second ambulance is necessary, you can rest assured that there will always be another local, trained medical first responder (depending on where you live this responder is from either the Cambria Community Services District Fire Department or CalFire) who arrives on the scene to provide emergency medical services. Then, if our ambulances are on other calls, the local Emergency Medical Services Division has also developed an extensive "move up and cover system" to assure appropriate ambulance coverage throughout the entire San Luis Obispo County. This system tracks all of the ambulances and calls in the County and deploys ambulances to appropriate locations to provide coverage. For example, if District ambulance(s) are on calls, we receive coverage from a San Luis Ambulance Service unit that moves up and covers either at Villa Creek or at the Highway 46 summit with a response time of approximately 10-14 minutes into Cambria. This is the same County system that ensures there will be coverage should a third ambulance be needed during the day when both the District's ambulances are busy on other calls.

Based on concerns raised about the safety/efficacy of this proposed change, the District also hired an outside expert to examine its current practices and provide advice. This consultant was part of a presentation regarding the District's Operational System to the District Governing Board on March 21, 2018. After this extensive review and presentation, the District made a recommendation to the Board that it continue to operate one District ambulance 24 hours per day and the second District ambulance for 12 hours a day during the daytime when the majority of our calls occur.

As the District implements this change, it will continue to review and evaluate to ensure the safety, efficacy versus the cost-savings. The District will also continue to

review trends in our local emergency responses to tailor the best coverage period to ensure the safety of our District residents.

3. How does this compare with other areas in the County?

Over the last five year period, the District responded to approximately 911 calls per year and has had two 24-hour ambulances staffed full-time to cover these calls. In the Estero Bay community (covering Morro Bay, Los Osos and Cayucos), there is one ambulance assigned in Morro Bay. That area receives approximately 2,455 calls per year (more than double of that in Cambria). Paso Robles similarly receives approximately 2,500 calls per year but operates in a much larger geographical region and operates one ambulance 24 hours per day and a second ambulance for 12 hours per day from 10 am to 10 pm.

4. What else has the District Done to Manage its Finances?

Over the past three years, the District has implemented numerous cost saving and revenue increasing measures including raising ambulance rates in 2014 and again in 2017 (although rates still remain lower than San Luis Ambulance Service), controlling overtime, placing our Operations Director back in the field part-time and utilizing District personnel to handle new reporting requirements rather than outside consultants. While the District continues to explore revenue increasing and cost-savings measures, some have argued that the District is not doing enough and have identified proposed money saving measures. As these proposals are circulating through the community as potential "solutions" to the District's financial problems, we wanted to address some of those here:

Return Administrative Staffing Levels to 2016 Levels (Eliminate one part-time (8-10 hour) administrative position)

Administratively, the District is very short staffed when you consider what it takes to run a local government healthcare agency. The District has an administrator, an administrative services manager, and since 2017, a part-time employee for 8-10 hours a week to assist the administrative services manager. Both the administrator and the administrative services manager work significantly more hours than their contracts require in order to help serve the District and complete all the necessary tasks.

For example, the District's administrative services manager acts as the District's bookkeeper, does the accounts payable, processes payroll twice a month including reviewing timecards and ensuring they correctly reflect employees' time, she handles all CalPERS reporting, manages the District's property and tenants, initially fields all human resources calls and prepares the board packet. In addition, because the District is a public agency, it must comply with many state reporting requirements. The administrative services manager prepares many of these reports in addition to all of her other job duties.

These job duties have actually increased since 2013 both because there have been additional state reporting requirements and because the District administrator was hired, he identified certain required tasks the District was not doing and there was more work that he and the administrative services manager could handle alone. The District administrator brought on a part-time employee (who works 8-10 hours per week) to assist the administrator and administrative services manager in filling some of these gaps and to assist with completing reports and other work. If this part-time employee were eliminated, the tasks she performs would still need to be completed so this proposal is both infeasible and ultimately would not result in cost savings.

Return the Operations Director to the Field Full-Time

Due to current staffing levels, the operations director has fully returned to the field. However, the District hopes to change this soon. The operations director is not a "nice" addition, if you can afford it, but is an essential part of providing high quality ambulance services to our District residents. In addition to establishing the work schedule and vacancy coverage for all District ambulance personnel, the operations director fills in for vacant paramedic shifts. The operations director performs Continuous Quality Improvement (CQI) which means he must ensure all patient care reports are thoroughly reviewed to determine what happened, whether the report is completed properly and how the District can continue to improve the quality and efficacy of all aspects of our services. With this oversight, the District is able to catch issues before they become large problems, and continually improve on all aspects of the lifesaving care it provides.

The operations director is the legally designated FDA controlled substance representative for the District. Given new Federal regulations governing controlled substances, this is a significant and time-consuming responsibility requiring many additional tasks related to the purchase and administration of controlled substances. He is also the District's representative on many state mandated committees as well as some San Luis Obispo County Emergency Medical Services committees designed to improve emergency response to the community such as the STEMI committee, which is focused on treating patients that have suffered a heart attack.

In addition, the operations director is responsible for all employee training, the purchasing of ambulance supplies, oversight of all ambulance repairs and regulatory compliance issues, supervising and evaluating employees, coordinating community outreach and ensuring standby ambulances are available for community events from high school football games to local fundraisers. The operations director is also an essential part of delivering quality and timely Emergency Medical Services to our District residents, by being able to respond to and assist in prompt paramedic emergency care as well as supervisory assistance to our paramedic ambulance units. The proposal of "no office time" for the operations director given all of the tasks he is required to perform and which ensure the safety and efficacy of the

District's lifesaving services is infeasible and would significantly decrease the quality and safety of the services provided.

Adopt a New Billing System

The District continues to evaluate billing methods to ensure it collects the most revenue possible while paying an appropriate cost for that service. If the District were to purchase the proposed billing software, this would not "automate" billing but would require someone to administer the software. So, in addition to purchasing this software, this would require hiring someone at a minimum of 15 hours per week at a cost of approximately \$20-\$25 per hour, which means simply the cost of just paying that person would be more than \$18,000 per year. Further, our current billing company is paid by the amount of money collected (4.5 cents per dollar collected) which both provides incentives for the company to successfully make collections and assures the District does not pay additional costs when its revenues are low. This new, lower rate was negotiated by the District's administrator and went into effect March 1, 2018. Switching to a new billing software would also take extensive additional time in overhead costs and training to ensure that we do not jeopardize the collection rate the District currently has which could result in significant revenue losses.

Eliminate Outside Accountant

The District cannot legally or ethically eliminate this service. The District's CPA firm who is performing its annual audit has required that the District properly record financial documentation and income/expenditure reporting in accordance with the Government Accounting Standards Board (GASB) which requires financial accounts to be reconciled and closed monthly rather than at the end of the year. This would either require hiring an additional employee to handle this increased requirement or to continue to use our currently contracted accounting professional. This adds a level of transparency and oversight which we believe is important to our small local government agency and is unlike larger local government agencies like the Cambria Community Services District who utilizes a CFO for these purposes.

Reduction in Vehicle Operations

The District agrees it is beneficial to reduce vehicles where possible and took action accordingly in reducing operation of one of its nighttime ambulances. Additionally it has been proposed the District cease operation of its Quick Response Vehicle (a Ford Expedition specially outfitted for provision of rendering emergency services and difficult terrain transport). This vehicle is utilized by the operations director to respond to emergency calls as necessary, to render care, to provide assistance to crews and allows him to get to scenes quickly to assist and to perform Quality Improvement in the field. This also allows an emergency vehicle to arrive on the scene where an ambulance is delayed allowing the additional provision of advanced care. As is common in Emergency Medical Services, Fire and Law Enforcement, the operations director is authorized to drive this vehicle to and from work which allows him to respond to calls and to be on call. The District is currently evaluating this

need and exploring potential options. However, because the District is a public agency and this is a matter within the scope of representation, it must work through some of these possibilities through labor negotiations.

Reduction in Overtime

The District administrator and operations director have created a system for reducing overtime as much as practical. The District's recent decision to eliminate operation of one of its nighttime ambulance vehicles should also help to limit overtime. The District is required by law to pay overtime to employees who work more than 40 hours per work week. Given that full-time employees generally work two 24-hour shifts and most will continue to do so, it is impossible to eliminate overtime altogether. Further, there are many factors which necessitate overtime which cannot be controlled. A few examples include: employee utilize leave due to illness, injury or vacation, mandatory off-site training, jury duty, and other situations where an ambulance employee cannot fulfill their shift obligation and it is necessary for other employees to cover. Nevertheless, the District has made this issue a top priority and will continue to have our operations director manage and monitor all overtime.

Eliminate Board Member Stipend

Board members receive a \$100-per-month stipend for their service to the community. While this does not come close to paying for their time, it does provide them with a small token as well as helping to assist with associated costs of their service.

Eliminate Employee Supplemental Health Benefit

District employees receive a stipend to help cover the costs of medical expenses. This stipend is included in the bargaining agreement with the employees and is an item within the scope of bargaining which means it cannot be unilaterally eliminated by the District and would require negotiations with the Cambria Paramedics Association.