


ITEM #10

BOARD REPORT
CITY OF LOS ANGELES
DEPARTMENT OF TRANSPORTATION

Date: June 13, 2024 J4A

To: Board of Transportation Commissioners

From: Laura Rubio-Cornejo, General Manager
Department of Transportation 

Subject: **RECOMMENDATIONS RE: 2024-25 PRIVATE AMBULANCE SERVICE RATE ADJUSTMENT AND ADOPTION OF NEW METHODOLOGY FOR FUTURE ADJUSTMENTS**

That the Board of Transportation Commissioners:

1. **Find** that rates for the private ambulance service in the City of Los Angeles are due for an adjustment based upon increased operational costs;
2. **Find** that the Department's proposed schedule of rates and charges (Attachment 1) in the attached proposed Board Order No. 611 are just, reasonable, non-discriminatory, and non-preferential for all permitted private ambulance transportation services.
3. **Find** that the Department's recommendation to use a new methodology for future adjustments of rates and charges, based on a percentage change as established by Los Angeles County, is reasonable, non discriminatory, and non preferential for all permitted ambulance transportation services.
4. **Rescind** Board Order No. 609 and **adopt** the attached Board Order No. 611 establishing the above rates and charges for private ambulance service in the City of Los Angeles; and
5. **Instruct** the Commission Executive Assistant to forward the attached draft rate ordinance approving the resolution designated as Board Order No. 611 to the Mayor for approval by the City Council and Mayor.
6. **Grant** that the rates listed should be negotiable when contracted by or for the following types of entities:
 - a. School districts or any educational facility in which the primary goal is to educate children 18 years of age or younger (this does not apply to medical facilities, medical office buildings, and hospitals).
 - b. Charity or public events that have a limited time frame.
 - c. Religious institutions (this does not apply to medical facilities, medical office buildings, and hospitals affiliated with a particular religion).
 - d. Individuals for whom the ambulance rate is a hardship. When requested by the Department, a hardship declaration form must be submitted by the ambulance provider indicating the rate requested along with financial documentation indicating why the

discounted rate should be approved.

DISCUSSION

The History of Rate Adjustment in the City of Los Angeles

The Board of Transportation Commissioners (Board) and the Los Angeles Department of Transportation (Department) review potential methodologies for rate setting purposes in order to effectuate the best outcome for the City of Los Angeles, its permittees, drivers, and passengers. This report proposes LADOT staff recommendations for the Board to consider a fair and reasonable rate adjustment for the Ambulance services in the City based upon increased operational costs.

Since 1991, various methodologies have been used to calculate rates that private ambulance companies can charge to the public. In 1991 it was the "operating ratio" method, in 1996, it became a combination of the operating ratio method combined with a market survey to determine what rates are charged in other California counties. By 1999, and after consultant review, a "blend of methods" was created which would include an inflation method, a survey method, a Los Angeles city survey, and a Negotiated Rate Schedule which looked at what Los Angeles Permitted companies charged for equivalent services outside of city boundaries.

During the periods 2011-13, 2013-16 and 2021-22, the Department requested actual rates and charges from all City regulated private ambulance companies for services provided throughout Los Angeles County, excluding trips that originated in the City of Los Angeles. There were very limited responses in those surveys, and a large amount of staff time was used to conduct numerous follow up communications via telephone and email to obtain more data in an effort to secure a large sample size. This would often include months of survey questions and follow up with very little results. Despite the Department's continuing efforts at industry outreach, only one company provided data for the 2011-13 survey, only seven companies responded to the 2013-16 survey, and only 17 companies responded to the 2021-22 survey which overall constituted only 36 percent of respondents among all the permitted private ambulance companies in Los Angeles.

After conducting the survey, the results were tabulated and applied to this formula with the Department doing its best to extrapolate information from insufficient or incomplete data. The Department believes this to be an inefficient method to determine rate adjustments.

The ambulance industry has communicated the rising operational costs for ambulance services, including the costs to cover payroll and benefits for field staff, such as emergency medical technicians, paramedics, and registered nurses has increased substantially. Ambulance companies have also seen an increase in vehicle expenses, like fuel, insurance, and fleet management. Lastly, the industry has seen an increase in general and administrative expenses. As technology advances, ambulance companies are purchasing state of the art equipment with advanced EMS technology and remote diagnostics to serve the public. These technologies assist to provide basic life support, advanced life support, and critical care transport to better serve individuals and save lives.

Proposed 2024-25 Methodologies

Private ambulance operators have informed Department staff of rising costs that require restructuring of the City's rates. The City of Los Angeles is required to process calculations every other year using the methodology whereby we conduct surveys, review rates from other counties, review CPI and other factors to determine what the rate should be for private ambulance service in Los Angeles. City staff also reviews Los Angeles County's rates as a major factor in determining City rates. The difference between the County rate structure and the City's is that the County rate is a maximum rate and allows hospitals and ambulance companies to negotiate for any price below that rate. The City's rate structure is set at a rate that can not be negotiated, primarily to ensure that companies can meet costs, hire employees at decent wages, invest in state of the art technology, and manage compliance with the City's regulations, including permit fees and various requirements mandated by the City.

The Department typically would have used the previously mentioned "blend of methods" methodology to yield the proposed rates and charges. As part of this method, it would have referred to Los Angeles County as a basis for setting a maximum rate for Ambulance Service, essentially using the County rates to determine what is reasonable. In short, after conducting all the surveys and adjusting for inflation amongst other things, the Department would still ultimately compare any new rate to the current rates set by the county. Again, this seems inefficient and in many ways duplicative of the work already done by the county.

The County of Los Angeles' Ambulance Rate Schedule can be found in Section 7.16.340 of the California Code of Ordinances for Los Angeles County. The County methodology takes into account important factors such as minimum wage ordinances, the Consumer Price Index for Urban Consumers in the Western Region, and even lists exceptions and how to manage rates for those exceptions. Department staff finds the County's methodology fair and recommends that the City use the County's annual percentage change to determine rate adjustments for the future City ambulance service rate.

For example: after a new baseline is set for the City of Los Angeles, if the county increases its rates by 2% next year, then the City of Los Angeles will increase its rates by the same amount. If the County has no increase or potentially decreases its rates, there will be no change in the City rate. Because the County has an annual review of rates, this change would automatically take place once the new County schedule is released with new rates going into effect July 1 of that year.

The 2021-22 ambulance rate under Board Order 609 was based upon the Los Angeles County Emergency Medical Ambulance Rate Schedule effective on July 1, 2021 as the capped rate. The Department proposes that the 2024-25 private ambulance rate adjustment recommendations be based on the rate increase percentage calculated between the Los Angeles County Emergency Medical Service Ambulance Rate Schedule effective on July 1, 2021 and July 1, 2024.

Based on this new change, all future adjustments should follow the percentage change as reviewed and annually issued by Los Angeles County.

Proposed 2024-25 Rate Adjustments

The Department recommends applying the corresponding Los Angeles County rates (described above), to the proposed 2024-25 rates and charges shown below in Table 1. The charges are adjusted by the County Rate percentage increase between July 1, 2021 and July 1, 2023 and rounded to the nearest \$0.25.

Table 1

Category	Current City Rates B.O. 609	County Rate ¹ effective 7/1/2021	County Rate ² effective 7/1/2024	% Change between 2021 and 2024 County Rate	2024-25 Proposed Rate ³	% Change	
Basic Life Support (BLS)	\$1,305.00	\$1,587.00	\$2,072.00	30.56%	\$1703.75	30.56%	
Advanced Life Support (ALS)	\$1,852.00	\$2,383.00	\$3,110.00	30.51%	\$2,417.00	30.51%	
Mileage (per mile or fraction thereof)	19.00	\$19.00	\$29.00	52.63%	\$29.00	52.63%	
Waiting Time (per 15 min after initial 15 min)	\$61.50	\$67.50	\$88.00	30.37%	\$80.25	30.49%	
Standby Time per 15 min after initial 15 min)	BLS	\$62.00	\$64.50	\$84.00	30.23%	\$80.75	30.24%
	ALS	\$62.00	\$64.50	\$84.00	30.23%	\$80.75	30.24%
Night Service (7 pm - 7 am)	\$25.25	\$27.00	\$31.00	14.81%	\$29.00	14.85%	
Use of Oxygen	\$96.75	\$102.00	\$117.00	14.71%	\$111.00	14.73%	
Emergency Response	\$134.50	\$167.00	\$219.00	31.14%	\$176.50	31.23%	
Critical Care Nurse (per hr)	\$249.25	\$373.00	\$486.00	30.29%	\$324.75	30.29%	
Respiratory Therapist (for 1st 3 hrs)	\$784.50	\$2,689.00	\$3,746	39.31%	\$1,092.75	39.29%	
Respiratory Therapist (after 3 hrs; per hr)	\$113.75	\$162.00	\$211.00	30.25%	\$148.25	30.33%	
Pulse Oximeter	\$60.00	-	-	29.25%	77.50	29.17%	
Ventilator	\$197.00	\$197.00	\$227.00	15.23%	\$227.00	15.23%	

Infusion Pump (per line)	\$95.25	-	-	29.25%	\$123.00	29.13%
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Notes:

1. The County of Los Angeles Ambulance Rate Schedule effective July 1, 2021.
2. The County of Los Angeles Ambulance Rate Schedule effective July 1, 2024.
3. The charges for Pulse Oximeter and Infusion. Pump line rates are adjusted by overall average increase rate of 29.25 percent and are rounded to the nearest \$0.25.

The recommended adjusted rates will allow companies to better recover costs for investments. We would expect that this will result in City residents receiving enhanced response times and increase the ambulance industry's ability to recruit and improve retention of trained medical personnel, including emergency medical technicians (EMTs) and paramedics. As a result, ambulance companies will be better able to provide state of the art equipment, attend to driver safety, and provide increased vehicle maintenance, and will allow companies to recover costs for these investments. The financial impact on City residents should be minimal because the vast majority of private ambulance users are those covered by Medicare, County of Los Angeles contracts, and private insurance.

Currently, Los Angeles Municipal Code Section 71.24 states:

"No person shall charge, collect, demand, receive or arrange for any compensation for the service of any vehicle defined in Section 71.00 in this City used for the conveyance of passengers, any amount, rate, or compensation different than the charges or rates established by the Board."

Private Ambulance is a transportation mode listed in Section 71.00 of the LAMC which means that the rates set by the City of Los Angeles must be charged, collected, demanded, received or arranged for by the parties involved with no deviation other than what is allowable by statute, which includes regulations related to Medi-Cal or Medicare.

With that understanding, the Department recommends that the rates should be negotiable when contracted by or for the following types of entities:

School districts or any educational facility in which the primary goal is to educate children 18 years of age or younger (this does not apply to medical facilities, medical office buildings, and hospitals).

Charity or public events that have a limited time frame.

Religious institutions (this does not apply to medical facilities, medical office buildings, and hospitals affiliated with a particular religion).

Individuals for whom the ambulance rate is a hardship. When requested by the Department, a hardship declaration form must be submitted by the ambulance provider indicating the rate requested along with financial documentation indicating why the discounted rate should be approved.


Along with approving Board Order No. 611 establishing 2024-25 private ambulance rates and charges, as well as establishing a new methodology for future rate adjustments based on the percentage change of Los Angeles County ambulance rates, it is recommended that the Board rescind the authority for the existing rates and charges established per Board Order No. 609.

FISCAL IMPACT STATEMENT

These changes will not result in fiscal impacts to the City of Los Angeles.

B24-007.isk

Attachments

Approved: 6/13/2024
Board of Transportation Commissioners

Commission Executive Assistant