

LOS ANGELES FIRE DEPARTMENT

MILLAGE PEAKS
FIRE CHIEF

December 21, 2010

BOARD OF FIRE COMMISSIONERS
FILE NO. 10-150

TO: Board of Fire Commissioners
FROM: Millage Peaks, Fire Chief *mlp*
SUBJECT: REPORT ON MATRIX CONTRACT

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

Recommendations: That the Board:

1. Instruct the Administrative Services Bureau to report back at scheduled intervals the on-going status of the Fee Analysis Projects being performed by Matrix Consulting, and;
2. Receive and File this report

Summary:

On March 25, 2010, the Administrative Services Bureau identified the need of an independent third party to review, analyze and provide recommendations on three key programs for the LAFD. To expedite the process, the LAFD identified and utilized an existing City contract between Matrix Consulting Group and the Office of the City Controller.

On June 2, 2010, the LAFD and Matrix Consulting Group, with the approval of the City Controller's Office entered into an agreement to explore and report on the following areas:

1. Analysis of EMS costing data and fees.
2. Provide recommendations on the feasibility of a voluntary subscription program.
3. Develop a fee structure for the billing of treatment / non-transport calls for service.

The project team from Matrix Consulting Group consisted of the following:

- Richard Brady, President
- Chris Carlson, Senior Manager Technical Advisor
- Mark Carpenter, Senior Manager Technical Advisor
- Nicole Kissam, Sr. Project Manager and Lead Analyst

The cost of providing these reviews and analyses was \$43,650. As of October 28, 2010 the LAFD has compensated Matrix Consulting Group a total of \$23,738.

As of October 28, 2010, the LAFD has received the following draft reports from Matrix Consulting Group:

1. Analysis of the EMS Costing Model of the Los Angeles Fire Department.
2. Feasibility Study for the implementation of a Voluntary Subscription Program (VSP) for Ambulance Service Fees.

In addition to these reports, Matrix Consulting Group was in the Los Angeles area and met with LAFD staff on November 4, 2010 to go over the draft reports and provide an update on their progress to completing the development of a fee structure for the billing of treatment / non-transport (T/NT) calls for service. In a phone conversation with the company in mid-October, the company acknowledged that additional information was required by Matrix staff in order to conclude the study of T/NT fees.

At the meeting on November 4, 2010, the LAFD team met with Richard Brady and Chris Carlson of Matrix. The LAFD team comprised of Georgia Mattera, Sal Martinez, Mariana Rivera, Muriel Gee and Bill Jones. The LAFD team notified Matrix that the EMS report needed additional clarifications in the report and the addition of an executive summary with clear recommendations. The team also advised Matrix that the VSP report contained errors and to go back and review the report for necessary corrections.

Matrix Consulting returned the EMS and VSP reports for the teams review. Again, Matrix had missed the mark on both reports. The EMS report had some corrections and the addition of a massive table that summarized the report as a whole, but did little to explain the report. On the VSP report, this was a report that some corrections were made, but the overall content of the report still left a great deal to be desired.

On December 8, 2010, after our inquiry, Matrix Consulting returned the T/NT report for review. On December 14, 2010, Bill Jones contacted Richard Brady of Matrix Consulting to explain that all the reports still contained flaws. Namely, that the EMS report still did not contain an executive summary that was comprehensible. Bill Jones asked Matrix to read the VSP report from front to back to fully understand that references were jumbled and incomprehensible throughout the report. On the T/NT report, a review of this report illustrated that the correlation between EMS fee structure and T/NT fee structure, though referenced, did not exist.

Matrix Consulting has acknowledged the concerns of the LAFD team and agreed to re-work these reports to address the issues raised. These reports are due early January 2011.

Conclusion:

Matrix Consulting Group (Matrix) continues to work on the three reports identified as crucial to LAFD administrative operations. The LAFD has received draft reports covering the EMS costing data and fees, and the feasibility of a voluntary subscription program. On December 15, 2010 Matrix indicated the drafts of all three reports are near completion and final drafts will be ready by late December 2010.

When completed these reports will provide an independent review on LAFD revenue operations and present the following information:

- 1) An analysis and evaluation on the EMS Cost data and methodology utilized to establish our current ALS/BLS transport fees. Included in this review will be a validation of the cost data and method used to establish these fees, and/or recommendations for the improvement in our cost analysis and fee structure.
- 2) Recommendation on the feasibility of implementing a VSP, and the potential cost and revenue from such a program. Also included will be an implementation schedule with projected revenue estimates and the required timeframe to recoup cost for implementation of this program.
- 3) Recommendation on the implementation of fee a structure for the billing of Treat-Non-Transport services calls, and the potential cost and revenue for these calls. Also to be provided will be the impact such a fee would have on current ALS/BLS fees and on collection of EMS revenues.

Matrix and the LAFD team continue to work to develop reports that are accurate and complete. A review of the materials is expected in early to mid-January 2011. Once completed, an executive level presentation will be provided to the Fire Chief and Executive staff members of the Department, with final edits and comments presented to the Board of Fire Commissioners in early 2011.

Board report prepared by Bill Jones, Senior Management Analyst II, Administrative Services Bureau.