

EMERGENCY MEDICAL SERVICE FUND

Description

The EMS Fund is a special revenue fund established by referendum in 1980, which allows up to 1.5 mills to be levied annually on a county-wide basis to finance the operation of a comprehensive county-wide emergency medical service system. This system provides advanced life support, emergency medical response and transport services to all residents and visitors of Pinellas County. The County maintains EMS contracts with 18 fire service agencies (first responders), and one ambulance provider (Paramedics Plus, operating in Pinellas County under the trade name "Sunstar"). The EMS System is funded by a combination of property taxes and ambulance user fees. The ambulance user fees support the ambulance contractual expenditures and property taxes support the first responder expenditures.

The EMS System was established by referendum in 1980 by the Special Act (Chapter 80-585, Laws of Florida) that created the EMS Authority as a Dependent Special District. In 1988, Pinellas County Ordinance 88-12 solidified the current EMS system design. The Fiscal Policy guidelines within Ordinance 88-12 state that the Board of County Commissioners, sitting as the Emergency Medical Services Authority, directs the following fiscal policy guidelines that governs the financial operations of the County's EMS system: (a) to establish sound business controls and long term cost containment incentives throughout the County EMS system; (b) to provide adequate funding to upgrade all EMS components to state-of-the-art-levels, and to maintain that progress in future years; (c) to provide for long term financial stability sufficient to sustain quality EMS operations far into the future; (d) to reduce the County EMS system's excessive dependence upon local tax support by developing a more balanced approach to EMS funding; and (e) to provide the Board of County Commissioners with a wider range of EMS financing options than have been available in the past.

Summary

The Emergency Medical Service (EMS) Fund is sensitive to property values as it is funded by ad valorem (property) tax revenue collected from property owners countywide and ambulance user fee revenues. Property tax revenues declined dramatically in recent years due to the impact of statewide legislation on millage rates and a downturn in property values. With the economic recovery, property values are projected to increase 3.5% in FY2014.

The forecast for the EMS Fund indicates the fund is not balanced over the forecast period. On the revenue side, the FY2013 Adopted Budget included an increase of 0.0652, or 7.7%, in the countywide EMS millage rate from 0.8506 to 0.9158. The rate will continue at the current millage of 0.9158 for the FY2014 Budget, which maintains the status quo with respect to level of service and the delivery system. The millage rate is not enough, over the forecast period, to fund the system and maintain the fund's reserve at 25% pursuant to Board policy adopted by ordinance. The forecast estimates the reserve at 25.9% in the FY2013 ending fund balance. The estimated reserve percentage decreases to 22.9% at the end of FY2014. If the tax rate is not increased in FY2015, or expenditures are not significantly reduced, expenditures in the EMS Fund are projected to exceed revenues by an increasing amount each year from FY2015

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through FY2023. In FY2015, the projected reserve drops to about 18%, and it declines to about 1% by the end of FY2017. This leaves approximately \$1M in the beginning fund balance for the projected \$13M deficit in FY2018.

The County contracted with the consulting firm Fitch & Associates to analyze and compare costs for three variations of EMS service under consideration for Pinellas County: 1) the current EMS system; 2) the system as proposed in the Integral Performance Solutions (IPS) Study; and 3) the Sanford-Millican proposal for fire based transport. Fitch further evaluated an alternate version of Sanford-Millican and an alternate configuration of their design referred to as CARES. The study was completed in July 2013. The Board of County Commissioners held workshops in July and August 2013 to discuss the results, and directed staff to work with municipalities and districts on reducing the cost of excess capacity and addressing long term financial stability.

The current ambulance service contract is in effect through FY2014, with a one year extension option. First responder contracts are currently funded based on actual first responder costs as defined in Board Resolution 09-38. It is expected that a combination of revenue increases and expenditure savings will be needed to address projected deficits and increase reserves to a sustainable level throughout the forecast period.

Revenues

The primary funding sources for the EMS Fund are ambulance user fees and property taxes.

Ambulance User Fees

The ambulance service user fees provide funding for the ambulance program, which includes the ambulance provider (Paramedics Plus) contractual expenditures, ambulance billing costs, and ambulance program support costs. Ambulance user fees are based on transport volume and transport charges. An average retail rate charge is \$640 per transport. The County bills Medicare, Medicaid, private insurance, and various other payors for transport service. Billing for the service is done by Pinellas County. The collection rate is currently about 70% (net of Medicare/Medicaid non-allowable charges) of billing for the transport service. The County provides transports for non-emergencies and mental health transports as well. The County utilizes the 9-1-1 System to dispatch calls for the proper response to the call. Ambulance user fee revenue is projected to reach \$45.9M in FY2014 and then increase by 2% annually over the forecast period. The Board of County Commissioners has the authority to increase ambulance user fees as necessary. In addition, Board Resolution 89-208 calls for an automatic increase in user fee rates by the percentage increase in the medical consumer price index for the previous year until the prudent reserve level is reached (25%). The retail rate increase for FY2014 is 3.1%.

The County also offers an ambulance user fee membership program that citizens can join to minimize the cost of EMS transports. Membership revenue is projected to generate \$262.9K per year through the forecast period.

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Property Taxes

Property taxes are used to fund the first responder program. Property tax revenues have decreased significantly since FY2008 due to legislative rollbacks, the passage of Amendment One, the decline in the real estate market and the recession.

The EMS millage rate is a county-wide millage rate that remained flat at 0.5832 from FY2008 through FY2011. During this period, actual ad valorem revenue decreased each year, from \$42.6M in FY2008 to \$30.6M in FY2011. The Board of County Commissioners has the authority to increase or decrease the millage rate, and in FY2012 the millage rate was increased to 0.8506. This resulted in Ad Valorem revenues recovering to \$42.2M and finishing FY2012 with a net gain in revenues over expenditures. For FY2013, a millage rate of 0.9158 was approved in order to balance the budget and approach a beginning balance/reserve of 25% (level set by County Ordinance, approved by the Board on December 20, 2011). The millage cap for this revenue is 1.5000 mills. With the millage increase, tax revenue increased \$2.0M from actual FY2012 to estimated FY2013, but the EMS Fund is still projected to use \$279K from the fund balance. Without another millage increase, or significant expenditure reductions in the next two years, the fund balance continues to decrease each year until it is depleted at the start of FY2018.

Emergency Medical Service Fund
Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget \$ (000's)
2014	0.9158	\$ 45.4
2013	0.9158	\$ 43.8
2012	0.8506	\$ 41.6
2011	0.5832	\$ 30.0
2010	0.5832	\$ 33.6
<i>Note: Budget figures are at 95% of revenue</i>		

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures in FY2014 totaling \$94.4M for its operations. The primary expenditures in the fund are \$40.1M for payments to the ambulance contractor, \$41.0M for contractual payments to the eighteen first responders, \$1.38M for transfers to the Property Appraiser and Tax Collector, \$11.6M in program support and billing of ambulance claims, and \$200K in the Trust Fund Grant.

Ambulance Contractor Payments

The County contracts with Paramedics Plus for the County's SUNSTAR ambulance system. Contracts with the County's ambulance provider were renegotiated in FY2012 with an annual reduction to base service payments of \$2 Million. A 6% increase is included in the forecast from FY2014 through FY2023 to account for annual CPI increases and increases to transport volume.

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However, once the contract is up for negotiation, expenditures may change as the economy rebounds and fuel and labor costs and other factors change.

First Responder Contractual Payments

The County contracts with the eighteen first responder EMS providers that respond to calls using paramedics and that utilize Advanced Life Support (ALS) or Basic Life Support (BLS) equipment and personnel. During FY2014, budgets submitted by the 18 agencies included an overall increase of 2.2%.

In FY2014, the first responder agreements also include an agreement of \$37.4K to Eckerd College for basic life support water rescue.

EMS Contracted First Responder Providers
City of Clearwater Fire Rescue
City of Dunedin Fire Department
East Lake Tarpon Special Fire Control District
City of Gulfport Fire Rescue
City of Largo Fire Rescue
Lealman Special Fire Control District
City of Madeira Beach Fire Department
City of Oldsmar Fire Rescue
Palm Harbor Special Fire Control District
City of Pinellas Park Fire Department
Pinellas Suncoast Special Fire Control District
City of Safety Harbor Fire Department
City of Seminole Fire Rescue
City of South Pasadena Fire Department
City of St. Pete Beach Fire Department
City of St. Petersburg Fire Rescue
City of Tarpon Springs Fire Department
City of Treasure Island Fire Department

EMS Program Support Costs

The County incurs program support costs (Personal Services and Operating Expenditures) to support the EMS program. These costs are allocated between the ambulance function and the first responder function.

Costs allocated to both functions include the Medical Director contract, St. Pete College training expenses, communication and EKG equipment and maintenance, capital outlay, and personnel and operating expenses to administer all contracts within the program.

The FY2014 Ambulance program support expenditures of \$7.5M pay for those support items listed above and the ambulance billing function that includes a staff of 34. The FY2014 First Responder program support expenditures of \$4.1M include those allocated support items listed above.

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Transfers

The Emergency Medical Service fund has transfers to the Property Appraiser and Tax Collector to cover the costs for collection of ad valorem revenues. FY2014 costs for this function are \$1.38M. Commissions for the Property Appraiser and Tax Collector are pursuant to Florida Statutes.

Reserves

Pinellas County Ordinance 88-12, which was amended with Resolution 89-208, authorizes the establishment of a prudent reserve equal to one-third of the annual budget for this fund. On December 20, 2011, the Board approved changing the prudent reserve amount to 25%. Reasons for such a high reserve level include disasters, such as a hurricane, where a large amount of equipment/vehicles may need to be replaced quickly to sustain EMS service and enough working capital for a potential transition, if contract requirements are not met by the service provider. In addition, this reserve level will provide cash flow needs in the event of interruptions to ambulance collections due to a disaster or a Medicare and/or Medicaid audit. With high monthly contractor payments, it is critical that cash flow needs are met. With FY2012 actual revenue coming in \$3M higher than budget, the year ended with the reserve at 28%. On a forecast basis, with Ad Valorem revenue at 96% and Ambulance revenues at 100%, the estimated reserve level is projected at 25.9% for the end of FY2013. Without additional increases in the millage rate (beyond 0.9158), or substantial decreases in expenditures, the reserves are forecasted to decline to 22.9 % in FY2014, 17.6% in FY2015, and 10.3% in FY2016. Reserves would be almost depleted in FY2017 and provide only \$1.0M toward a projected deficit of \$13.1M in FY2018.

Ten-Year Forecast

Key Assumptions

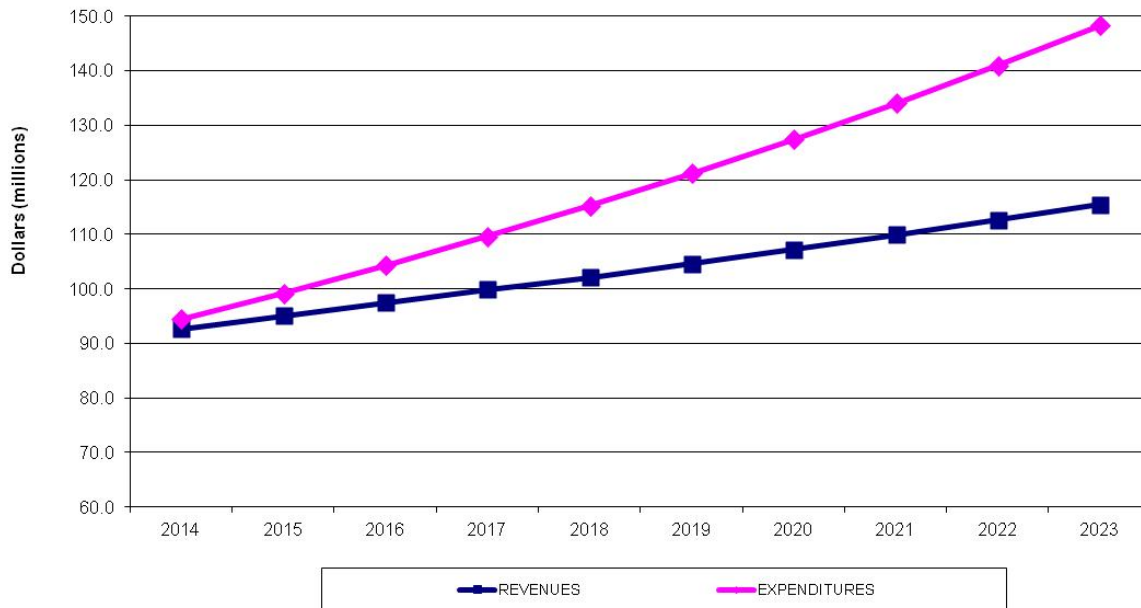
The EMS countywide millage is assumed to remain at the adopted FY2014 rate of 0.9158 mills through the forecast period. Taxable values should begin to recover as the economy improves and the housing market rebounds. Ad Valorem tax revenue is projected to grow 3.0% in FY2015, and continue with a 3% annual growth factor from FY2016 to FY2023. During the forecast period, ambulance revenue user fees are estimated to increase by 2.0%, which aligns with projected increases to transport volume.

First responder contractual expenditures increased 5% from FY2012 to FY2013, increased 2.2% in FY2014, and are estimated to increase at 5% per year through the forecast period of FY2015 to FY2023.

Contractual payments to the ambulance contractor are assumed to increase by 6% through the forecast period as contracted expenditures will increase due to increased transport volume and increases in the CPI as stipulated in the contract. The County will work with the provider to negotiate the lowest possible contract while still maintaining quality service.

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Emergency Medical Services Fund Forecast FY2014 - FY2023



Key Results

In the chart for the total EMS Fund above, the forecast shows expenditures exceeding revenues over the forecast period. Balance for FY2013 was achieved through the FY2013 millage rate increase and use of reserves. Without a millage rate increase and/or expenditure savings, \$1.8M of fund balance will be needed to support FY2014 requirements. Reserves will decrease to 22.9% by the end of FY2014 and continue dropping until exhausted after FY2017. This assumes no changes to the EMS system design.

Potential Risks

A major variable impacting future revenues for this fund is ad valorem revenue and taxable values. As taxable values begin to rebound, the opportunity for higher revenues may increase. If market values grow more slowly or decline, revenue would be negatively affected.

Another factor in future revenues will be ambulance user fee revenues. It is unknown how Health Care Reform will impact ambulance user fee revenue. In addition, the ambulance contract will be up for re-negotiation in FY2014 with potential impacts to expenditures.

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Tourism and inflow into the local area of more visitors and residents will impact the number of users of the EMS system.

Continued aging of the general population (baby boomers) could result in more transport volume in the ambulance area.

Results from the operational study may impact future revenues and expenditures for the EMS system, particularly if significant changes are made to the system design.

Balancing Strategies

The forecast shows that the fund is not in balance over the forecast period. Future balancing strategies will be developed from information gathered in the EMS system operational study.

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EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad Valorem Revenue (@95%)	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Ambulance Svc Contract Fees	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Ambulance Annual Members Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Revenue (EMS Trust Fund)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues (ref of prior yrs exp)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES										
Personal Services	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Operating Expenses-First Resp Med Supplies	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Outlay	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Ambulance Contract	5.1%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
EMS Trust Fund Grant Expenditures	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants & Aids (First Responder Agmts)	2.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth	2.0%	2.2%	2.2%	1.8%	1.4%	1.5%	1.7%	1.6%	1.6%	1.6%
Estimated New Construction % of tax base	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

(in \$ thousands)	FORECAST (@ 96% Ad Valorem Revenue and @100% Ambulance Revenue)												
	Actual 2012	Budget 2013	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	21,371.3	21,246.3	23,686.0	23,406.9	21,652.9	17,464.5	10,716.4	1,016.1	(12,115.7)	(28,671.4)	(48,865.6)	(72,966.6)	(101,259.7)
REVENUES													
Ad Valorem Revenue @95%	42,211.2	43,852.1	44,203.3	45,374.8	46,736.1	48,138.1	49,582.3	51,069.7	52,601.8	54,179.9	55,805.3	57,479.5	59,203.8
Ambulance Svc Contract Fees @ 95%	43,996.8	41,526.6	44,962.2	43,568.4	44,439.8	45,328.6	46,235.1	47,159.8	48,103.0	49,065.1	50,046.4	51,047.3	52,068.3
Ambulance Annual Members Fees	222.5	199.5	210.0	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9
Grant Revenue (EMS Trust Fund)	15.9	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0
City Off Fees (TC & PA)	291.8	267.6	267.6	267.6	270.3	273.0	275.7	278.5	281.3	284.1	286.9	289.8	292.7
Interest	134.8	136.0	100.2	155.4	216.5	349.3	321.5	30.5	-	-	-	-	-
Other revenues (refund of prior yrs exp)	58.8	25.6	79.1	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Adjust Tax Revenues to 96%	-	-	-	477.6	492.0	506.7	521.9	537.6	553.7	570.3	587.4	605.0	623.2
Adjust Ambulance Revenues to 100%	-	-	-	2,293.1	2,338.9	2,385.7	2,433.4	2,482.1	2,531.7	2,582.4	2,634.0	2,686.7	2,740.4
TOTAL REVENUES	86,931.8	86,207.4	90,022.4	92,649.8	95,010.4	97,502.4	99,895.1	102,087.6	104,605.3	107,219.9	109,902.7	112,655.5	115,480.3
% vs prior year	16%	-1%	4%	3%	3%	3%	2%	2%	2%	2%	3%	3%	3%
TOTAL RESOURCES	108,303.1	107,453.7	113,708.4	116,056.7	116,663.3	114,966.9	110,611.5	103,103.7	92,489.5	78,548.5	61,037.1	39,688.9	14,220.6
EXPENDITURES													
Personal Services	2,703.6	2,884.9	2,958.3	3,268.2	3,398.9	3,534.9	3,676.3	3,823.3	3,976.3	4,135.3	4,300.7	4,472.8	4,651.7
Operating Expenses	4,372.3	5,867.8	5,707.1	5,538.2	5,637.9	5,733.7	5,848.4	5,959.5	6,084.7	6,206.4	6,330.5	6,457.1	6,586.2
Operating Expenses - First Responder													
Medical Supplies	1,088.5	1,236.0	1,236.0	1,236.0	1,273.1	1,311.3	1,350.6	1,391.1	1,432.9	1,475.8	1,520.1	1,565.7	1,612.7
Capital Outlay	469.9	790.0	890.9	1,598.0	1,626.8	1,654.4	1,687.5	1,719.6	1,755.7	1,790.8	1,826.6	1,863.1	1,900.4
Ambulance Contract	36,657.5	38,200.0	37,875.0	40,140.0	42,548.4	45,101.3	47,807.4	50,675.8	53,716.4	56,939.4	60,355.7	63,977.1	67,815.7
EMS Trust Fund Grant Expenditures	15.9	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0
Grants & Aids (First Responder Agmts)*	38,198.4	40,156.6	40,156.6	41,040.8	43,092.8	45,247.5	47,509.9	49,885.3	52,379.6	54,998.6	57,748.5	60,636.0	63,667.8
Trfrs to PA & TC	1,111.0	1,277.6	1,277.6	1,382.6	1,416.8	1,459.3	1,503.1	1,548.2	1,594.7	1,642.5	1,691.8	1,742.5	1,794.8
Expenditure Lapse 1%													
* Amt Includes Eckerd Contract													
TOTAL EXPENDITURES	84,617.1	90,612.9	90,301.5	94,403.8	99,198.7	104,250.5	109,595.4	115,219.4	121,161.0	127,414.0	134,003.7	140,948.6	148,268.3
% vs prior year	1%	7%	7%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
ENDING FUND BALANCE	23,686.0	16,840.8	23,406.9	21,652.9	17,464.5	10,716.4	1,016.1	(12,115.7)	(28,671.4)	(48,865.6)	(72,966.6)	(101,259.7)	(134,047.7)
Ending balance as % of Expenditures	28.0%	18.6%	25.9%	22.9%	17.6%	10.3%	0.9%	-10.5%	-23.7%	-38.4%	-54.5%	-71.8%	-90.4%
TOTAL REQUIREMENTS	108,303.1	107,453.7	113,708.4	116,056.7	116,663.3	114,966.9	110,611.5	103,103.7	92,489.5	78,548.5	61,037.1	39,688.9	14,220.6
REVENUE minus EXPENDITURES	2,314.7	(4,405.5)	(279.1)	(1,754.0)	(4,188.3)	(6,748.1)	(9,700.3)	(13,131.8)	(16,555.7)	(20,194.1)	(24,101.0)	(28,293.1)	(32,788.0)
(NOT cumulative)													
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	2,314.7	(4,405.5)	(279.1)	(1,754.0)	(4,188.3)	(6,748.1)	(9,700.3)	(13,131.8)	(16,555.7)	(20,194.1)	(24,101.0)	(28,293.1)	(32,788.0)

1) FY2013 estimate reflects the new ordinance passed by Board action on December 20th, 2011, to maintain as close as possible, a 25% Beginning Fund Balance. Reserve balance declines going into FY2014 and is depleted in early FY2018.

2) EMS Millage increased from 0.5832 in FY11 to 0.8506 in FY12, then increased to 0.9158 in FY13, and is assumed to remain flat through FY14 and the remainder of the forecast period. Maximum annual EMS levy is 1.5000 mills.

3) Assumes estimated Ad Valorem revenue is at 96%, except the FY13 Adopted Budget, which remains at 95% per statute.

4) Assumes estimated ambulance revenue is at 100%, except the FY13 Adopted Budget, which remains at 95% per statute.

5) The First Responder Agreements reflect a 5% increase in FY2015 and the remaining forecast years. This does not reflect any changes in service.

6) The Expenditure lapse is not calculated on this fund as the majority of the expenditures within this fund are contractual and are fully expended each year.