

Increasing Accountability With Ambulance Services

Budget Work Session

April 19, 2022



OFFICE OF
**THE CHIEF
ADMINISTRATIVE
OFFICER**



Change in City Philosophy

- Establish parameters with our partners
- Clearly define expectations and performance targets
- Ensure city dollars are being used wisely – value for money
- Review annual agency audits
- Scrutinize budget requests and performance – including authorities
- Continually monitor, evaluate, and assess

Origin of Richmond Ambulance Authority (RAA)

- Created by the Virginia General Assembly in 1991 and empowered by the City of Richmond to be the provider of ambulance emergency medical services in Richmond
- Created with the requirement it meet both stringent response time performance measures and exacting clinical standards as established under a Public Utility Model (PUM)
- Established to place the patient first and **guarantee** its performance to the city's residents and to the city
- The city's subsidy helps cover uninsured and indigent populations who are unable to pay for ambulance transport services
- RAA is a non-departmental component unit of the city and is part of the financial statements

Source: RAA Final FY 2022 and RAA FY2023 First Draft Budget Proposal dated March 23, 2022

Created as a Public Utility Model (PUM)

A type of emergency medical service (EMS) system in which:

- **The government:**
 - Contracts for emergency medical services from a service provider
 - Controls EMS capital assets and accounts receivable
 - Regulates and oversees system performance
- **The EMS provider:**
 - Provides dispatchers, emergency medical technicians (EMTs), paramedics
 - Oversees the day-to-day operations of the system
 - Must meet or exceed performance requirements, which may include timeliness

Is RAA Currently a Public Utility Model (PUM)?

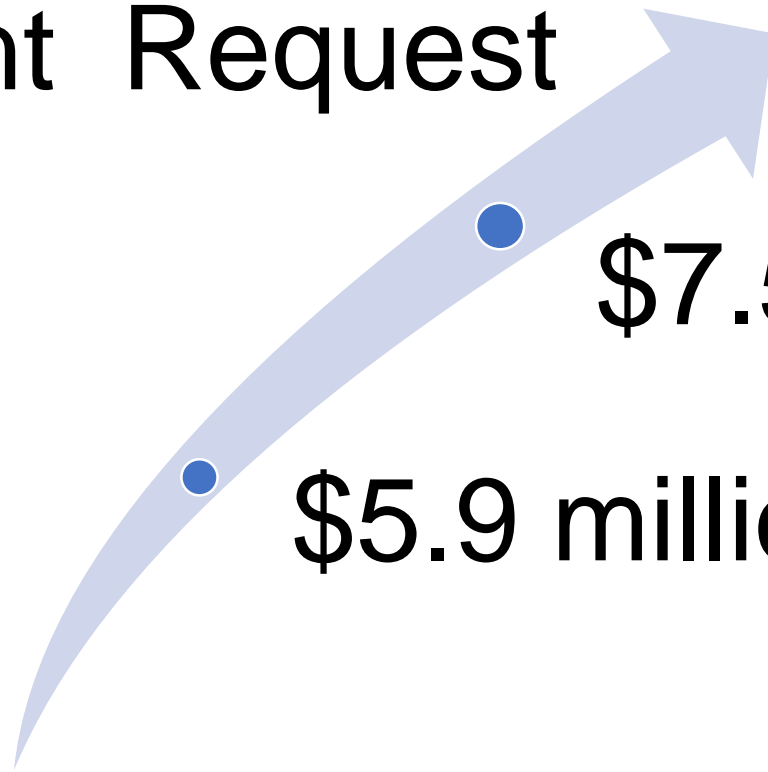
- Prior to 2007, the RAA adhered to the PUM model:
 - Provided oversight of their contracted service provider(s)
 - Enforced repercussions for a lack of performance as mutually agreed under the service contract
 - Ultimately, terminated their last contract as a result of a lack of performance regarding response time
- Since 2007:
 - RAA serves as both the oversight body and the service provider
 - There is no independent oversight or verifying the data
 - There is no independent oversight in granting of exceptions

Subsequent Request

\$7.5 million

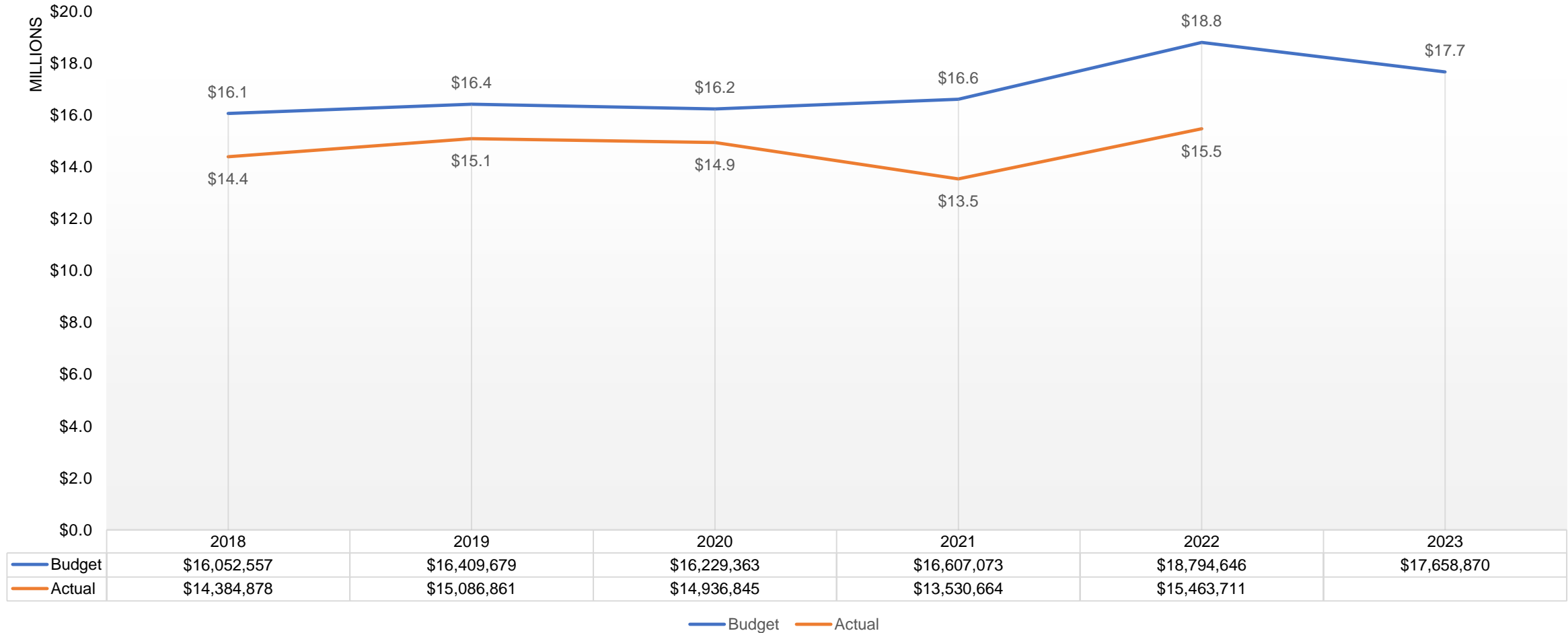
Initial Request

\$5.9 million



An average of \$14.7 Million is Spent on Personnel

Budget vs. Actual Personnel Expenditures



Source: RAA Budget Documents, FY 2022 reflects data projected in RAA's FY 2023 First Draft Budget

Over Budgeting Personnel Expenses

- RAA is projecting to spend \$15.4 million in FY2022, even though \$18,794,646 was budgeted
- This is a variance of over \$3.0 million in the current year

	FY 2021 Actual	FY 2022 Projected
Personnel	\$13,530,664	\$15,463,711

Source: RAA FY2023 First Draft Budget Proposal dated March 23, 2022

Staffing Overview

Fiscal Year	FY2022	FY2023
Authorized positions	231	
Actual staffed <small>(as of December 31, 2021, Board Report includes full and part-time employees)</small>	202	
Budget request		241

Source: RAA FY 2023 First Draft Budget. FY 2022 amount is based on the financial information provided by RAA to the City of Richmond.

FY 2023 Collection Rate Seems to be Under Projected

RAA has seen an upward trend in the collection rate.

FY 2023 seems to reverse that trend.

Fiscal Year	Colletions
2018	45%
2019	44%
2020	50%
2021	51%
2022*	55%
2023**	47%

Projected*

Budgeted**

Source: Figures computed from RAA Budget for Fiscal Year Documents 2017 through 2023. FY 2022 amount is based on the financial information provided by RAA to the City of Richmond.

Revenue Estimates Should be Based on Historical Collections and Other Known Changing Factors

- In previous years, the collection rate has been at or above 50 percent
- As of January 2022, collections are at 54.96 percent for FY 2022
- Medicare has also recently increased the reimbursement
- Given these changes, the FY 2023 is underestimated

Fiscal Year	Net Service Revenues (\$)	Collection Rate (%)
FY 2020 (actual)	15,848,257	50%
FY 2021 (actual)	14,233,994	51%
FY 2022 (projected)	12,561,093	55%
FY 2023 (budget)	12,287,606	47%

Source: RAA FY 2023 First Draft Budget . FY 2022 amount is based on the financial information provided by RAA to the City of Richmond.

Estimating the Potential

If the collection budget projection was based on actuals, an additional \$2.1 million could be included

Collection Rate	Percent increase	Dollar Increase
47%	N/A	N/A
51%	4%	\$1,045,652
55%	8%	\$2,091,304

Transports Have Declined

Non-Emergency

<u>Year</u>	<u>Responses</u>	<u>Transports</u>
2017	14,259	13,579
2018	15,186	14,527
2019	15,383	13,755
2020	13,615	13,090
2021	11,281	11,004

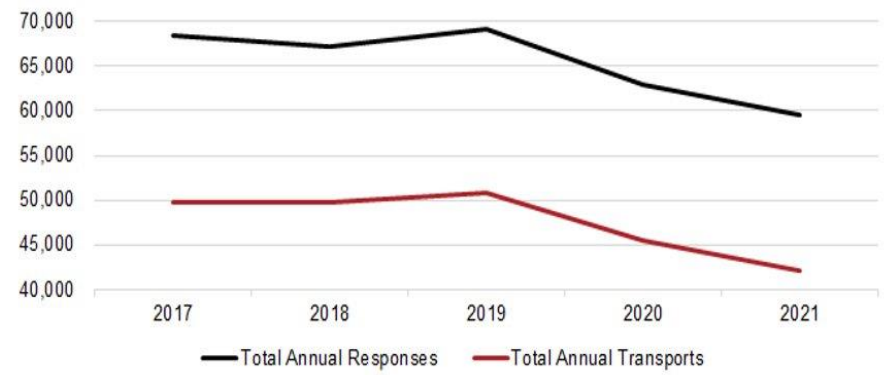
Change	-2,978	-2,575
% Change	-21%	-19%

911 (Emergency)

<u>Year</u>	<u>Responses</u>	<u>Transports</u>
2017	54,104	36,140
2018	52,006	35,191
2019	53,787	37,034
2020	49,348	32,329
2021	48,178	31,157

Change	-5,926	-4,983
% Change	-11%	-14%

Responses and Transports 2017-2021

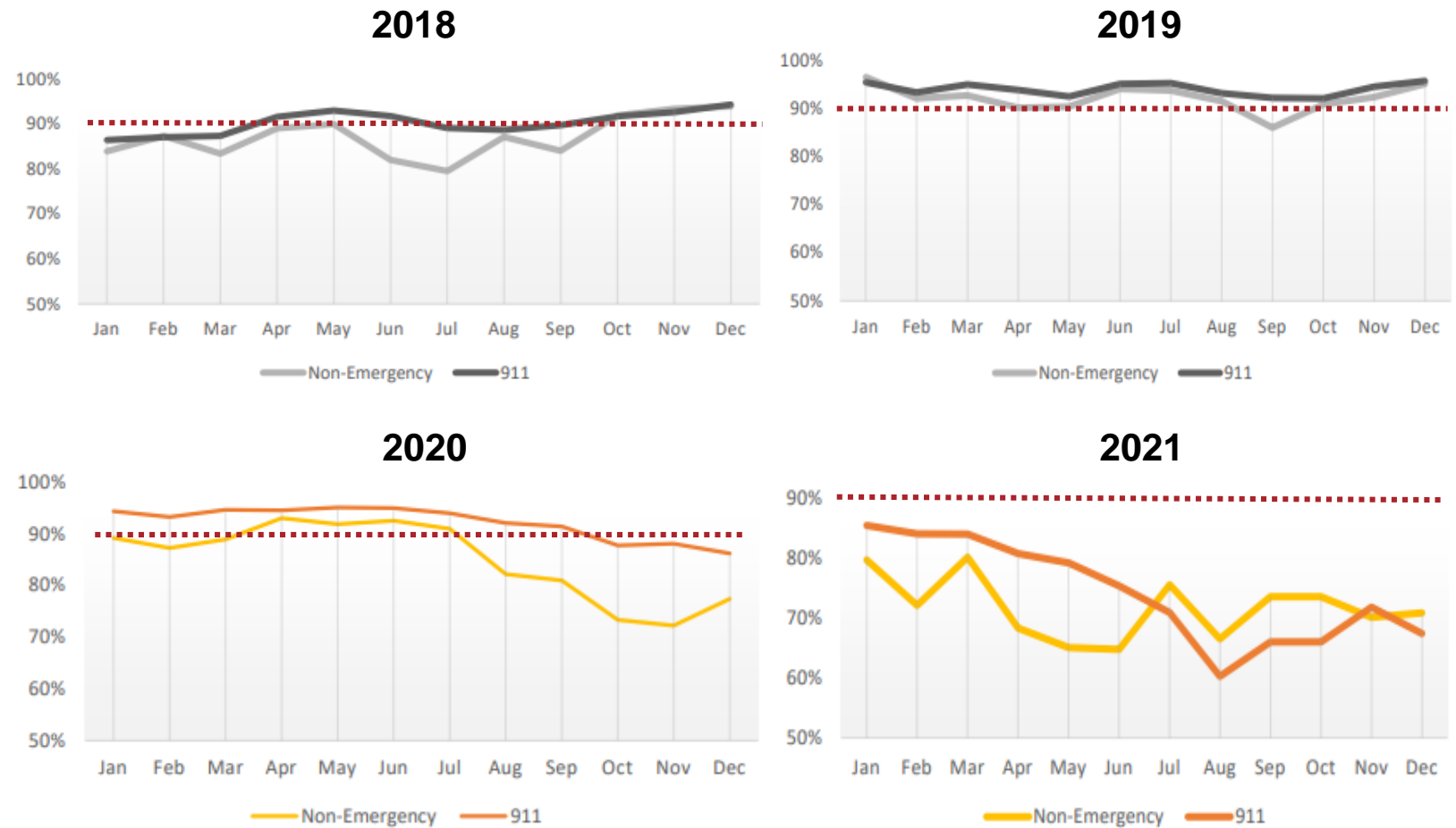


Source: RAA Annual Reports 2017-2021

Response Time Targets Have Not Been Achieved

- From 2018 through Q3 of 2020 RAA was above, or near, this performance target
- From Q4 of 2020 through the end of 2021, RAA did not meet this performance target once

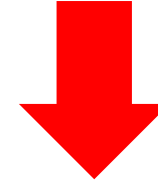
RAA Response Time 2018-2021



Source: RAA Annual Financial Reports, Red performance target superimposed

The Increased Budget Request is not Justified

Transports



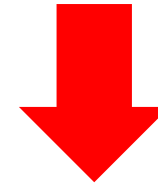
Response Time



Collections



Personnel Expenditures



City Request



Before Additional City Funds are Provided...

An independent review is needed to review:

- (1) Financial operations and budgeting principles
- (2) Adherence to the higher service delivery targets of the PUM
- (3) Overall emergency service model