

Agenda
Village of Glen Ellyn
Regular Village Board Workshop
Monday, December 6, 2010
Immediately Following Special Village Board Meeting
Galligan Board Room
Glen Ellyn Civic Center

1. Call to Order
2. Public Comments?
3. Review of December 13 Village Board Meeting Agenda
4. Paramedic Service Evaluation – Village Manager Jones **(Pages 1-4)**
5. Other items?
6. Motion to adjourn to executive session for purposes of discussing personnel without returning to open session thereafter. *(Trustee Henninger)*

Bond Workshop
12/6/10
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To: President & Village Board
From: Steve Jones, Village Manager
Date: November 30, 2010
Re: Paramedic Service Evaluation – Year One

Background

As you know, we have been awaiting sufficient financial data to provide you with an analysis of the first year results of our switch to a new EMS program and service provider. Our acting Finance Director is confident that the collections have caught up with the billings from the initial contract start-up, and the data can be sufficiently analyzed to identify the results of the program change.

As a refresher, the EMS program previously consisted of a 24-hour unit that was funded directly by users, along with a 12-hour unit that was funded by the Village. All revenues were handled directly with the previous provider. Both ambulances were the property of the service provider, who was also responsible for maintenance, equipment and supplies.

The new system implemented two 24-hour units that were both funded by the Village. The Village took over billing (via Metro's billing service). Both ambulances are the property of the Village, and we are responsible for all maintenance, equipment and supplies. The analysis will analyze all aspects of the revenues and expenses to identify the true outcome.

The acting Finance Director's analysis and backup data are attached as exhibit 1.

Issues

Two financial comparisons are relevant to the discussion. Each is identified below:

How did the PSSI results compare with other proposals? When the Village decided to increase the level of service to provide two, versus one and a half EMS units, the decision to solicit service proposals was also made. Three EMS providers submitted proposals in response to our RFP, with one provider also submitting an alternate proposal for consideration. This alternate was not in conformance with our specifications, but was considered and analyzed prior to the final recommendation.

Following analysis of proposals, the Village staff recommended that PSSI be awarded the contract, and this recommendation was subsequently approved by the Village Board. When we compare the year one results of changing the format of our program, and accepting the PSSI proposal, the overall net savings are identified as follows:

Savings (PSSI vs. Metro alternate)	\$ 84,152
Savings (PSSI vs. Kurtz)	\$120,000
Savings (PSSI vs. Metro)	\$151,290

It should be noted that these results clearly demonstrate that the Village Board made the proper financial decision with regard to the vendor changes. However, it should be noted the savings are less than initially projected by staff. Our estimates had been for a minimum savings of \$500,000 through the selection of PSSI over the Metro alternative proposal over the five-year PSSI contract. It would now appear that the savings would be closer to \$400,000 over the five-year contract.

How did the cost of two 24-hour units compare with the previous program?

As mentioned previously, the Village increased EMS coverage from one and a half to two ambulances. This change was made due to the need to reduce our dependence on mutual aid (as required by Wheaton), and insure that response time was not affected by greater travel distances associated with mutual aid response. The additional expenses related to this program change could not be identified until now. The direct comparisons of the two programs are identified as follows:

Metro (One and one half ambulances)	\$270,682
PSSI (Two ambulances)	\$310,848
Increased program cost	\$ 40,166

Other Program Considerations

Obviously, the success of an EMS program change cannot be solely measured in monetary terms. Major aspects of a successful program involve the quality of the service, personnel, operating protocols, and professional culture of the firm's paramedics. Our Fire Chief has been extremely pleased with PSSI.

In addition, it should be noted that PSSI donated a used ambulance to the Village that has proven invaluable during service periods of our new ambulances. The monetary value of this donation was not included in the financial calculation.

Recommendation

Information only

Attachments

Exhibit 1 – Acting Finance Director analysis of ambulance program.



To: Steve Jones, Village Manager

From: Larry Noller, Acting Finance Director 

Date: November 29, 2010

Re: PSSI Ambulance Service – Year One Analysis

Background

Per your request, I have performed an analysis of the Village's costs for the first year of the PSSI ambulance service. PSSI's contract began on June 15, 2009. As part of this contract, the Village transitioned from providing one 24 hour ambulance and one 12 hour ambulance to providing two 24 hour ambulances. The contract also changed the billing arrangement so that the Village collected all revenues and paid for all expenses. Previously, the Village received one 24 hour ambulance at no charge, while the provider kept all revenue and the Village paid for the full cost of the second 12 hour ambulance offset by any revenue generated.

For the period from June 15, 2009 thru June 14, 2010, there were approximately 1,500 billable calls for service. These calls generated over \$1.5 million in charges. Due to legally mandated adjustments for Medicare and Medicaid, the charges have been reduced by approximately \$466,000. Of the remaining charges, nearly \$667,000 has been collected to date. Due to the lag from billing to collection, the first receipts under the new arrangement were not received by the Village until October 2009. Now that it has been nearly six months since the end of the first year of the new service, we can assume that most of the collectable amounts have been received and the remaining outstanding balances will likely be sent to a collection agency.

The attached schedule details the expenses incurred by the Village to provide ambulance service for the first year of the PSSI contract. These include the PSSI paramedic service, the PBS billing service, supplies, fuel and repair costs for the ambulances, and the five year amortized cost of the original purchase and outfitting of the two ambulance units. As noted above, I have assumed that the remaining outstanding collections will be written off and have included these as expenses.

As the schedule shows, the Village incurred a net cost of approximately \$311,000 to provide two 24 hour ambulances over the first year of PSSI's contract. For comparison purposes, the Village's cost to provide one 24 hour ambulance and one 12 hour ambulance under the previous contract was \$271,000 in FY2009. I have also included the estimated costs for the other bids received by the Village as part of the RFP process.

Action Requested

None – Informational only.

Attachments

- Ambulance Revenue/Expense Summary for June 15, 2009 thru June 14, 2010 with comparisons

**Village of Glen Ellyn
Ambulance Service**

	<i>Estimated Comparisons Based on RFP Responses</i>				<i>Actual - Previous Program</i>
	Actual		Kurtz		Metro
	PSSI	Metro		Metro	Metro
	Two 24-Hour Ambulances 6/15/09 to 6/14/10	Two 24-Hour Ambulances (RFP Response)	Two 24-Hour Ambulances (RFP Response)	Two 24-Hour Ambulances (Alternate Proposal Scenario)	1 1/2 Ambulance Coverage Fiscal Year 2008/09
Revenues					
Ambulance Service Charges	1,513,341	1,513,341	1,513,341	-	-
Total Revenues	1,513,341	1,513,341	1,513,341	-	-
Expenses					
Ambulance Service	(830,000)	(950,000)	(981,290)	(395,000)	(270,682)
PBS Billing Service	(32,711)	(32,711)	(32,711)	-	-
VFC Supplies	(4,854)	(4,854)	(4,854)	-	-
Ambulance Maintenance	(20,740)	(20,740)	(20,740)	-	-
Ambulance Fuel	(10,097)	(10,097)	(10,097)	-	-
Ambulance Purchase Amortization	(66,660)	(66,660)	(66,660)	-	-
Mandated Adjustments	(465,893)	(465,893)	(465,893)	-	-
Uncollectible Write Offs	(393,234)	(393,234)	(393,234)	-	-
Total Expenses	(1,824,189)	(1,944,189)	(1,975,479)	(395,000)	(270,682)
Net Gain/(Loss)	(310,848)	(430,848)	(462,138)	(395,000)	(270,682)
Difference From Actual	-	(120,000)	(151,290)	(84,152)	40,166