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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 11, 2022

RE: **Supplemental Emergency Medical Transport Program Funding**
Budget Transfer – Fire Department

The motions detailed below were prepared at the request of Finance Director Michelle Johansen and Fire Chief Rick Hines, who asked that these be placed before the City Council for consideration at its meeting of August 18, 2022.

As detailed in the transmittal memoranda from Ms. Johansen and Chief Hines, the City will soon be in receipt of approximately \$967,972 in Supplemental Emergency Medical Transport (SEMT) program funds through the State of Alaska. These funds are being offered through a new program for reimbursements to agencies like the City that provide emergency medical transport services and have incurred costs not covered by the fees for those services. Traditionally, the General Fund has absorbed the cost of these services not recuperated in payments received.

As the funds to be received in 2022 exceed what was projected and the City Council appropriated in the 2022 General Government Operating and Capital Budget and represent a significant revenue stream in the future, staff has identified three options for City Council consideration when determining how to best account for and direct the funds. As stated in Ms. Johansen's memorandum, staff recommends that the City Council create a special revenue fund for SEMT payments and allocate all, or at a minimum, 50% of the annual revenue to this fund for use by the Fire Department.

The Finance Director has developed a fund definition that will dictate the use of SEMT funds, also included in the attached memorandum. The amount of funding the City stands to receive on an annual basis is predicated upon the City demonstrating adequate maintenance of assets and personnel training to provide the emergency medical transport services. From staff's perspective, SEMT funds should be primarily directed toward Fire Department activities in furtherance of quality medical transport services, such as maintaining and purchasing necessary apparatus and equipment, staff training and development, etc. Utilizing these funds in this way will not only ensure a qualified workforce and fleet but will correspondingly lessen the Fire Department's need for General Fund support each year. In addition, as the SEMT funds stand to be substantial, the annual revenue will likely not be fully allocated each year and may provide a healthy funding source for major equipment, capital or apparatus replacement, rather than loans or bonding. The fund would also serve as supplemental reserves to support Fire

Department operations should General Fund appropriated reserves be weakened as a result of various economic factors such as those seen through the COVID-19 pandemic.

At this time, staff is seeking City Council direction on how to account for and use the anticipated and future Supplemental Emergency Medical Transport funds.

Finally, in considering the use and allocation of SEMT funds, Fire Chief Rick Hines has requested funding to provide proper training to three new Fire Fighter/EMTs this fall. The attached memorandum from Chief Hines details the proposed training and expenses needed to provide this training, totaling \$90,000. These expenditures were unforeseen and not accounted for in the adopted 2022 General Government Operating and Capital Budget, and a budget transfer from appropriated reserves of the General Fund to various accounts of the Fire Department will be needed until such time as SEMT funds are received and utilized to replenish this transfer from the General Fund. I concur with the Fire Chief's recommendation and the Finance Director's outlined approach to fund the necessary training expenses.

The Finance Controller Shawn Hart and Fire Chief will be attending the City Council meeting of August 18, 2022, in order to address any questions and/or concerns that Councilmembers may have.

Two motions have been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion taking such acting as determined appropriate regarding the use and allocation of the Supplemental Emergency Medical Transport program funds and authorizing the Acting City Manager to transfer \$90,000 from appropriated reserves of the General Fund to the Fire Department's 2022 Travel-Training Account No. 600.02 in the amount of \$44,500, Travel and Education Account No. 600.03 in the amount of \$25,500, Uniforms/Badges/Clothing Account No. 535.04 in the amount of \$2,000, and Special Protective Clothing Account No. 535.05 in the amount of \$18,000 for the purpose of funding necessary travel, training and associated expenditures for new Fire Fighter/EMT personnel.

Recommended Motion No. 1: I move the City Council take such action as determined appropriate regarding the use and allocation of the Supplemental Emergency Medical Transport program funds.

Recommended Motion No. 2: I move the City Council authorize the Acting City Manager to transfer \$90,000 from appropriated reserves of the General Fund to the Fire Department's 2022 Travel-Training Account No. 600.02 in the amount of \$44,500; Travel and Education Account No. 600.03 in the amount of \$25,500; Uniforms/Badges/Clothing Account No. 535.04 in the amount of \$2,000; and Special Protective Clothing Account No. 535.05 in the amount of \$18,000 for the purpose of funding necessary travel, training and associated expenditures for new Fire Fighter/EMT personnel.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Lacey G. Simpson, Acting City Manager/KPU General Manager

FROM: Michelle L. Johansen, Finance Director

DATE: August 9, 2022

SUBJECT: SEMT Funding and Budget Transfer for The Fire Department

The 2022 General Government Operating and Capital Budget included \$200,000 in estimated funding from a new program under the Alaska State Plan Amendment (SPA) 19-007, Title 7 of the Alaska Administrative Code, Chapter 145.750, Supplemental Emergency Medical Transport (SEMT) program that reimburses agencies that provide emergency medical transport services for costs not covered by fees for service. The City has been notified that funds from this program are expected to exceed the initial estimate by \$767,972 and will receive the funds by the end of September 2022. A budget amendment will be prepared to reflect the additional revenue expected in 2022 pending discussion of how to best direct the funds. Staff has identified three options for Council consideration.

The three options are as follows:

- Amend the General Fund Budget to reflect the additional revenue expected.
- Establish a special revenue fund to be used for Fire Department purposes only and share the revenues equally between the General Fund and the newly established special revenue fund.
- Establish a special revenue fund and deposit all of the revenues received from this program into the newly established fund for Fire Department use only.

Establishing a special revenue fund for the SEMT reimbursement can ensure the department is able to maintain an adequate level of emergency medical service to the community. In order to do this funds need to be available for training and equipment replacement. The cost of personnel and equipment used while providing emergency medical services is factored into the SEMT program cost reimbursement calculation. If the City does not maintain its assets at a reasonable level the reimbursement per call will go down and consequently reduce our funding reimbursement. For these reasons, staff is recommending all or at a minimum, 50% of the SEMT reimbursement be deposited into a Council approved special revenue fund. If the Council chooses to establish a new fund the following definition has been prepared for consideration:

“Supplemental Emergency Medical Transport Fund – This fund is used to account for *(insert 50% or 100%, dependent upon Council direction)* of the annual revenues received from the State of Alaska’s Title 7 of the Alaska Administrative Code, Chapter 145.750, Supplemental Emergency Medical Transport program. These revenues will be used to pay for Fire Department emergency medical services programs, capital projects, community programs and training of fire department personnel in order to update and maintain Fire Department medical equipment and staff.”

Since the 2022 General Government Operating and Capital Budget currently includes revenue in the amount of \$200,000 staff asks the Council to preserve this amount in the General Fund as it is currently budgeted. In addition to this, the Fire Department is currently in the process of hiring three

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candidates to replace one employee who retired in April and 2 employees that moved out of Ketchikan to pursue other employment opportunities. Training, uniforms and personal protective equipment for the three candidates was not included in the 2022 Fire Department Budget. Chief Hines has included a breakdown of the costs for travel, training, uniforms and special protective clothing needed to bring the candidates up to the appropriate service level. As a result an additional appropriation for the Fire Department is needed.

Two motions have been prepared for Council consideration, the first motion is needed to direct staff how the Council desires to utilize the SEMT funds and the second motion is a budget transfer from appropriated reserves of the General Fund for the Fire Department travel, training, uniforms and special protective clothing. With Council approval staff is also recommending that funds from the SEMT program be used to replenish the General Fund in the amount of \$90,000 and will reflect this in the budget amendment once staff has been given direction on how to utilize the SEMT funds.

Motion 1:

I move that the City Council direct staff how to utilize the Supplemental Emergency Medical Transport program funds.

Motion 2:

I move that the City Council authorize the City Manager to transfer \$90,000 from appropriated reserves of the General Fund to the Fire Departments Travel & Training Accounts 600.02 and 600.03 in the amount of \$44,500 and \$25,500 respectively and Uniforms/Badges/Clothing Account 535.04 in the amount of \$2,000 and Special Protective Clothing Account 535.05 in the amount of \$18,000.



KETCHIKAN FIRE DEPARTMENT

Integrity, Professionalism, Respect, Compassion, Teamwork, and Innovation
70 Bawden Street Ketchikan, Alaska 99901
Phone (907) 225-9616 – Fax (907) 225-9613
Fire Chief Rick Hines
e-mail: rickh@city.ketchikan.ak.us

Memorandum

TO: Lacey Simpson, Acting City Manager
FROM: Rick Hines, Fire Chief
DATE: June 2, 2022
SUBJECT: SEMT Funding for Medicaid Emergency Medical Transport

Acting Manager Simpson,

Supplemental Emergency Medical Transport (SEMT) Program is a voluntary program that will allow eligible publically opened and operated Medicaid emergency medical transport providers to receive supplemental payments for costs not covered by previously made payments for fee-for-service transports.

On August 31, 2019, Alaska State Plan Amendment (SPA)19-007, which outlines the SEMT program, took effect. This effective date determines which transports could be included in the SEMT program.

To take part in this program, a cost report must be submitted. There are several steps in the cost reporting process. First is submitting an annual cost report with supporting documentation, including post-audit financial statements, floor plans, call logs, etc. The second step is then performed by DHSS, where they do an initial review of the reports to ensure all documentation has been provided and then issue an interim payment, which is 50% of the estimated total cost of transporting all Medicaid-fee-for-service transports. DHSS also completes the third step. They complete a cost reconciliation and may ask for additional supporting documentation. Step four is the final settlement calculation with either a payment to or recoupment from the provider.

The Ketchikan Fire Department has already submitted two SEMT cost reports, with a third submitted by July 31, 2022.

- 2019 Cost Report was submitted for the entire calendar year of 2019, but only those transports from August 31 through December 31 will be eligible for reimbursement due to the effective date of the SPA. Per our cost report, we estimate that each transport in 2019 costs \$3,066.42. Our estimated interim payment is \$128,245. Payment should be received by the end of September 2022.
- 2020 Cost Report has also been submitted for the entire calendar year. We estimated that each transport in 2020 will cost \$4,388.55. Our interim payment should be \$839,727. Payment should be received by the end of September 2022.

The SEMT program intends to allow agencies providing EMS to maintain current service levels, update and improve equipment, develop new EMS-related programs, and improve EMS delivery in jurisdiction.

With one retirement and two unexpected career firefighters' resignations, we are hiring three firefighter / EMTs for the Ketchikan Fire Department. A cost analysis was completed on the most economical and quickest way to train the new hires in needed firefighting and EMS certifications. This comprehensive analysis was conducted by comparing four reputable fire training institutions. Those

institutions compared were: Washington State Patrol Fire Training Academy, Bates Technical College, Texas A&M Fire Academy, Illinois Fire Service Institute, and in-house Training of the new hires. The below-listed costs are the total cost for three people. After the comparison was completed, the Illinois Fire Service Institute meets the needs associated with training new firefighters and is one of the most economical solutions.

The costs associated with the training of three individuals are as follows. Tuition costs \$22,500, Housing \$15,000, Airfare and rental car \$10,000, Uniforms and two sets of fire gear \$20,000.

Skagway Fire Chief Emily Rauscher completed the IFSI in the spring and was very impressed by the academy and the level of instructors. Skagway Fire Department will send one new employee to IFSI when our new hires are at the academy. This would be an excellent opportunity for the communities' firefighters to bond and develop a relationship that could pay off in the future. This also allows for sharing housing costs with the Skagway Fire Department.

One of the new hires was an EMT previously, but it has lapsed for two years. The state is requiring that he complete an entire EMT course. Pelham training offers a 17-day EMT academy. This academy is located in Bloomington, Indiana, and is utilized by federal and state agencies around the United States. The cost for this course, including on-site housing, is \$3,000. There is an opening for the December 1-17th course this year. The additional cost would be the flight, rental car, and per diem for this training. These costs are estimated to be \$1,200 for the flight. The estimated \$1,300 for the rental car cost is \$1,300, and \$1,062 per diem for for 17 days. Depending on the flight schedule, there is the potential to require two hotel nights. This is estimated at \$300.00.

Request: I move the council to authorize the Acting City Manager to approve the travel and training for Illinois Fire Service Institute and the Pelham EMT training academy for the newly hired firefighters. I move the City Council to authorize the Acting City Manager to approve the funding request. \$44,500 to travel and training account 600.02, \$25,500 to 600.03, and \$2,000 to the Special Protective Clothing Accounts 535.04, and \$18,000 to 535.05. These funds should be transferred from the General Fund Reserves until the SEMT funding can reimburse the General Fund.

	Travel Account	Training Account	Uniforms Account	SPE Account	
Fire Service Training	600.02	600.03	535.04	535.05	
Tuition	\$ -	\$ 22,500	\$ -	\$ -	
Housing	15,000				
Per Diem	12,390				
Travel/Rental car	9,975				
Uniform			2,000		
Special Protective Clothing				18,000	
EMT Training					
Tuition		3,000			
Travel/Rental Car	2,500				
Hotel	300				
Per Diem	1,100				
Sub-Total By Account	41,265	25,500	2,000	18,000	
Contingency	3,235				
Total By Account	\$ 44,500	\$ 25,500	\$ 2,000	\$ 18,000	\$ 90,000