

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

2011-2012 Mid-Biennium Budget Discussion and Follow-up.

STAFF CONTACT

Jan Hawn, Finance Director	452-6846
Toni Rezab, Budget Manager	452-7863
Mike Eisner, Fire Chief	452-6895
Mike Brennan, Development Services Director	452-4113

POLICY ISSUES

The proposed Mid-Biennium Budget update includes minor changes to the 2011-2012 Budget adopted on December 5, 2011 and the following policy items for discussion and direction:

- Additional appropriation to the Operating Grants, Donations and Special Reserves Fund and the Franchise Fund (no changes to other City funds are recommended).
- The implementation of a user fee for BLS transports.
- Updates to Development Services fees charged for permit review and inspection services.
- No property or other tax increases or any changes to the Water, Sewer, and Storm and Surface Water Utility service rates. Attachment E contains information relating to the 2010 and 2011 Property Tax Distribution for your reference.

DIRECTION NEEDED FROM COUNCIL

Action
 Discussion
 Information

Staff seeks Council direction on the Mid-Biennium Budget adjustments, on the proposed addition of a BLS transport fee, and on the proposed DSD fee increases for 2012.

BACKGROUND/ANALYSIS

Mid-Biennium Budget Update

State law requires that a mid-biennium budget review be completed between August 31 and the end of the first year of the biennium and that a public hearing be held on the mid-biennium review. Council action on the City's 2012 property tax levy is also required by State law in conjunction with the Budget update. The timetable for the Mid-Biennium Budget update is as follows:

Description	Date
1) 2011-2012 Mid-Biennium Budget Overview	November 21
2) 2011-2012 Mid-Biennium Budget Follow-Up	November 28
3) Mid-Biennium Public Hearing	November 28
4) Council Actions:	December 5
a. 2012 Property Tax Levy Ordinance	
b. 2012 Property Tax Banked Capacity Resolution	

- c. Basic Life Support Fees Ordinance
- d. DSD Fees Ordinance
- e. 2011-2012 Budget Mid-Biennium Budget Ordinance.

Should Council determine that additional Study Session time is required, additional meetings may be scheduled. Adoption of the property tax levy ordinance on December 5 is required to meet King County Assessor's Office deadlines.

At the November 21, 2011 Council meeting staff presented the 2011-2012 mid-biennium update. The proposed update included additional appropriations to the Operating Grants, Donations and Special Reserves Fund and the Franchise Fund. Staff recommended that the other funds remain unchanged.

Proposed Mid-Biennial Update to the General Fund

The Mid-Biennium update encompasses management actions being recommended to bring expenditures more closely in line with revenues. As a result of the continued slow economic recovery, the City is faced with the need to implement additional ongoing or permanent reductions in expenditures and/or increases to revenues totaling approximately \$6.5 million within the General Fund. These reductions and increases represent an ongoing effort by the City to "reset" the City's budget and bring expenditures into alignment with the most recent revenue projections. A complete listing of 2012 ongoing/permanent management actions is presented in Attachment A.

While the organization continues to identify and implement organizational best practices, which in turn create new areas of efficiencies and savings, many of the management actions proposed and/or implemented reflect reductions. These reductions have not been easy choices; some departments are providing the same services with fewer resources which, potentially, cannot be sustained. In total, 20 positions are affected by reductions (the equivalent of 17 FTEs since some are partial positions). Of those positions, 6 are currently filled positions and will involve layoffs, voluntary separations, or voluntary retirements either this year or next.

As with the 2011-2012 Biennial Budget, proposed and accepted reductions primarily fell on the support service departments in the Responsive Government Outcome. Frontline services were generally left intact in an effort to reduce direct operational impacts to the public.

Proposed Basic Life Support Transport Fee

Recommended management actions alone will not achieve a long-term, sustainable fiscal plan; therefore, new revenue is being proposed for Council consideration to offset the cost of BLS transport. This new fee is estimated to bring in \$1.1 million annually in revenue to support Fire Suppression and Basic Life Support Services. The annual net operating budget for this program is \$22,114,000. Responses to Council's questions from the November 21 Council meeting are provided in Attachment B.

With this revenue, in combination with recommended management actions being implemented and continuing to be pursued, the 2011-2012 Biennial Budget will be balanced. If Council elects to not authorize the BLS transport fee, staff will need to pursue an additional \$1.1 million in expenditure reductions, other revenue increases, or draw down fund balance.

The tables below summarize the General Fund management actions and new revenue proposed for the 2011-2012 Mid-Biennium Budget.

<i>General Fund Actions to Bring Expenditures in Line with Revenues</i>		
Category	One-Time	Ongoing
Management Actions*	\$1,043,400	\$4,624,700
Internal Service Fund Rate Refunds	613,250	805,265
Increased Revenue Collections	-	49,240
BLS User Fee (Requires Council Action)	-	1,059,700
Total General Fund Actions	\$1,656,650	\$6,538,905

* Management continues pursue additional options to bring expenditures in line with revenues of approximately \$1.6 million.

Note: The General Fund does not require a budget appropriation adjustment, but would require an ordinance to implement BLS user fees.

Proposed Mid-Biennial Update to Development Services Fund

Proposed Fee Adjustments for Development Services Fund

Development Services hourly rates have not been adjusted since the 2009 fee ordinance update. As a result, the hourly rates charged for permit review and inspection services have fallen out of alignment with established cost recovery objectives. Adjustments are proposed to the consolidated fee ordinance for all development services functions including building, land use, fire, transportation, and utilities. In 2012, the combined actions of fee adjustments and additional cost reductions are needed to reduce reliance on Development Services Fund reserves and maintain a sustainable financial position.

Attachment C responds to Council’s request for additional information about revenues generated by the three primary fee types – hourly rates, fixed fees, and valuation based fees. Additional information is also provided to show the impact to the Development Services Fund balance generated by three separate fee scenarios – full cost recovery, partial fee adjustment, and holding fees at the current level.

Proposed Mid-Biennial Update to Other Funds

In addition to the management actions implemented for the General Fund (no budget amendment necessary), the Mid-Biennium Update also includes some general “housekeeping” budget amendments to the Operating Grants, Donations and Special Reserves (\$1.0 million) and Franchise (\$0.2 million) Funds.

The table below summarizes the proposed budget updates to the 2011-2012 Mid-Biennium Budget.

Total All City Funds Budget and Amendments			
Fund	Amended ¹ 2011-2012 Budget	Mid-Biennium Update Amendments	2011-2012 Proposed Budget
Operating Grants, Donations, and Special Reserves Fund	\$9,847,573	\$1,000,000	\$10,847,573
Franchise Fund	3,505,000	200,000	3,705,000
Subtotal	\$13,352,573	\$1,200,000	\$14,552,573
Funds with no Proposed Changes	\$1,141,051,678	\$0	\$1,141,051,678
Total All Funds	\$1,154,404,251	\$1,200,000	\$1,155,604,251

¹ Includes appropriation adjustments approved through November 14, 2011.

State and Legislative Budget Impacts

Attachment D provides a summary of the impacts associated with Governor Gregoire's proposed supplemental budget and the impacts of Initiative 1183 Liquor Privatization Initiative.

ALTERNATIVES

1. Approve proposed approach for the Mid-Biennium Budget adjustment including implementation of new BLS transport fee and adjustments to DSD fees, and direct staff to proceed with preparation of budget legislation.
2. Approve proposed approach for the Mid-Biennium Budget adjustment without implementation of new BLS transport fee and/or adjustments to DSD fees, and direct staff to proceed with preparation of budget legislation.
3. Schedule additional time for budget discussions prior to budget adoption, which is planned for December 5, 2011 to meet King County deadlines for submittal of the property tax levy.
4. Provide alternative direction to staff.

ATTACHMENTS

- A. 2012 Management Actions
- B. Basic Life Support Revenue Follow-up
 - B-1. Basic Life Support: WAC 246.453
 - B-2. Draft Basic Life Support Financial Assistance Policy
- C. Development Services Fund Follow-up
- D. State and Legislative Budget Impacts
- E. 2010-2011 Property Tax Distributions

ATTACHMENT A
Mid-Biennium Update
November 28, 2011

General Fund Management Actions

The following list of reductions or increases are the result of an exhaustive analysis prepared within the framework of Budget One and within the operations of each department. The Leadership Team and the City Manager's Office of the City worked extensively throughout the summer and fall to identify cuts that followed the a series of guiding principles (1) minimal impact to front line services; (2) result in efficiencies; (3) avoid tax increases and minimize revenue increases and (4) minimize layoffs. The items below represent those that department's deemed most closely to follow the principles. In many cases, they are directly attributable to efficiencies and savings with minimal impact to critical front line services.

Title	FTE Reduction	2012 Ongoing
Economic Growth & Competitiveness		
Transportation		
- Reduce Transportation Development Services Review Inspector (Lay-off Notice Given)	1.0	\$136,477
Improved Mobility		
Transportation		
- Reduce Transportation Organizational Development Assistant (Redeployment)	0.6	\$71,658
- Reduce ESI Implementation Partial Position (Vacant)	0.3	\$29,916
- Reduce ITS Network Admin Partial Position (Vacant)	0.5	\$50,946
- Ensure Appropriate Charging of Capital Project Manager (CIP)	0.0	\$10,000
- Technological Enhancements made to Street Maintenance Function	0.0	\$80,000
- Reduce BSC Financial Support/Administration Position	0.0	\$50,000
- Reduce Transportation Engineering Manager Position (Span of Control: Vacant)	1.0	\$150,000
Innovative, Vibrant & Caring Community		
Parks		
- Reduce Administrative Assistant (Redeployment)	2.0	\$150,000
- Reduction of Temporary Help	0.0	\$90,000
Planning & Community Development		
- Reduction of Administration Assistant (Voluntary Separation)	1.0	\$89,000
- Reduce Support for Community Arts' Programs	0.0	\$27,500
Quality Neighborhoods		
Parks		
- Transfer After School Program to Bellevue School District	0.0	\$210,000

ATTACHMENT A
Mid-Biennium Update
November 28, 2011

Responsive Government		
Civic Services		
- Reduced Work Schedule for Ridesharing Parking Program Already in Place (No Employee Impact)	0.4	\$33,000
- Reduce Field Survey Staff due to decline in workload (Lay-off)	1.0	\$96,000
City Clerk		
- Reductions to M&O, including Consulting/ Outside Services	0.0	\$48,700
- Reduction in Hearing Examiner Services Based on Current Caseloads	0.0	\$10,000
- Salary Savings due to Consolidation of Records and ECM Divisions (Span of Control)	0.0	\$55,876
City Manager		
- Transfer Staff Back to Utilities Dept. (No Employee Impact)	0.0	\$60,000
- Reduce Volunteer Program	0.2	\$20,484
Development Services		
- Reduction of Consulting Services	0.0	\$40,000
- General Fund Component of Accounting Associate (Vacant)	1.0	\$12,700
Finance		
- Span of Control- Reduce Sr. Management Position (Voluntary Retirement)	1.0	\$154,560
- Reduction in Accounts Payable Workload (Lay-off)	1.0	\$60,000
- Reduction of Consulting Services	0.0	\$30,000
- Reorganization of Purchasing and Contracting (Voluntary Retirement)	1.0	\$90,000
Human Resources		
- Salary Savings	0.0	\$32,151
Planning & Community Development		
- Reduction of M&O	0.0	\$19,000
Safe Community		
Fire		
- Eliminate Fire Prevention Officer Position (Vacant)	1.0	\$101,000
- Eliminate Administrative Lieutenant Position (Redeployment)	1.0	\$138,000
- Administration Add for BLS Transports (Temp Help or Overtime)	0.0	(\$44,850)
Police		
- Holding Detective Position (Redeployment)	1.0	\$114,057
- Reduction of M&O; Training	0.0	\$30,000
- Captain Position (Redeployment)	1.0	\$143,325
- Jail Contract Savings	0.0	\$185,000
Multiple Outcomes		
Multiple Departments		
- Span of Control - Managerial Reductions over time	0.0	\$450,200
- Management Actions Still Being Pursued	0.0	\$1,600,000
TOTAL	16.0	\$4,624,700

ATTACHMENT A
Mid-Biennium Update
November 28, 2011

Internal Service Fund Refunds to the General Fund

The following list of reductions or increases are the result of an exhaustive analysis prepared within the framework of Budget One and within the operations of each department. The Leadership Team and the City Manager's Office of the City worked extensively throughout the summer and fall to identify cuts that followed the a series of guiding principles (1) minimal impact to front line services; (2) result in efficiencies; (3) avoid tax increases and minimize revenue increases and (4) minimize layoffs. The items below represent those that department's deemed most closely to follow the principles. In many cases, they are directly attributable to efficiencies and savings with minimal impact to critical front line services.

Title	FTE Reduction	2012 Ongoing
Healthy & Sustainable Environment		
Utilities		
-		
Transfer Street Sweeping to Storm Drainage (No Impact to Rates)	0.0	\$148,202
Responsive Government		
Civic Services		
- Ensure Appropriate Charging of Project Manager (CIP)	0.0	\$51,100
- Reduction of M&O	0.0	\$80,454
- Reduce Fleet Maintenance & Replacement by 4% (Effort Under Way)	0.0	\$142,350
Information Technology		
- Reduce CIO Executive Board Subscription	0.0	\$29,200
- Eliminate Satisfaction Survey for Cable Franchise	0.0	\$5,475
- Reduction of M&O; including Temporary Help, Professional & Outside Legal Services, and Licensing Costs	0.0	\$103,868
- Reduce Funding for Major Application Reserve	0.0	\$36,500
- Salary Savings	0.0	\$9,951
- Eliminate Business Systems Support Project Manager (Vacant)	1.0	\$80,963
- Reduction of In-Class Training (Will Provide Online Training)	0.0	\$18,250
- Reduction in eCity Gov Alliance fees	0.0	\$43,800
- Reduction of Cost of PCs and MDCs	0.0	\$19,855
- Efficiencies from Software Change	0.0	\$13,397
- Reduction of Maintenance from Renegotiated Licensing Costs	0.0	\$10,950
- Reduce Back-up Tape Inventory Due to Changes in Archival Retention	0.0	\$10,950
TOTAL	1.0	\$805,265

NOTE: This table represents General Fund refund amounts only. Other internal service customers/departments will also receive a proportionate share of the refund.

ATTACHMENT A
Mid-Biennium Update
November 28, 2011

Revenues

The following list of reductions or increases are the result of an exhaustive analysis prepared within the framework of Budget One and within the operations of each department. The Leadership Team and the City Manager’s Office of the City worked extensively throughout the summer and fall to identify cuts that followed the a series of guiding principles (1) minimal impact to front line services; (2) result in efficiencies; (3) avoid tax increases and minimize revenue increases and (4) minimize layoffs. The items below represent those that department’s deemed most closely to follow the principles. In many cases, they are directly attributable to efficiencies and savings with minimal impact to critical front line services.

Title	FTE Reduction	2012 Ongoing
Responsive Government		
Finance		
- Increase Pro Card Revenue	0.0	\$20,000
Safe Community		
Fire		
- BLS Transports Fees	0.0	\$1,059,700
Police		
- Increase Revenue to Reflect False Alarm Occurrences	0.0	\$29,240
TOTAL	0.0	\$1,108,940

Attachment B
Mid-Biennium Update
November 28, 2011
Basic Life Support Transport User Fee
Follow-up to November 21, 2011 Council Study Session

Introduction

At the November 21, 2011 Council Study Session, the Fire Department introduced a proposal to implement a new user fee for Basic Life Support (BLS) transports. The revenue that would be generated by the new fee is an important component in addressing the budget shortfall for 2012. Below are the answers to the questions the Council raised regarding the new fee.

What are the differences between an Advanced Life Support and Basic Life Support Patient?

BLS care refers to care provided by Firefighter/ Emergency Medical Technician (EMT) trained personnel. This care consists of pre-hospital, non-invasive care delivered to patients experiencing non-imminently life threatening conditions. Firefighter/EMT's are the first to arrive on all medical emergencies and provide BLS assistance to the Advanced Life Support (ALS) Firefighter/Paramedics on all ALS incidents (e.g. cardiac arrest or heart attack). In King County, this highly successful tiered response plan allows for, rapid response by BLS trained firefighter/EMTs, who are supported by Advanced Life Support (ALS) trained Paramedics when imminent, life threatening conditions exist.

A BLS patient is best described as an individual that is not suffering an imminently, life threatening injury or illness. This includes, but is not limited, to leg fractures, back injuries, minor asthma problems, minor burns, diabetic conditions that do not need medication, and pregnancy issues without imminent delivery. BLS patients have stable conditions or injuries that are within the scope of care for Firefighter/EMT's and can be safely transported by an Aid Unit, private ambulance, or (in some instances) a privately-owned vehicle to the local medical facility or clinic.

Thirty-two percent (32%) of BLS transport patients are transported due to traumatic injury, such as sports injuries, minor falls and automobile accidents. The remaining 68% have medical issues, such as abdominal pain, or respiratory issues like shortness of breath. Our BLS transport patients represent a wide range of demographics from small children to elderly adults.

Will a BLS Transport Fee for Service impact the number of citizens calling E-911 for emergency medical assistance?

The Bellevue Fire Department expects minimal impact on the number of citizens calling E-911 due to the implementation of the BLS Transport Fee. In 2011, Kirkland Fire, Mercer Island Fire, and Eastside Fire & Rescue all implemented new BLS Transport Fees. Thus far, none of the three agencies have seen an appreciable reduction, if any, in the number of calls for service.

The proposed fee does not affect emergency response, nor does it limit the care delivered to the patient by fire personnel at the scene. The proposed fee ensures an equitable treatment for all BLS patients transported to the hospital, regardless of the transport provider. Currently, 30% of the patients who are transported, are transported by a private ambulance service, and those patients pay a fee to the private provider. Implementation of the proposed BLS transport fee would mean that all BLS patients would be charged a transport fee if transported to a medical facility.

BLS, by its very nature, is not a life-threatening emergency; therefore, some BLS patients may be able to be transported by private vehicle to a hospital, if they so desire, when this type of transport will not risk further injury. Those patients that are critically injured and require definitive medical care are seen by ALS (Medic One) providers and their transport is completely covered under the King County EMS Levy.

How many BLS patients are transported each year?

The Bellevue Fire Department responds to approximately 10,140 EMS calls per year. These calls result in approximately 5,313 patient transports to local medical facilities.

BLS Transports	2007	2008	2009	2010	2011 Est.	5 Year Average
City Aid Unit	3,216	3,549	3,548	3,829	3,870	3,602
Private Ambulance	<u>1,645</u>	<u>1,627</u>	<u>1,716</u>	<u>1,844</u>	<u>1,719</u>	<u>1,710</u>
Total Transports	4,861	5,176	5,264	5,673	5,589	5,313

Bellevue currently contracts with a private ambulance service to provide patient transport when department aid units are not available. Patients transported by private ambulance pay a fee to the ambulance service. In Bellevue, this occurs approximately thirty percent (30%) of the time. The remaining 3,600 patients are transported by Bellevue BLS aid units. Implementation of the proposed BLS transport fee would mean that all BLS patients would be charged a transport fee, if transported to a medical facility.

How was the proposed rate determined?

Staff evaluated three approaches to determine the proposed rate:

1) Fees being charged by our peers and private providers

Staff has proposed a base fee of \$600 plus \$14 per mile for BLS transports. This fee is consistent with fees charged by other local fire departments and private ambulance providers. Listed below are the BLS transport fee charged by other local fire departments:

Agency	Base Fee	Mileage
Bothell	\$400.00	NA
Everett	\$488.30	\$15.42/mile
Mukilteo	\$500.00	\$15.50/mile
Shoreline Fire Department	\$550.00	\$12.50/mile
Kirkland	\$600.00	\$14.00/mile
Proposed Bellevue Fee	\$600.00	\$14.00/mile
Eastside Fire & Rescue	\$650.00	NA
Maple Valley	\$675.00	\$13.50/Mile
Valley Regional Fire Authority	\$700.00	\$14.45/Mile
Mercer Island	\$770.00	NA
Private Ambulance Services	\$550-\$832	\$14-19/Mile

2) Reimbursement maximums by Medicare, Medicaid, and Washington State Labor and Industries

Medicare, Medicaid, and Washington State Labor and Industries impose maximum amounts they will pay for transports. Medicare and Medicaid define the lower end of reasonable and customary fees. The maximum pay from Medicare is \$362.51 plus \$6.87 per mile. Medicaid is \$115.34 plus \$5.08 per mile. Since Medicare and Medicaid are national providers, it is useful to consider Washington State Labor and Industries maximum payment as a local indicator of usual, customary and reasonable charges. Their rate is \$554 plus \$12.84 per mile. The maximum charge allowed by private insurance agencies is significantly higher than the fee allowed for by public agencies.

3) The cost of providing service

An average-cost-per-call approach was calculated to determine the direct and indirect cost of providing BLS services. In 2011, approximately 77% of all incidents will be EMS incidents and require at least a BLS response.

The annual net operating budget for Fire Suppression and Basic Life Support Services is \$22,114,000. This calculation reflects:

- The subtraction of \$4,758,000 in revenue received from fire contract communities,
- the subtraction of King County EMS Levy funding for participation of BLS units in support of a tiered response for ALS calls for service; and
- includes City-wide indirect costs.

The average cost for a BLS incident can be calculated by multiplying the net operating budget by the percentage of EMS incidents. The resulting figure is then divided by the number of incidents per year. For 2011, the estimated cost per EMS incident requiring a BLS response is \$1,679.

Further, the average “commit time” (i.e., the time fire personnel spend responding to a call) for a non-transport BLS incident is 21 minutes. Commit time for a transport incident is 58 minutes, or 2.8 times greater than non-transport incidents. When commit

time is factored in, the cost of a BLS incident requiring transport is \$2,853 versus \$1,033 for a non-transport call. The difference between the two costs is the marginal cost of the transport. For 2011, this is estimated to be \$1,820 and reflects the added cost of providing the transport service.

The calculations in the previous paragraphs represent one method of calculating costs for providing BLS transport service. The Fire Department staff all units 24 hours per day, 365 days per year. This analysis assumes that stand-by time, the time personnel are not responding to calls, is part of performing the service. If the proposed BLS transport fee is approved it will cover only 36% of the cost of the transport.

How were the revenue estimates determined?

There are four variables used to determine revenue: the number of transports, the amount of the fee, the collection rate (total receipts/billed), and estimated operating cost for program.

Number of transports: Over the past five years Bellevue Fire has averaged 3,600 BLS transports per year. In order to be conservative, 3,400 transports were used in the fee calculation.

Amount of the fee: Proposed base fee is \$600 per transport plus \$14 per mile. The average bill is expected to be \$656 per transport assuming an average four-mile transport to the hospital.

The collection rate: The amount of the fee, the decision to write off deductibles and co-payments for residents, collection policies, and the financial assistance policy all affect the overall collection rate.

Charging a fee much higher than the Medicare maximum will reduce the collection rate because Medicare Part-B ambulance services are required to accept the payment from Medicare and not bill the patient for the uncovered balance. Correspondingly, setting a lower fee will increase the collection rate. Nationally, Medicare and Medicaid patients make up 30% and 16% respectively of the overall transports, or 46% of total BLS transports.

Based on information obtained from other local fire departments and billing agencies, we are estimating a collection rate of 53%. This is similar to the collection rate Kirkland Fire is experiencing, but is lower than the 60 – 65% collection rate experienced by Eastside Fire and Rescue. Eastside Fire and Rescue is experiencing a higher collection rate because they have elected to not waive deductibles and co-pays for residents.

Program operating costs: To manage the program, the Fire Department proposes hiring a third party billing agent. The agent will be responsible for: billing individuals, public and private insurance providers, ensuring the City is compliant with Medicare and other billing requirements; collecting and depositing fees; and assisting with the administration of the Financial Assistance Policy. There are vendors who specialize in providing this service. Nearly all local fire departments, contract out the billing element of their program. The average cost per transport for providing this service is \$22. Based on 3,400

transports per year, the total annual charges for billing services are estimated to be approximately \$75,000.

In addition to the third party billing agent, \$44,850 has been added to the Fire Department Operating budget to provide the necessary resources to train personnel and to prepare and transfer information to the third party billing agent.

Revenue calculation:

<u>Fee Information</u>	
Base Fee	\$ 600
Mileage (4 Miles X \$14/Mile)	<u>56</u>
Total Fee	\$ 656
Number of Transports	3,400
Estimated Billings	\$ 2,230,400
Collection Rate	53%
Estimated Gross Revenues	1,182,112
<u>Ongoing Cost</u>	
Billing Agency (\$22/Transport)	74,800
Department Support	<u>44,850</u>
Total Costs	119,650
Net Revenue Estimate	\$ 1,062,462

The revenue received may vary slightly from year to year based on the number of transports and collection experience, and will vary in 2012 depending on the start date for the proposed fee.

What are the specifics of the proposed BLS Transport Financial Assistance Policy?

The Fire Department believes that the ability to pay should never be a condition of or impediment to the delivery of emergency medical care or transportation to a medical facility. If the proposed fee is implemented, all aspects of pre-hospital service will be provided to all patients without discrimination toward those with no or inadequate means to pay.

Along with the proposed fee, staff recommends adoption and implementation of a BLS Transport Financial Assistance Policy to assist individuals who lack the financial resources to pay a fee. Staff have drafted a proposed BLS Transport Financial Assistance Policy that is consistent with WAC 246-453-001 through 246-453-060 "Hospital Charity Care." The WAC establishes Federal Poverty Guidelines as the standard and defines procedures for determining eligibility for assistance. A copy of the proposed policy is attached.

The financial assistance policy outlines specific criteria to be used in making fair, equitable, and consistent decisions regarding eligibility for financial assistance. In order to be considered for financial assistance, patients must complete an application and

provide income documentation. Financial Assistance applications are available upon request through the EMS billing service responsible for obtaining approval signatures for write-offs from the City at the time each application is processed. The billing service will report financial assistance account activity, and the amount of EMS financial aid to the City on a regular basis.

Attachments:

WAC 246-453-001 through 246-453-060 “Hospital Charity Care”

Draft City of Bellevue BLS Transport User Fee Financial Assistance Policy

Available in the Council Office

Draft Basic Life Support Transport User Fee Ordinance

Attachment B-1 Mid-Biennium Update November 28, 2011

Chapter 246-453 WAC
Hospital charity care

Last Update: 6/1/94

WAC Sections

- 246-453-001 Purpose.
- 246-453-010 Definitions.
- 246-453-020 Uniform procedures for the identification of indigent persons.
- 246-453-030 Data requirements for the identification of indigent persons.
- 246-453-040 Uniform criteria for the identification of indigent persons.
- 246-453-050 Guidelines for the development of sliding fee schedules.
- 246-453-060 Denial of access to emergency care based upon ability to pay and transfer of patients with emergency medical conditions or active labor.
- 246-453-070 Standards for acceptability of hospital policies for charity care and bad debts.
- 246-453-080 Reporting requirements.
- 246-453-090 Penalties for violation.

DISPOSITIONS OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

246-453-085 Charity care measurement. [Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-085, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-050, filed 12/7/84.] Repealed by 91-05-048 (Order 142), filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 70.170.060.

246-453-001

Purpose.

This chapter is adopted by the Washington state department of health to implement the provisions of chapter 70.170 RCW. These sections relate to hospital policies for charity care, bad debt and emergency medical care, including admission practices, the compilation and measurement of the level of charity care services provided by each hospital, and penalties for violation of these provisions.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-001, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-001, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-001, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-010, filed 12/7/84.]

246-453-010

Definitions.

As used in this chapter, unless the context requires otherwise,

- (1) "Department" means the Washington state department of health created by chapter 43.70 RCW;
- (2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW;
- (3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals*, adopted under WAC 246-454-020;
- (4) "Indigent persons" means those patients who have exhausted any third-party sources, including medicare and medicaid, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payor;
- (5) "Charity care" means appropriate hospital-based medical services provided to indigent persons, as defined in this section;
- (6) "Bad debts" means uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care;

(7) "Appropriate hospital-based medical services" means those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all;

(8) "Medical staff" means physicians, dentists, nurses, and other professional individuals who have admitting privileges to the hospital, and may also participate as members of the medical staff committees, serve as officers of the medical staff, and serve as directors or chiefs of hospital departments;

(9) "Third-party coverage" and "third-party sponsorship" means an obligation on the part of an insurance company or governmental program which contracts with hospitals and patients to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received related to the negligent acts of others which have resulted in the medical condition for which the patient has received hospital services;

(10) "Unusually costly or prolonged treatment" means those services or combinations of services which exceed two standard deviations above the average charge, and/or three standard deviations above the average length of stay, as determined by the department's discharge data base;

(11) "Emergency care or emergency services" means services provided for care related to an emergency medical or mental condition;

(12) "Emergency department" and "emergency room" means that portion of the hospital facility organized for the purpose of providing emergency care or emergency services;

(13) "Emergency medical condition" means a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in:

(a) Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy;

(b) Serious impairment of bodily functions;

(c) Serious dysfunction of any bodily organ or part.

With respect to a pregnant woman who is having contractions the term shall mean:

(d) That there is inadequate time to effect a safe transfer to another hospital before delivery; or

(e) That transfer may pose a threat to the health or safety of the woman or the unborn child;

(14) "Responsible party" means that individual who is responsible for the payment of any hospital charges which are not subject to third-party sponsorship;

(15) "Limited medical resources" means the nonavailability of services or medical expertise which are required or are expected to be required for the appropriate diagnosis, treatment, or stabilization per federal requirements of an individual's medical or mental situation;

(16) "Publicly available" means posted or prominently displayed within public areas of the hospital, and provided to the individual in writing and explained, at the time that the hospital requests information from the responsible party with regard to the availability of any third-party coverage, in any language spoken by more than ten percent of the population in the hospital's service area, and interpreted for other non-English speaking or limited-English speaking or other patients who can not read or understand the writing and explanation;

(17) "Income" means total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, strike benefits, unemployment or disability benefits, child support, alimony, and net earnings from business and investment activities paid to the individual;

(18) "Family" means a group of two or more persons related by birth, marriage, or adoption who live together; all such related persons are considered as members of one family;

(19) "Initial determination of sponsorship status" means an indication, pending verification, that the services provided by the hospital may or may not be covered by third party sponsorship, or an indication from the responsible party, pending verification, that he or she may meet the criteria for designation as an indigent person qualifying for charity care; and

(20) "Final determination of sponsorship status" means the verification of third party coverage or lack of third party

coverage, as evidenced by payment received from the third party sponsor or denial of payment by the alleged third party sponsor, and verification of the responsible party's qualification for classification as an indigent person, subsequent to the completion of any appeals to which the responsible party may be entitled and which on their merits have a reasonable chance of achieving third-party sponsorship in full or in part.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-010, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-010, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-010, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-020, filed 12/7/84.]

246-453-020

Uniform procedures for the identification of indigent persons.

For the purpose of identifying those patients that will be classified as indigent persons, all hospitals shall adopt and implement the following procedures:

(1) The initiation of collection efforts directed at the responsible party shall be precluded pending an initial determination of sponsorship status, provided that the responsible party is cooperative with the hospital's efforts to reach an initial determination of sponsorship status;

(a) Collection efforts shall include any demand for payment or transmission of account documents or information which is not clearly identified as being intended solely for the purpose of transmitting information to the responsible party;

(b) The initial determination of sponsorship status shall be completed at the time of admission or as soon as possible following the initiation of services to the patient;

(c) If the initial determination of sponsorship status indicates that the responsible party may meet the criteria for classification as an indigent person, as described in WAC 246-453-040, collection efforts directed at the responsible party will be precluded pending a final determination of that classification, provided that the responsible party is cooperative with the hospital's reasonable efforts to reach a final determination of sponsorship status;

(d) During the pendency of the initial determination of sponsorship status and/or the final determination of the applicability of indigent person criteria, hospitals may pursue reimbursement from any third-party coverage that may be identified to the hospital;

(e) The requirements of this subsection shall not apply to clinics operated by disproportionate share hospitals, as defined and identified by the department of social and health services, medical assistance services, provided that patients are advised of the availability of charity care at the time that services are provided and when presented with a request for payment.

(2) Notice shall be made publicly available that charges for services provided to those persons meeting the criteria established within WAC 246-453-040 may be waived or reduced.

(3) Any responsible party who has been initially determined to meet the criteria identified within WAC 246-453-040 shall be provided with at least fourteen calendar days or such time as the person's medical condition may require, or such time as may reasonably be necessary to secure and to present documentation as described within WAC 246-453-030 prior to receiving a final determination of sponsorship status.

(4) Hospitals must make every reasonable effort to determine the existence or nonexistence of third-party sponsorship that might cover in full or in part the charges for services provided to each patient.

(5) Hospitals may require potential indigent persons to use an application process attesting to the accuracy of the information provided to the hospital for purposes of determining the person's qualification for charity care sponsorship. Hospitals may not impose application procedures for charity care sponsorship which place an unreasonable burden upon the responsible party, taking into account any physical, mental, intellectual, or sensory deficiencies or language barriers which may hinder the responsible party's capability of complying with the application procedures. The failure of a responsible party to reasonably complete appropriate application procedures shall be sufficient grounds for the hospital to initiate collection efforts directed at the patient.

(6) Hospitals may not require deposits from those responsible parties meeting the criteria identified within WAC 246-453-040 (1) or (2), as indicated through an initial determination of sponsorship status.

(7) Hospitals must notify persons applying for charity care sponsorship of their final determination of sponsorship status within fourteen calendar days of receiving information in accordance with WAC 246-453-030; such notification must include a determination of the amount for which the responsible party will be held financially accountable.

(8) In the event that the hospital denies the responsible party's application for charity care sponsorship, the hospital must notify the responsible party of the denial and the basis for that denial.

(9) All responsible parties denied charity care sponsorship under WAC 246-453-040 (1) or (2) shall be provided with, and notified of, an appeals procedure that enables them to correct any deficiencies in documentation or request review of the denial and results in review of the determination by the hospital's chief financial officer or equivalent.

(a) Responsible parties shall be notified that they have thirty calendar days within which to request an appeal of the final determination of sponsorship status. Within the first fourteen days of this period, the hospital may not refer the account at issue to an external collection agency. After the fourteen day period, if no appeal has been filed, the hospital may initiate collection activities.

(b) If the hospital has initiated collection activities and discovers an appeal has been filed, they shall cease collection efforts until the appeal is finalized.

(c) In the event that the hospital's final decision upon appeal affirms the previous denial of charity care designation under the criteria described in WAC 246-453-040 (1) or (2), the responsible party and the department of health shall be notified in writing of the decision and the basis for the decision, and the department of health shall be provided with copies of documentation upon which the decision was based.

(d) The department will review the instances of denials of charity care. In the event of an inappropriate denial of charity care, the department may seek penalties as provided in RCW 70.170.070.

(10) Hospitals should make every reasonable effort to reach initial and final determinations of charity care designation in a timely manner; however, hospitals shall make those designations at any time upon learning of facts or receiving documentation, as described in WAC 246-453-030, indicating that the responsible party's income is equal to or below two hundred percent of the federal poverty standard as adjusted for family size. The timing of reaching a final determination of charity care status shall have no bearing on the identification of charity care deductions from revenue as distinct from bad debts.

(11) In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical care services, and is subsequently found to have met the charity care criteria at the time that services were provided, any payments in excess of the amount determined to be appropriate in accordance with WAC 246-453-040 shall be refunded to the patient within thirty days of achieving the charity care designation.

[Statutory Authority: RCW 70.170.060, 91-05-048 (Order 142), § 246-453-020, filed 2/14/91, effective 3/17/91.]

246-453-030

Data requirements for the identification of indigent persons.

(1) For the purpose of reaching an initial determination of sponsorship status, hospitals shall rely upon information provided orally by the responsible party. The hospital may require the responsible party to sign a statement attesting to the accuracy of the information provided to the hospital for purposes of the initial determination of sponsorship status.

(2) Any one of the following documents shall be considered sufficient evidence upon which to base the final determination of charity care sponsorship status, when the income information is annualized as may be appropriate:

- (a) A "W-2" withholding statement;
- (b) Pay stubs;
- (c) An income tax return from the most recently filed calendar year;
- (d) Forms approving or denying eligibility for medicaid and/or state-funded medical assistance;
- (e) Forms approving or denying unemployment compensation; or
- (f) Written statements from employers or welfare agencies.

(3) In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the hospital's sliding fee schedule, the hospital is not obligated to establish the exact

income level or to request the aforementioned documentation from the responsible party, unless the responsible party requests further review.

(4) In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.

(5) Information requests, from the hospital to the responsible party, for the verification of income and family size shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship, and may not be used to discourage applications for such sponsorship. Only those facts relevant to eligibility may be verified, and duplicate forms of verification shall not be demanded.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-030, filed 2/14/91, effective 3/17/91.]

246-453-040

Uniform criteria for the identification of indigent persons.

For the purpose of identifying indigent persons, all hospitals shall use the following criteria:

(1) All responsible parties with family income equal to or below one hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for charity sponsorship for the full amount of hospital charges related to appropriate hospital-based medical services that are not covered by private or public third-party sponsorship;

(2) All responsible parties with family income between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for discounts from charges related to appropriate hospital-based medical services in accordance with the hospital's sliding fee schedule and policies regarding individual financial circumstances;

(3) Hospitals may classify any individual responsible party whose income exceeds two hundred percent of the federal poverty standard, adjusted for family size, as an indigent person eligible for a discount from charges based upon that responsible party's individual financial circumstances.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-040, filed 2/14/91, effective 3/17/91.]

246-453-050

Guidelines for the development of sliding fee schedules.

All hospitals shall, within ninety days of the adoption of these rules, implement a sliding fee schedule for determination of discounts from billed charges for responsible parties meeting the criteria in WAC 246-453-040(2). These sliding fee schedules must be made available upon request.

(1) In developing these sliding fee schedules, hospitals shall consider the following guidelines:

(a) The sliding fee schedule shall consider the level of charges that are not covered by any public or private sponsorship in relation to or as a percentage of the responsible party's family income;

(b) The sliding fee schedule shall determine the maximum amount of charges for which the responsible party will be expected to provide payment, with flexibility for hospital management to hold the responsible party accountable for a lesser amount after taking into account the specific financial situation of the responsible party;

(c) The sliding fee schedule shall take into account the potential necessity for allowing the responsible party to satisfy the maximum amount of charges for which the responsible party will be expected to provide payment over a reasonable period of time, without interest or late fees; and

(d) Hospital policies and procedures regarding the sliding fee schedule shall specify the individual financial circumstances which may be considered by appropriate hospital personnel for purposes of adjusting the amount resulting from the application of the sliding fee schedule, such as:

- (i) Extraordinary nondiscretionary expenses relative to the amount of the responsible party's medical care expenses;
- (ii) The existence and availability of family assets, which may only be considered with regard to the applicability of the sliding fee schedule;
- (iii) The responsible party's future income earning capacity, especially where his or her ability to work in the future may be limited as a result of illness; and
- (iv) The responsible party's ability to make payments over an extended period of time.

(2) Examples of sliding fee schedules which address the guidelines in the previous subsection are:

(a) A person whose annual family income is between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship limited to forty percent of the excess of that person's annual family income over one hundred percent of the federal poverty standard, adjusted for family size. This responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party.

(b) A person whose family income is between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship reduced according to the schedule below. The resulting responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party. The schedule is as follows:

<u>INCOME AS A PERCENTAGE</u>	
<u>OF FEDERAL POVERTY LEVEL</u>	<u>PERCENTAGE DISCOUNT</u>
One hundred one to	
one hundred thirty-three	Seventy-five percent
One hundred thirty-four to	
one hundred sixty-six	Fifty percent
One hundred sixty-seven to	
two hundred	Twenty-five percent

(3) The provisions of this section and RCW 70.170.060(5) shall not apply to the professional services of the hospital's medical staff, provided that the charges for such services are either submitted by the individual medical staff or are separately identified within the hospital's billing system.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-050, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-050, filed 2/14/91, effective 3/17/91.]

246-453-060

Denial of access to emergency care based upon ability to pay and transfer of patients with emergency medical conditions or active labor.

- (1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:
 - (a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;
 - (b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or
 - (c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons

other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital which maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency. For purposes of monitoring compliance with subsection (2) of this section, the department is to follow all definitions and requirements of federal law.

(4) Except as required by federal law and subsection (2) of this section, nothing in this section shall be interpreted to indicate that hospitals and their medical staff are required to provide appropriate hospital-based medical services, including experimental services, to any individual.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-060, filed 2/14/91, effective 3/17/91.]

246-453-070

Standards for acceptability of hospital policies for charity care and bad debts.

(1) Each hospital shall develop, and submit to the department, charity care policies, procedures, and sliding fee schedules consistent with the requirements included in WAC 246-453-020, 246-453-030, 246-453-040, and 246-453-050. Any subsequent modifications to those policies, procedures, and sliding fee schedules must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(2) Each hospital shall develop, and submit to the department, bad debt policies and procedures, including reasonable and uniform standards for collection of the unpaid portions of hospital charges that are the patient's responsibility. These standards are to be part of each hospital's system of accounts receivable management manuals, which support hospital collection policies. Manuals should cover procedures for preadmission, admission, discharge, outpatient registration and discharge, billing, and credit and collections. All subsequent modifications to these bad debt policies must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(3) The department shall review the charity care and bad debt policies and procedures submitted in accordance with the provisions of this section. If any of the policies and procedures do not meet the requirements of this section or WAC 246-453-020, 246-453-030, 246-453-040, or 246-453-050, the department shall reject the policies and procedures and shall so notify the hospital. Such notification shall be in writing, addressed to the hospital's chief executive officer or equivalent, and shall specify the reason(s) that the policies and procedures have been rejected. Any such notification must be mailed within fourteen calendar days of the receipt of the hospital's policies and procedures. Within fourteen days of the date of the rejection notification, the hospital shall revise and resubmit the policies and procedures.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-070, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-070, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-070, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-030, filed 12/7/84.]

246-453-080

Reporting requirements.

Each hospital shall compile and report data to the department with regard to the amount of charity care provided, in accordance with instructions issued by the department.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-080, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-080, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-040, filed 12/7/84.]

246-453-090

Penalties for violation.

(1) Failure to file the policies, procedures, and sliding fee schedules as required by WAC 246-453-070 or the reports required by WAC 246-453-080 shall constitute a violation of RCW 70.170.060, and the department will levy a civil penalty of one thousand dollars per day for each day following official notice of the violation. The department may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.

(2) Failure to comply with other provisions of chapter 70.170 RCW, and chapter 246-453 WAC, shall result in civil penalties as provided within RCW 70.170.070(2), with the exception that the terms "not exceeding" and "not to exceed" will be read to mean "of."

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-453-090, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-090, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-090, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-14-090, filed 5/16/86.]

Attachment B-2: Mid-Biennium; November 28, 2011

City of Bellevue Basic Life Support Transport User Fee

Draft Financial Assistance Policy

The following criteria for provision of financial assistance to emergency medical services (EMS) transport users are consistent with the requirements of WAC 246-453-001 through 246-453-060 for hospital charity care. However, this policy is not intended to adopt any provisions stated therein except to the extent required to provide a financial assistance policy that meets the criteria established by law to qualify for reimbursement from third parties. If a conflict exists between the provisions of this policy and the law, the law will govern to the extent necessary to remain eligible for such reimbursement. If no such conflict exists, this policy will govern.

Policy:

It is the City of Bellevue (the City) and Fire Department policy that the ability to pay is never a condition of or impediment to emergency medical service or transportation. All aspects of pre-hospital service will be provided to all patients without discrimination toward those with no or inadequate means to pay.

The most recent Federal Poverty Guidelines (updated annually in February) shall be used to evaluate eligibility for financial assistance. The City, following guidelines described below, shall extend financial assistance to qualifying individuals.

Financial Assistance applications are available upon request through the EMS billing service responsible for obtaining approval signatures for write-offs from the City at the time each application is processed. The billing service will report financial assistance account activity, and the amount of EMS financial aid to the City on a regular basis.

Definitions:

"Financial Assistance" is reducing or canceling a debt owed to the City for EMS transportation

"Responsible Party" is the individual responsible for the payment of any EMS transport user fees not covered by third-party sponsorship.

"Third-Party Coverage" and *"Third-Party Sponsorship"* means an obligation on the part of an insurance company or governmental program which contracts with medical service providers and patients to pay for the care of covered patients and services.

"Guarantor" is a person or entity that agrees to be responsible for another's debt or performance under a contract

Responsibilities:

The billing service provides financial assistance applications to patients upon request, collects completed applications and supporting documentation, and forwards applications to the Fire Department for review when received.

The City reviews documentation requesting financial assistance against established guidelines and makes a determination of qualification. The Fire Chief or his designee will review the application and

**Attachment B-2: Mid-Biennium; November 28, 2011
City of Bellevue Basic Life Support Transport User Fee
Draft Financial Assistance Policy**

make a recommendation to the Fiscal Manager and/or EMS Program Manager who signs the section of the application indicating either approval or denial of financial assistance. The application is returned to the billing service after review. A copy of the financial assistance determination is kept on file for future reference.

The billing service will provide a summary of financial assistance account activity no less than monthly.

Guidelines:

1. The following criteria will be used in making fair, equitable, and consistent decisions regarding eligibility for financial assistance.
2. Ability to pay is never a condition of emergency medical service or transportation.
3. Financial assistance is secondary to all other financial resources available to the patient including insurance, government programs, or other third-party sponsorship.
4. Full debt forgiveness will be provided to a responsible party with a gross family income at or below 100% of current, published Federal Poverty Income Guidelines.
5. Financial assistance will be provided according to Federal Poverty Income Guidelines and the sliding scale below:

<i>Debt Forgiveness and Financial Assistance</i>	
<i>Income as a Percentage of Federal Poverty Level</i>	<i>Percentage Discount</i>
100% or below	100%
101% to 133%	75%
134% to 166%	50%
167% to 200%	25%
Greater than 200%	0%

6. Requests for financial assistance may be initiated by sources such as; a physician, community or religious groups, social services, hospital personnel, the patient, guarantor, or family member. The City will use the application process through the billing service to determine initial interest in an qualification for financial assistance. The City's decision to provide financial assistance has no bearing on the responsible party's financial obligations to other healthcare providers.
 - a. Applications for financial assistance are available from the billing service upon request.
 - b. The City shall base its decision on the suitability of financial assistance and the amount of debt forgiveness upon data submitted by the responsible party or other parties as defined above.
 - c. Documents submitted that demonstrate a grant of financial assistance from the receiving medical facility, for medical care on the date of transport, shall be deemed evidence of qualification of financial assistance. Upon presentation of such documentation and an application through the billing service, the City will grant proportionally equivalent financial assistance.

Attachment B-2: Mid-Biennium; November 28, 2011
City of Bellevue Basic Life Support Transport User Fee
Draft Financial Assistance Policy

- d. Any one of the following documents shall be considered sufficient evidence upon which to base the determination of financial assistance eligibility (income information may be annualized as appropriate):
 - i. A "W-2" withholding statement for the most recent tax year
 - ii. Current Pay Stubs
 - iii. An income tax form from the most recent tax year
 - iv. Forms approving or denying eligibility from Medicaid and/or state-funded medical assistance programs
 - v. Forms approving or denying unemployment compensation or written statements from employers or welfare agencies
 - e. All documentation shall be forwarded from the billing service to the Fire Department for review and City approval. The Fire Chief or his designee will review the documentation and make a recommendation to the Fiscal Manager and/or EMS Program Manager who signs the section of the application indicating either approval or denial of financial assistance. The application is returned to the billing service after review. A copy of the financial assistance determination is kept on file by both the Fire Department and the billing service for future reference.
 - f. A letter notifying the applicant of the City's financial assistance determination will be sent by the billing service on behalf of the Fire Department to all applicants.
7. Financial assistance may be provided to a responsible party with gross family annual income greater than 200% of Federal Poverty Income Guidelines if circumstances such as; extraordinary non-discretionary expenses, future earning capacity, and the ability to make payments over an extended period of time warrant such consideration.
8. Reasonable payment arrangements, consistent with the responsible party's ability to make payments, will be extended for amounts not eligible for debt forgiveness. Monthly payments, without interest, may be arranged.
9. Financial assistance determinations made by the City may be appealed to the City Manager
10. The City realizes that certain persons may have no financial means to pay for their BLS transport user fee, and also lack the social network/family necessary to help them complete the paperwork required to apply for financial assistance. In these cases, the City may approve financial assistance even if no formal application has been submitted. The billing service will notify the Fire Department when such situations occur, and the Fire Department will evaluate the financial need on a case-by-case basis.

Attachment B-2: Mid-Biennium; November 28, 2011
City of Bellevue Basic Life Support Transport User Fee
Draft Financial Assistance Policy



Individual Written Notice of Financial Assistance

It is the policy of the City of Bellevue Fire Department that no person will be denied emergency medical care because of an inability to pay for such services.

The City of Bellevue Fire Department will provide needed emergency service without charge or at a reduced cost without discrimination to those persons with documented inadequate or no means to pay for care.

To be eligible to receive needed ambulance transport services without charge or at a reduced cost, you or your family's gross annual income must be at or below levels established by national poverty guidelines for this area.

You may also qualify for financial assistance from the City of Bellevue Fire Department if you have been granted financial assistance by the medical facility to which you were transported.

If you think you may be eligible for Financial Assistance under this policy, please complete and sign the application below, attach the required income documentation, or provide a grant of "hospital charity" and submit the completed application packet to:

City of Bellevue Fire Department
C/O Billing Service TBD

You will be notified of the determination made in your request for financial assistance and any reduction in your charges once the Fire Department has reviewed your application.

**Attachment B-2: Mid-Biennium; November 28, 2011
City of Bellevue Basic Life Support Transport User Fee
Draft Financial Assistance Policy**

Patient's Name:				
Contact Phone:				
Date of Service:				
Hospital transported to:				
Responsible Party:				
Name: (if different from patient)				
Relationship:				
Current Employer:				
Employed From:				
Previous Employer:				
Spouse Employer:				
Employer From:				
Previous Employer:				
Income:	Family Member 1	Family Member 2	Family Member 3	Family Member 4
Name:				
Relationship:				
Wages:				
Self Employment:				
Public Assistance:				
Social Security:				
Unemployment:				
Worker's Comp:				
Child Support:				
Pension/Retirement:				
Other Income:				
Total Income:				

Please attach documentation of any listed income such as W-2's, pay stubs, tax returns, or forms approving or denying eligibility from Medicaid and/or state-funded medical assistance, forms approving or denying unemployment compensation or written statements from employers or welfare agencies.

Was *Charity Care* granted by the receiving medical facility? **Yes** **No**

Yes, please attach documentation of the charity care decision by the receiving medical facility.

The above information is correct to the best of my knowledge. I hereby authorize the City of Bellevue Fire Department to verify this information for the purpose of financial assistance eligibility determination.

Signature (Patient or Responsible Party) Date

(City use only)

Current Account Balance:	Adjustment by City	New Balance:

Attachment B-2: Mid-Biennium; November 28, 2011
City of Bellevue Basic Life Support Transport User Fee
Draft Financial Assistance Policy

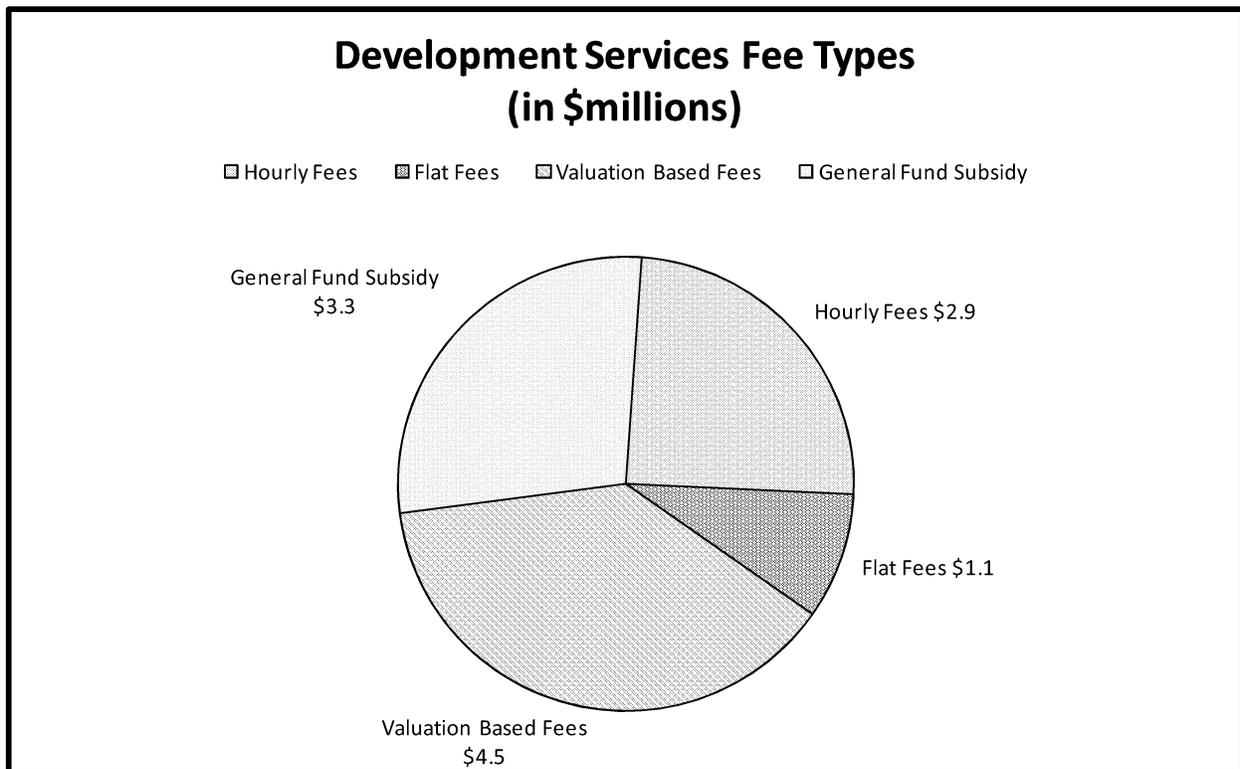
Signature (City of Bellevue Fire Department)

Date

ATTACHMENT C
Development Services Fees Adjustment
Follow-up to November 21, 2011 Council Meeting

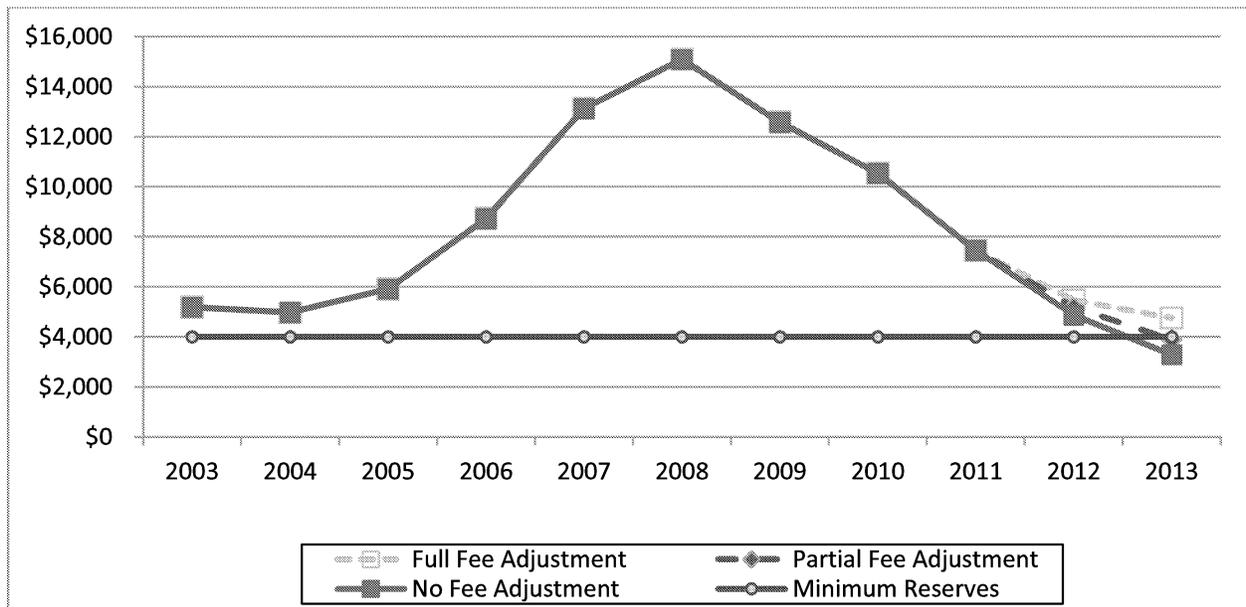
During their Monday, November 21 meeting, Council asked for information about the revenues generated by the three primary fee types – hourly rates, fixed fees, and valuation based fees. The chart below provides the breakdown of revenue sources for 2011 and includes the General Fund contribution to the Development Services Fund.

Hourly rates are typically charged for land use, fire, transportation, and utilities review of large commercial projects. Flat fees are set for smaller, high volume permits providing a high level of predictability, and building permit fees are based on estimated construction value. The General Fund contribution to the Development Services Fund supports policy and code development, public information, and 50% of the land use review costs.



The Council’s discussion also focused on the impacts to the Development Services Fund should Council choose to increase fees or decide to leave them at their current levels. The following graph provides a historical picture of the Development Services Fund through the most recent development cycle starting in 2003. The graph also projects fund balance through 2013, showing the impact of three separate fee scenarios – full cost recovery, partial fee adjustment, and holding fees at their current level.

Development Services Fund Balance (\$ in thousands)



Following the development peak in 2008, the Development Services Fund level began to drop as revenues fell due to the slowing economy while costs to provide ongoing staffing necessary to complete work on major projects (which pay in advance for many of the services they receive) remained. In 2010, as major projects achieved occupancy, budget reductions, including layoffs, were implemented to preserve adequate revenues in the Development Services Fund to align staffing levels with projected workloads and proposed business improvement efforts.

The most recent development forecast shows permitting activity will remain slow over the next eighteen months, necessitating additional cost reductions beginning in 2012. These reductions are part of the financial management strategy to maintain reserve levels above the \$4M minimum target that was established to assure the ability to make staffing adjustments in advance of forecasted development increases and to smooth out volatility in revenues.

The proposed fee increase, in combination with the planned cost reductions, moves the Development Services Fund to a sustainable financial position. If the Council chooses to hold

fees at their current levels, additional cost reductions will be necessary to maintain an acceptable minimum fund balance. Additional reductions may impact progress on system improvement work underway, such as paperless permitting, and put at risk the City's ability to keep pace with permitting demand when the economy turns to the positive.

Staff will be available at the Council's November 28 meeting to respond to any further questions Council may have.

ATTACHMENT D
2011-2012 Mid-Biennium Budget Update

State and Legislative Budget Impacts

As a result of the State’s updated forecast predicting a \$2 billion budget shortfall in 2012, the Governor presented her proposed Supplemental Budget on November 21. The Legislature will convene a special session next Monday, November 28, to consider the Governor’s proposal and to start work on filling the budget gap.

Included in the Governor’s proposal are reductions in state-shared revenues that directly affect the City. The table below includes the potential impacts to Bellevue. It is important to note that the State’s fiscal year starts in July, while the City’s fiscal year begins January 1, so impacts for 2012 will only be felt for the latter half of the year.

<i>Potential Impacts to Bellevue - State Shared Revenues (real dollars)</i>			
<i>Negative \$ indicate loss revenue</i>			
<i>(See Narrative below chart for descriptions)</i>			
	2012	2013	2014
	Impact	Impact	Impact
Liquor Profit	\$81,000	\$137,000	\$103,000
Liquor Excise Tax	(320,500)	(665,500)	(670,500)
Streamlined Sales Tax Mitigation	(7,000)	(14,500)	(14,500)
Total Projected Impacted	(\$246,500)	(\$543,000)	(\$582,000)

Note: See explanation below for impacts of reducing the annexation sales tax credit

Impact of Initiative No. 1183 Liquor Privatization

I-1183, approved by voters, prevents the complete elimination of liquor profit distributions. Section 302 of the initiative requires that border areas, counties, cities and towns receive no less than they received in the previous 12-month period, essentially freezing the level of funding at the current level. Section 302 also includes a new \$10 million distribution, which presumably will be distributed based on population, to local governments for public safety programs.

Liquor Profits: (effective July 1, 2012) The Governor’s proposed budget recognizes the requirements outlined in Section 302 of I-1183, including the new \$10 million distribution which is restricted to public safety programs. The remaining funds can be used for any local government purpose, but each jurisdiction must spend at least 2% of its distribution to support alcohol or drug addiction programs. Overall, due to the provisions of I-1183, the City is projected to receive additional revenue in the short-term. Over time, the percentage of funds going to local government will shrink as liquor sales grow and the State retains more.

Liquor Excise Tax Sharing: (effective July 1, 2012) The Governor’s proposed budget completely eliminates the current 35% of all excise tax collections distributed to counties, cities and towns.

Currently, funds can be used for any local government purpose, but each jurisdiction must spend at least 2% of its distribution to support alcohol or drug addiction programs. This revenue source is not protected by I-1183.

Streamlined Sales Tax Mitigation: (effective July 1, 2012) Reduces distribution of Streamlined Sales Tax Mitigation by 10%. The Streamlined Sales Tax Mitigation was funded to mitigate the negative fiscal impacts to local taxing jurisdictions from the State's participation in the streamlined sales and use tax agreement. The streamlined sales tax agreement changes the taxing jurisdiction from the point of origin to a destination-based tax.

Annexation Sales Tax Credit: (effective July 1, 2012) The Governor's proposal appears to 1) reduce the credit permanently by 10% for those cities who have already annexed and 2) potentially provide that no new cities will be allowed into the program effective immediately. This is still under detailed review by City staff and others as to what constitutes a "new city". The sales tax credit allows Cities to retain 0.2% of the state's sales tax provided under RCW 82.14.415 within qualifying annexations, including those already completed in Kirkland, Auburn and Renton. Bellevue's South Bellevue Annexation (Eastgate, Tamara Hills, Hilltop, and Horizon View neighborhoods) is currently under way.

Other Areas with smaller fiscal impacts

Reduce funding for the Criminal Justice Training Commission: Requires that local government contribute 50% for training law enforcement officers. Up until July 2011, the State fully funded the training, since then the State required local government to pay approximately \$3,200 per new officer (this was not anticipated nor budgeted). Total training cost per new officer is estimated at \$15,000, therefore the Governor's proposal would result in an estimated annual impact to Bellevue of \$7,500 per new officer. Historically, Bellevue sends 3 to 5 officers to training each year.

Align LEOFF Plan 2 contributions with other State Pension Plans: Aside from the reduction in State shared revenue, the Governor's preliminary budget also proposes changing the Law Enforcement Officer and Fire Fighters Plan 2 (LEOFF 2) retirement plan to better align with methods used by other State pension plans. The proposal is for members to pay 50%, employers (the City) to pay 30%, and the state to pay 20%. It is estimated that the change to this plan will reduce the City's share of LEOFF 2 plan contributions by approximately \$275,000/year, or \$137,500 in fiscal year 2012.

Governor Proposes ½-cent State Sales Tax

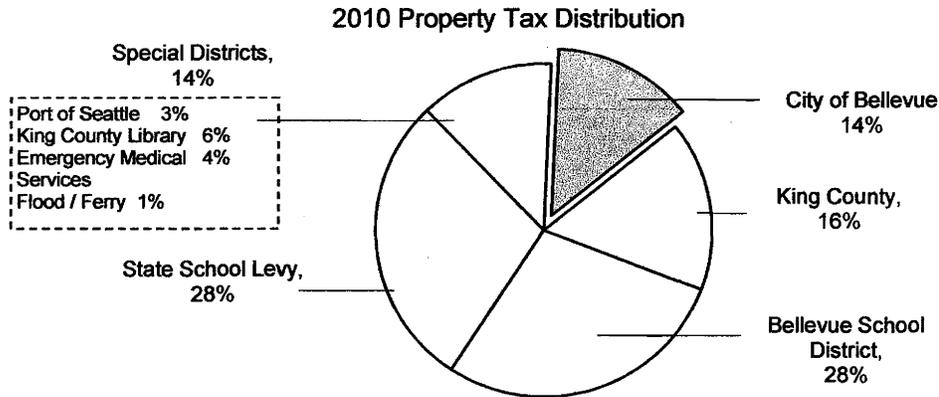
The Governor is also proposing placing a referendum on the March 2012 ballot asking for a ½-cent increase in the State sales tax. The increase is expected to raise nearly \$500 million a year. The tax would expire in 2012 and the proceeds are slated to go toward reducing proposal cuts to education, public safety and social services.

**ATTACHMENT E
Mid-Biennium Update
November 28, 2011**

2010 Property Taxes

Typical Distribution of Property Tax Dollars

This figure illustrates the property tax distribution for a typical Bellevue taxpayer in 2010. As shown in the pie chart, Bellevue's property tax levies make up only 14% of a property owner's tax bill. The largest components are the State school levy and the Bellevue School District levy.



The following tables display the 2010 & 2011 property tax bills for hypothetical low-, Bellevue Average Residence Value, and high-assessed value (AV) homes.

2010 Property Tax Levy	Rate/\$1,000 of AV	Bellevue's Average		
		Low AV \$300,000	Residence Value \$579,400	High AV \$800,000
Port of Seattle	\$ 0.22	\$65	\$125	\$173
Flood / Ferry Levy	0.11	33	63	87
King County Library	0.49	146	281	388
City of Bellevue	1.06	318	614	848
King County	1.28	385	745	1,028
Bellevue School District	2.22	665	1,284	1,772
Emergency Medical Services	0.30	90	174	240
State School Levy	2.22	667	1,288	1,778
Total	\$7.89	\$2,368	\$4,573	\$6,315

2011 Property Tax Levy	Rate/\$1,000 of AV	Bellevue's Average		
		Low AV \$300,000	Residence Value \$546,000	High AV \$800,000
Port of Seattle	\$ 0.22	\$67	\$122	\$179
Flood / Ferry Levy	0.11	34	62	91
King County Library	0.57	170	309	453
City of Bellevue	1.14	343	624	914
King County	1.34	401	731	1,071
Bellevue School District	2.73	820	1,492	2,186
Emergency Medical Services	0.30	90	164	240
State School Levy	2.28	684	1,245	1,824
Total	\$8.70	\$2,609	\$4,748	\$6,956

Note: Columns/chart may not foot due to rounding