Item No. SS 2(b)
November 5, 2012

SUBJECT
Discussion of the 2013-2014 Preliminary Budget

STAFF CONTACT

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POLICY CONSIDERATION
RCW 35A.34 – Biennial Budgets:
State law specifies requirements that must be followed in budgeting each of the City's funds. Key areas covered include:

- Preparation and filing of a preliminary budget by the Chief Administrative Officer, i.e., City Manager;
- A "budget message" from the chief administrative officer explaining the content, financial policies and major proposed changes;
- A public hearing on the proposed preliminary budget conducted before adoption of a final budget, which shall be held on or before the first Monday in December;
- Balanced expenditure and revenue estimates for each of the City's funds;
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e., January 1, 2013.

Council Direction:

- The City's 2013-2014 Proposed Operating and 2013-2019 Proposed Capital Investment Program (CIP) Budget are consistent with Council's direction to continue high quality, efficient municipal services.
- The 2013-2014 Preliminary Budget includes the continuation of the BLS Transport Fee, implemented on February 1, 2012 under Ordinance No. 6029.

DIRECTION NEEDED FROM COUNCIL
___ Action
_X__ Discussion
_X_ Information

No action is requested this evening. Tonight's discussion is one of several opportunities to deliberate the content of the City Manager's Preliminary Budget proposal, including the 2013-2014 Operating and 2013-2019 Capital Investment Program (CIP Plan. Council adoption of the budget is scheduled for December 3, 2012.)

Staff will provide an overview of the BLS transport billing process to date since billing began on February 1, 2012. At the time the BLS transport fee was approved, Councilmembers requested that a program update be provided after one year of implementation.

BACKGROUND/ANALYSIS

An overview of the City Manager's Preliminary Budget was presented on October 15, 2012, with additional information provided and questions answered on October 22, 2012. Attachment A contains a calendar of upcoming budget deliberation dates.

Tonight's session will provide an update and a briefing on the budget process and an update of the BLS transport billing as requested by Council with the adoption of the original BLS Transport Ordinance in December 2011.

Budget Process Update

The 2013-2014 Preliminary Budget contains no general tax increases. However, it does include proposed increases in Development Services fees and Utility rates which will be discussed with Council in detail on November 13. Ordinances implementing agreed-upon fees and rates will be presented for Council consideration on December 3.

When presented for Council action on December 3, the property tax ordinance will contain no increase but will continue the City's historic practice of "banking" the statutorily available 1% increase. See Attachment D for an analysis on property tax.

No other general tax legislation is required for the 2013-2014 Budget as currently developed.

Basic Life Support Transport Fees

On December 12, 2011, the City Council approved Ordnance No. 6029 to recover certain costs associated with providing basic life support (BLS) emergency medical services transports. Effective February 1, 2012, BLS patients transported within the City and our fire service contract communities have been charged for BLS transport services when conveyed by a Bellevue aid unit. Advanced Life Support (ALS) services are unaffected by the new fee. ALS services continue to be 100% funded by the King County Medic One EMS levy.

The City of Bellevue has a one-year contract with a billing services vendor, Systems Design, located in Poulsbo, Washington. Systems Design has been a leader in the EMS billing industry for more than 20 years, providing billing services to over 100 fire departments in the Pacific Northwest, including Kirkland, Mercer Island, Everett, and Eastside Fire and Rescue. With the assistance of Systems Design, Bellevue Fire began gathering the necessary information to bill patients effective February, 1, 2012.

Fiscal Impact

Through the first seven months of the new BLS fee program, the Fire Department has averaged over ten BLS transports per day, or more than 300 per month. Thus far billing has averaged over $200,000 per month, with a collection rate of over 50% adhering to the maximum allowable charges for insurance providers including Medicare. If billing and collection patterns continue, BLS transport fee collections should total more than $1.2 million annually for 2012 which is on target to meet budget projection of $1.1 million. The 2013 Preliminary Budget includes a revenue forecast for BLS collections at $1.1 million. The administrative fee currently charged by Systems Design is $20.40 per transport ("ticket") which projects to $80,000 annually.

Given the volume of BLS transports billed, citizen questions and concerns have been relatively infrequent, promptly addressed by staff, and have dropped off significantly with the passage of time. A total of sixteen applications for financial assistance have been received to date, resulting in a combined waiver of $8,765.29 per the attached "City of Bellevue BLS Transport Financial Assistance Policy".

Additional information on the BLS Transport Fees can be found in Attachments B, and C.

ATTACHMENTS:

Attachment A: Calendar for the Budget Process
Attachment B: City of Bellevue Annual Collection Statistics Report
Attachment C: City of Bellevue BLS Transport Financial Assistance Policy
Attachment D: Property Tax Analysis

ATTACHMENT A

2013-2014 Budget/2013-2019 CIP
Budget Discussions/Calendar

Dates	Meeting Type	Topic/Purpose	Done
February 3-4, 2012	Council Retreat	Council Vision/Priorities	X
February 13, 2012	Study Session	Budget process overview, calendar, establishment of Outcomes	X
February 21, 2012	Study Session	Capital funding strategy, update on forecast	X
March 12, 2012	Study Session	Capital funding strategy	X
April 2, 2012	Council Workshop	Forecast Update, Early Operating/CIP budget discussion; Results Teams' strategy maps	X
May 7, 2012	Study Session	Public engagement	X
May 14, 2012	Regular Session	Public Hearing #1	X
June 11, 2012	Council Workshop	East Link/CIP	X
July 2, 2012	Study Session	Department Presentations	X
July 9, 2012	Study Session	Department Presentations	X
July 23, 2012	Study Session	Public Hearing #2	X
July 30, 2012	Council Workshop	Forecast update, Results Team & Leadership Team recommendations on Operating Budget/CIP	X
August, 2012	Council Briefings	Operating Budget/CIP	X
September 10, 2012	Study Session	Capital funding strategy; public engagement	X
October 15, 2012	Study Session	Preliminary Budget (Operating Budget/CIP)	X
October 15 – December 3, 2012	Study Sessions	Budget/CIP deliberation	
November 8, 2012	Focus Group Session	Public Engagement	
November 19, 2012	Regular Session	Public Hearing #3	
December 3, 2012	Regular Session	Budget Adoption o Property tax levy o 2013-2014 Operating Budget o 2013-2019 CIP Plan o Pay Plans o Utility rates o Development Services rates	

10/22/2012

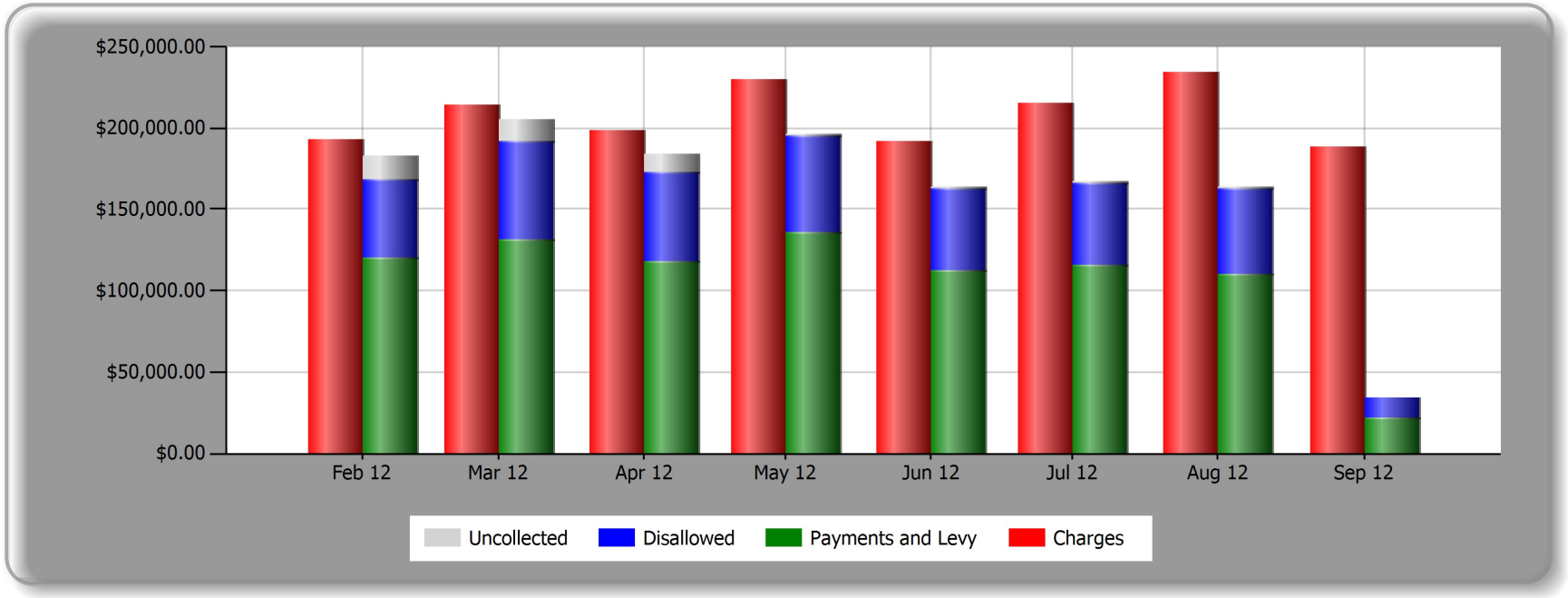
City of Bellevue

ANNUAL COLLECTION STATISTICS

Date Of Service	2/1/2012
Date Of Service	9/30/2012
Invoices	0
Company	City of Bellevue
Provider	City of Bellevue

Month	Tickets	Charges	Payments	%	Levy Fund	%	Disallowed	%	Uncollected	%	Pending	%
Feb 12	300	193,343.40	-106,799.09	55 %	-13,778.91	7 %	-47,986.62	25 %	-14,628.09	6 %	10,150.69	5 %
Mar 12	333	214,470.32	-117,395.11	55 %	-13,889.74	6 %	-60,112.43	28 %	-13,763.60	5 %	9,309.44	4 %
Apr 12	308	198,877.00	-106,161.19	53 %	-11,955.27	6 %	-54,670.00	27 %	-11,746.76	5 %	14,343.78	7 %
May 12	356	229,739.20	-124,820.20	54 %	-10,712.55	5 %	-59,252.02	26 %	-1,834.80	1 %	33,119.63	14 %
Jun 12	298	191,411.20	-101,332.52	53 %	-11,121.88	6 %	-49,982.36	26 %	-1,934.40	0 %	27,040.04	14 %
Jul 12	335	215,428.40	-104,651.54	49 %	-10,690.37	5 %	-50,861.42	24 %	-730.80	0 %	48,494.27	23 %
Aug 12	365	234,712.20	-99,553.81	42 %	-11,068.11	5 %	-52,560.25	22 %	-501.45	0 %	71,028.58	30 %
Sep 12	292	189,095.00	-21,330.92	11 %	-802.04	0 %	-11,830.43	6 %	0.00	0 %	155,131.61	82 %
	2,587	**1,667,076.72**	**-782,044.38**		**-84,018.87**		**-387,255.53**		**-45,139.90**		**368,618.04**	

All amounts shown relate directly to each month's charges. They will not reconcile to monthly deposit reports



Basic Life Support Transport Fee Agenda Memo
Attachment B: Collection Statistics Description

The Annual Collection Statistics Report is a snapshot summary of the activity on the most recent 12 months of charges. **The data is organized by month based on date of service.** The columns are as follows:

- **Charges** include the total amount of all charges entered into the billing application as of the date the report was run.
- **Payments** are the total of all payments received for each month's charges to date. The percentage represents the payment amount divided by the charges for that month.
- **Levy** Those clients who have a Levy program in place which covers resident taxpayer's out of pocket costs will have this column included on their report. Balances which have been posted as "Paid by Levy" are credited here. The percentage shows what portion of each month's charges have been paid in this way, to date.
- **Disallowed** represents the amounts of each month's charges that have been adjusted off as contractual write offs related to payments received from Federal and State agencies like Medicare and Medicaid.
- **Uncollected** shows the amounts of private balances that have been adjusted off our books because the patient was not responding to billing efforts, at a dead end due to return mail, or waived at the client's direction. Depending on the client's policies, these balances may have been sent to a collection agency, or simply returned to the client as bad debt. The details about these balances are available in the Transaction Journal report.
- **Pending** represents the balances remaining for each month's charges that are still being worked and which remain on the Accounts Receivable. It should be noted that the total amount shown as pending only represents the 12 month span of the report and is not the total A/R.

In summary, this report is best used to show general trends in collections, and because it does not show patient data, is suitable for public Board meeting use. When determining the overall collections rate, it is important to keep in mind that the percentages shown are only complete if the pending amount is close to zero. Those months with significant amounts pending should not be entered into any calculations for overall trends. Also, since the report is a snapshot in time, the data changes daily and should not be used to reconcile month end balances. The Month End Summary and Transaction Journal are designed for that type of use.

City of Bellevue BLS Transport 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 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 200% of current, published Federal Poverty Income Guidelines.
5. Financial assistance will be provided according to Federal Poverty Income Guidelines and the sliding scale below:

	2011 Poverty Guidelines			
Persons in Family	**100%**	**200%**	**300%**	**400%**
1	$10,890	$21,780	$32,670	$43,560
2	14,710	29,420	44,130	58,840
3	18,530	37,060	55,590	74,120
4	22,350	44,700	67,050	89,400
5	26,170	52,340	78,510	104,680
6	29,990	59,980	89,970	119,960
7	33,810	67,620	101,430	135,240
8	37,630	75,260	112,890	150,520
For each additional person, add	3,820	7,640	11,460	15,280

	200% or below	**201% - 300%**	**301% to 400%**	**>400%**
Financial Assistance Provided	100%	50%	25%	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.
    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 400% 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.

City of Bellevue BLS Transport 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 Systems Design
P.O. Box 3510
Silverdale, WA 98383

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.

City of Bellevue BLS Transport 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.

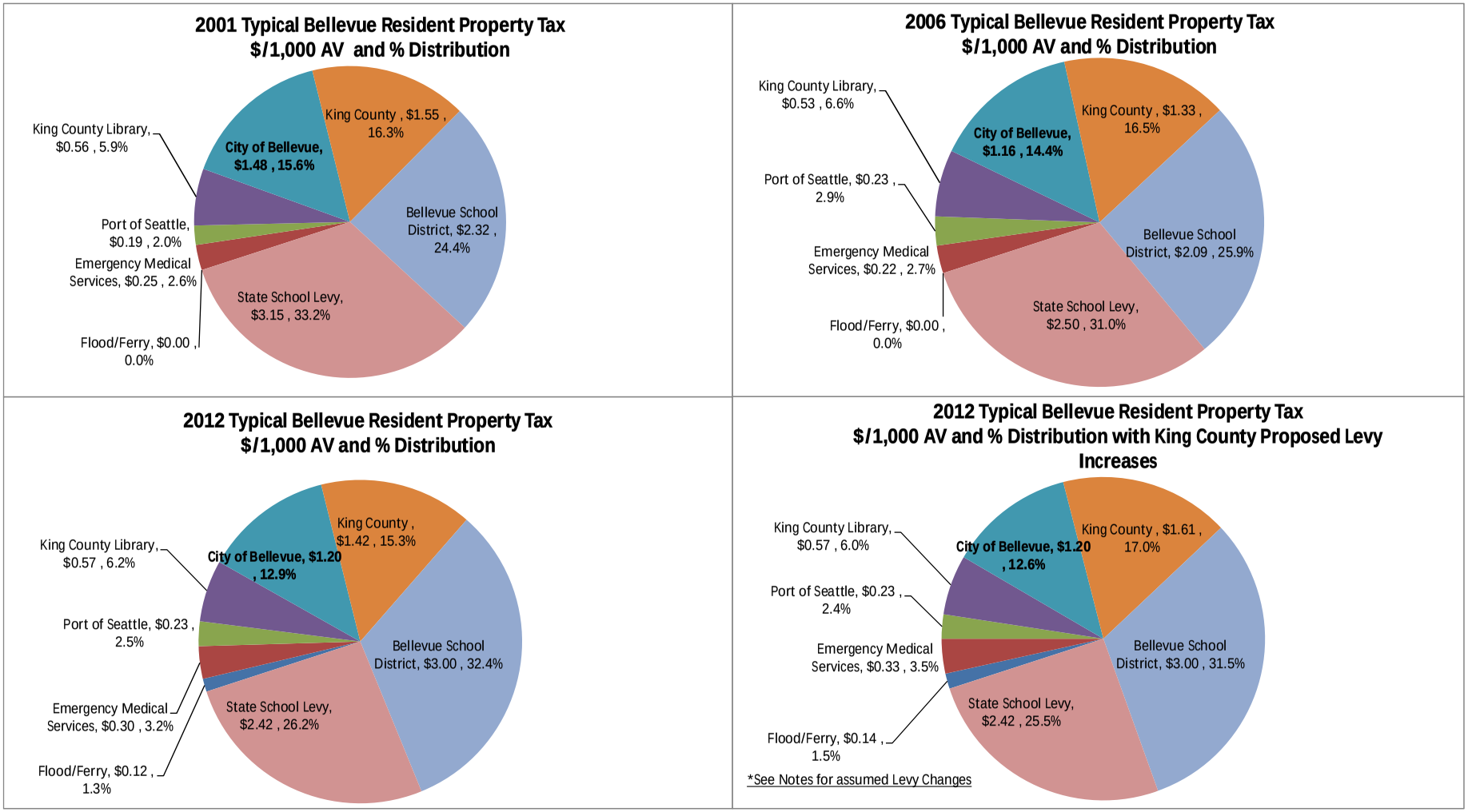
The above information is correct to the best of my knowledge. I hereby authorize the City of Bellevue Fire Department to verify this information for the purpose of financial assistance eligibility determination.

Signature (Patient or Responsible Party) Date

(City use only)

Current Account Balance:	Adjustment by City	New Balance:

Signature (City of Bellevue Fire Department) Date



Notes:

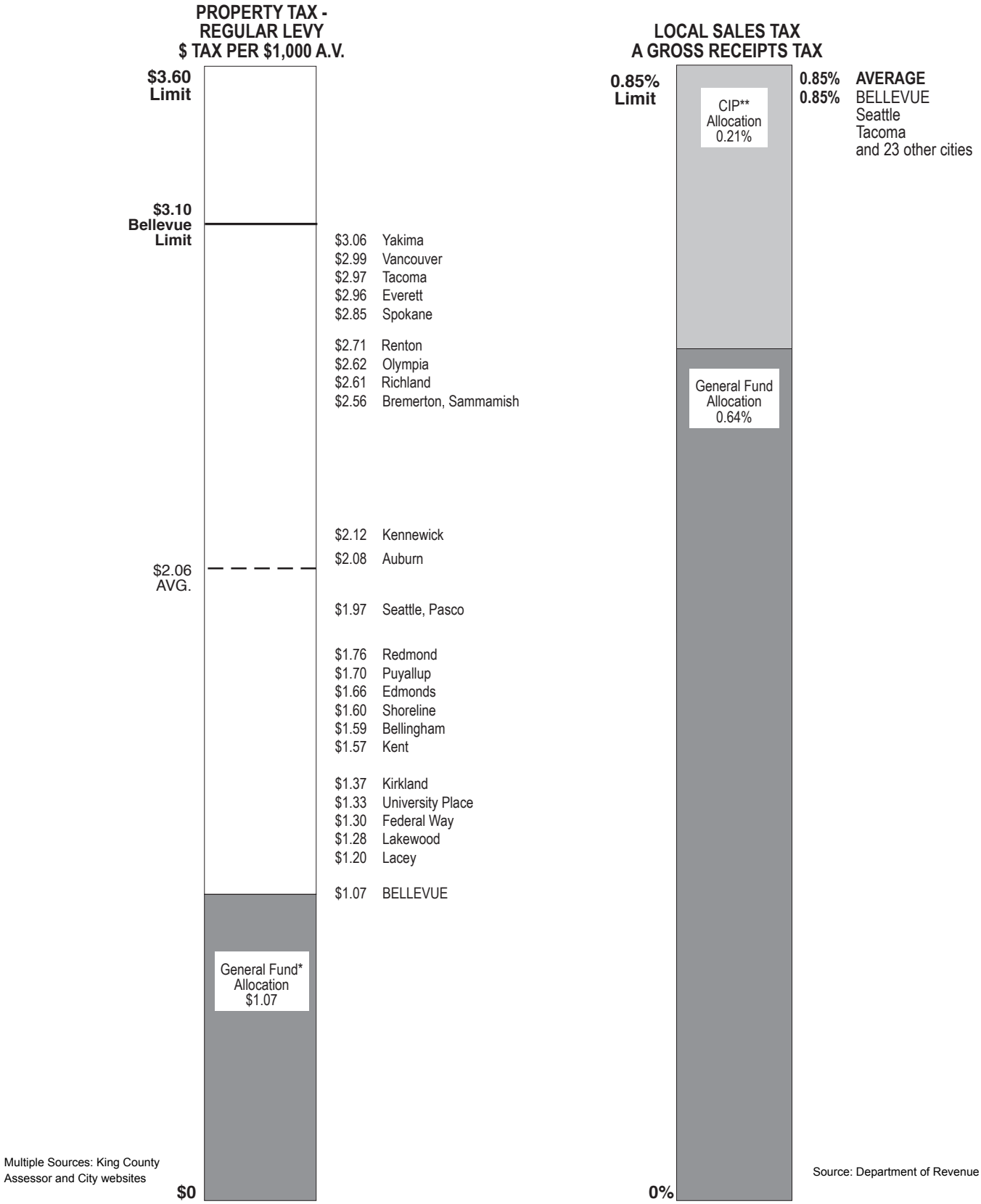
- Charts are based on a typical Bellevue resident with assumes they pay the Bellevue School District rate; however, depending on location, City residents may pay the Issaquah, Lake Washington or Renton rate instead.

Notes on Potential Distribution of 2012 Property Tax with New Proposed Levies for Typical Bellevue Resident (Information as of 10/31/2012):

- King County parks includes a potential increase to $0.191/$1,000 AV (Levy vote 2013)
- EMS Levy assumed at $0.33/$1,000 AV (Levy vote 2013)
- King County Flood Control District is assumed to increase from $0.11616 to $0.141/1,000 AV (Under discussion)
- Does not Include Hospital District #1 or #2 levies because the vast majority of Bellevue residents are not within those districts.
- Impacts on future of K-12 State Funding, based on McCleary State Supreme Court Decision are currently unknown.
- 800 mHz Levy not included.

Figure 5a-3(A)
Comparison of 2012 Urban Tax Rates
Rates in Effect for Property and Local Taxes as of January 2012

This figure provides a comparison of City of Bellevue tax rates to the tax rates of the 25 other Washington cities with over 30,000 population. Comparisons in Figure 4-3(A) show that Bellevue's property tax rate is well below the average for these Washington cities and that, like 25 other cities, the sales tax rate is 0.85%.



Multiple Sources: King County Assessor and City websites

Source: Department of Revenue

* A portion of the General Fund allocation supports the Human Services Fund.

** A portion of the CIP allocation supports the Housing, Facilities, and Land Purchase Revolving Funds, and General Fund maintenance and operating costs associated with completed capital projects.

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