



**CITY OF**

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# **NEWPORT BEACH**

## **City Council Staff Report**

May 14, 2019  
Agenda Item No. 14

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Chip Duncan, Fire Chief - 949-644-3101, cduncan@nbfd.net

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**TITLE:** Ground Emergency Medical Transport (GEMT) Quality Assurance Fee (QAF)

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**ABSTRACT:**

On October 13, 2017, the Governor approved Senate Bill No. 523, an act to add and repeal Article 3.91 "Medi-Cal Emergency Medical Transportation Reimbursement Act" of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code. The primary purpose of the regulation is to impose a quality assurance fee (QAF) on ground emergency medical transport (GEMT) providers including public agencies, like the City of Newport Beach, that provide ambulance transport services. Although the fee was authorized to begin in 2018, the state experienced a delay in implementation while program details were developed. The City was notified on April 12<sup>th</sup> that retroactive payments are now due.

**RECOMMENDATION:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Approve Budget Amendment No. 19BA-045 appropriating expenditures of \$182,000 to the GEMT QAF (account 01040404-821009 of the Fire Department) and increasing estimated revenues by \$171,000 in Fiscal Year 2019/20; and
- c) Authorize Finance Department staff to execute an administrative budget amendment appropriating approximately \$145,000 to the GEMT QAF (account 01040404-821009 of the Fire Department) and increasing estimated revenues by approximately \$135,000 in the Paramedic Service Fee (account 01040404-521245 of the Fire Department) in the Fiscal Year 2019/20 budget upon the state's establishment of the annual quality assurance fee rate.

**FUNDING REQUIREMENTS:**

The mandatory payment of \$182,000, reflecting five quarterly payments covering transport services provided between January 2018 and March 2019, requires an increase in expenditure appropriations from the General Fund. Except for the timing of required expenditure and anticipated reimbursement between fiscal years, the impact on fund balance is expected to be relatively minor, approximately \$11,000 as is currently estimated.

**DISCUSSION:**

The Medi-Cal program, administered by the State Department of Health Care Services (DHCS), provides qualified low-income individuals in California with healthcare services. These services include Emergency Medical Services (EMS) like those provided by the Newport Beach Fire Department. The Medi-Cal program is, in part, governed and funded by Federal Medicaid provisions. Through the creation and collection of the Quality Assurance Fee (QAF), the state intends to claim increased federal financial participation to increase the Medi-Cal payment rates to service providers.

The QAF rate is calculated annually based on specific data reported to DHCS by all providers on a quarterly basis. As required by law, the City of Newport Beach has been reporting the required data since late 2017. Once the annual rate is established, the individual QAF payment for each provider is calculated by applying the annual rate to all qualifying transports. As required by the regulation, DHCS shall deposit all QAF collections into a designated Medi-Cal Emergency Medical Transport Fund for use solely for the QAF program.

While the regulation clearly establishes increased reimbursement to providers in the form of “add-on” payments for select Medi-Cal services, the exact details and timelines of the reimbursement have not been released. Based on available information, conservative calculations indicate that Newport Beach may experience a loss of approximately \$11,000 depending on the number of Medi-Cal patients served. Currently, Medi-Cal patients make up only six percent to 14 percent of our annual calls for services where in other communities it is much higher. Those service providers with a higher number of Medi-Cal patients will experience a positive financial result from the QAF program. However, since reimbursement guidelines are still being established, it is still possible that Newport Beach could end in a more positive position.

At this time, participation in the GEMT QAF program is mandatory. However, AB 1705 introduced in February of 2019 may exempt specified governmental entities, including those operated by a city, from the Medi-Cal Emergency Medical Transportation Reimbursement Act and the quality assurance fee requirements. Staff is monitoring this bill.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENT:**

Attachment A – Budget Amendment