

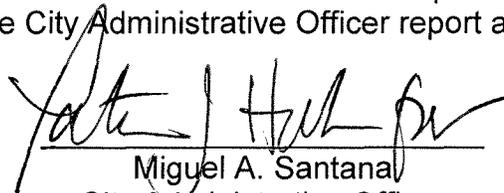
0150-06542-0006

TRANSMITTAL

TO The Mayor The City Council	DATE	COUNCIL FILE NO. 14-1648
FROM The City Administrative Officer	COUNCIL DISTRICT --	

**Agreement with Kaiser Foundation Health Plan, Inc.
for Transportation Services to Kaiser Facilities as provided by
Los Angeles Fire Department Ambulances**

Approved as transmitted for further processing.
See the City Administrative Officer report attached.



Miguel A. Santana
City Administrative Officer

MAS:AS:04150056t

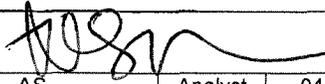
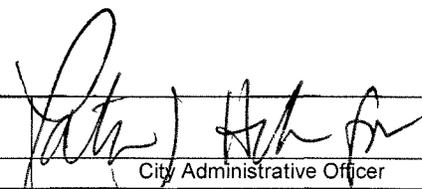
Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: Mayor and City Council	Date: 02-26-15	C.D. No. All	CAO File No.: 0150-06542-0006
Contracting Department/Bureau: Fire Department		Contact: William Jones; (213) 978-3461	
Reference: Transmittal from the Board of Fire Commissioners dated December 3, 2014; referred for report December 3, 2014.			
Purpose of Contract: To provide transportation service by LAFD ambulance to Kaiser facilities.			
Type of Contract: (X) New contract () Amendment		Contract Term Dates: September 1, 2014 through August 31, 2019	
Contract/Amendment Amount: Proposed amount \$0 + Prior award(s) \$0 = Total \$0			
Source of funds: N/A			
Name of Contractor: Kaiser Foundation Health Plan, Inc.			
Address: 12254 Bellflower Blvd., Downey, CA 90242			
	Yes	No	N/A*
1. Council has approved the purpose			X
2. Appropriated funds are available			X
3. Charter Section 1022 findings completed			X
4. Proposals have been requested			X
5. Risk Management review completed			X
6. Standard Provisions for City Contracts included			X
7. Workforce that resides in the City: 0 %			X
*N/A = not applicable ** Contracts over \$100,000			

SUMMARY

At the December 2, 2014 meeting of the Board of Fire Commissioners, the Commission approved the recommendation of the Fire Chief for an agreement with Kaiser Foundation Health Plan, Inc. (Kaiser) to provide targeted-destination ambulance services for a term of September 1, 2014 through August 31, 2019 (Agreement; attached).

The City Council established the Targeted-Destination Ambulance Services Program and the corresponding Targeted-Destination Ambulance Service Revenue Trust Fund by resolution on May 17, 2000 (C.F. 00-0625, Ord. No 173325). The program with the Kaiser Foundation originally compensated the Fire Department (LAFD) a flat program fee of \$100 per transport, in addition to the normal transport fee, for each Kaiser patient transported three or more miles to a Kaiser facility when feasible. The LAFD and Kaiser agreed to incremental increases in the rate using the Consumer Price Index (CPI). In September 2002, the fee was increased to \$110 per patient. Beginning with the previous agreement (Agreement No. C-121531), which covered the period from September 1, 2011 through August 31, 2014, the starting rate for transports was \$135 and was subject to increases or decreases in accordance with the established CPI each year.

			
AS	Analyst	04150056c	Assistant CAO
		City Administrative Officer	

Under the proposed Agreement, the starting rate for transports is increased to \$141.67 per transport, in addition to the normal transport fee, with a 1.5% increase each following year of the Agreement. This is a change from previous agreements which tied the associated increase (or decrease) in the program fee rate to the CPI. The Department indicates that, historically most increases using the CPI hovered in the 1 - 3% range. This year a flat fee was offered by Kaiser and agreed to by the parties as a way of improving forecasts of future cash flow. Kaiser wanted to keep the fee flat and offered a 0.5 % annual increase; however, the LAFD successfully countered that its costs were increasing at a greater rate and that without a higher annual adjustment the program of improving paramedic services would diminish.

This Agreement would allow the LAFD to continue to transport a Kaiser patient upon their request, directly to a Kaiser facility and bypass a closer medical facility. The terms of the Agreement stipulate that patients who are members of Kaiser Health Plan, who are not in extremis or otherwise unstable condition would benefit from being transported directly to a Kaiser facility rather than to the nearest hospital emergency department and then to a Kaiser facility. The LAFD shall make every effort to transport eligible patients to a facility operated by Kaiser or an organization affiliated with Kaiser. Whether a patient is eligible to be transported is determined by such factors as: 1) consent of the patient; 2) evidence that the patient is a member of Kaiser; 3) the patient is not in extremis or unstable condition.

The revenue that is generated and deposited into this fund is designated to be used solely for the purpose of enhancing paramedic services in the community. Eligible expenditure items include training, medical equipment and vehicles for Emergency Medical Services provided by the LAFD.

Over the past three years of the previous agreement, a total of \$3.4 million in revenues have been deposited into the LAFD's Targeted-Destination Ambulance Trust Fund (Kaiser Fund) and approximately \$112,000 is pending receipt. Since the LAFD's targeted-destination ambulance services with Kaiser began in September 1998, the Fire Department has received approximately \$10.1 million from Kaiser that has been deposited into the Kaiser Fund. The LAFD estimates that revenue from patient transport is approximately \$800,000 to \$1 million annually and \$4 to \$5 million over the term of the Agreement.

RECOMMENDATION

That the Mayor and Council authorize the Fire Chief to execute the Agreement between the Los Angeles Fire Department and the Kaiser Foundation Health Plan, Inc. for the term of September 1, 2014 through August 31, 2019 to provide Targeted-Destination Ambulance Services, subject to the review and approval of the City Attorney as to form.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund associated with the approval of this Agreement. All funds received under this Agreement are deposited into the Fire Department's Targeted-Destination Ambulance Services Revenue Trust Fund (Kaiser Fund, Fund No. 335) for enhancement of emergency medical services. The Fire Department estimates that approximately \$800,000 to \$1 million in Trust Fund revenue will be generated annually and \$4 to \$5 million during the term of this five-year Agreement.