

**REPORT FROM EMS TASK FORCE
ON 3RD PARTY BILLING**

Members:

Christopher Thomas, Fire Commissioner

Rordan Hart, Trustee

Jason Fulton, Fire Chief

Jackie Wright, President, Fire Company

Susan Robertson, EMS Manager

Norm Hummel, EMS Captain

THE HISTORY

The Trumansburg Fire Department was first formed in 1872 and later incorporated in 1954 as a municipal taxpayer and donation supported entity for the purpose of ensuring the safety and welfare of the residents and property of the established Fire District. All firefighters, rescue personnel, EMS providers and other support staff have traditionally been volunteers who have served dutifully and courageously thanks to the efforts of the Trumansburg Fire Company as well as the volunteers themselves.

In the late 1990's and early 2000's it became apparent that the numbers of volunteers had drastically fallen and therefore it became more and more difficult to rely on blanket coverage of shifts by volunteers, especially during days, when most volunteers had responsibilities of work and family with which to contend. Because of this trend, the Village of Trumansburg decided in 2002 to move to a system of paid professional EMS providers during the days while maintaining volunteer professional coverage at night. While this has increased the reliability of response to medical incidents within the Fire District it has also put an additional burden on the taxpayers of the Fire District to maintain those paid professional services. This is evidenced by the fact that the budget for the EMS side of the Fire Department has more than quadrupled from approximately \$70,000 in 2001, before paid EMS personnel were added, to approximately \$320,000 in 2007.

The Village of Trumansburg has considered the possibility of 3rd party billing in previous years, but did not pursue the process due to the belief that municipal fire departments could not charge patients for EMS services. Therefore, the traditional method of taxpayer support and donations has continued.

Recently, it has been determined that if the EMS side of the Fire Department is separated out to create a distinct municipal department, then patients may be charged for ambulance and medical services provided by the newly created department.

The model that Trumansburg is considering is based on a working example in Alden, NY. The Village of Alden, NY moved to a 3rd party billing system approximately 7 years ago and, through the efforts of their Fire Chief, Mark Pruitt, and their Village attorney, Chris Trapp, they have informed the Village of Trumansburg and all related personnel, to include the Trumansburg Fire Chief, Jason Fulton, the President of the Fire Company, Jackie Wright, the Fire Commissioner, Christopher Thomas, and the Village attorney, Elena Flash about the process generally. Additionally, in face-to-face meetings as well as conference calls, the two villages have spoken about many of the specifics of moving to 3rd party billing, to include logistical concerns as well as transitioning personnel from one system to the other.

THE CONCERNS

Among the concerns of moving from an entirely taxpayer and donation supported system to one of 3rd party billing is the effect on both paid and volunteer EMS personnel. It has been determined that EMS personnel will certainly be required to have additional training in order to properly fill out information on Pre-Hospital Care Reports (PCRs)

that will be required by the 3rd party billing company in order to submit invoices to Medicare, Medicaid, or private insurance companies. It should be noted that the training would be provided initially, and on an ongoing basis as needed, by the 3rd party billing company.

A related concern is that some patients will choose not to accept necessary medical attention or transport due to an inability to pay for the bill that would be incurred under a 3rd party billing system. While this is a real concern, it is important to note that the 3rd party billing company would be an employee of the Village and therefore would be contractually bound to act on the Village's behalf and to submit and collect bills in a manner established by Village policy. Specifically, this means that under a 3rd party billing system each and every patient must receive a bill by law, however it is not necessary or required that the Village or the 3rd party billing company pursue delinquent bills from patients. This methodology is designed to maximize revenues from public and private insurance carriers rather than over-burdening individuals who do not have proper insurance.

Intangibly, volunteer personnel have also expressed concerns that moving to a system of 3rd party billing would change the nature of the relationship between the community and the volunteer EMS providers. Historically, EMS providers have been able to encourage patients in need to accept ambulance services by informing patients they would receive no bill for the service as all taxpayers in the district would share the cost.

Also a concern to volunteers is the process of donation to the Fire Company and/or the Fire Department that may be diminished if residents understand that patients are being charged for services. This particular concern, while valid, is made less worrisome by the high dollar figures that conservative estimates suggest would be saved within the Fire District.

Additional concerns regarding the qualification for death benefits in the event a volunteer is killed in the line of duty have been raised. Discussions with the Village attorney have alleviated this concern. The Public Safety Officer's Benefit and the Hometown Heroes Act of 2003 (Addendum 4) clearly outline the qualifications of any paid or unpaid emergency rescue personnel for benefits that include but are not limited to death benefits.

THE NEED

Generally, the idea of moving to a system of 3rd party billing has been well received by municipal officers and elected officials within the Fire District due to the potentially drastic savings which 3rd party billing might enable. Conservative estimates as outlined in Comparative EMS Budgets (Addendum 1) demonstrates a potential savings of \$252,050 dollars to the Fire District annually, or about 84% of the current EMS budget.

The need to move to 3rd party billing instead of a fully taxpayer and donation funded department is clear. With recent increases in property assessments as well as Village and County tax levies it is becoming increasingly more expensive to support the Fire Department in the necessary manner and as a result is increasing the burden of our taxpayers.

Additionally, as cited in an article from the Ithaca Journal on April 10, 2008 (Addendum 2), volunteers are becoming harder to come by in central New York, and many of the volunteers that do serve have been serving for many years. In order to attract new volunteers and to thank current volunteers U.S. Representative Maurice Hinchey is sponsoring a bill that will grant a \$1,000.00 tax credit to active volunteers; "This bill is the least we can do to express our gratitude for all that our volunteer first responders do for our communities," remarked Hinchey.

While this potential tax credit may in fact mitigate the costs of our volunteers and therefore encourage more volunteerism, it is necessary to provide even more incentive if we are to guarantee our community the continued service from volunteers in years to come. One potential incentive is the establishment of retirement benefits for active volunteers, or Length of Service Award Programs.

THE RECOMMENDATION

It is the recommendation of this Task Force that the Village of Trumansburg as the owner and operator of the Trumansburg Fire Department issue a referendum to the appropriate residents of the Fire District, with the cooperation of the other municipalities within the Fire District, requesting that 3rd party billing be instituted for the purposes of mitigating the escalating costs of the paid EMS personnel as well as general operation expenses of the EMS side of the Fire Department.

Additionally, it is recommended that a copy of this report as well as other relevant documents be made available to the boards of Ulysses, Covert and Hector so that they may be given the opportunity to support this initiative.

Upon approval of the referendum, it would then be necessary to establish a separate department for EMS and ambulance services (i.e. Trumansburg Ambulance Department), as well as enlisting the services of a 3rd party billing company to begin the process of training EMS personnel and for the collection of revenue associated with the billing of Medicare, Medicaid and private insurance companies.

It is further recommended that the Fire District invest part of the savings generated from 3rd party billing on a Length of Service Award Program (LOSAP, Addendum 3) that would create retirement funds for active fire and EMS volunteers. This program is designed so that we can provide for retirement benefits up to five years retroactively from the start of the program for volunteers deemed to have actively participated during that time frame.

The LOSAP would require additional approval in the form of an affirmative referendum from the residents of the Fire District on the condition the residents approve the move to 3rd party billing in the initial referendum.

The need to supplement the budget of the Fire Department with 3rd party billing would simultaneously relieve much of the tax burden from our residents as well as provide the Fire District with the funds necessary to properly thank those who have committed their time and risked their lives for our community.

Addendum 1

Comparitive EMS Budgets for 2008

EMS Services		2008 w/ Vols	2008 w/o Vols
A4540-0001	Personnel Services *	\$154,000.00	\$308,000.00
A4540-0004	Contractual	\$2,000.00	\$2,000.00
A4540-0046	Telephone	\$0.00	\$0.00
A4540-0417	Small Equipment	\$20,340.00	\$20,340.00
A4540-0418	Training	\$3,000.00	\$12,000.00
A4540-0419	Clothing	\$3,500.00	\$7,000.00
A4540-0421	Fuel	\$6,000.00	\$6,000.00
A4540-0422	Vehicle Maintenance/Repair	\$4,500.00	\$4,500.00
A4540-0424	Supplies	\$7,500.00	\$18,000.00
A4540-0431	Workers Comp. Insurance	\$16,500.00	\$33,000.00
A4540-2001	Ambulance Fund	\$20,000.00	\$20,000.00
A9060.81	Medical Insurance	\$32,120.00	\$64,240.00
A9030.81	FICA/Medicare	\$11,000.00	\$22,000.00
A9010.81	Retirement	\$12,575.00	\$25,150.00
	Village Clerk/Admin. Work	\$7,500.00	\$7,500.00
	 Total w/o Billing	 \$300,535.00	 \$549,730.00
	Total w/ Billing (71% Return)	\$48,485.00	\$297,680.00
	Savings:	\$252,050.00	\$252,050.00
	Total w/ Billing (50% Return)	\$123,035.00	\$372,230.00
	Savings:	\$177,500.00	\$177,500.00

Returns are based on total annual billing of \$355,000.00

Addendum 2

Firefighters may get tax break

Ithaca Journal, April 10, 2008

A bill introduced in Congress recently would seek to help recruit and keep volunteer firefighters by allowing them to take a \$1,000 credit on their federal tax returns.

The measure is called the Supporting Emergency Responders Volunteer Efforts Act. If it becomes law, taxpayers who are volunteer firefighters or EMS workers for the full year are entitled to a refundable federal tax credit of \$1,000. If they work for part of the year, they are entitled to a pro-rated amount. A refundable tax credit means that if the credit exceeds an individual's federal tax liability, they would receive the remainder as a tax refund.

"This bill is the least we can do to express our gratitude for all that our volunteer first responders do for our communities," said U.S. Rep. Maurice Hinchey, D-22nd Dist. Hinchey was joined in introducing the bill by Michael Arcuri, D-24th Dist., Kirsten Gillibrand, D-20th Dist., of the Albany area, and John Hall, D-19th Dist., of the lower Hudson Valley.

Hinchey has introduced versions in earlier sessions of Congress. Sen. Charles Schumer, D-N.Y., has introduced a Senate version. The House bill was introduced last week and referred to the Ways and Means Committee. It has 18 co-sponsors.

In Tompkins County, only the City of Ithaca, which also serves the Town of Ithaca, has paid career firefighters, though the city also has some volunteers.

Tom Dorman, a deputy chief for the Ithaca Fire Department, said the department currently has three active volunteers.

"They're not as big as a component to our department as they used to be," he said. "I don't know if a tax incentive would induce people to volunteer, but they do deserve benefits."

Cayuga Heights Fire Chief George Tamborelle said a federal tax incentive for volunteers, like the state tax credit the volunteers can receive for 2007, would be welcome.

"It's nice to have that extra \$200 dollars from New York state," he said. "If the federal government is going to give a tax credit to volunteers, that's great too."

The Cayuga Heights Fire Department is an all-volunteer force, Tamborelle said, and volunteers have out-of-pocket expenses, most notably fuel used driving to fires, training and other necessary department functions. Even though theirs is the smallest district, Cayuga Heights firefighters drive between 300 to 400 miles per year, he estimated.

Volunteer firefighters in larger districts, like Newfield, Dryden, Lansing, Ulysses and Caroline, probably make 10-mile round trips responding to emergencies, Tamborelle said.

"Those districts are immense," he said. "That's a lot of dedication, that's a lot of fuel."

A spokesman from Schumer's office said he sees no visible opposition to the Senate bill yet. Schumer supports the bill because he feels volunteers fill an important need in the community, the spokesman added.

Seventy-two percent of all firefighters in the United States are staffed by volunteers, according to Hinchey's staff. According to the Firemen's Association of the State of New York, there are 116,000 volunteer firefighters in New York, but departments are having more and more trouble

recruiting young people to join the ranks, and many departments struggle to fill crews especially during the day when most people are working.

The National Volunteer Fire Council, which has endorsed the SERVE Act, reports that the number of volunteer firefighters in the U.S. has declined by more than 8 percent since 1984. That figure is estimated to be even higher for New York. Major factors contributing to the decline in volunteer firefighters include more rigorous training requirements and the higher cost of living that makes it hard for people to volunteer.

Ray Drumsta, Journal staff, contributed to this report.

Addendum 3

LENGTH OF SERVICE AWARD PROGRAM

L.O.S.A.P.

4/25/2008



TYPES OF PROGRAMS

- DEFINED CONTRIBUTION
 - SET AMOUNT FOR EACH YEAR OF SERVICE
 - 10 YEARS OF SERVICE x \$360 = \$3,600+
 - \$120, \$240, \$360, \$480, \$700
 - ACTIVE FIREFIGHTER
 - MEETS THE POINT REQUIREMENTS

TYPES OF PROGRAMS

- DEFINED BENEFIT
 - SET AMOUNT FOR EACH MONTH OF SERVICE
 - 10 YEARS OF SERVICE x \$10. = \$100 MONTH UNTIL _____
 - \$10, \$20, \$30 MONTH
 - ACTIVE FIREFIGHTER
 - MEETS THE POINT REQUIREMENTS

REQUIREMENTS

- RESOLUTION BY THE BOARD AUTHORIZING THE ADOPTION OF THE SERVICE AWARD PROGRAM. 60% OF THE BOARD MUST APPROVE
- THE ENTITLEMENT AGE OF PARTICIPANTS, 55, 60, 62, 65
- TYPE OF PROGRAM (DC or DB)
- NUMBER OF YEARS OF FIRE SERVICE, 40 YEARS
- BUY BACK OF UP TO FIVE (5) YEARS OF SERVICE
- COST OF PROGRAM INCLUDING ADMIN FEES
- THE EFFECTIVE DATE OF THE PROGRAM MUST BE JANUARY 1ST
- ESTABLISH THE (50) POINT SYSTEM FOR QUALIFICATION IN THE PROGRAM

ELIGIBILITY

- MUST BE AN ACTIVE FIREFIGHTER PER THE BY-LAWS OF THE FIRE DISTRICT, FIRE DEPARTMENT
- MUST BE 18 YEARS AND ONE (1) YEAR OF SERVICE
- AUXILIARIES AND SUPPORT GROUPS ARE NOT ELIGIBLE

REFERENDUM

- THERE MUST BE A MANDATORY REFERENDUM TO ALLOW THE CREATION OF THE SERVICE AWARD PROGRAM

- THOSE TAXPAYERS IN THE FIRE DISTRICT ARE THE ONLY ONES ALLOWED TO VOTE

- THE REFERENDUM SHALL STATE THE FOLLOWING:
 - ESTIMATED COST OF THE PROGRAM
 - LENGTH OF SERVICE (UP TO 40 YEARS)
 - ENTITLEMENT AGE
 - TYPE OF PROGRAM
 - CONTINUATION OF SERVICE AFTER ENTITLEMENT AGE (LOSAP II)

NEEDED TO QUOTE PROGRAM

- LIST OF ACTIVE MEMEBERS OF THE FIRE DEPARTMENT INCLUDING DATE OF BIRTH AND ACCEPTANCE INTO THE FIRE DEPARTMENT
- KNOW THE PROGRAM, EITHER DEFINED BENEFIT OR DEFINED CONTRIBUTION
- BENEFIT OF THE PROGRAM

4/25/2008



7

NEEDED TO START PROGRAM

- APPLICATION
- UP TO DATE CENSUS
- COPY REFERENDUM
- FILL OUT BENEFICIARY FORMS
- COMPLETED PLAN DOCUMENT
- MINIMUM DEPOSIT OF \$1,000

4/25/2008



GROUP TERM LIFE

- GROUP TERM LIFE OUTSIDE THE LOSAP PROGRAM. NOT TAXABLE AS BENEFICIARY.
- ADD EXTRA BENEFIT TO MEMBERS WHILE BUILDING THEIR LOSAP BENEFIT
- CAN BE QUOTED OFF THE LOSAP CENSUS

Addendum 4

Public Safety Officers' Benefits (PSOB) Program: Hometown Heroes Survivors Benefits Act of 2003

Enacted in 1976, the Public Safety Officers' Benefits (PSOB) Program is a partnership effort of the U.S. Department of Justice; local, state, and federal public safety agencies; and national organizations to provide benefits to the spouses, children, and other survivors of public safety officers who have died from a traumatic injury or who have been totally and permanently disabled in the line of duty.

On December 15, 2003, the Hometown Heroes Survivors Benefits Act expanded the circumstances under which public safety officer deaths resulting from heart attacks and strokes may be covered by the program.

- The Hometown Heroes Act establishes a statutory presumption that public safety officers who die from a heart attack or stroke following a nonroutine stressful or strenuous physical public safety activity or training, died in the line of duty for benefit purposes.
- The Hometown Heroes presumption may be overcome by "competent medical evidence to the contrary."
- The Hometown Heroes Act excludes actions of a "clerical, administrative, or nonmanual nature" from consideration.
- The regulations governing the Hometown Heroes Survivors Benefits Act, as well as the entire PSOB Program, were finalized September 11, 2006.
- In the meantime, the PSOB Office continues to work closely with OGC to assess the information provided thus far on Hometown Heroes claims.

