

HABERSHAM COUNTY BOARD OF COMMISSION
EXECUTIVE SUMMARY

SUBJECT: Operating Agreement for Ambulance Services

DATE: April 28, 2016

RECOMMENDATION

POLICY DISCUSSION

BUDGET INFORMATION:

STATUS REPORT

ANNUAL- approximately \$450,000 (operating costs) **OTHER**

CAPITAL-

COMMISSION ACTION REQUESTED ON: May 16, 2016

PURPOSE:

To request Commission approval for a revised Operating Agreement for Ambulance Services between Habersham County Medical Center and the Habersham County Board of Commissioners.

BACKGROUND / HISTORY:

This Operating Agreement was first entered into on June 18, 2007. Since then, it was revised on July 1, 2015 at that time we more specifically described expenses to be included in the terms of the agreement, and changed the method of reconciling subsidy payments annually. The 2007 contract involved a subsidy that was to be used to readjust future budget subsidy payments. That methodology has not been very practical, and the County wound up accumulating a significant pre-paid subsidy which the Hospital did not recognize as a true liability, and therefore removed it from its books, thereby reducing the County's designated fund balance by \$403,987.

In order to prevent similar situations from occurring in the future, the revised agreement requires that within 60 days of the completion of the Hospital's annual audit, the County will either pay the hospital for shortages or the Hospital will reimburse the County for any overpayment of the annual subsidy.

FACTS AND ISSUES:

This revised agreement (before the Commission at this time) is intended to better clarify the specific expenses which are included in the annual subsidy as the financial responsibility of Habersham County. We believe that this latest agreement is more equitable for all parties and underpayments or overpayments to the Hospital will be more easily reconciled.

- a) This new agreement will specify expenses which are included as the financial responsibility of Habersham County, and are laid out in Paragraphs 9 and 20 in the agreement.
 - b) Operating expenses are detailed in the two attached spreadsheets entitled "Statement of Operations" and "Statement of Revenue and Expenses".
 - c) This agreement requires annual reconciliation of the subsidy in order to allow the County or Hospital to be reimbursed for overpayments or underpayments.
 - d) The remaining requirements and terms of the agreement have not substantially changed since the original agreement from June 18, 2007.
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OPTIONS:

- 1) Approve the revised Ambulance Service Operating Agreement
 - 2) Deny approval of the revised Ambulance Service Operating Agreement
 - 3) Commission-define alternative
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RECOMMENDED SAMPLE MOTION:

Move to approve the revised Ambulance Service Operating Agreement as presented by Habersham County Medical Center.

DEPARTMENT:

Prepared by:

Director _____

**ADMINISTRATIVE
COMMENTS:** _____

_____ **DATE:** _____

County Manager

OPERATING AGREEMENT FOR AMBULANCE SERVICES

THIS AGREEMENT entered into on the __ of __, 20__, between HABERSHAM COUNTY, GEORGIA, hereinafter referred to as "County," and THE HOSPITAL AUTHORITY OF HABERSHAM COUNTY, of said State and County, hereinafter referred to as "Authority."

WITNESSETH:

WHEREAS, it is necessary for the protection of the health and welfare of the citizens of Habersham County that an ambulance service be afforded; and,

WHEREAS, it is necessary to provide medical services including routine and emergency ambulance service for the hospitalized sick of Habersham County; and,

WHEREAS, it is necessary that County promote the public convenience, health and general welfare of the citizens of Habersham County, including the indigent; and,

WHEREAS, Habersham County desires that prompt and adequate routine and emergency ambulance service be provided for the citizens of Habersham County and the Authority, through its hospital (hereinafter Hospital) has agreed to provide such services and represents that it is qualified and will have the necessary equipment and manpower to provide such services:

NOW THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. The Hospital will operate a county-wide ambulance service on a twenty-four hour basis, seven days per week, utilizing emergency hospital personnel and equipment meeting generally accepted and/or imposed standards, establishing reasonable policies, procedures and charges. The Hospital will maintain records of the service and have them audited annually at the end of Authority's fiscal year by a Certified Public Accountant.
2. The Hospital agrees to adhere to all the requirements of this contract, and to comply with all County, State and Federal laws applicable to ambulance services.
3. The Hospital warrants that it will perform the following background checks on all persons to be employed by Hospital in providing ambulance services hereunder: (i) Georgia criminal background check; (ii) Pinkerton Social Security Number Trace; (iii) Health and Human Services Inspector General licensure check; and (iv) Pinkerton Motor Vehicle Report for driving offenses occurring the prior three years.
4. The Hospital covenants and agrees that no driver shall be used in the operation of any such ambulance who had been convicted of a crime, including but not limited to, moving violations and moral turpitude.
5. It will be the duty of the Hospital Authority Board to establish and approve a user fee structure that is competitive.
6. The Hospital shall approve the ambulance services operations budget prior to submission to the County. In case of disagreement, the County Board of Commissioners and the Hospital Authority Board shall each appoint one representative from each body to serve along with the County Manager and the Hospital Administrator on a committee to resolve differences.
7. Authority shall provide County with an annual audit prepared by Authority's auditors of Ambulance Service operations for the prior year.

8. The Hospital shall provide professional negligence insurance coverage for medical management performed by medical service personnel employed by the Hospital and on duty with the Ambulance Service. The expenses of the professional negligence insurance coverage shall be paid by the Authority, and charged to the Ambulance Service as an allowable and reimbursable expense. Professional liability coverage shall be no less than \$1,000,000 per incident, and \$3,000,000 in the annual aggregate. The Authority agrees that it shall provide the County with certificates of insurance from an insurance company authorized to do business in the State of Georgia showing that the professional negligence insurance coverage required above is in effect. The professional negligence insurance shall name both the County and the Authority as insured, In the event of a claim against the Authority, the Authority shall look exclusively to the insurance referred to herein in order to satisfy any claims against it.
9. The County will pay to the Authority one-twelfth of the agreed-upon annual County subsidy each month on or before the 15th day of each month. The dollar amount of the annual County subsidy shall be determined by the County and the Authority prior to each anniversary of this Agreement. The Authority shall provide to County a monthly financial and statistical report detailing operations of the Ambulance Service including:

1) Statement of Operations Detailing:

- (a) Gross Revenues (charges billed)
- (b) Contractual Allowances Applied to Charges (by classification)
- (c) Net Revenues
- (d) Bad Debt Recovery Revenues
- (e) Expenditures (detailed by account e.g., salaries, benefits, supplies, bad debt write-off; equipment, training, etc.)

2) Statistical Report Including:

- (a) Number of Calls Responded to
- (b) Emergency
- (c) Non-Emergency
- (d) Total Miles Driven
- (e) Amount of Accounts Receivable Carried
- (f) Aging Accounts Receivable Report

10. The County agrees to provide gasoline for said ambulances at the County gasoline station and to provide repairs and maintenance at its County Shop at no cost to the Authority.
11. The County shall provide housing for the ambulance service.
12. The County shall be responsible for obtaining liability and comprehensive insurance on each ambulance. The expenses of all such coverage shall be solely the responsibility of the County. Coverage on the vehicles shall be maintained with minimum limits of \$1,000,000 per accident. The County agrees that it shall provide the Authority with certificates of insurance showing that the Authority is either a names or an additional insured under all such policies providing the limits of coverage stated herein. The County agrees that it shall provide the Authority with notification of cancellation, default or change if such a change occurs. In the event that the County fails to provide such a certificate of insurance, the Authority is authorized to obtain such coverage and, in that event, the Authority shall be entitled to recover from the County for both

the expense of the coverage and any other expenses that may be incurred in obtaining such coverage. The liability and comprehensive insurance shall name both the County and the Authority as insured. In the event of a claim against the County, the County shall look exclusively to the insurance referred to herein in order to satisfy any claims against it.

13. The County shall furnish, keep, and maintain sufficient ambulances in Habersham County to furnish routine and emergency services to the citizens and sojourners of Habersham County.
14. It is expressly understood between the parties hereto that the Authority, in providing the service herein provided for, shall not at any time be the agent or employee of Habersham County, Georgia, or any political subdivision thereof. The Hospital Authority of Habersham County is a separate legal entity operating through its hospital. It is further understood that the County shall have no right for indemnity or any other claim against the Authority arising out of the Authority's provision of routine and emergency services to the citizens and sojourners of Habersham County.
15. Each county-furnished ambulance shall be equipped, at County expense, according to the minimum standards set forth by the Department of Human Resources, as may be amended from time to time.
16. This contract constitutes the entire agreement between the parties and they shall not be bound by any statement, agreement, or understanding not contained herein. This contract shall not be modified, altered, amended, assigned or renewed except in writing executed by both parties.
17. This contract is governed by the laws of the State of Georgia and all other applicable laws.
18. The terms of this agreement shall become effective the __ day of __. It shall be renewed for successive twelve month periods that run concurrent with the County's and the Authority's fiscal year unless either party gives written notice of termination at least ninety days prior to termination.
19. It is mutually agreed by the parties hereto that if any of the terms and conditions or covenants of this contract are declared to be null and void and of no force and effect by law and Court, then the remaining parts of said contract are to be of full force and effect.
20. There is to be a reconciliation between the hospital and County annually as it relates to the ambulance contract. This reconciliation should occur within six months after the end of the hospital fiscal year ended June 30. The reconciliation shall use the expenses from the Audited Ambulance Income Statement for the fiscal year ended June 30 of the year being reconciled and Actual Cash Collections for the fiscal year being reconciled based on dates of service from July 1 to June 30 for the year being reconciled. Expenses include salaries & wages, supplies, repairs & maintenance, general liability insurance, licenses & permits, subscriptions, employee benefits to include pension cost funding, payroll taxes, medical insurance, life insurance, & workers' compensation, ambulance billing & collections, laundry & linen service, ambulance coding, medical records, and social service. Any other expenses will be mutually agreed upon by amendment to this contract. Reconciliation shall take Actual Cash Collections plus Actual Subsidy Paid for the same dates of service as Actual Cash Collections less expenses from corresponding audited income statement for July 1 to June 30. If Actual Cash Collections and Actual Subsidy Paid exceeds expenses from the Ambulance Income Statement also known as the Excess, hospital will owe County the amount by which Actual Cash Collections and Actual Subsidy Paid exceeds the Ambulance Income Statement Expenses or the Excess. If Actual Cash Collections and Actual Subsidy Paid is less than Ambulance Income Statement Expenses also

knows as the Shortfall, County will owe hospital the amount by which Actual Cash Collections and Actual Subsidy Paid does not exceed the Ambulance Income Statement or the Shortfall. Any Excess or Shortfall is due and payable 60 days after reconciliation is complete.

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized officers, have hereunto set their hands and affixed their seals, in duplicate, on the date and year first above written.

HOSPITAL AUTHORITY OF HABERSHAM COUNTY

BY: _____
Chairman

ATTEST: _____
Secretary

HABERSHAM COUNTY, GEORIGIA

BY: _____
Chairman

ATTEST: _____
County Clerk

**HABERSHAM MEDICAL CENTER
HABERSHAM COUNTY EMS
STATEMENT OF OPERATIONS AS OF OCTOBER 31, 2015**

<u>MONTH</u> <u>ACTUAL</u>	<u>MONTH</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>%</u> <u>Chng</u>		<u>Y-T-D</u> <u>ACTUAL</u>	<u>Y-T-D</u> <u>BUDGET</u>	<u>VARIANCE</u>	<u>%</u> <u>Chng</u>
294,455	251,351	43,104	17%	GROSS AMBULANCE CHARGES	1,078,181	1,000,643	77,538	8%
294,455	251,351	43,104	17%	GROSS PATIENT REVENUE	1,078,181	1,000,643	77,538	8%
132,505	116,208	16,297	14%	TOTAL ALLOWANCES	485,181	464,836	20,345	4%
0	0	0	100%	BAD DEBT EXPENSE	0	0	0	100%
161,950	135,143	26,807	20%	NET PATIENT REVENUE	592,999	535,807	57,192	11%
42,815	42,815	0	0%	COUNTY SUBSIDY	171,261	171,260	1	0%
204,766	177,958	26,808	15%	TOTAL REVENUE	764,260	707,067	57,193	8%
126,012	129,626	-3,614	-3%	SALARY AND WAGES	509,824	514,321	-4,497	-1%
32,763	33,703	-940	-3%	EMPLOYEE BENEFITS	132,554	133,724	-1,170	-1%
6,478	5,288	1,190	23%	FEES - PROFESSIONAL	23,720	21,152	2,568	12%
3,815	5,101	-1,286	-25%	SUPPLIES	22,540	20,404	2,136	10%
1,489	1,572	-83	-5%	UTILITIES	5,972	6,288	-316	-5%
861	960	-99	-10%	REPAIRS/MAINTENANCE	3,444	4,346	-902	-21%
662	566	96	17%	INSURANCE	2,361	2,264	97	4%
1,142	1,142	0	0%	OTHER EXPENSE	4,638	4,568	70	2%
173,221	177,958	-4,737	-3%	TOTAL OPERATING COST	705,052	707,067	-2,015	0%
31,545	0	31,545	100%	EXCESS REV OVER EXP	59,208	0	59,208	100%
				STATISTICS				
154	136	18	13%	NON-BILLABLE RUNS	571	583	(12)	-2%
398	307	91	30%	EMERGENCY RUNS	1,464	1,368	96	7%
63	57	6	11%	NON-EMERGENCY RUNS	228	177	51	29%
615	500	115	23%	TOTAL RUNS	2,263	2,128	135	6%
15,904	14,832	121	7%	MILES DRIVEN	56,688	59,786	186	-5%
6,725	7,416	236	-9%	MILES BILLED	24,427	29,893	321	-18%

HABERSHAM COUNTY MEDICAL CENTER
 AMBULANCE SERVICE
 STATEMENTS OF REVENUE AND EXPENSES
 PERIOD ENDED OCT 2015

	OCT 2015 ACTUAL	OCT 2015 BUDGET	OCT 2015 VARIANCE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VARIANCE
AMBULANCE RUNS	615	478	137.00	2,263	1,959	304.00
PATIENT SERVICE REVENUE:						
INPATIENT REVENUE	0.00	(498.00)	498.00	0.00	782.00	(782.00)
OUTPATIENT REVENUE	294,455.02	251,849.00	42,606.02	1,078,180.56	999,861.00	78,319.56
EMERGENCY ROOM REVENUE CLEARING	0.00	0.00	0.00	0.00	0.00	0.00
Gross patient service revenue	<u>294,455.02</u>	<u>251,351.00</u>	<u>43,104.02</u>	<u>1,078,180.56</u>	<u>1,000,643.00</u>	<u>77,537.56</u>
ALLOWANCES:						
Contractual Allowances	<u>132,504.76</u>	<u>116,208.00</u>	<u>16,296.76</u>	<u>485,181.27</u>	<u>464,836.00</u>	<u>20,345.27</u>
Total Allowances	<u>132,504.76</u>	<u>116,208.00</u>	<u>16,296.76</u>	<u>485,181.27</u>	<u>464,836.00</u>	<u>20,345.27</u>
NET PATIENT SERVICE REVENUE	<u>161,950.26</u>	<u>135,143.00</u>	<u>26,807.26</u>	<u>592,999.29</u>	<u>535,807.00</u>	<u>57,192.29</u>
Patient Revenue Per Stat	263.33	282.73	(19.39)	262.04	273.51	(11.47)
OPERATING EXPENSES:						
SALARIES & WAGES	126,011.65	129,626.00	(3,614.35)	509,823.61	514,321.00	(4,497.39)
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00
EMPLOYEE BENEFITS	32,763.03	33,703.00	(939.97)	132,554.13	133,724.00	(1,169.87)
PROFESSIONAL FEES	6,478.01	5,288.00	1,190.01	23,719.98	21,152.00	2,567.98
SUPPLIES	3,814.64	5,101.00	(1,286.36)	22,539.53	20,404.00	2,135.53
UTILITIES	1,488.69	1,572.00	(83.31)	5,972.23	6,288.00	(315.77)
REPAIRS & MAINTENANCE	861.09	960.00	(98.92)	3,444.32	4,346.00	(901.68)
LEASES & RENTALS	0.00	0.00	0.00	0.00	0.00	0.00
INSURANCE	662.01	566.00	96.01	2,360.76	2,264.00	96.76
INTEREST EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
OTHER EXPENSE	1,141.67	1,142.00	(0.33)	4,637.64	4,568.00	69.64
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
DEPRECIATION & AMORTIZATION	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	<u>173,220.78</u>	<u>177,958.00</u>	<u>(4,737.22)</u>	<u>705,052.20</u>	<u>707,067.00</u>	<u>(2,014.80)</u>
Operating Expenses Per Stat	281.66	372.30	(90.64)	311.56	360.93	(49.38)
NON OPERATING ITEMS						
OTHER INCOME	42,815.25	42,815.00	0.25	171,261.00	171,260.00	1.00
OTHER EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON OPERATING	<u>42,815.25</u>	<u>42,815.00</u>	<u>0.25</u>	<u>171,261.00</u>	<u>171,260.00</u>	<u>1.00</u>
CONTRIBUTION TO (FROM) INCOME	31,544.73	0.00	31,544.73	59,208.09	0.00	59,208.09
Contribution Per Stat	51.29	0.00	51.29	26.16	0.00	26.16