

ARIZONA DEPARTMENT OF HEALTH SERVICES

PREPAREDNESS

FINDINGS LETTER

Control No. 00346

October 19, 2018

Mario Novoa, Fire Chief
CITY OF DOUGLAS FIRE DEPARTMENT
AMBULANCE SERVICE
1400 10th Street
Douglas, AZ 85607

Re: General Rate Adjustment

Dear Fire Chief Novoa:

Attached for your review are the Bureau's developed findings regarding the application for adjustment to General Rates submitted by City of Douglas Fire Department Ambulance Service on March 2, 2018. Please pay particular attention to the following pages for a detailed analysis performed by the Bureau regarding your requested rates and charges.

Please ensure you review the attached findings, appendices and appendix footnotes and respond within two (2) weeks, from the date of this letter, with your approval or request for an administrative hearing.

Should you have any questions regarding this matter, please contact me by email at Katherine.Ruiz@azdhs.gov or via phone (602) 364-3165.

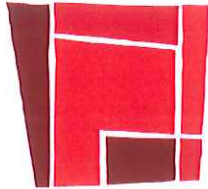
Sincerely,

A handwritten signature in blue ink, appearing to read "Katherine Ruiz".

Katherine Ruiz, MSA
Ambulance Rates Analyst
Arizona Department of Health Services
Bureau of Emergency Medical Services and Trauma System

Enclosures

Douglas A. Ducey | Governor Cara M. Christ, MD, MS | Director



ARIZONA DEPARTMENT OF HEALTH SERVICES

PREPAREDNESS

FINDINGS LETTER

Control No. 00346

October 19, 2018

TO WHOM IT MAY CONCERN:

RE: Findings on the proposed initial general public rates requested by City of Douglas dba Douglas Ambulance Service pursuant to Arizona Revised Statute, Title 36, Chapter 21.1 Article 2 and Arizona Administrative Code, Title 9, Chapter 25, Article 11.

1. APPLICANT:

City of Douglas dba Douglas Ambulance Service (Applicant), on March 2, 2018, applied for a general rate increase. It holds a current Certificate of Necessity #32 which will expire on January 31, 2019. The Applicant is authorized for the operation of an Advance Life Support (ALS) and Basic Life Support (BLS) ground ambulance service.

2. REVIEW BY STATE AGENCY:

The Arizona Department of Health Services, Bureau of Emergency Medical Services and Trauma System (Bureau) has performed an analysis of the proposed adjustments to the rates and charges which included a review of:

- Applicable items used in setting ambulance rates as defined in A.R.S. § 36-2239(I) and A.A.C. R9-25-1106 and R9-25-1107,
- The entity's need adjust general public rates,
- The relationship of the proposed rates and charges to those of comparable entities,
- The relationship of the proposed revenue to the entity's financial requirements,
- The relationship of the entity's proposed total operating expenses to those of comparable entities,

Ratios, statistics and financial data are included in the attached appendices and are an integral part of this analysis.

"PROPOSED" amounts shown on the attached appendices are as projected and submitted by the Applicant for its service area, and those which were analyzed by the Bureau.

Douglas A. Ducey | Governor Cara M. Christ, MD, MS | Director

3. HISTORY OF RATES AND CHARGES:

	Base Rates			Standby Waiting	Subscription Service
	A.L.S.	B.L.S.	Mileage		
Initial Rates:	\$938.70	\$938.70	\$16.35	\$234.68	N/A
Applicant Proposed Rates	\$1,218.85	\$1,218.85	\$15.94	\$234.68	N/A
Bureau Proposed Rates	\$1,323.53	\$1,323.53	\$11.18	\$330.88	N/A

4. PROPOSED ADJUSTMENT TO RATES AND CHARGES:

The Applicant's justification for the proposed rates and rate increase, as described in its letter filed with the Department of Health Services, Bureau of Emergency Medical Services and Trauma System on March 2, 2018, is as follows:

The City of Douglas Ambulance Service has not raised not its EMS rates since June 2011. The cost of providing service in Douglas has increased since then, putting us at \$1,604.00 cost per ambulance transport. Additionally, our call load in the last few years has increased about 39% requiring additional staff to provide this much needed service.

5. RATES & CHARGES – APPLICANT PROPOSAL AND BEMS ANALYSIS:

The Comparative Analysis (Table 1) shows the Applicant's requested rates and charges and the rates and charges as analyzed by the Bureau. The Bureau's analysis of rates and charges is based upon a review of the projected (proposed) statistical and financial data filed on March 2, 2018, and provided further information on March 27, 2018 and August 17, 2018.

Details of amounts that comprise rates and charges as proposed by the Applicant and rates and charges as analyzed by the Bureau are shown in the attached appendices.

5. FINDINGS:

The Applicant's cost and rates structure have been compared to two ambulance services based on similar geographic region and payer mix.

- A. The Applicant has not applied for a rate adjustment in the past six months.
- B. The Applicant will not charge for disposable medical supplies, medical supplies and medication and oxygen related costs as allowed in A.R.S. 36-2239 (D).
- C. The Applicant's proposed base rate, ALS at \$1,218.85 is in the mid-range (49th percentile) respectively, of all ground ambulance service rates in Arizona.
- D. The Applicant's proposed base rate, BLS at \$1,218.85 is in the mid-range (53rd percentile) respectively, of all ground ambulance service rates in Arizona.
- E. The Applicant's proposed mileage rate at \$15.94 is in the mid-range (47.7th percentile) of all ground ambulance service mileage rates in Arizona.
- F. The Applicant's projected revenue per transport at \$1,205.03 is the lowest, compared to two (2) ambulance services with a similar number of runs.

Douglas Ambulance Service
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- G. The Applicant's proposed cost per transport at \$1,577.34 is in the mid-range, compared to two (2) ambulance services with a similar call volume, payer mix, and/or geographic location.
- H. The Applicant's proposed ratio of wages to total expenses at 87.28% is in the highest, compared to two (2) ambulance services with a similar call volume.
- I. The Applicant's proposed ratio of AHCCCS Settlement to Total Routine Operating Revenue at 12.60% is in the mid-range, compared to two (2) ambulance services with a similar call volume and/ or payer mix.
- J. The Applicant's proposed ratio of Medicare Settlement to Total Routine Operating Revenue at 16.81% is the lowest, compared to two (2) ambulance services with a similar call volume and/ or payer mix
- K. The Applicant's proposed total deduction from revenue at 29.42% is the lowest, compared to two (2) ambulance services with a similar call volume and/ or payer mix.
- L. The Applicant's proposed ratio of Bad Debt to Total Routine Operating Revenue at 7.94% is the highest, compared to two (2) ambulance services with a similar call volume and/ or payer mix.

6. RECOMMENDATION:

The Bureau recommends that the Director grants Applicant's rates and charges supported by the Bureau's analysis and summary in Table 1 of this document. The rates recommended by the Bureau are identified below:

ALS Rate:	\$1,323.53
BLS Rate:	\$1,323.53
Mileage Rate:	\$11.18
Standby/ Waiting Rate:	\$330.88
Subscription Service Rate	N/A
Disposable Medical Supply Rate:	Charges Not Allowed

Attachments:

- Table 1 - Comparative Analysis: Applicant Proposal and Bureau's Analysis
- Appendix A - Ratios and Miscellaneous Statistics
- Appendix B - Summary of Statistical Data
- Appendix C - Summary of Rates and Charges
- Appendix D - Statement of Income
- Appendix D-1 - Routine Operating Revenue
- Appendix D-2 - Summary of Deductions from Routine Operating Revenue
- Appendix D-3 - Summary of Routine Operating Expenses - Wages, Payroll Taxes and Employee Fringe Benefits
- Appendix D-4 - General and Administrative Expenses
- Appendix D-5 - Routine Operating Expenses
- Appendix D-6 - Summary of Other Operating Revenues and Expenses

Primary Reviewer: Katherine Ruiz, MSA
Ambulance Rate Analyst

DATA FOR THE PERIOD
Proposed Applicant 12 month projection - 2018 and Fiscal Year ARCR-2017

Douglas A. Ducey | Governor Cara M. Christ, MD, MS | Director

COMPARATIVE ANALYSIS - APPLICANT PROPOSAL AND BEMS ANALYSIS

RATE STRUCTURE:	APPLICANT PROPOSAL **, ***			BEMSTS ANALYSIS **, ***		
	UNITS	RATES/ CHARGES	AMOUNT	UNITS	RATES/ CHARGES	AMOUNT
<u>BASE RATE:</u>						
A.L.S.	1,287	\$938.70	\$ 1,208,107	1,287	\$1,323.53	\$ 1,703,383
B.L.S.	840	\$938.70	788,508	840	\$1,323.53	1,111,765
Mileage	46,778	\$12.11	566,482	46,778	\$11.18	522,978
Standby / Waiting Revenue	0.0	\$0.00 ⁵	0	0.0	\$330.88 ⁵	0
Nursing Charges			0			0
Medical Supplies (Cost)			0			0
Other			0			0
TOTAL			\$ 2,563,096 ⁵			\$ 3,338,126 ⁵
REVENUE REQUIREMENTS:		APPLICANT			BEMSTS	
		PROPOSAL			PROPOSAL	
<u>REVENUE:</u>						
Routine Operating Revenue		\$ 2,563,096 ⁵			\$ 3,338,126 ⁵	
Less Settlements		753,986 ⁶			981,743 ⁶	
Net Revenue From Ambulance Runs		\$ 1,809,110 ^{5,6}			\$ 2,356,383 ^{5,6}	
Plus Sales of Subscription Service Contracts		0			0	
Total Operating Revenue		\$ 1,809,110 ^{5,6}			\$ 2,356,383 ^{5,6}	
<u>EXPENSES:</u>						
Bad Debt		\$ 203,391 ⁶			\$ 265,047 ⁶	
Wages, Payroll Taxes & Employee Benefits		2,928,197 ⁴			2,962,052 ⁴	
General/Administrative Expenses		103,684 ³			103,684 ³	
Cost of Goods Sold		43,510 ¹			0 ¹	
Other Operating Expenses		275,418 ²			483,079 ²	
Interest Expense		4,201			4,201	
Subscription Service Direct Selling Expenses		0			0	
Total Operating Expenses		3,558,401 ^{1,2,3,4,6}			3,818,063 ^{1,2,3,4,6}	
INCOME BEFORE TAXES		\$ -1,749,291 ^{1,2,3,4,5,6}			\$ -1,461,680 ^{1,2,3,4,5,6}	
Total Other Revenue/Expenses		1,749,290 ⁷			1,461,680 ⁷	
Provision For Income Tax		\$ 0			\$ 0	
NET INCOME/(LOSS)		\$ -1 ^{1,2,3,4,5,6,7}			\$ 0 ^{1,2,3,4,5,6,7}	

See Appendices for details in reference to the preceding figures. Comments on appendices are an integral part of this comparative analysis.

**** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.**

***** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.**

1. Refer to Appendix D: Statement of Income, Footnote 1.
2. Refer to Appendix D: Statement of Income, Footnote 2.
3. Refer to Appendix D: Statement of Income, Footnote 3.
4. Refer to Appendix D: Statement of Income, Footnote 4.
5. Refer to Appendix C: Summary of Rates and Charges, Footnote 2.
6. Refer to Appendix D-2: Summary of Deductions from Routine Operating Revenue, Footnotes 1 through 3.
7. Refer to Appendix D-6: Summary of Other Operating Revenues/Expenses, Footnotes 1 through 3.

RATIOS AND MISCELLANEOUS STATISTICS

	<u>BASE</u> <u>APPLICANT</u>	** ***	<u>PROPOSED</u> <u>APPLICANT</u>	** ***	<u>BEMSTS</u> <u>ANALYSIS</u>	** ***
1. Average Charge Per Transport: [Gross Transport Revenue ÷ Total Transports]	1,203.27		\$ 1,205.03		\$ 1,365.29	
2. Per Cent of Deductions From Revenue: [Deductions From Routine Operating Revenue ÷ Routine Operating Revenue]	38.9%		37.4%		37.4%	
3. Total Ambulance Employee FTE's	31.00		32.00 ¹		42.40 ¹	
4. Return on Total Gross Operating Revenues: [Net Income ÷ (Routine Operating Revenue + Subscription Service Revenue + Other Operating Income)]	0.0%		0.0%		0.0%	

** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.

*** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.

1. Per Applicant, FTEs are based on a 53 hour work week vs. 40. BEMSTS Analysis adjusted FTE to accommodate this variance.

Management FTEs recorded by the Applicant are not consistent: varies from 2 to 1.

RUNS

	<u>BASE APPLICANT</u>	<u>PROPOSED APPLICANT</u>	<u>BEMSTS ANALYSIS</u>
RUNS (BILLABLE)			
Advanced Life Support	1,541	1,287	1,287
Basic Life Support	<u>904</u>	<u>840</u>	<u>840</u>
TOTAL	<u>2,445</u>	<u>2,127</u>	<u>2,127</u>
MILES DRIVEN - LOADED	<u>53,417</u>	<u>46,778</u>	<u>46,778</u>
STANDBY WAITING (HOURS)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

SUMMARY OF RATES /CHARGES

	<u>BASE APPLICANT</u>	<u>PROPOSED APPLICANT</u>	<u>BEMSTS ANALYSIS</u>
Base Rate:			
Advanced Life Support	\$ 938.70	\$ 938.70 ¹	\$ 1,323.53 ¹
Basic Life Support	\$ 938.70	\$ 938.70 ¹	\$ 1,323.53 ¹
Mileage	\$ 12.11	\$ 12.11 ^{1,3}	\$ 11.18 ^{1,3}
Standby / Waiting (Per Hour)	\$ 0.00	\$ 0.00 ^{1,2}	\$ 330.88 ^{1,2}
Subscription Service Charge	\$ 0.00	\$ 0.00	\$ 0.00
Medical Supplies Charge	\$ 0.00	0.00 ⁴	0.00 ⁴

1. Applicant submitted ARCR Proforma with current rates and charges vs. proposed rates and charges. As a result of this error, all financial data recorded under "Proposed Applicant" (Proforma ARCR) is not accurately reflective of Applicant's proposed rates. The Applicant's error on the ARCR Proforma causes all financial data related to revenue (Routine Operating Revenue, Net Income (Loss), etc.) for BEMSTS Analysis to appear unusually skewed throughout all appendicies.
2. Pursuant with A.R.S. 36-2232, R9-25-1107: Rate Calculation Factors: Standby/Waiting Rate based on B.L.S. divided by 4.
3. Mileage rate restricted by Medicare pursuant to R9-25-1107 (D), A.R.S. §§ 36-2232.
4. Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 2.

STATEMENT OF INCOME

	<u>BASE</u> ** <u>APPLICANT</u> ***	<u>PROPOSED</u> ** <u>APPLICANT</u> ***	<u>BEMSTS</u> ** <u>ANALYSIS</u> ***
REVENUES			
Routine Operating Revenue	\$ 2,942,001	\$ 2,563,096	\$ 3,338,126
Less: Settlements	<u>909,786</u>	<u>753,986</u> ⁵	<u>981,743</u> ⁵
Net Revenue From Ambulance Runs	\$ 2,032,215	\$ 1,809,110 ⁵	\$ 2,356,383 ⁵
Sales of Subscription Service Contracts	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	<u>\$ 2,032,215</u>	<u>\$ 1,809,110</u> ⁵	<u>\$ 2,356,383</u> ⁵
EXPENSES			
Bad Debt	\$ 233,459	\$ 203,391 ⁵	\$ 265,047 ⁵
Wages, Payroll Taxes and Employee Benefits	3,139,192 ⁴	2,928,197 ⁴	2,962,052 ⁴
General and Administrative Expenses	117,822 ³	103,684 ³	103,684 ³
Cost of Goods Sold	102,047 ¹	43,510 ¹	0 ¹
Other Operating Expenses	240,643 ²	275,418 ²	483,079 ²
Interest Expense	1,428	4,201	4,201
Subscription Service Direct Selling	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expense	\$ 3,834,591 ^{1,2,3,4}	\$ 3,558,401 ^{1,2,3,4,5}	\$ 3,818,063 ^{1,2,3,4,5}
Ambulance Service Income/(Loss)	\$ <u>-1,802,376</u> ^{1,2,3,4}	\$ <u>-1,749,291</u> ^{1,2,3,4,5}	\$ <u>-1,461,680</u> ^{1,2,3,4,5}
Other Operating Revenue/Expense	1,802,376	1,749,290 ⁶	1,448,618 ⁶
Provision For Income Tax	<u>0</u>	<u>0</u>	<u>0</u>
NET INCOME/(LOSS)	<u>\$ 0</u> ^{1,2,3,4}	<u>\$ -1</u> ^{1,2,3,4,5,6}	<u>\$ -13,062</u> ^{1,2,3,4,5,6}

** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.

*** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.

1. Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 2.
2. Applicant recorded the appropriate EMS Budgetted value for Other Operating Expenses contrary to errors on Appendix D-5: Summary of Routine Operating Expenses, Footnotes 1.
3. Applicant recorded the appropriate EMS Budgetted value for General and Administrative Expenses contrary to errors on Appendix D-4: Summary of Routine Operating Expenses, Footnote 1.
4. Applicant recorded the appropriate EMS Budgetted value for Wages, Payroll Taxes, and Employee Benefit Expenses contrary to errors on Appendix D-3: Summary of Routine Operating Expenses, Footnote 1.
5. Refer to Appendix D-2: Summary of Deductions from Routine Operating Revenue, Footnotes 1 through 3.
6. Refer to Appendix D-6: Summary of Other Operating Revenues/Expenses, Footnotes 1 through 3.

SUMMARY OF ROUTINE OPERATING REVENUE

	<u>BASE APPLICANT</u> ***	<u>PROPOSED APPLICANT</u> ***	<u>BEMSTS ANALYSIS</u> ***
ROUTINE OPERATING REVENUE			
A.L.S. Base Rate	\$ 1,446,537	\$ 1,208,107	\$ 1,703,383
B.L.S. Base Rate	848,585	788,508	1,111,765
Mileage Charge	646,880	566,482	522,978
Standby / Waiting Charge	0	0 ¹	0 ¹
Gross Transport Revenue	\$ 2,942,001	\$ 2,563,096	\$ 3,338,126
Nurses Charge	0	0	0
Oxygen Sales	0	0	0
Medical Supplies Sales	0	0	0
Other Ambulance Service Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Ambulance Service Revenue	<u>\$ 2,942,001</u>	<u>\$ 2,563,096¹</u>	<u>\$ 3,338,126</u>

*** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.

1. Refer to Appendix C: Summary of Rates and Charges, Footnote 2.

SUMMARY OF DEDUCTIONS FROM
 ROUTINE OPERATING REVENUE

	<u>BASE</u> <u>APPLICANT</u>	** ***	<u>PROPOSED</u> <u>APPLICANT</u>	** ***	<u>BEMSTS</u> <u>ANALYSIS</u>	** ***
DEDUCTIONS FROM REVENUE						
AHCCCS Settlement	\$ 370,771		\$ 323,027 ¹		\$ 420,604 ¹	
Medicare Settlement	494,680		430,959 ²		561,139 ²	
Contractual Discounts	44,335		0		0	
Subscription Service Discounts	0		0		0	
Other Settlement	0		0		0	
Subsidy - Patient Rate	<u>0</u>		<u>0</u>		<u>0</u>	
Total Settlements & Discounts	<u>\$ 909,786</u>		<u>\$ 753,986</u>		<u>\$ 981,743</u>	
Bad Debt	<u>233,459</u>		<u>203,391³</u>		<u>265,047³</u>	
Total Deductions From Revenue	<u>\$ 1,143,245</u>		<u>\$ 957,377</u>		<u>\$ 1,246,790</u>	
Deductions From Revenue Percentage	38.9%		37.4%		37.4%	

** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.

*** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.

1. In order to determine a reasonable deduction rate, the Bureau took under consideration the reported AHCCCS Settlements reported in prior years by the Applicant in addition to reported data for two (2) similar Ambulance providers to determine a reasonable AHCCCS Settlement reduction rate of 12.60% of Expected Routine Operating Revenue.
2. In order to determine a reasonable deduction rate, the Bureau took under consideration the reported Medicare Settlements reported in prior years by the Applicant in addition to reported data for two (2) similar Ambulance providers to determine a reasonable Medicare Settlement reduction rate of 16.81% of Expected Routine Operating Revenue.
3. In order to determine a reasonable deduction rate, the Bureau took under consideration the reported Bad Debt Settlements reported in prior years by the Applicant in addition to reported data for two (2) similar Ambulance providers to determine a reasonable Bad Debt Settlement reduction rate of 7.94% of Expected Routine Operating Revenue.

SUMMARY OF ROUTINE OPERATING EXPENSES

	BASE APPLICANT **	PROPOSED APPLICANT **	BEMSTS ANALYSIS **
WAGES			
Officers/Owners	\$ 0	\$ 0	\$ 0
Management	98,244	163,560	81,780
Ambulance Personnel			
Paramedic and IEMT	1,168,593	1,000,778	850,661
EMT	973,449	887,102	754,037
Drivers	0	0	0
Dispatch	0	0 ¹	0 ¹
Mechanics	0	0 ²	0 ²
Office and Clerical	51,257	48,735	36,552
Other	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 2,291,543	\$ 2,100,175 ^{1,2}	\$ 1,723,030 ^{1,2}
PAYROLL TAXES	43,810	33,172	27,044
EMPLOYEE FRINGE BENEFITS	<u>1,411,842</u>	<u>1,414,368</u>	<u>1,178,123</u>
TOTAL	<u>\$ 3,747,195</u>	<u>\$ 3,547,715^{1,2}</u>	<u>\$ 2,928,197^{1,2}</u>

** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.

1. Per Applicant, Dispatch expenses captured under "Other Operating Expenses"; refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 3.
2. Per the applicant, Mechanic Services are received through the Applicant's Police Budget. BEMSTS estimated the value of this expense. Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 4.

SUMMARY OF ROUTINE OPERATING EXPENSES

	BASE <u>APPLICANT</u> **	PROPOSED <u>APPLICANT</u> **	BEMSTS <u>ANALYSIS</u> **
GENERAL & ADMINISTRATIVE EXPENSES			
Professional Services	\$ 84,232	\$ 76,729	\$ 75,578
Travel and Entertainment	40,342	21,812	4,497
Other	<u>43,534</u>	<u>40,584</u>	<u>23,609</u>
TOTAL	\$ <u>168,108</u>	\$ <u>139,125</u>	\$ <u>103,684</u>

** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.

SUMMARY OF ROUTINE OPERATING EXPENSES

	<u>BASE APPLICANT</u>	<u>PROPOSED APPLICANT</u>	<u>BEMSTS ANALYSIS</u>
OTHER OPERATING EXPENSES			
Depreciation & Amortization	\$ 114,022	\$ 111,164 ⁶	\$ 109,165 ⁶
Rent/Lease	17,059	46,987	46,987
Building/Station Expense	31,285 ¹	34,852 ^{1,5}	17,427 ^{1,5}
Ambulance Vehicle Expense	109,751 ¹	116,670 ^{1,4}	85,279 ^{1,4}
Other	<u>86,776 ¹</u>	<u>97,380 ^{1,2,3}</u>	<u>224,221 ^{1,2,3}</u>
TOTAL OTHER OPERATING EXPENSES	<u>\$ 358,893 ¹</u>	<u>\$ 407,053 ^{1,2,3,4,5,6}</u>	<u>\$ 483,079 ^{1,2,3,4,5,6}</u>
COST OF GOODS SOLD	\$ 102,048 ²	\$ 43,509 ²	\$ 0 ²
INTEREST EXPENSE	\$ 1,428	\$ 4,201	\$ 4,201
SUBSCRIPTION SERVICE DIRECT SELLING EXPENSES	\$ 0	\$ 0	\$ 0

1. Multiple expense line items are incorrectly reported by the Applicant. The error entails the Applicant recording the total expenses for Fire + EMS vs. expenses related only to the EMS. The Applicant's error on the ARCR Actual & Proforma causes the expenses for BEMSTS Analysis to appear unusually skewed throughout all appendices.

2. Medical Supplies are not currently charged separately. Per the Applicant, Medical Supplies will not be charged separately in the future.

Expenses related to the cost of Medical Supplies removed from COGS and reallocated to Ambulance Supplies Non-Chargeable.

3. Per the Applicant, Dispatch services are provided through the Applicant's Police Budget. BEMSTS estimated the value of this expense to be \$117,686.

Recorded total for "Other" Routine Operating Expenses was calculated incorrectly.

4. Per Applicant, no major repairs are expected.

Per Applicant, "General Maintenance" does include the cost of tires and expenses related to parts only.

Per the applicant, Mechanic Services are received through the Applicant's Police Budget. BEMSTS estimated the value of this expense to be \$33,855 based on a comparison of other similar CONs.

Per Applicant, all expenses related to insurance policies are recorded under "Other General and Administrative" expenses.

BEMSTS Analysis increased Applicant's EMS allocation for Fuel from \$15,115 to \$29,724.

5. Per Applicant, all expenses related to insurance policies are recorded under "Other General and Administrative" expenses.

6. Minor errors regarding calculating depreciation.

SUMMARY OF OTHER OPERATING REVENUES/EXPENSES

	<u>BASE</u> ** <u>APPLICANT</u> ***	<u>PROPOSED</u> ** <u>APPLICANT</u> ***	<u>BEMSTS</u> ** <u>ANALYSIS</u> ***
OTHER REVENUES			
Net Revenue	\$ -1,802,376	\$ -1,749,291	\$ -1,461,680
Supportive Funding - Local	1,652,746	1,736,228 ²	1,448,618 ²
Grant Funds - Federal	141,700	0	0
Grant Funds - State	0	0	0
Grant Funds - Other	0	0	0
Patient Finance Charges	0	0	0
Patient Late Payment Charges	0	0	0
Annual Benefit	0	0	0
Donations	0	0	0
Misc.	0	0	0
Interest Earned - Other	0	0	0
Other	7,930	13,062 ¹	0 ¹
Bad Debt Recovery	0	0	0
Memorials	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ <u>0</u>	\$ <u>-1</u> ^{1,2}	\$ <u>-13,062</u> ^{1,2}
OTHER EXPENSES			
Loss On Sale of Operating Property	0	0	0
Other: Misc. Expense	0	0	0
Other:	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Other Operating Revenues and Expenses	\$ 0	\$ -1 ^{1,2,3}	\$ -13,062 ^{1,2,3}
STATE INCOME TAX	\$ 0	\$ 0	\$ 0
FEDERAL INCOME TAX	\$ 0	\$ 0	\$ 0

**** Refer to Appendix D-5: Summary of Routine Operating Expenses, Footnote 1.**

***** Refer to Appendix C: Summary of Rates and Charges, Footnote 1.**

1. Per Applicant, this revenue is earned through Community Training classes being taught. This revenue has been reallocated to non-operating revenue.
2. For BEMSTS Analysis, Base Rates were increased to match Applicant's intended projected Routine Operating Revenue (refer to Appendix C: Summary of Rates/Charges, Footnote 1) which reduces the necessary level of Local Supportive Funding.
3. Based on the BEMSTS analysis, the proposed rates will not offset ambulance service deficit. With the proposed rates, the ambulance service will require the \$1,448,618 in Supportive Funding (detailed above) and additional Non-Operating funding in the approximate amount of \$13,062 to offset operating expenses; refer to Footnote 1 on this Appendix and Table 1: Comparative Analysis - Applicant Proposal and BEMS Analysis, Footnote 7.