
HALDIMAND COUNTY

Report EMS-03-2021 Ambulance Cross Border Billing Agreements

For Consideration by Council on October 26, 2021



OBJECTIVE:

To seek Council approval to negotiate new Cross Border Billing Agreements which provide for annual financial reconciliation of accounts for ambulance services provided by another municipality in Haldimand County or provided by Haldimand County to another municipality.

RECOMMENDATIONS:

1. THAT Report EMS-03-2021 Ambulance Cross Border Billing Agreements be received;
2. AND THAT the Manager of Emergency Services be authorized to negotiate the attached Ambulance Cross Border Billing Agreement with neighboring territories/municipalities for the purpose of annual financial reconciliation of ambulance cross-border service accounts for the period of January 1, 2022 to December 31, 2031.
3. AND THAT the Mayor and Clerk be authorized to execute all Ambulance Cross Border Billing Agreements.

Prepared by: Jason Gallagher, Manager, Emergency Services/Fire Chief

Respectfully submitted: Mike Evers, MCIP, RPP, BES, General Manager of Community & Development Services

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

The draft agreement (Attachment 1) addresses each municipality's/territory's interests and exposure to cross border costs with a fair compensation rate and its execution is recommended.

The Manager of Emergency Services will negotiate mutual signing of the agreement with each neighboring municipal/territory partner and, if mutual agreement is reached, regular on-going ambulance cross-border billing will continue as the current agreement will expire on December 31, 2021.

BACKGROUND:

One of the principles upon which the land ambulance emergency services (EMS) system in Ontario has been developed legislatively is the seamless delivery of service by the closest available EMS unit to emergency calls regardless of municipal geographical boundaries. As a result, there are occasions where responses are provided in a municipality by EMS providers that are operated and funded by another municipality. Typically, these responses can be in rural areas where EMS units from another municipality are located closer to a call than those from the municipality in which the call is located, but can also include circumstances where local EMS resources become overwhelmed due to a sudden increase in call demand, multi-casualty incidents, offload delays at community and out of community

hospitals, and responding to calls in other areas which requires additional assistance. Reviewing data from the past five years is showing a decrease in revenue and an increase in costs due to the amount of outside resources that are responding into the County, particularly in the Caledonia area.

With the migration of EMS service delivery to single and upper-tier municipalities, and the shared funding arrangement with the Province, there is recognition in legislation that an expense to the municipality that provides cross border services exists. Specifically, the *Ambulance Act* allows municipalities to enter into agreements with respect to the costs associated with the provision of cross border services.

“6.(3) If an ambulance is dispatched from an ambulance service situated in an upper-tier municipality or in a local municipality to an area situated in another upper-tier municipality or local municipality, the affected upper-tier and local municipalities may enter into an agreement with respect to the costs associated with the provision of land ambulance services in both municipalities. 1997, c. 30, Sched. A, s. 6.”

The Ministry of Health and Long-Term Care (MOHLTC) EMS grant funding template also recognizes cross border costs as part of the financial reconciliation process for municipalities. Within the template there is a specific line item for municipal reporting of cross border revenue or expense in the determination of grant funding amounts. When a municipality is a net receiver of cross border services the amounts payable to other municipalities are eligible for inclusion in 50/50 funding determination. Conversely, when a municipality is a net provider of cross border service 50% of the revenue received will be deducted from the funding grant, it is important to know that Haldimand usually has fallen within the provider portion as we receive more revenue than we pay out historically.

On a provincial level the settling of cross border accounts has no impact on the Ministry's overall grant funding financial commitment. Theoretically, the provincial grant required to fund 50% of municipal cross border expenses is provided by the deduction of 50% of the revenues received by other municipalities. Thus, the intent of cross border billing is to provide compensation for incurred expenses to the property tax levy component of the EMS provider from the property tax levy in the municipality in which the service was received. The legislative mechanism by which these costs are determined and recovered is through the adoption of cross border agreements between municipalities. Haldimand County has operated with such agreements since 2012 with the municipalities/territories of Niagara Region, City of Hamilton, Six Nations, Mississaugas of the Credit First Nation, Norfolk County, and Brant/Brantford.

All Cross Border Billing agreements with neighboring municipalities/territories are set to expire on December 31, 2021. Staff is seeking approval from council to negotiate the new Ambulance Cross Border Billing Agreements with neighboring municipalities/territories for the purpose of annual financial reconciliation of ambulance cross-border service accounts for the period of January 1, 2022 to December 31, 2031.

ANALYSIS:

At this time each municipality/territory is in the process of reviewing the agreement to determine if it will be adopted. Thus far the agreement is being reviewed by the City of Hamilton, Brant County, Six Nations, Mississaugas of the Credit First Nation and the Region of Niagara. Norfolk County has currently signed off on the proposed agreement. Should Council support staff's recommendations in this report, and should all the participant municipalities/territories sign off on the current version of the agreement (included as Attachment 1 hereto), staff will move forward with formal execution by the Mayor and Clerk. However, should any of the parties raise issues or request significant changes prior to final sign off, it will likely require further assessment and potentially a return to Council (i.e. should any significant change(s) need to be considered).

In terms of what is contained in the agreement, the clauses containing the criteria to determine “billable” calls are reflective of the following principles:

- Emergency Calls (Codes 3 and 4) – are billable when an ambulance arrives on a scene (valid Time 4) regardless of whether a patient is transported or not. *The principle employed is that once a paramedic arrives on a scene there is a provision of service (including patient refusals) and the incursion of a liability by the responding municipality.*
- Non-emergency Calls (Codes 1 and 2) – are billable if they are not repatriations and provided a patient is transported (valid Time 5). *The principle employed is that there may be occasions where a patient is not transported due to factors that are not in control of the municipality (institutional processes).*
- Repatriation Calls – are not billable when a municipality repatriates a patient from a healthcare institution in a municipality back to their home municipality. *The principle employed is to not financially disadvantage a municipality that is a regional healthcare centre for the transfer of patients which are required as a result of the healthcare system structure as opposed to municipal EMS delivery structure.*
- Emergency Coverage Standby’s (Code 8’s) – are billable at one-half the applicable rate.

The principle employed is that an EMS resource being utilized for standby purposes while providing a service to another municipality is not “committed” and can still be utilized if required to respond to a call in their own municipality.

The proposed agreement (Attachment 1) represents a standard agreement and contains call categories that are typical of the cross-border service that is in place across Ontario. Reference to 2020 Cross Border Billing Rates as been included in (Attachment 2). Staff are recommending that Council support the agreement as drafted and grant authority to the Mayor and Clerk to sign and fully execute the agreement upon all party sign off. In doing so, it will ensure the practice of formal billing and funding securement (where applicable) for cross-border calls to continue.

FINANCIAL/LEGAL IMPLICATIONS:

Financially, the agreement utilizes the cost per call rates established by the Regions and Single-Tier Municipalities of Ontario Chief Financial Officers/Treasurers Group. This methodology utilizes a “cost per staffed hour” calculation which, subject to modest variations, is very similar between all municipalities. The application of this methodology recognizes that the determination of EMS resource levels are based on a municipality’s own needs and not cross border service requirements. Therefore, the rate has been developed to provide for the recovery of direct expenses relative to the time the ambulance is being utilized by another municipality. The rates are determined on a regional basis and this agreement utilizes South West Ontario average costs and time commitments.

Haldimand County was part of the group’s discussions back in 2012 related to calculation methodologies for the cost per call rates. In order to gather financial information for discussion, templates were distributed in which four municipalities (Haldimand, Peel, Niagara and Waterloo) responded.

During the review three approaches were developed:

- Incremental – only incremental cost of providing a call would be included in the rate.
- Modified Incremental – Includes semi fixed costs such as linens, laundry, station maintenance and utilities, equipment maintenance and EMS administration costs.
- Full Cost – All costs, including amortization of buildings, vehicles and equipment, as well as corporate administration.

At that time, the group recommended that the Modified Incremental Cost (MIC) Methodology be used to calculate the rate and that it be updated annually using the Consumer Price Index provided by Statistics Canada. This approach is still being used for this agreement.

Under the agreement the settlement of accounts for a fiscal year doesn't take place until the following year. This provision is required to allow time for the call data to be received from the MOHLTC. It also allows the municipality to make an accurate estimate of the impact of cross border services on their municipal budget and grant funding submissions. Thus, while the agreement will be in effect for fiscal 2021 the settlement of cross border accounts for the year won't take place until 2022 allowing each municipality ample opportunity to take measures necessary to meet the obligations.

The agreement also contains a provision that allows for its dissolution with appropriate notice in the event there is a material change in legislation or funding by the MOHLTC that would alter the nature of the agreement.

The approved 2021 Tax Supported Operating Budget includes an amount of \$100,000 for recoveries from municipalities related to cross border service billing.

STAKEHOLDER IMPACTS:

Finance staff have had input into the financial principles and funding formulas regarding cross-border billing. Legal Services has reviewed the agreement in regards to meeting the needs of the municipality.

REPORT IMPACTS:

Agreement: Yes

By-law: No

Budget Amendment: No

Policy: No

ATTACHMENTS:

1. Draft Cross Border Billing Agreement.
2. 2020 Cross Border Billing Rates.