



*American Medical Response- Northern Pacific Region*

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*Rapid City Operations*

**EXTERNAL CORRESPONDENCE**

**TO:** Rapid City Common Council – Legal and Finance Committee  
**FROM:** Raymond Graff, Operations Manager  
**DATE:** 6/26/2002  
**RE:** Rapid City / AMR Cost Reduction Proposal

Members of the Rapid City Common Council:

I have attached additional information for your review pertaining to the agenda item relating to recommendations from the Emergency Medical Services Oversight Committee concerning proposed cost restructuring for the Rapid City operation of American Medical Response. The three (3) pages attached are of a proprietary nature but their disclosure is important to get a complete picture of the current situation. The three pages outline the following:

- #1 shows a historical analysis of the transport volume since 1994. It shows that the system has remained with little or no growth over the last (8) years
- #2 shows a current financial analysis of American Medical Response- Rapid City and the current losses we are incurring due to a multitude of payer and economic factors.
- #3 shows the financial impact of one of the proposed changes (Unit Hour Reduction) along with an increase in contracted vehicle requirements and a possible 5% rate increase.

The unit hour proposal shows that we have analyzed several years' worth of data and with that analysis and considering the size of the operation, the number of responses that we perform, and the resources currently manned within this system. We believe we could reduce some hours out of our current staffing and still achieve the same contracted time requirements we have agreed to in our contract. It would allow us to make the operation not only effective but also efficient at the same time. As we show you in similar operations within AMR (Cheyenne, WY), they achieve the same performance level while utilizing an efficient staffing configuration.

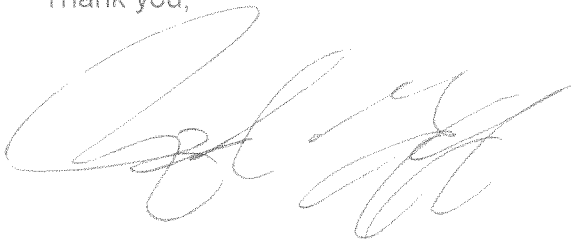
The EMSOC committee has proposed a change in staffing whereby the Rapid City Fire Department would staff one entire ambulance at little or no additional cost, thereby reducing our cost for that additional staffing that provides a "level of effort" staffing to the system.

Another proposal that could be looked at, which has not been discussed formally, would require no additional staffing from the City (Fire Department) but could still achieve the same level of service, which the EMSOC feels should be maintained, as well as achieve a cost savings for AMR. Currently, American Medical Response pays approximately **\$112,000** per year to the City for several services; most importantly they provide (1) paramedic on our (R3) unit, stationed at the Main Fire Station. This may also be an option, to consider, that this cost, paid by AMR, could be reduced to offset the cost of the additional unit hours that the city feels a level of comfort with continuing.

In summary, any of the above-sited proposals could be an acceptable solution to the situation at hand. All proposals could deliver a measure of cost savings to the operation of ambulance service, in our community. We will work with the city to achieve our ultimate goal of a premier emergency medical service to our citizens.

Thank you for your time and attention in this matter. If you have any further questions or comments I will be in attendance at today's Legal and Finance Committee.

Thank you,

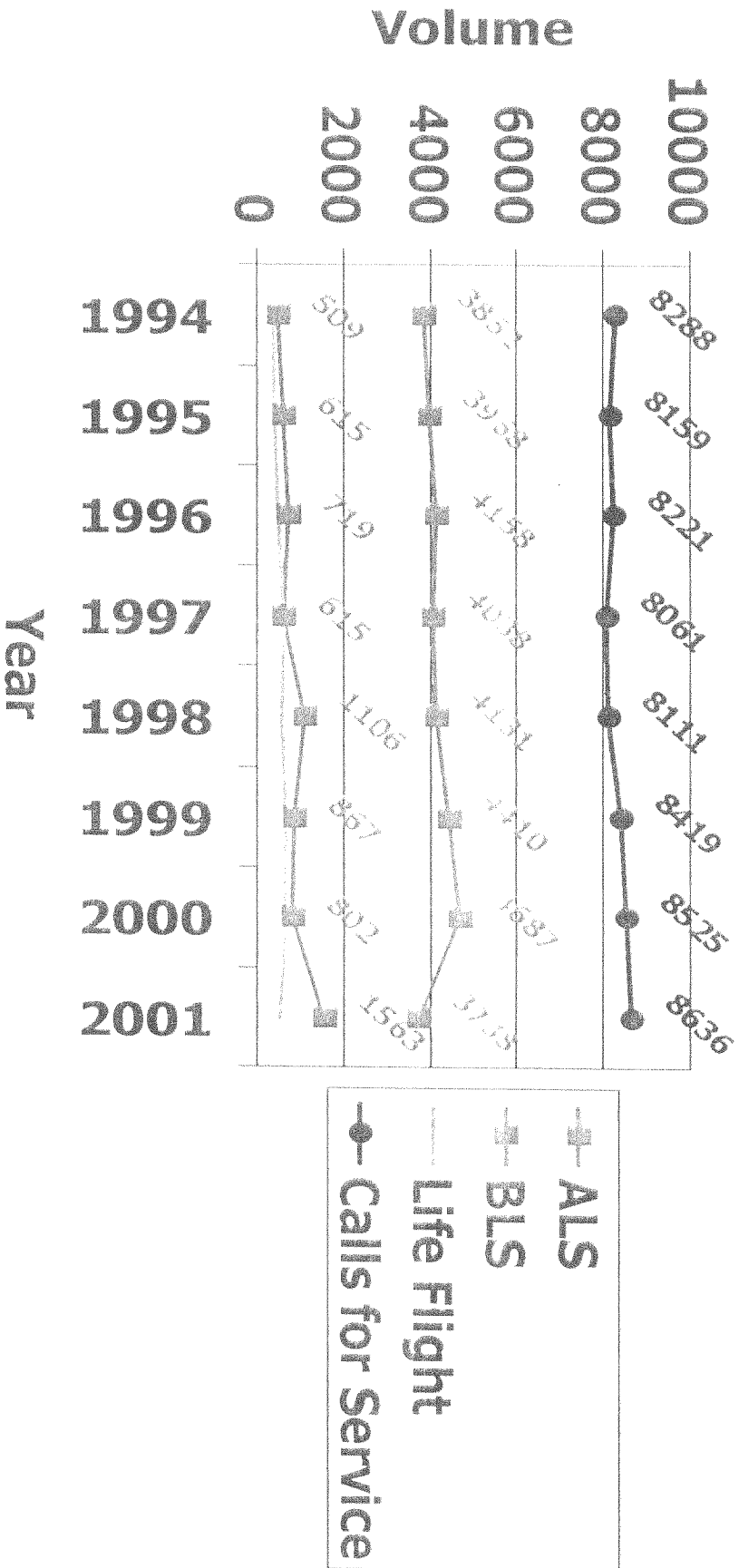
A handwritten signature in black ink, appearing to read 'Raymond Graff', written in a cursive style.

Raymond Graff

Operations Manager

American Medical Response

# Historical Ambulance Activity 1994 - 2001



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# AMR Financial Analysis

| (As of March)         | <u>YTD 2001</u>                       | <u>YTD 2002</u>     |
|-----------------------|---------------------------------------|---------------------|
| Gross Revenue         | \$ 1,671,200                          | \$1,688,200 (+1.0%) |
| Net Revenue           | \$816,296                             | \$734,387 (-11.1%)  |
| Salaries and Benefits | \$460,167                             | \$497,644 (+7.5%)   |
| Loss/Gain (Actual)    | \$39,451                              | (\$82,464)          |
|                       | Total Anticipated<br>Loss(Annualized) | \$130,000           |

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# Financial Impact of Proposal

|   |                                |
|---|--------------------------------|
| Unit Hour Changes                                     | \$107,068                      |
| Increase Contractual Vehicle Requirements by (1) year | \$10,800<br>(starting FY 2003) |
| 5% Rate Increase                                      | \$19,085                       |
| <b>FINANCIAL IMPACT</b>                               | <b>\$136,953</b>               |

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