

ESHB 1635 - S AMD 558

By Senators Kastama and Hargrove

ADOPTED 4/13/05

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that ambulance and
4 emergency medical services are essential services and the availability
5 of these services is vital to preserving and promoting the health,
6 safety, and welfare of people in local communities throughout the
7 state. All persons, businesses, and industries benefit from the
8 availability of ambulance and emergency medical services, and survival
9 rates can be increased when these services are available, adequately
10 funded, and appropriately regulated. It is the legislature's intent to
11 explicitly recognize local jurisdictions' ability and authority to
12 collect utility service charges to fund ambulance and emergency medical
13 service systems that are based, at least in some part, upon a charge
14 for the availability of these services.

15 **Sec. 2.** RCW 35.21.766 and 2004 c 129 s 34 are each amended to read
16 as follows:

17 (1) Whenever a regional fire protection service authority ((or the
18 legislative authority of any city or town)) determines that the fire
19 protection jurisdictions that are members of the authority ((or the
20 city or town or a substantial portion of the city or town is)) are not
21 adequately served by existing private ambulance service, the governing
22 board of the authority may by resolution((, or the legislative
23 authority of the city or town may by appropriate legislation,)) provide
24 for the establishment of a system of ambulance service to be operated
25 by the authority as a public utility ((of the city or town, or))
26 operated by contract after a call for bids.

27 (2) The legislative authority of any city or town may establish an
28 ambulance service to be operated as a public utility. However, the
29 legislative authority of the city or town shall not provide for the
30 establishment of an ambulance service utility that would compete with
31 any existing private ambulance service, unless the legislative

1 authority of the city or town determines that the city or town, or a
2 substantial portion of the city or town, is not adequately served by an
3 existing private ambulance service. In determining the adequacy of
4 existing ambulance service, the legislative authority of the city or
5 town shall determine if the service is meeting relevant performance
6 standards. Before making any adequacy determination, performance
7 standards shall be established by the city or town through adoption of
8 a resolution or ordinance by its legislative body, which shall first
9 hold one or more public hearings on the subject of proposed performance
10 standards, or any amendment thereto, after giving at least fourteen
11 days' notice of the time and place by publication in a newspaper of
12 general circulation in the city and individual written notice to any
13 private ambulance company registered with the jurisdiction as operating
14 an ambulance service in the city or town, and to the department of
15 health. Performance standards adopted by any city or town shall be no
16 less stringent than existing standards adopted by the department of
17 health or any other agency with applicable jurisdiction, and may
18 include, but not be limited to, standards regarding response times,
19 equipment, personnel, training, communication, dispatch, reporting, and
20 other relevant requirements and expectations.

21 (3) The city or town legislative authority is authorized to set and
22 collect rates and charges in an amount sufficient to regulate, operate,
23 and maintain an ambulance utility. Prior to setting such rates and
24 charges, the legislative authority must determine, through a cost-of-
25 service study, the total cost necessary to regulate, operate, and
26 maintain the ambulance utility. Total costs shall not include capital
27 cost for the construction, major renovation, or major repair of the
28 physical plant. For purposes of establishing and setting rates and
29 charges under this section, costs shall be reduced by any revenues
30 collected and described in subsection (5)(a) through (c) of this
31 section. Once the legislative authority determines the total costs,
32 the legislative authority shall then identify that portion of the total
33 costs that are attributable to the availability of the ambulance
34 service and that portion of the total costs that are attributable to
35 the demand placed on the ambulance utility.

36 (a) Availability costs are those costs attributable to the basic
37 infrastructure needed to respond to a single call for service within
38 the utility's response criteria. Availability costs may include costs

1 for dispatch, labor, training of personnel, equipment, patient care
2 supplies, and maintenance of equipment.

3 (b) Demand costs are those costs that are attributable to the
4 burden placed on the ambulance service by individual calls for
5 ambulance service. Demand costs shall include costs related to
6 frequency of calls, distances from hospitals, and other factors
7 identified in the cost-of-service study conducted to assess burdens
8 imposed on the ambulance utility.

9 (c) Beginning on the effective date of this act, the rate
10 attributable to costs for availability described under (a) of this
11 subsection shall be uniformly applied across user classifications
12 within the utility.

13 (d) Beginning on the effective date of this act, the rate
14 attributable to costs for demand, described under (b) of this
15 subsection, shall be established and billed to each utility user
16 classification based on each user classification's burden on the
17 ambulance utility.

18 (e) The fee charged by the utility shall reflect a combination of
19 the availability cost and the demand cost.

20 (4)(a) Except as provided in (b) of this subsection, the combined
21 rates charged shall reflect an exemption for persons who are medicaid
22 eligible and who reside in a nursing facility, boarding home, adult
23 family home, or receive in home services. The combined rates charged
24 may reflect an exemption or reduction for designated classes consistent
25 with Article VIII, section 7 of the state Constitution. The amounts of
26 exemption or reduction shall be a general expense of the utility, and
27 designated as an availability cost, to be spread uniformly across the
28 utility user classifications.

29 (b) For cities with a population less than 2,500 that established
30 an ambulance utility before May 6, 2004, the combined rates charged may
31 reflect an exemption or reduction for persons who are medicaid
32 eligible, and for designated classes consistent with Article VIII,
33 section 7 of the state Constitution.

34 (5) In each city or town operating an ambulance utility pursuant to
35 this section:

36 (a) The legislative authority must continue to allocate at least
37 fifty percent of the total amount of general fund revenues expended, as
38 of May 6, 2004, toward the total costs necessary to regulate, operate,
39 and maintain the ambulance utility.

1 However, cities or towns that operated an ambulance service as a
2 public utility as of May 6, 2004, and commingled general fund dollars
3 and ambulance service utility dollars, may reasonably estimate that
4 portion of general fund dollars that were, as of that date, applied
5 toward the operation of the ambulance service utility, and at least
6 fifty percent of such estimated amount must then continue to be applied
7 toward the total cost necessary to regulate, operate, and maintain the
8 ambulance utility.

9 (b) The legislative authority must allocate available emergency
10 medical service levy funds, in an amount proportionate to the
11 percentage of the ambulance services costs to the total combined
12 operating costs for emergency medical services and ambulance services,
13 towards the total costs necessary to regulate, operate, and maintain
14 the ambulance utility.

15 (c) The legislative authority must allocate all revenues received
16 through direct billing to the individual user of the ambulance service
17 to the demand-related costs under subsection (3)(b) of this section.

18 (d) The total revenue generated by the rates and charges shall not
19 exceed the total costs necessary to regulate, operate, and maintain an
20 ambulance utility.

21 (e) Revenues generated by the rates and charges must be deposited
22 in a separate fund or funds and be used only for the purpose of paying
23 for the cost of regulating, maintaining, and operating the ambulance
24 utility.

25 (6) Ambulance service rates charged pursuant to this section do not
26 constitute taxes or charges under RCW 82.02.050 through 82.02.090, or
27 RCW 35.21.768, or charges otherwise prohibited by law.

28 NEW SECTION. Sec. 3. The joint legislative audit and review
29 committee shall study and review ambulance utilities established and
30 operated by cities under this act. The committee shall examine, but
31 not be limited to, the following factors: the number and operational
32 status of utilities established under this act; whether the utility
33 rate structures and user classifications used by cities were
34 established in accordance with generally accepted utility rate-making
35 practices; and rates charged by the utility to the user
36 classifications. The committee shall provide a final report on this
37 review by December, 2007.

1 ESHB 1635 - S AMD
2 By Senator Kastama

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4 On page 1, at the beginning of line 2 of the title, strike the
5 remainder of the title and insert "amending RCW 35.21.766; and creating
6 new sections."

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