

REPORT TO THE TWENTY-FOURTH LEGISLATURE
STATE OF HAWAII
2008

PURSUANT TO PART III, SECTION 32, 33, 34, 36, 37 OF ACT 213, SESSION LAWS OF HAWAII 2007, REQUIRING THE DEPARTMENT OF HEALTH TO SUBMIT A REPORT THAT BREAKS DOWN EMERGENCY AMBULANCE SERVICES BY CONTRACTS, COST CATEGORIES, AND EXPENDITURE AMOUNTS; AND REPORT EXPENDITURES FOR AN EMERGENCY MEDICAL TECHNICIAN TRAINING STIPEND PROGRAM

PREPARED BY:
STATE OF HAWAII
DEPARTMENT OF HEALTH
November 2007

EXECUTIVE SUMMARY

In accordance with Part III, Section 32, 33, 34, 36, 37 of Act 213, SLH 2007, requiring the Department of Health (DOH) to submit a report that breaks down emergency ambulance services by contracts, cost categories, and expenditure amounts; and report expenditures for the emergency medical technician training stipend program, the DOH submits this report to the 2008 Legislature. This report outlines the budget and expenditures for contracting agencies providing emergency ambulance services on Oahu, Hawaii, Kauai, Maui, Molokai, and Lanai; and expenditures for the emergency medical technician training stipend program.

The DOH contracts with the City and County of Honolulu for emergency ambulance services on the island of Oahu. The total contract budget is \$29,324,437 in fiscal year 2008, comprised of \$28,919,440 in general funds and \$404,997 in emergency medical services special funds (Attachment 1). The City and County of Honolulu implemented a new accounting/financial system called C2HERPS (City and County of Honolulu Enterprise Resource Planning System), which became effective July 1, 2007. Presently, the components of the new system are being introduced in phases over time. The City and County of Honolulu Budget and Fiscal Services Department is in the final stages of producing budget reports; therefore, the City and County of Honolulu is unable to provide a current expenditure report. The City and County of Honolulu anticipates submitting invoices and expenditure reports to the state by mid December 2007.

The DOH contracts with the County of Hawaii for emergency ambulance services on the island of Hawaii. The total contract budget is \$12,277,306 in fiscal year 2008, comprised of \$11,780,956 in general funds and \$496,350 in emergency medical services special funds. The County of Hawaii has submitted monthly invoices and expenditure reports for the periods July and August 2007 that report expenditures of \$1,790,540.45 (Attachment 2).

The DOH contracts with International Life Support, Inc. dba American Medical Response for emergency ambulance services on the island of Kauai. The total contract budget is \$4,509,275 in fiscal year 2008, comprised of \$4,243,484 in general funds and \$265,791 in emergency medical services special funds. American Medical Response has submitted monthly invoices and expenditure reports for the periods July and August 2007 that report expenditures of \$754,531 (Attachment 3).

The DOH contracts with International Life Support, Inc. dba American Medical Response for emergency ambulance services on the islands of Maui, Molokai, and Lanai. The total contract budget is \$11,525,098 in fiscal year 2008, comprised of \$8,525,727 in general funds, \$2,327,156 in emergency medical services special funds, and \$672,215.00 in trust funds (received from the County of Maui). American Medical Response has submitted monthly invoices and expenditure reports for the periods July and August 2007 that report expenditures of \$1,812,614.20. The budget amount of \$10,875,686 indicated on the expenditure report does not reflect \$649,412 for the purchase of a replacement helicopter (Attachment 4).

The Medical Intensive Care Technician (MICT) Stipend Program was established through a Memorandum of Understanding between the DOH and Kapiolani Community College – University of Hawaii (KCC) with an initial amount of \$300,000 in general funds provided by the 2006 Legislature. Ten (10) MICT students were enrolled in the stipend program, which provides each student \$2000 per month. It is anticipated that the funds appropriated in Section 37, Act 213, SLH 2007, will provide stipends for ten (10) new students who will be selected in November of 2007.

**REPORT TO THE LEGISLATURE
IN COMPLIANCE WITH PART III, SECTION 32, 33, 34, 36, 37 OF ACT 213, SESSION
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SUBMIT A REPORT THAT BREAKS DOWN EMERGENCY AMBULANCE
SERVICES BY CONTRACTS, COST CATEGORIES, AND EXPENDITURE
AMOUNTS; AND REPORT EXPENDITURES FOR AN EMERGENCY MEDICAL
TECHNICIAN TRAINING STIPEND PROGRAM**

In accordance with Part III, Section 32, 33, 34, 36, 37 of Act 213, SLH 2007, requiring the Department of Health (DOH) to submit a report that breaks down emergency ambulance services by contracts, cost categories, and expenditure amounts; and report expenditures for an emergency medical technician training stipend program, the DOH submits this report to the 2008 Legislature. This report outlines the budget and expenditures for contracting agencies providing emergency ambulance services on Oahu, Hawaii, Kauai, Maui, Molokai, and Lanai; and expenditures for the emergency medical technician training stipend program.

Act 213, SLH 2007 directs the department as follows:

SECTION 32. Provided that of the general fund appropriation for emergency medical services and injury prevention system (HTH 730), the sum of \$4,089,269 or so much thereof as may be necessary for fiscal year 2007-2008 and the sum of \$3,762,622 or so much thereof as may be necessary for fiscal year 2008-2009 shall be expended for emergency medical service contracts; provided further that the department shall prepare a detailed report to include but not be limited to a detailed financial report from each county contract to be submitted to the department of health including a detailed breakdown of all expenditures and costs incurred; and provided further that the department shall submit the report to the legislature no later than twenty days prior to the convening of the 2008 and 2009 regular sessions.

The breakdown of the sum of \$4,089,269 and \$3,762,622 is as follows:

County	Fiscal Year 2008	Fiscal Year 2009
City and County of Honolulu	\$2,212,408	\$2,181,807
County of Hawaii	\$685,836	\$617,336
County of Kauai	\$358,246	\$72,285
County of Maui	\$832,779	\$891,194
Total	\$4,089,269	\$3,762,622

It is noted that the total contract amounts for emergency ambulance services by counties for FY2008 is as follows:

Provider	County	General Funds	Special Funds	Trust Funds	Total	Expenditures July/August 2007
Honolulu Emergency Services Department, City and County of Honolulu	City and County of Honolulu	\$28,919,440	\$404,997	\$0	\$29,324,437	Not reported (attachment 1).
County of Hawaii Fire Department	County of Hawaii	\$11,780,956	\$496,350	\$0	\$12,277,306	\$1,790,540.45 (attachment 2)
International Life Support, Inc. dba American Medical Response	County of Kauai	\$4,243,484	\$265,791	\$0	\$4,509,275	\$754,531 (attachment 3)
International Life Support, Inc. dba American Medical Response	County of Maui	\$8,525,727	\$2,327,156	\$672,215	\$11,525,098	\$1,812,614.20 (attachment 4)

As indicated in the table above, the City and County of Honolulu has not yet submitted a report of expenditures for emergency ambulance services on the island of Oahu. The City and County of Honolulu implemented a new accounting/financial system called C2HERPS (City and County of Honolulu Enterprise Resource Planning System), which became effective July 1, 2007. Presently, the components of the new system are being introduced in phases over time. The City and County of Honolulu Budget and Fiscal Services Department is in the final stages of producing budget reports; therefore, the City and County of Honolulu is unable to provide a current expenditure report. The City and County of Honolulu anticipates submitting invoices and expenditure reports to the state by mid December 2007.

Act 213, SLH 2007 further directs the department as follows:

SECTION 33. Provided that of the general fund appropriation for emergency medical services and injury prevention system (HTH 730), the sum of \$388,000 or so much thereof as may be necessary for fiscal year 2007-2008 and the sum of \$397,000 or so

much thereof as may be necessary for fiscal year 2008-2009 shall be expended by the department of health solely for the purpose of purchasing two ambulances and two lifepak 12 defibrillators; provided further that these funds shall not be redirected to pay for any indirect or emergency medical services personnel costs; provided further that any unexpended funds shall lapse into the general fund; and provided further that the program shall prepare and submit an expenditure report to the legislature to account for the ambulances and equipment purchases no later than twenty days prior to the convening of the 2008 and 2009 regular sessions.

DOH contracted with the City and County of Honolulu Emergency Services Department to provide emergency ambulance services on Oahu and included \$388,000 in their contract to purchase two (2) ambulances and two (2) defibrillators for FY2008.

However, as previously noted, the City and County of Honolulu is phasing in a new accounting/financial system and will not be able to provide an expenditure report to the state until mid December 2007.

City and County of Honolulu Ambulance & Defibrillator Purchase FY 2008

The City and County of Honolulu’s original budget for nine (9) ambulances was \$1,530,000 for fiscal year 2008. They originally budgeted \$170,000 as the cost per ambulance; however, their reported actual cost is approximately \$174,000 per ambulance. Therefore, their revised budget for ambulances is \$1,566,000. They will purchase nine (9) ambulances of which one (1) will be for the Central Oahu Unit (District 22, Waipio) and eight (8) are replacements. Two (2) of the nine (9) ambulances will be purchased in response to the proviso in Section 33 of Act 213. The City and County of Honolulu is currently in the procurement process whereby contract papers are being processed and will be sent to a vendor shortly with an anticipated expenditure date of June 2008.

The City and County of Honolulu’s total budget for Lifepak 12 Defibrillators is \$408,000 for fiscal year 2008. They will purchase seventeen (17) Lifepak 12 Defibrillators. Two (2) of the seventeen (17) Lifepak 12 Defibrillators will be purchased in response to the proviso in Section 33. They are currently in the procurement process where they are implementing the Lifepak 12 Defibrillators into a master agreement (formerly called price schedule) with an anticipated expenditure date of February 2008.

FISCAL YEAR 2008

Description:	No. of Items:	Cost Per Item:	Total Costs:	Total Budget:	Required Expenditure Section 33	Anticipated Date of Expenditure:
Ambulances	9	\$174,000	\$1,566,000	\$1,566,000	\$340,000	June 2008
Lifepak 12 Defibrillators	17	\$24,000	\$408,000	\$408,000	\$48,000	Feb 2008
TOTAL:					\$388,000	

City and County of Honolulu Ambulance & Defibrillator Purchase FY 2009

The City and County of Honolulu’s total budget for ambulances for fiscal year 2009 is \$1,520,000. They will purchase eight (8) ambulances at an anticipated price per unit of

\$190,000. Two (2) ambulances will be purchased in response to the proviso in Section 33. They will begin the procurement process in the beginning of fiscal year 2009 and anticipate the expenditure date to be June 2009.

The City and County of Honolulu's total budget for Lifepak 12 Defibrillators for fiscal year 2009 is \$390,000. They will purchase fifteen (15) Lifepak 12 Defibrillators at an anticipated price per unit of \$26,000. Two (2) Lifepak 12 Defibrillators will be purchased in response to the proviso in Section 33. They anticipate the Lifepak 12 Defibrillators to be on a master agreement, thereby shortening the procurement process. They anticipate the expenditure date to be February 2009.

FISCAL YEAR 2009

Description:	No. of Items:	Cost Per Item:	Total Costs:	Total Budget:	Required Expenditure Section 33	Anticipated Date of Expenditure:
Ambulances	8	\$190,000	\$1,520,000	\$1,520,000	\$345,000	June 2009
Lifepak 12 Defibrillators	15	\$26,000	\$390,000	\$390,000	\$52,000	Feb 2009
TOTAL:					\$397,000	

Maui County FY 2008 and FY 2009

Act 213, SLH 2007 further directs the department as follows:

SECTION 34. Provided that of the general fund appropriation for emergency medical services and injury prevention system (HTH 730), the sum of \$649,412 or so much thereof as may be necessary for fiscal year 2007-2008 and the sum of \$675,388 or so much thereof as may be necessary for fiscal year 2008-2009 shall be expended by the department of health to purchase a replacement helicopter for the county of Maui aeromedical emergency medical services program; provided further that the county of Maui shall not be responsible for any cost associated with the purchase of the replacement helicopter; provided further that the funds shall not be used for any other purpose; provided further that these funds shall not be redirected to pay for any indirect or personnel costs; provided further that any unexpended funds shall lapse to the general fund; and provided further that the department shall submit an expenditure report to the legislature to account for the use of these funds no later than twenty days prior to the convening of the 2008 and 2009 regular sessions.

In the American Medical Response (AMR) budget request for FY 08 and FY 09, AMR priced the cost of a replacement helicopter at approximately \$3.2 million. Depreciated over five (5) years, the cost per year was determined at \$649,412 for FY 08 and \$675,388 for FY 09. To date, AMR (through its subcontractor Pacific Helicopter Tours, Inc.) has not purchased, nor entered into a lease agreement for a replacement helicopter for the Maui aero-medical EMS program. Pacific Helicopter Tours, Inc. (PHTI) has been actively researching and "shopping" for a helicopter to meet the Maui EMS mission needs. PHTI has an active aircraft broker to assist in the acquisition of a replacement helicopter, but the current market availability of aircraft is extremely limited. This limited availability is fueled by the growth of offshore/corporate markets and the inability of aircraft manufactures to keep up with new aircraft demand.

Additionally, the prices for available aircraft have escalated 15-20% in the past 18 months, making the search for an aircraft more difficult. AMR (through PHTI) will continue this “active” search with the goal of purchasing a replacement helicopter within the above periods and prescribed budgets.

Central Oahu FY 2008 and FY 2009

Act 213, SLH 2007 further directs the department as follows:

SECTION 36. Provided that of the general fund appropriation for emergency medical services and injury prevention system (HTH 730), the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 2007-2008 and the same sum or so much thereof as may be necessary for fiscal year 2008-2009 shall be expended by the department of health solely for emergency medical services for the city and county of Honolulu for central Oahu; provided further that any unexpended funds shall lapse to the general fund; and provided further that the program shall submit an expenditure report to the legislature no later than twenty days prior to the convening of the 2008 and 2009 regular sessions.

The opening date of the Central Oahu Unit (District 22, Waipio) is January 6, 2008. This unit will be in operation for only 16 hours a day, 7 days a week, due to a shortage in staffing. If they were in full operation (24 hours, 7 days a week), the total budget would be \$1,474,010. Since coverage will be 2/3 or 67% of the time and opening is in the second half of the fiscal year, the total budget for fiscal year 2008 is \$760,443. The total budget includes salary/personnel cost, regular expenses and initial start up cost.

If the City and County of Honolulu continues with the same coverage (16 hours a day, 7 days a week) for fiscal year 2009, the budget will be \$874,941, which no longer includes start up costs. At full capacity, (24 hours, 7 days a week), the budget will be \$1,247,672.

Mobile Intensive Care Technician Stipend Program

Act 213, SLH 2007 further directs the department as follows:

SECTION 37. Provided that of the special fund appropriation for emergency medical services and injury prevention system (HTH 730), the sum of \$300,000 or so much thereof as may be necessary for fiscal year 2007-2008 and the same sum or so much thereof as may be necessary for fiscal year 2008-2009 shall be expended out of the emergency medical services special fund for an emergency medical technician training stipend program to remedy the shortage of mobile intensive care technicians and paramedics; provided further that the department shall prepare a detailed report to include expenditures and all activities performed; and provided further that the department shall submit the report to the legislature no later than twenty days prior to the convening of the 2008 and 2009 regular sessions.

The Medical Intensive Care Technician (MICT) Stipend Program was established through a MOU between the DOH and Kapiolani Community College – University of Hawaii (KCC) with an initial amount of \$300,000 in general funds provided by the 2006 Legislature. Ten (10) MICT students were enrolled in the stipend program, which provides each student \$2000 per month. The MICT Stipend Program distributed its first checks to students on March 30, 2007. Students were paid their monthly stipend retroactively for all months enrolled in the program during fiscal year 2007. As of October 1, 2007, there are seven (7) students (5-Maui, 1-Oahu, 1-Kauai) enrolled, two (2) students have graduated and one (1) withdrew from the program. The current balance of funds from fiscal year 2007, as of November 5, 2007, is \$96,000. It is anticipated that the funds appropriated in Section 37 will provide stipends for ten (10) new students who will be selected in November of 2007 with classes beginning in January of 2008 followed by graduation in May of 2009.