

**SUPPLEMENTAL REPORT
REGARDING ARROW AMBULANCE LLC
LICENSE APPLICATION**

November 9, 2018

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This report is supplemental to the report and recommendation filed in this matter on August 27, 2018 by Hearing Office, Steven D. Mahrt.

On September 4, 2018, Jerrime Hiser, business agent for Teamsters Local Union No. 916, filed a Request for Council Review of the August 27, 2018 Hearing Officer's Report and Recommendation.

On September 5, 2018, Decatur Ambulance Service and St. Mary's Hospital, and the Hospital Sisters of the Third Order of St. Francis, filed a Request for Council Review of the August 27, 2018 Hearing Officer's Report and Recommendation.

Pursuant to Decatur Code 53-8, Decatur City Council directed that an additional public hearing be convened for the purpose of receiving additional testimony. The City Council further directed that a Supplemental Written Report of Findings and Conclusions be submitted in compliance with Decatur Code Chapter 53 Section 7 (see Resolution 2018-120).

After Notice was sent by City Code, a supplemental public hearing was convened on Wednesday, October 3, 2018, and the following Exhibits were offered by the City of Decatur and are included in the record of this matter:

- (1) Findings of Fact and Order Regarding Arrow Ambulance LLC License Application, filed with the City of Decatur on August 27, 2018.
- (2) Request for Review filed September 4, 2018 by Teamsters Local Union No. 916.
- (3) Request for Review filed September 5, 2018, by Decatur Ambulance Service and St. Mary's Hospital of the Hospital Sisters of the Third Order of St. Francis.
- (4) Certified copy of Resolution 2018-120, adopted by the City of Decatur.
- (5) Proof of publication of notice of the October 3, 2018 public hearing.

Testimony was received from the following individuals opposed to the License Application of Arrow Ambulance LLC:

- (1) E. J. Kuiper, Interim President and CEO of Hospital Sisters Health System ("HSHS"), and St. Mary's Hospital.
- (2) Dr. Ken Johnson, HSHS Chief Physician Executive.
- (3) David Burkham, Decatur Ambulance Service ("DAS"), Executive Director.

- (4) Greg Chance, Vice President, Advanced Micro Transport.
- (5) Dr. Glenn Aldinger, Board Certified Emergency Physician with Infinity Healthcare.
- (6) Lori Kerans, Chair person, St. Mary's Hospital Board of Directors.
- (7) Kevin Breheny, Member, St. Mary's Hospital Board of Directors.
- (8) Kimberly Luz, HSHS Community Outreach Director.
- (9) Jerrime Hiser, Business agent, Teamster Local 916.
- (10) Ed Flynn, attorney for DAS and HSHS.
- (11) John F. Dunn, private citizen.
- (12) Rev. Courtney Carson, private citizen.

Testimony was received from the following individuals in support of the License Application of Arrow Ambulance LLC:

- (1) Larry Sapp, Director, Arrow Ambulance LLC.
- (2) Brad Weir, Medical Director.
- (3) Lynne Barnes, Chief Operating Officer, Carle Hospital.
- (4) Ted Clark, Emergency Medical Director at Decatur Memorial Hospital ("**DMH**").
- (5) Danika Frye, DMH, ICU Director.
- (6) Linda Fahey, Chief Operating Officer, DMH.
- (7) Beth Nolan, private citizen.
- (8) Katie Anderson, Vice President, Legal Affairs, DMH.
- (9) Jon Thomas, Director, Central Illinois Regional Dispatch Center ("**CIRDC**").
- (10) Mike Smith, Medical Director, Arrow Ambulance.

Decatur City Code requires the Hearing Officer to prepare a written report of Findings and Conclusions with regard to the Application. The Report shall specifically address the following:

- (1) Whether or not the public is at the time reasonably adequately served.
- (2) Whether or not convenience and necessity require the proposed service.
- (3) Whether or not the proposed service, location, personnel, equipment, vehicles and operation comply with the provisions of Chapter 53.
- (4) Whether or not the License applied for should be granted.

The August 27, 2018 Report found that the facts provided at the August 16, 2018 public hearing supported issuance of a conditional license to Arrow Ambulance LLC to operate within the City of Decatur.

FINDINGS

At the supplemental public hearing held October 3, 2018, opponents to the Arrow Ambulance application focused their testimony on whether or not the public is at this time, reasonably adequately served by the incumbent Licensee, Decatur Ambulance Service (“DAS”).

A. Pertinent testimony in opposition to the License application included the following:

- (1) Ninety percent (90%) of the DAS ambulances dispatched within the City of Decatur in the past year met or exceeded the State mandated response time. The State response time from receipt of a call to arrival on the scene is eight minutes. DAS has an average response time of four minutes and forty-four seconds (4:44), well below the standard of eight minutes;
- (2) The population of Decatur is declining. In 1994 the Decatur population was 84,000; in 2018 the Decatur population is estimated to be 72,000.
- (3) DAS has increased the number of ambulances serving Decatur from four ambulances in 1994 to six ambulances in 2018.
- (4) DAS is willing to add a seventh ambulance and plans to add a seventh basic life support ambulance in 2019.
- (5) DAS response priority is as follows: The patient is delivered to a facility with the best resources matching the patient’s need regardless of who operates the facility. If there is no particular critical need or resource facility match, then the patient is delivered to the facility of the patient’s choice. Finally if a patient cannot choose or has no preference, then the patient is delivered to the closest facility.
- (6) DAS has more ambulances serving Decatur per capita than other nearby cities. Decatur ambulance population service ratio is one ambulance per twelve thousand people. Champaign service ratio is one ambulance per twenty-two thousand people. Springfield service ratio is one ambulance per nineteen thousand people.

- (7) All DAS ambulances serving Decatur are staffed with two paramedics.
- (8) Emergency calls for ambulance service increased approximately 3.2% last year.
- (9) DAS has five ambulance stations in the community, with four being in Decatur and one in Forsyth.
- (10) DAS has six Advanced Life Support (“ALS”) ambulances on duty in Decatur 24/7. One ALS ambulance in immediate reserve and five more ambulances, at various levels, in secondary reserve.
- (11) DAS also has two ALS and two Basic Life Support (“BLS”) assist vehicles staffed by supervisors.
- (12) DAS plans to add a sixth station at Crossing Care Center.
- (13) DAS has a good working relationship with Decatur residents.
- (14) DAS is involved in community affairs.
- (15) Adding another service provider may fragment the market; endanger service to the poor; and cause loss of paramedics’ jobs.
- (16) Competition does not necessarily lower costs.
- (17) Ambulance rates are largely set by regulatory agencies.
- (18) In Peoria, an increase in the number of paramedics caused a degradation of individual paramedic skill level as the number of opportunities for each paramedic to respond decreased.
- (19) In Peoria more training was required for each paramedic as the total number of paramedics in the community increased.
- (20) In Peoria, the operation model changed to reduce the number of paramedics.
- (21) In Kankakee, multiple ambulance providers were not properly integrated and providers “fought over patients.”
- (22) Emergency transport patients do not choose their provider, by protocol the nearest ambulance is assigned the call.

B. Pertinent testimony in support of the applicant included the following:

- (1) Adding another ambulance service may increase response times so that 100% of all dispatched ambulances meet or exceed State standard response times.
- (2) 10% of ambulance calls do not currently meet State standard response times.
- (3) No science supports the belief that an ambulance with two paramedics provides better patient care than an ambulance staffed with one paramedic and one basic or intermediate emergency medical technician.
- (4) A Wisconsin study shows a decrease in quality of care if more paramedics are on the scene.
- (5) Paramedic skills degrade over time if one paramedic is not leading the call.
- (6) Ambulances staffed with two paramedics is an outdated method of service based on scientific studies.
- (7) Decatur residents have no choice in their service provider.
- (8) DMH has experienced a 12.6% increase in the number of ambulances arriving at its emergency department over the last year.
- (9) Transfer services from DMH to facilities with higher levels of care exceed the two hour minimum time period, mandated by Illinois Department of Public Health and followed by American College of Surgeons.
- (10) Transfers of patients needing a higher level of care average three to four hour wait time.
- (11) DMH calls DAS to provide transfer services.
- (12) Multiple ambulance services will lower cost to Decatur residents.
- (13) Multiple ambulance services will improve the quality of patient care.
- (14) Multiple ambulance services will improve response times.
- (15) Decatur has an aging population with 13% of the population over age 65.
- (16) Macon County has an aging population with 20% of the population over age 65.
- (17) The demand for ambulance service increases as a person ages.
- (18) The opioid crisis increases demand for emergency ambulance services.

- (19) The Decatur Fire Chief has indicated a need for an increase in ambulance service making such statements in 2015 and 2018.
- (20) The current dispatch facility is able to dispatch ambulances based on multiple ambulance providers.
- (21) Multiple ambulance providers operate in Champaign/Urbana, Danville, Jacksonville, Mattoon, and other communities with no negative impact on quality of care.
- (22) Where patients have a provider choice, many patients express a preference for a particular provider.
- (23) Carle Arrow Ambulance is a not-for-profit entity.

DISCUSSION

(1) Whether or not the public is at the time reasonably adequately served.

The Objectors contend that the public is at this time, reasonably adequately served by the incumbent operator, Decatur Ambulance Service (“DAS”). Ninety percent (90%) of the DAS dispatched ambulances respond with an average response time of four minutes and forty-four second (4:44), well below the recognized standard of eight minutes. DAS ambulances are staffed with two paramedics. No evidence of citizen complaints concerning DAS service was submitted at the public hearing. Citizens spoke in support of DAS services and the quality of the services. Additionally, the number of ambulances serving Decatur on a per capita basis is much higher than per capita ratios in Springfield and Champaign, Urbana.

Concerns regarding DAS service focused on transport of emergency patients from a trauma center or the first hospital receiving the patient to another facility for a higher level of care. The industry standard is a two hour period to transport a patient needing a higher level of care to the appropriate facility. Witnesses associated with DMH testified that the two hour standard is often eclipsed due to the lack of transportation vehicles. Patients often experience a three to four hour transportation time. Witnesses from DMH testified that they first called DAS to provide these higher care transports.

The opponents argued that transportation from a trauma center or a first hospital to a higher care facility is outside the scope of the Decatur Ordinance and should not be considered by the Hearing Officer. For a patient in need of transport to a facility providing higher care, this is cold solace.

Under Chapter 53 of the Decatur City Code, “ambulance service within the City” is subject to licensing and regulation by the City. The City does not license or regulate ambulance services located outside the City (53-2). Ambulance service within the City is defined as ... “medical transport from a place within the City to some other place of persons who are sick,

injured, wounded or otherwise incapacitated or helpless, whether in emergency or otherwise in vehicles based within the City.” Ambulance service within the City does not include transportation of such persons from outside the City to hospitals or other places within the City by ambulance services based outside the City, or the transportation of such persons from hospitals or other places within the City to places in locales where such ambulance services are based outside the City (53-3).

Consequently, the City does not regulate the transport of patients by ambulance providers “based outside the City.” The City does regulate medical transport of persons by ambulance providers based within the City. The Ordinance does not differentiate between emergency transport from the scene to the hospital and emergency transport from the hospital to some other place, if such transport is provided by an ambulance provider based within the City. The focus of the Ordinance is whether or not the service providing the transportation is based in the City or based outside the City and whether or not the patient is being transported from a place within the City.

It is therefore appropriate to consider whether or not the incumbent provider is able to meet the transportation needs of patients awaiting transport within the City of Decatur to a higher care facility, whether located within the City or outside the City. The incumbent is located within the City and the patient is located within the City.

It is my finding that the significant delay in transport to a higher care facility does not constitute reasonably adequate service at this time. Additionally, as discussed under the next Section on Convenience and Necessity, there are additional stress factors facing the incumbent service provider.

(2) Whether or not convenience and necessity require the proposed service.

As indicated in the August 27, 2018 report, numerous factors may be considered in determining whether or not convenience and necessity require a proposed service. One factor is the provision of reliable and efficient service to customers or the protection of the public from inadequate service. While no one can predict the future, the testimony did reveal certain trends indicating a need for additional services. Although the population of Decatur is declining, the population is aging. Thirteen percent (13%) of the population in Decatur is 65 years of age or older. The need for emergency services increases with a person’s age. Emergency calls for service increased last year 3.2%. Additionally, whether or not related to an aging population, DMH has experienced a 12.6% increase in the number of ambulances arriving at its emergency department over the last year. Testimony also indicated that Decatur, like other communities, is experiencing an opioid crisis, generating the demand for emergency services. All of these factors stress community resources and may contribute to the delay in transport to higher care facilities identified above. The presence of another service provider in the community will help meet these increasing needs.

Other factors to consider under the convenience and necessity prong include protection from high cost of services, prevention of unnecessary duplication of services, compliance with law, capability to manage and supervise operations and the financial means of the operator.

As found in the August 27, 2018 Report, the applicant has capable management and supervision and the financial means to operate in Decatur. The August Report recommended that a license be granted to the applicant conditioned upon compliance with local Ordinance requirements. Applicant is not currently operating in the City so it has not established stations in the City, but applicant stated it will comply with all local requirements.

Opponents raised concerns about duplication of services and proponents testified that transportation prices will decrease with an additional service provider.

All licensed ambulance operators are required by local Ordinance to cooperate with other licensed service providers and not respond to calls for service directed to other service providers (53-15 and 53-16). Jon Thomas, Director of Central Illinois Regional Dispatch Center, testified that his office is capable of handling emergency dispatching to multiple service providers. Dispatching protocol provides that the closest available ambulance will be dispatched to the call for service and the patient will be transported to the closest available hospital matching the needs of the patient. Given dispatching protocols and local requirements to cooperate in service delivery, it is unlikely that more than one provider will arrive at an emergency incident, unless requested, due to the nature of the incident.

If a license is granted to the applicant, it is recommended the City monitor how the services interact and whether or not patient confusion is created in the market due to multiple providers.

The applicant testified that multiple providers will reduce prices and increase quality. No facts or experiences from other communities were presented to support the idea of price reduction other than the general idea of competition. While competition tends to reduce prices in a free market, testimony from the opponents alleged that the emergency transport market is not necessarily controlled by free market principles. Pricing is generally determined by third party reimbursements (insurance) or government regulation (Medicare and Medicaid pricing).

Based on the testimony, it is reasonable to conclude that other factors influence emergency medical transport pricing, more than competition in the market. Consequently it seems unlike the prices will fall as a result of adding an additional service provider or will rise due to the absence of an additional service provider.

Testimony concerning quality of care supports a counter-intuitive finding that one paramedic on an ambulance may be better for the patient than two paramedics. Dr. Mike Smith testified that no science supports a common belief that having two paramedics on one ambulance is better than one paramedic and a basic emergency medical technician. A Wisconsin study cited by Dr. Smith showed a decrease in care to the patient where more paramedics are on the scene. Dr. Smith indicated that paramedic skills degrade over time if each paramedic is not a lead paramedic on a call a sufficient number of times.

Testimony from Greg Chance, Vice President of Advance Micro Transport, also supported a similar conclusion based on experience in Peoria. He stated that paramedic skills

declined as the number of paramedics on the scene increased. It was necessary to do more paramedic training in order to maintain paramedic skills, or change the response business model. In Peoria, the business model changed resulting in the displacement of paramedics to other communities.

Two conclusions are apparent from the foregoing testimony:

(1) The addition of another service provider will increase the number of paramedics in Decatur and reduce the number of times any one paramedic serves as a lead paramedic on a call, therefore degrading paramedic skill level.

(2) The current two paramedic business model of the incumbent may not be the best business model or operating model for quality patient care due to possible skill degradation through the lack of opportunities to lead a response.

It is not possible to know, with any certainty, the effect of adding or not adding the applicant as a provider on patient care. The incumbent may change its operating model in response or it may provide more training to its paramedics. Testimony did agree, however, that the most important factor in patient care is an adequate first response time. Placing more responders in the community will result in quicker response times.

Considering all the various factors under convenience and necessity, it is my finding that adding another service provider will benefit the community.

(3) Whether the location, personnel, equipment and operation of the applicant comply with the provisions of Chapter 53 of the City of Decatur Code of Ordinances.

As previously noted in the August 27, 2018 Report, the applicant meets or will meet, as a condition of its license, all of the local requirements of Chapter 53.

(4) Whether or not a license should be granted.

For the reasons stated herein and the findings set forth in the August 27, 2018 Report, it is my recommendation that a license be granted to the applicant conditioned on compliance with all representations made in the Application, at the public hearing and with all applicable state, federal and local laws, regulations and Ordinances.

Done this 9th of November, 2018.



Hearing Officer
4841-1587-2376, v. 1