

March 2010

## EMERGENCY MEDICAL SERVICES FUNDING

This memorandum provides information regarding funding generated by property tax levies and provided by legislative appropriations for emergency medical services (EMS). Based on Tax Department information, EMS-related property taxes under North Dakota Century Code (NDCC) Chapter 57-15 generated \$3.2 million of tax collections in 2009. The State Department of Health distributed \$1.1 million of funding from the insurance tax distribution fund appropriated in 2009 Senate Bill No. 2004 to EMS providers in fiscal year 2010. Other sources of funding for EMS include funding from a county or city general fund, countywide sales tax collections, or third-party reimbursements for EMS.

State-administered EMS funding may cover licensed EMS operations--ambulance, air ambulance, or quick response unit services--that provide the transportation of an individual to a hospital emergency room as well as EMS personnel and licensed EMS professionals who provide the related services of prehospital medical stabilization for EMS operations. The State Department of Health is responsible for the issuance of EMS operations licensing. As of February 2010, there are 147 ambulance services and 69 quick response units licensed in the state.

The 2009 Legislative Assembly also appropriated \$500,000 from the insurance tax distribution fund in Senate Bill No. 2004 to the State Department of Health for a training grant. The grant is to be used to contract with an organization to develop, implement, and provide an access critical ambulance service operations assessment process, leadership development training, and a biennial EMS recruitment drive. In addition, the organization would provide regional assistance to ambulance services to develop quality review processes for EMS personnel and develop a mechanism to report to medical directors. The State Department of Health issued its first request for proposal (RFP) in November 2009, resulting in one proposal that was not approved for failing to meet requirements. Subsequently, a second RFP was issued in February 2010.

### PROPERTY TAX LEVIES FOR EMERGENCY MEDICAL SERVICES

North Dakota Century Code Section 23-27-04.7 requires the board of county commissioners of every county to conduct an annual review of the EMS coverage within that county and to submit an annual report to the State Health Officer addressing funding needs. A taxing district that levies a special EMS levy is required to ensure that every ambulance service that has portions of its service area in that taxing district receives a portion of the revenue from this tax. Taxing districts allocate special tax levy revenue to each ambulance service based upon the taxable

value of the property within each township of the taxing district, allocating the taxable value of each township to the ambulance service that serves the largest area within that township.

North Dakota Century Code references relating to property tax rates for EMS operations include:

- County - Section 57-15-06.7(23) provides that a county may levy a tax of up to 10 mills for county EMS. If the county contains a rural ambulance service district or rural fire protection district that levies for and provides EMS, the property within that district is exempt from the county tax levy.
- Township - Section 57-15-20.2(7) provides that a township may levy a tax of up to 10 mills for EMS.
- City - Pursuant to Section 57-15-51, a city may impose a levy of up to 10 mills upon its taxable valuation for the purpose of subsidizing city EMS. Whenever a tax for county EMS is levied, any city levying a tax for EMS may be exempted from the county tax levy.
- Rural ambulance service districts - Pursuant to Section 57-15-26.5, a rural ambulance service district may levy a tax not exceeding 10 mills on the taxable value of property within the district.

A detailed report of each property tax levy collected per county and associated mill rates for EMS is attached as [Appendix A](#). Attached as [Appendix B](#) is a summary report illustrating total amount of property tax collections for EMS per county.

### EMERGENCY MEDICAL SERVICES GRANTS FROM INSURANCE TAX DISTRIBUTION FUND

The 2009 Legislative Assembly, in Senate Bill No. 2004, appropriated \$2.25 million from the insurance tax distribution fund for grants to EMS operations. North Dakota Century Code Chapter 23-40 and the State Department of Health North Dakota Administrative Code (NDAC) Chapter 33-11-08 govern this funding disbursement.

Eligibility requirements for these grants under NDCC Chapter 23-40 include the following:

- Emergency medical services operations must be licensed with the State Department of Health for a period of at least 12 months before the filing of the application.
- Emergency medical services operations must bill for services at a level at least equivalent to Medicare billing levels.
- Applications must be filed before November 1 of each year with the State Department of Health. Applications must include affirmation of

the operations billing levels and document the availability of local matching funds.

- Emergency medical services operations must be in conformance with any additional requirements established by the Health Council.

The Health Council has established the following administrative rules regarding eligibility requirements for these grants under NDAC Chapter 33-11-08:

- Applications for the grant must be made in the manner and timeframe prescribed by the department.
- The ambulance service must be based in North Dakota.
- The ambulance service must be licensed as a basic life support ground ambulance as described in Chapter 33-11-02 or licensed as an advanced life support ground ambulance as described in Chapter 33-11-03 for at least 12 months prior to the filing of the application.
- Criteria for grant approval includes consideration of the transportation distance to hospitals, size of the ambulance service area, the number of ambulance runs, and contributing factors that may affect the number of patient care providers on the ambulance service. Contributing factors considered may include age, population, service's location, size of the service area, and other personal commitments.

North Dakota Century Code Chapter 23-40 requires the State Department of Health to develop a strategic plan for an integrated EMS program in North Dakota which includes a comprehensive statewide EMS system. Based on state needs identified in the strategic plan, the State Health Officer shall make the following determinations: eligibility, level of local matching funds, and distribution amounts. The department uses a sliding percent formula for determining the percentage of an applicant's local

matching fund obligation. The sliding percent formula is based on the department's strategic plan and must include consideration of how the applicant fits into the strategic plan and consideration of the needs of EMS operations in the applicant's neighboring service areas. The State Health Officer may not distribute funds to an applicant unless the applicant has verified the existence of local matching funds at the level determined by the State Health Officer. Chapter 23-40 requires the local matching funds to be at least 10 percent but not more than 90 percent of the proposed distribution amount.

The chapter provides that during the first year of the biennium, the State Health Officer may not distribute more than one-half of the biennial legislative appropriation and during the second year of the biennium, the State Health Officer may distribute the remainder of the biennial legislative appropriation. A recipient of funds under this chapter shall use the funds in a manner consistent with rules adopted by the Health Council. A recipient of funds may not use funds for capital expenses such as emergency vehicles and EMS equipment.

A summary of staffing grants awarded in 2010 is attached as [Appendix C](#). Of the 147 ambulance services licensed with the State Department of Health, the department determined that 107 met the above-mentioned eligibility requirements. Out of the 107 eligible ambulance services, the State Department of Health received 41 applications, 2 of which were denied. One application was denied because the ambulance service had recently changed ownership and did not meet the minimum 12-month licensing requirement. The other was denied because the ambulance service application failed to demonstrate financial need.

ATTACH:3