Executive Summary

The Emergency Services Enterprise is a start-up business enterprise designed to provide emergency medical ambulance service for the citizens of Colorado Springs. The enterprise will be managed and operated by the Colorado Springs Fire Department (CSFD) as a business enterprise for the City of Colorado Springs. It will be headquartered at a location yet to be determined and will initially employ five sworn and 150 civilian positions. The core business will provide ambulance transport services and alternate response resources for the citizens who call 911 for a medical emergency. The enterprise will be self-funding, generating revenue from fees charged for service.

Problems and Opportunities

There are several reasons for the City of Colorado Springs to initiate the Emergency Services Enterprise:

1. While the fires department has ultimate responsibility for all medical emergencies within city limits (City Code 8-2-303), it has limited control over deployment, training, discipline, or any other aspect of the private ambulance system. Due to the private ambulance provider, by contract, having exclusive operating rights to all 911 ambulance transports within the city, the fire department cannot efficiently and effectively manage the current EMS system in the best interests of the city given its limited control.
2. When the private service has no ambulances available, fire department rescue squads (transport capable) must be staffed to respond by removing firefighters and paramedics from fire engines and trucks, thereby dropping fire department staffing below minimum requirements to effectively respond to other emergencies. Additionally, there is no current billing mechanism in place to recover costs for providing ambulance transportation.
3. The Emergency Services Enterprise will reduce duplication of services in the current EMS system, lowering overall system cost and improving cost effectiveness. The immediate result is a lower cost to our citizens that have a medical emergency that requires ambulance transport to a hospital. It will also provide improved career opportunities for EMS employees and eliminate conflicts that arise from having dual management, medical direction, training, and deployment systems.
4. After conducting a thorough nine-year prospective financial forecast analysis, built as a conservative business model, reviewed by industry experts, the enterprise will pay for itself within the first five years, if not sooner. It will also generate additional revenue through governmental reimbursement that will be re-invested into the system to fund additional services to the community, which are currently funded by the general fund and by grant donations to our Community and Public Health Division.

Supporting Information

The Emergency Services Enterprise will give the citizens of Colorado Springs improved ambulance service by providing an increased number of ambulances dedicated solely to the 911 system, as compared to the current ambulance provider that also provides non-911 and non-emergency interfacility transfers. Focusing only on 911 response will result in lower wait times for ambulances and faster response times for all fire department resources to medical, rescue, and fire emergencies.

In the past 40 years of being an ALS system, the CSFD has worked with numerous private ambulance companies that have come and gone. This turnover is disruptive and makes working relationships difficult. With our present contract, we continue to see turnover of the ambulance staff on a regular basis. As proposed under the enterprise, single function civilian paramedics and emergency medical technicians (EMT) staffing ambulances with their sole focus on medical care, has not only a cost advantage, but also care advantage. A fire department-based system that is efficient, while at the same time providing improvements for our staff, will mitigate the issue of retention and will support seamless patient care between fire department first responders and ambulance staff.

This proposal also offsets costs for current tiered response initiatives by funding alternate response vehicles (CMED) for low-acuity, non-emergency incidents as well as mental health units and homeless outreach teams. By responding to this 911 call volume, these units help to ensure that firefighters and paramedics are available to respond to critical fire and medical alarms, such as cardiac arrests, traffic accidents with parties trapped and structure fires. This funding stream and continued efforts in innovation will improve overall response times and the effectiveness and stability of the system. This also creates greater flexibility and timeliness to respond to system changes as needed.

Risk

While the local market, based on medical call volume for emergency ambulance transport service is robust, and the area has a favorable revenue reimbursement payer mix, the enterprise is not without risk. As with any business enterprise, we cannot be certain about the future of the healthcare industry. Medicare and Medicaid reimbursement schedules are subject to change and the impact could result in a lower collection rate for the enterprise. The enterprise will utilize a conservative private business model, diligent financial management and market forecasting to maximize opportunity and minimize risk. Risk factors will be assessed regularly, and the business will be managed proactively to minimize threats.

Financial Requirements

The Emergency Services Enterprise is seeking $1.2 million individually by investor, and $5 million in totality from all investors, in the form of a grant and/or loan. These funds will be used to cover the costs of legal fees to establish the enterprise and start-up costs for personnel and operating expenses needed prior to opening April 1, 2025. Additionally, a portion will be attributed to a revenue reserve to offset delay in receiving reimbursement for payers. All ambulances and equipment will be purchased by a capital lease of $7.5 million, paid by the enterprise with the assets as collateral.

Conclusion

We firmly believe that our commitment to the community and to its future will allow the CSFD to bring more stability and opportunity to the entire EMS system now and in the future for the following reasons:

1. We love the City of Colorado Springs and have had the pleasure of serving the citizens of our city for over 130 years: 24 hours a day, 7 days a week, and 365 days a year.
2. We are committed to the future of our community, which is why we are always looking for ways to innovate and to protect the quality of life that makes our city so unique and a wonderful place to live and thrive.