

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1596

Chapter 139, Laws of 2011

62nd Legislature
2011 Regular Session

AMBULANCE UTILITIES--CITIES AND TOWNS--COST ALLOCATION

EFFECTIVE DATE: 07/22/11

Passed by the House February 26, 2011
Yeas 63 Nays 33

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 7, 2011
Yeas 45 Nays 3

BRAD OWEN

President of the Senate

Approved April 20, 2011, 2:18 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1596** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

April 20, 2011

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1596

Passed Legislature - 2011 Regular Session

State of Washington 62nd Legislature 2011 Regular Session

By House Local Government (originally sponsored by Representatives Tharinger, Nealey, Haler, Takko, Walsh, and Fitzgibbon)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to requirements that cities and towns with
2 ambulance utilities allocate funds toward the total cost necessary to
3 regulate, operate, and maintain the ambulance utility; and amending RCW
4 35.21.766.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 35.21.766 and 2005 c 482 s 2 are each amended to read
7 as follows:

8 (1) Whenever a regional fire protection service authority
9 determines that the fire protection jurisdictions that are members of
10 the authority are not adequately served by existing private ambulance
11 service, the governing board of the authority may by resolution provide
12 for the establishment of a system of ambulance service to be operated
13 by the authority as a public utility (~~(for)~~) or operated by contract
14 after a call for bids.

15 (2) The legislative authority of any city or town may establish an
16 ambulance service to be operated as a public utility. However, the
17 legislative authority of the city or town shall not provide for the
18 establishment of an ambulance service utility that would compete with
19 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 an
4 existing private ambulance service, the legislative authority of the
5 city or town shall take into consideration objective generally accepted
6 medical standards and reasonable levels of service which shall be
7 published by the city or town legislative authority. The decision of
8 the city council or legislative body shall be a discretionary,
9 legislative act. When it is preliminarily concluded that the private
10 ambulance service is inadequate, before issuing a call for bids or
11 before the city or town establishes an ambulance service utility, the
12 legislative authority of the city or town shall allow a minimum of
13 sixty days for the private ambulance service to meet the generally
14 accepted medical standards and reasonable levels of service. In the
15 event of a second preliminary conclusion of inadequacy within a twenty-
16 four month period, the legislative authority of the city or town may
17 immediately issue a call for bids or establish an ambulance service
18 utility and is not required to afford the private ambulance service
19 another sixty-day period to meet the generally accepted medical
20 standards and reasonable levels of service. Nothing in chapter 482,
21 Laws of 2005 is intended to supersede requirements and standards
22 adopted by the department of health. A private ambulance service which
23 is not licensed by the department of health or whose license is denied,
24 suspended, or revoked shall not be entitled to a sixty-day period
25 within which to demonstrate adequacy and the legislative authority may
26 immediately issue a call for bids or establish an ambulance service
27 utility.

28 (3) The city or town legislative authority is authorized to set and
29 collect rates and charges in an amount sufficient to regulate, operate,
30 and maintain an ambulance utility. Prior to setting such rates and
31 charges, the legislative authority must determine, through a cost-of-
32 service study, the total cost necessary to regulate, operate, and
33 maintain the ambulance utility. Total costs shall not include capital
34 cost for the construction, major renovation, or major repair of the
35 physical plant. Once the legislative authority determines the total
36 costs, the legislative authority shall then identify that portion of
37 the total costs that are attributable to the availability of the

1 ambulance service and that portion of the total costs that are
2 attributable to the demand placed on the ambulance utility.

3 (a) Availability costs are those costs attributable to the basic
4 infrastructure needed to respond to a single call for service within
5 the utility's response criteria. Availability costs may include costs
6 for dispatch, labor, training of personnel, equipment, patient care
7 supplies, and maintenance of equipment.

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

14 (4) A city or town legislative authority is authorized to set and
15 collect rates and charges as follows:

16 (a) The rate attributable to costs for availability described under
17 subsection (3)(a) of this section shall be uniformly applied across
18 user classifications within the utility;

19 (b) The rate attributable to costs for demand described under
20 subsection (3)(b) of this section shall be established and billed to
21 each utility user classification based on each user classification's
22 burden on the utility;

23 (c) The fee charged by the utility shall reflect a combination of
24 the availability cost and the demand cost;

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

34 (ii) For cities with a population less than two thousand five
35 hundred that established an ambulance utility before May 6, 2004, the
36 combined rates charged may reflect an exemption or reduction for
37 persons who are medicaid eligible, and for designated classes
38 consistent with Article VIII, section 7 of the state Constitution;

1 (e) (i) Except as provided in (e)(ii) of this subsection (4), the
2 legislative authority must continue to allocate at least seventy
3 percent of the total amount of general fund revenues expended, as of
4 May 5, 2004, toward the total costs necessary to regulate, operate, and
5 maintain the ambulance service utility. However, cities or towns that
6 operated an ambulance service before May 6, 2004, and commingled
7 general fund dollars and ambulance service dollars, may reasonably
8 estimate that portion of general fund dollars that were, as of May 5,
9 2004, applied toward the operation of the ambulance service, and at
10 least seventy percent of such estimated amount must then continue to be
11 applied toward the total cost necessary to regulate, operate, and
12 maintain the ambulance utility. Cities and towns which first
13 established an ambulance service utility after May 6, 2004, must
14 allocate, from the general fund or emergency medical service levy
15 funds, or a combination of both, at least an amount equal to seventy
16 percent of the total costs necessary to regulate, operate, and maintain
17 the ambulance service utility as of May 5, 2004, or the date that the
18 utility is established((÷)).

19 (ii) After January 1, 2012, the legislative authority may allocate
20 general fund revenues toward the total costs necessary to regulate,
21 operate, and maintain the ambulance service utility in an amount less
22 than required by (e)(i) of this subsection (4). However, before making
23 any reduction to the general fund allocation, the legislative authority
24 must hold a public hearing, preceded by at least thirty days' notice
25 provided in each ratepayer's utility bill, at which the legislative
26 authority must allow for public comment and present:

27 (A) The utility's most recent cost of service study;

28 (B) A summary of the utility's current revenue sources;

29 (C) A proposed budget reflecting the reduced allocation of general
30 fund revenues;

31 (D) Any proposed change to utility rates; and

32 (E) Any anticipated impact to the utility's level of service;

33 (f) The legislative authority must allocate available emergency
34 medical service levy funds, in an amount proportionate to the
35 percentage of the ambulance service costs to the total combined
36 operating costs for emergency medical services and ambulance services,
37 towards the total costs necessary to regulate, operate, and maintain
38 the ambulance utility;

1 (g) The legislative authority must allocate all revenues received
2 through direct billing to the individual user of the ambulance service
3 to the demand-related costs under subsection (3)(b) of this section;

4 (h) The total revenue generated by the rates and charges shall not
5 exceed the total costs necessary to regulate, operate, and maintain an
6 ambulance utility; and

7 (i) Revenues generated by the rates and charges must be deposited
8 in a separate fund or funds and be used only for the purpose of paying
9 for the cost of regulating, maintaining, and operating the ambulance
10 utility.

11 (5) Ambulance service rates charged pursuant to this section do not
12 constitute taxes or charges under RCW 82.02.050 through 82.02.090, or
13 35.21.768, or charges otherwise prohibited by law.

Passed by the House February 26, 2011.

Passed by the Senate April 7, 2011.

Approved by the Governor April 20, 2011.

Filed in Office of Secretary of State April 20, 2011.