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# EMS Professionals

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# EMS Service Sharing and Consolidation

It's no secret the financial challenges facing many municipal governments throughout Wisconsin have intensified in recent years. In fact, one need look no further than the largest municipal government in the state — the City of Milwaukee — where more than two dozen police positions and 70 fire positions were eliminated in 2018 because of budget constraints.

On the revenue side, strict property tax levy limits and flat state aids have constrained local governments' ability to realize annual increases that mirror their service-level "costs to continue." Meanwhile, on the spending side, a combination of aging infrastructure, substantial retirement liabilities, and technology needs has caused annual expenditure pressures to grow faster than inflation. The result is increasingly tight budgets and increasingly difficult decisions on staffing and service.

Some — including the Wisconsin Policy Forum — have pointed to Wisconsin's outdated approach to financing local government as one of

the culprits. This structure dates back to 1911 when state leaders decided to share a portion of the new state income tax with local governments. At the same time, they also decided to strictly limit the ability of those governments to establish their own forms of taxation outside of the property tax. Also, in recent years, the state has imposed strict property tax levy limits on local governments.

In theory, this framework might seem reasonable. In practice, it has proved highly problematic. Since 2004, except for one year, the state's annual funding for shared revenue has either remained essentially the same or has been reduced. With

property taxes strictly limited and few other revenue alternatives, many municipal governments have had to get by with little to no annual revenue growth.

The revenue framework is not the only dimension of the problem that is crying out for review. On the expenditure side, it may be time to consider whether there are too many governmental bodies in Wisconsin, or, at the very least, whether there are redundant levels of municipal services. Specifically, there is a need to consider opportunities for local governments to share or consolidate certain services with neighboring communities or at higher levels of government.

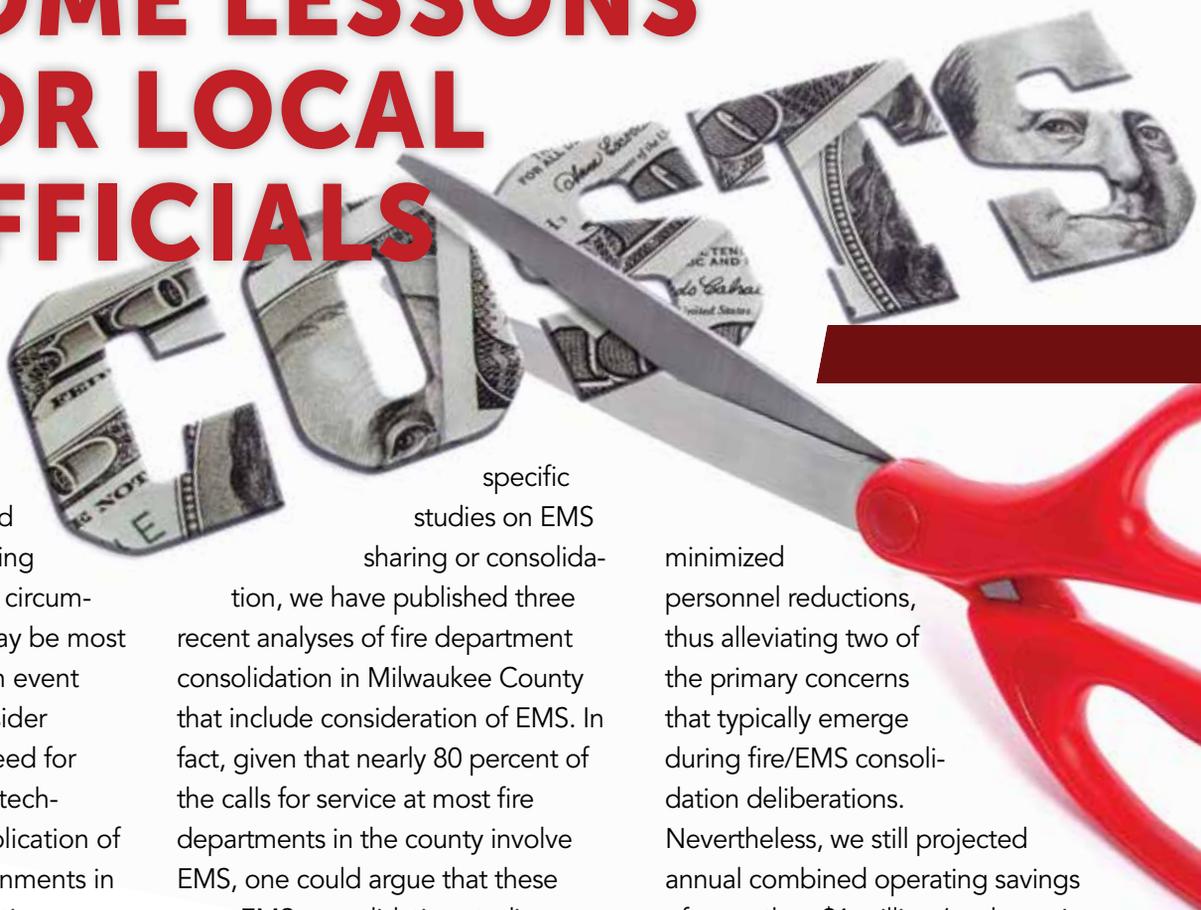
Local government service sharing is a concept that generates substantial support among government finance professionals and public policy think tanks. Supporters typically view it as an opportunity, in an era of tight municipal budgets, for local governments to combine resources in ways that not only will lower costs, but also improve service delivery.



by **Rob Henken**, President of the Wisconsin Policy Forum

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# SOME LESSONS FOR LOCAL OFFICIALS



However, research also suggests that the financial and service benefits gained from sharing or consolidating services are linked to local circumstances. Those benefits may be most attainable when there is an event that forces officials to consider consolidation, such as a need for substantial investments in technology or staff, a clear duplication of service among local governments in a region, or when cooperation on broader issues has already occurred.

This brings us to emergency medical services. Given the constant need for EMS providers to update methods of service delivery and technology/equipment as medical research advances, would it make sense for relatively small EMS operations to join with others to make technological improvements and appropriate staffing more affordable? Put another way, is EMS one of those local government functions that naturally lends itself to collaboration or consolidation?

Although the Wisconsin Policy Forum has not performed any

specific studies on EMS sharing or consolidation, we have published three recent analyses of fire department consolidation in Milwaukee County that include consideration of EMS. In fact, given that nearly 80 percent of the calls for service at most fire departments in the county involve EMS, one could argue that these were EMS consolidation studies. Here's a snapshot of what we found.

## **Southern Milwaukee County**

In 2011, WPF was asked by the mayors and village presidents of five southern Milwaukee County municipalities (Franklin, Greendale, Greenfield, Hales Corners and Oak Creek) to explore sharing and/or consolidation of fire and EMS services in their communities. Our 2012 report outlined options ranging from enhanced service sharing to a full consolidation model.

Under our consolidated fire department model, we retained all existing station locations and

minimized personnel reductions, thus alleviating two of the primary concerns that typically emerge during fire/EMS consolidation deliberations. Nevertheless, we still projected annual combined operating savings of more than \$1 million (as shown in the table below), as well as about \$4 million in combined capital savings over the first five years.

Furthermore, we noted several potential operational improvements that could result, including the stationing of full-time staff in the two communities that were using paid-on-call firefighters, enhanced response times for some locations because of a "closest response" operational framework, and the opportunity to recruit and retain higher-quality personnel.

The report also cited some potential drawbacks. Those included a potential loss of local control for

communities that faced unique circumstances, like Oak Creek, which houses a power plant; potential discrepancies in future cost sharing in light of the fact that two of the five communities were growing rapidly while the other three were not; and the possibility that the two smallest communities would end up paying more toward a consolidated department than they were currently paying for their own department (though they also would receive a much higher level of service).

In the end, these circumstances factored significantly into the decision by the five communities not to pursue consolidation, and they also taught us a valuable lesson: Consolidation of services is particularly difficult when it involves dissimilar communities. In this case, the five communities had sharp demographic, geographical, and

population differences, which meant they would be affected by consolidation in different ways. This not only added to the difficulty of developing a cost allocation formula that would satisfy all parties but also led some leaders to conclude that the perceived benefits for their community did not justify the heavy lifting associated with the pursuit of a radical change in public safety service delivery.

### Milwaukee County's South Shore

In 2012, the mayors of Milwaukee County's three South Shore communities (Cudahy, St. Francis, and South Milwaukee) asked the Forum to analyze possibilities for consolidation of both fire/EMS and public safety dispatch services. We tackled dispatch first, then released our fire/EMS report in September 2013. The

report analyzed three distinct consolidation models that differed in terms of staffing.

Unlike our previous fire consolidation study, the South Shore study assumed the closure of one of the region's four firehouses (one of two in Cudahy), leaving one in each of the three communities. While this proposal was not contested by the three chiefs and enhanced projected cost savings, it also proved to be a point of controversy with elected officials in Cudahy.

Also, as shown in the chart below, the assumptions on staffing were central to determining whether the consolidation would save money. For each consolidation scenario, the staffing model was based on the number of paramedic units at each of the three firehouses and the number of firefighters who would be sent out on engines and ladder trucks:

<b>ESTIMATED TOTAL OPERATING BUDGET FOR CONSOLIDATED DEPARTMENT VS. CURRENT ACTUAL SPENDING</b>		
<b>Expenditure Category</b>	<b>Estimated Current Annual Spending for All Five Departments</b>	<b>Estimated Full Consolidation Model Annual Spending</b>
Fire Staff Salaries	\$11,643,251	\$11,279,031
Support Staff Salaries	\$177,971	\$244,990
Overtime	\$1,116,911	\$545,559
Fringe Benefits	\$6,312,588	\$6,153,881
Non-personnel costs	\$2,000,000	\$2,000,000
<b>Total Expenditures</b>	<b>\$21,250,720</b>	<b>\$20,223,462</b>
<b>Total Revenues</b>	<b>\$4,635,073</b>	<b>\$4,635,073</b>
<b>Net Expenditure Budget</b>	<b>\$16,615,647</b>	<b>\$15,588,389</b>

Under **SCENARIO 1**, we assumed four firefighters per engine/ladder truck and a total staffing level of six per shift at each station (allowing four firefighters to be available to go out on a rig while two were out on an ambulance at any one time). This would have produced higher staffing levels in the consolidated department than the current combined amounts despite the closure of one firehouse.

**SCENARIO 2** assumed three per engine/ladder truck — the same as the North Shore Fire Department — and five per shift at each station.

**SCENARIO 3** assumed five per shift at the St. Francis and South Milwaukee stations, and seven at the central station in Cudahy. This scenario provided a boost in EMS by staffing two paramedic units at the Cudahy station at all times.

**With regard to operational pros and cons:**

1. We determined there were benefits from having battalion chiefs removed from the minimum staffing count. Battalion Chiefs are available to act as incident commanders rather than as front line responders.
2. We eliminated the need for mutual aid calls among the three cities. This would create a single, coordinated incident response from the first dispatch
3. We stationed paramedic first response units at each of the three stations. At the time, Cudahy and St. Francis ran only Basic Life Support response.

**In terms of disadvantages:**

1. We noted the reduction in current

	Scenerio 1	Scenerio 2	Scenerio 3
<b>Personnel Costs/(Savings)</b>	<b>135,453</b>	<b>(821,483)</b>	<b>(179,789)</b>
<b>Station Maintenance Savings</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(15,000)</b>
<b>Additional ALS Revenue</b>	<b>(53,616)</b>	<b>(53,616)</b>	<b>(53,616)</b>
<b>Total Cost/(Savings)</b>	<b>66,837</b>	<b>(890,099)</b>	<b>(284,405)</b>

minimum staffing at the South Milwaukee and Cudahy stations under Scenario 2 from six to five.

2. In scenario 3 we noted, minimum staffing reduced from six to five at the South Milwaukee station as well. This was somewhat offset by an increase in the minimum staffing at the St. Francis station in both scenarios from four to five.

We concluded that Scenario 3 appeared to offer a “best of both worlds” opportunity. It would produce modest annual operating savings (about \$248,000 annually among the three communities) and substantial capital savings (\$1.8 million over seven years) while also producing enhanced paramedic services. At the same time, it appeared to provide ample staffing levels to meet fire protection needs.

The three communities in this case were similar demographically and socioeconomically, and they already cooperated in various ways. Hence, we had high hopes that our analysis would be acted upon. Yet, as was the case with our previous consolidation study in southern Milwaukee County, the three South Shore communities so far have declined to pursue any of the

options we presented (though the St. Francis mayor again tried to re-open that discussion last year). Their reasons for doing so were different from our earlier analysis, but they again provide valuable lessons.

The potential closure of one of the two Cudahy firehouses and the substantial range in fiscal impacts among the three scenarios proved to be the strongest obstacles. The Cudahy firehouse that was proposed for closure had been built decades ago to ensure that the parts of the city separated from the main firehouse by railroad tracks would not suffer from increased response times when trains were passing. This was seen as a highly sensitive political issue despite the fact that fire professionals from all three cities saw no need for the station under consolidation.

In addition, because our analysis did not conclusively opine on the staffing issue — but instead provided options for the communities — it was not possible to say conclusively that there would be any savings from consolidation. Consequently, there was no imperative for fiscally conservative elected officials to take the potential heat from those who

viewed consolidation as an unacceptable loss of local control.

## North Shore Fire Department

Twenty years ago, leaders from Milwaukee County's seven North Shore municipalities (Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood, and Whitefish Bay) made the bold decision to share fire and emergency medical services. Relinquishing local control, they created a consolidated department under a shared governance structure to replace their freestanding departments and serve the entire North Shore region.

This decision followed more than a decade of discussion and negotiation, and it was finally prompted by poorly coordinated responses to a pair of major fires and a threat from the City of Milwaukee to charge substantial fees for mutual aid. Despite concerns about equitable service levels and cost sharing,

elected officials ultimately determined that consolidation would produce a higher level of fire and rescue services for a lower cost than if each community continued to provide those services itself.

In 2015, on the 20th anniversary of the creation of the North Shore Fire Department (NSFD), we explored whether the consolidated department had delivered on that promise. We found, indisputably, that it had. With regard to savings, our analysis showed that:

- Each of the North Shore municipalities was contributing less annually to the NSFD than they would have needed to spend to provide an equivalent level of fire and EMS service themselves. In fact, for five of the seven, the savings were exceeding \$250,000 annually. The collective annual savings among all of the North Shore municipalities was \$2.8 million, as shown in the chart below.

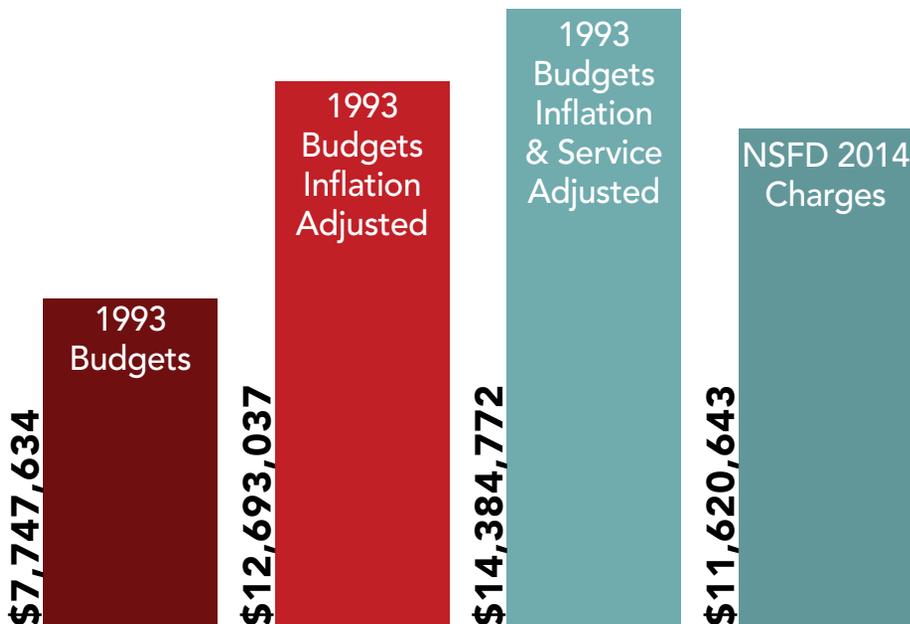
- On the capital side, if each municipality had replaced vehicles owned prior to consolidation with new vehicles per existing replacement schedules, they together would have spent up to \$3.4 million more than the NSFD actually spent on vehicle purchases in the 20 years following consolidation.

But the advantages of North Shore fire consolidation — as should be the case wherever it is considered — were not linked solely to cost savings. The report found the department's capacity to provide Advanced Life Support service was far superior in light of its ability to afford and recruit a greater number of paramedics (33 compared to 12 collectively before consolidation). It also had achieved a substantially higher 'ISO' rating for its firefighting capability than any of the individual departments had prior to consolidation.

## So where do we go from here?

Admittedly, it was quite discouraging to quantify the impressive fiscal and operational benefits that resulted from fire and EMS consolidation in the North Shore after we had just seen officials in the southern part of the county refrain from pursuing such benefits. Yet, we also recognize that it took more than a decade of deliberation in the North Shore before officials decided a consolidated department was the right move.

In other words, the game is far from over, both in Milwaukee County and elsewhere. The financial





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challenges facing Wisconsin's local governments are unlikely to diminish, while citizens' expectations for first-class emergency medical services will remain strong. Hence, the need to explore consolidation is likely to grow.

As it does so, we would urge interested communities to keep in mind the following lessons we have learned from our work:

### **Show me more than the money.**

While many assume the pursuit of service sharing is all about saving money, the greatest promise actually lies in the potential for individual governments to join forces to achieve levels of service quality and efficiency they otherwise could not achieve alone. Also, even where service sharing may not save money or enhance service levels, it may allow communities to maintain

existing levels in the face of larger governmental fiscal challenges. If elected leaders do not understand these realities going into a service sharing study, then they likely will be disappointed in the results.

**Specifically define the word "savings."** To the extent anticipated savings are a driver of a consolidation study, project sponsors ought to have a clear understanding of what that means. The question not only is whether a municipal government might reduce the cost of EMS services from one year to the next by virtue of consolidation, but also whether it might avoid or reduce mandated future costs associated with technology, training, or new medical standards, or whether it could fulfill citizens' desire to enhance service levels at no additional cost. Those points often are lost on elected

officials, who only consider a study's determination of the difference between current annual expenditures and what it would cost to be part of a consolidated department.

**Appropriately frame the issue of local control.** The reason we have not seen more consolidation of local government services in Wisconsin is because it's difficult. Particularly with regard to critical public safety services, it is legitimate for local governments to want complete control over the quantity, quality, and cost of services provided to their own residents. It is also understandable that local officials and citizens would see consolidation as a potential threat to such control, though intergovernmental agreements certainly can be developed in ways to alleviate such concerns. Regardless, it is critical that local leaders gauge whether the reasons for considering consolidation in the first place — unaffordability of new technology, inability to successfully recruit and retain high-quality staff, the prospect of funding and staffing cuts to paramedic services if nothing is done — constitute an even larger threat to their constituents than the prospect of giving up some local control. ⚙️

*Rob Henken is President of the Wisconsin Policy Forum, a nonpartisan, independent public policy research organization. The Wisconsin Policy Forum recently was created by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. The reports referenced in this article can be accessed at [www.publicpolicyforum.org](http://www.publicpolicyforum.org).*



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