



DATE: August 18, 2014

TO: Board of Directors, Area Metropolitan Ambulance Authority (AMAA)

FROM: Douglas Hooten, Executive Director

SUBJECT: Budget for Fiscal Year 2014-15

Enclosed you will find the proposed budget for AMAA for the fiscal year beginning October 1, 2014 and ending September 30, 2015 for your consideration. The following is how the FY 2014-2015 budget relates to the FY 2013-2014 forecasted actual revenues and expenses. We have budgeted FY 2014-2015 revenues to be **\$43,662,596** which is an increase of **\$2,965,363** or **7.3%** over FY 2013-2014 forecasted actual. Expenses are budgeted to be **\$37,749,307**, which is an increase of **\$2,486,986** or **7.1%** over FY 2013-2014 forecasted actual. Net Retained Earnings is budgeted to be **\$5,913,289** which is an increase of **\$478,377** or **8.8%** from forecasted actual FY 2013-2014.

Management has set forth 5 strategic objectives for this next year. This budget reflects the revenue and expense required to achieve these strategic objectives. Also included is a capital improvement plan. This plan addresses needed infrastructure improvements over the next five years.

Below is a review of the strategic objectives for this next fiscal year, along with goals and timelines associated with each. We have adopted five (5) overriding strategies that reinforce our mission statement. From these strategic objectives we will evaluate managers and supervisors in all departments. This will impact their compensation based on their success or failure to meet the expectations set forth in this budget document. The five areas driving the budget for this year are:

- **Financial**
  - Manage the Revenue and Expense to meet or exceed the adopted FY 2014-2015 budgeted Net Retained Earnings
  - Meet or exceed the standards as set below as approved by the AMAA Board
    - Days in AR  $\leq 100$
    - Month end close billing system  $\leq 5$  business days
    - Collection Percentage  $\geq 28\%$
  - Implement “Just in Time” inventory management philosophy by 9/30/15
  - Complete Phase 4 of the Medicaid 1115A Waiver Project with JPS by 9/30/15
  - Expand StarSaver enrollment by 300 households by 9/30/15



### **Clinical and Administrative Quality**

- Conduct a minimum of 4 compliance audits by 9/30/15
- Complete implementation of the Business Intelligence platform by 9/30/15
- Meet or exceed response time standards as established by the Authority
- Train one manager as ASQ Black Belt and produce one documented project by 9/30/15
- Develop and publish value based metrics by 8/1/15
- Apply for accreditation from National Council on Quality Assurance (NCQA) for MIH programs by 9/30/15

### **Community**

- Continue to plan and develop the MedStar Business Continuity plan by 9/30/2015
- Revise the Interlocal Agreement and EMS Ordinance and obtain member city approval by 9/30/15
- Position MedStar as a national leader by publishing 2 articles, presenting at 2 national conferences, and participating on 4 committees by 9/30/15
- Train 5000 people in CCR by 9/30/15
- Sponsor 4 local community events aligned with MedStar's mission by 9/30/15

### **Growth and Development**

- Results of approved DSRIP programs exceed goals set by the program and milestone payments received by 9/30/15
- Implement a designated Non-Emergent Market with separate demand analysis by 1/31/15
- Develop and instruct 10 marketable continuing education courses prior to 9/30/15, including one EMT course prior to June 1, 2015

### **People**

- Create data driven, company-wide Risk and Safety program by 9/30/15
- Reduce unscheduled absences by 20% for fiscal year ended 9/30/15



## Budget Summary

### Revenue

- Revenue is up by 7.3% in the FY 2014-2015 budget over the FY 2013-2014 forecasted actual due the following drivers:
  - Transports will increase by 3.7 %
  - HHSC cost report funding will increase by 20% to \$2,750,000
  - Increase in Collection percentage from 27.5% to 28%
  - Subsidy provided by member cities will decrease by 32.2%. One additional city has opted for a zero subsidy, combined with an increased base rate, for the fiscal year 2015
  - Subscriptions will increase by 13% with an emphasis on promotion of the program in this fiscal year

### Expense

- Expense is up **7.1%** or **\$2,486,986** in the FY 2014-2015 budget over the FY 2013-2014 forecasted actual due to these drivers:
  - Total Payroll and Payroll Related Expense main drivers are:
    - 7% Increase in total payroll expense or \$1,769,124.
      - Merit increase same as FY13-14
      - 4% cost of living adjustment for all employees, totaling approximately \$695,000
      - Move 50% of scheduled shifts from 48 hours per week to 42 hours per week, which requires an addition of 17 FTEs
      - Addition of 7 FTEs to increase coverage in business office, dispatch, and mobile health
      - Increase in incentive payments to all staff from 5% to 6%
  - Vehicle and Equipment Expense main drivers are:
    - 3.4 % increase or \$124,183 in total vehicle and equipment
      - Fuel is anticipated to increase by 4.5%
  - Station Expense main drivers are:
    - 5.7% increase or \$40,436 in total station expense
      - Double square footage in Alta Mere building, along with increase in climate controlled area results in 25% increase in utilities, or \$28,029



- Other Expense main drivers are:
  - 12.2% increase or \$424,399 in total other expense
    - EPAB fees are anticipated to increase as the result of the transport increase plus an additional \$100,000.
    - Additional professional fees have been added, including:
      - Deductible monitoring - \$12,000
      - CAAS re-accreditation fee - \$15,000
      - NCQA accreditation fee - \$50,000
      - UNT data analysis and tools development - \$26,000

**Net Retained Earnings:**

- 8.8% increase, totaling \$478,377 or 13.5% of net revenues.

We respectfully submit the FY 2014-2015 budget for your review.