



CITY OF DETROIT  
FIRE DEPARTMENT  
DETROIT PUBLIC SAFETY HEADQUARTERS

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To: City Council Member Angela Calloway  
City Council Office

From: Charles Simms, Executive Fire Commissioner  
Detroit Fire Department

Date: February 19, 2024

RE: **AMBULANCE SERVICES**

## 1. Why we are charging citizens for emergency calls?

The Detroit Fire Department, consisting of over a thousand emergency responders, delivers expert medical care to citizens and visitors of Detroit using advanced vehicles and equipment, ranging from inexpensive oxygen delivery tubing to costly cardiac monitoring equipment and response vehicles. Their medical interventions, overseen by Medical Control Physicians since 1972, mirror services found in emergency rooms, including administering life-saving drugs, managing airways, and providing opioid reversal agents.

As is standard practice across the nation and the world for providers of medical care, the City of Detroit has an established fee schedule and has historically billed insurance companies such as Medicare, Medicaid and various health maintenance organizations (HMOs) and preferred provider organizations (PPOs) as well as private payors for medical claims. These payments that the City collect are directed into the City of Detroit General Fund for allocation towards various city initiatives to benefit all Citizens of Detroit and help with the cost of having an EMS system but do not fully cover the cost of this system.

## 2. How do we determine the charges?

The fee schedule for the City of Detroit, established before the city's bankruptcy filing, lacks documented records of its origin despite efforts by city departments to trace its history. In 2018, during the transition to a new EMS billing vendor, various departments were alerted to the necessity of updating the fee schedule due to its long-standing nature. The Office of Departmental Financial Services (ODFS) conducted benchmarking studies to prepare for a proposed fee change, with ongoing efforts to secure an outside vendor for a comprehensive fee study, which, once completed, will be reviewed and submitted to Council for consideration, a process expected to continue into 2024.

Efforts to update the fee schedule have been ongoing since 2018, with the Office of Departmental Financial Services working to secure an outside vendor to conduct a comprehensive fee study. The Detroit Fire Department has cooperated by providing necessary information for the study, and upon completion, the results will be compiled,



reviewed, and submitted to Council for consideration. Despite ongoing efforts, a finalized fee schedule update has yet to be achieved.

**3. Why are the ambulance companies allowed to bill the individual patients for ambulance service in light of the CITY OF DETROIT contracting with the companies for service? Please explain.**

The arrangement between the City of Detroit and private ambulance companies, known as PERS (Private Provider Emergency Response Service), emerged as a strategic response to address the critical shortage of emergency medical staff faced by the city prior to its bankruptcy. Under this agreement, PERS operated alongside the Detroit Fire Department's ambulances, integrating seamlessly into the emergency response system. These private ambulances were held to the same rigorous standards of care and oversight as their municipal counterparts, supervised by EMS supervisors and meeting the same medical care requirements.

Despite the crucial role played by PERS in bolstering emergency medical services, the financial dynamics remained complex. The city, grappling with staffing shortages akin to those faced by private ambulance providers, recognized the need to incentivize these companies to ensure dedicated availability of resources. This led to the decision to compensate private ambulance providers for their dedicated coverage, a model already established in contracts such as those serving Detroit's casinos. However, it's important to note that this compensation does not subsidize the private ambulance providers' operational expenses. This includes various overhead costs such as vehicle maintenance, administrative expenses, and employee salaries, which exceed the compensation provided by the city's contracted rate. Instead, they are expected to adhere to the same fee schedule as the Detroit Fire Department, often resulting in billing rates below their customary charges for pre-hospital medical care.

The challenges faced by both the city and private ambulance providers underscore the broader nationwide shortage of EMTs and paramedics, exacerbating competition for qualified personnel. Despite efforts to provide dedicated coverage, fluctuations in call volume and competing contractual obligations introduce uncertainties for private ambulance providers. Nonetheless, the partnership between the City of Detroit and PERS represents a collaborative approach to address critical gaps in emergency medical services, albeit within the constraints of financial realities and resource availability.