

# INTERFACE

by Jack Stout

## It's Hard to be Afraid

This month, the "Interface" column is honored to include a guest article written by one of the most capable and likable EMS managers in the industry today — public and private sectors combined. Stephen M. Brown, a field medic at the time, was promoted to director of Fort Wayne's EMS department at a time when morale was the lowest, when response times were deadly, equipment dangerous and fear and suspicion were epidemic.

Fear, distrust, even despair attacked the labor force. In less than two years, the EMS system was scheduled to

1) Double the response time performance; 2) double its workload by taking on all nonemergency transfer work as well; 3) reduce the city subsidy by \$100,000 per year; 4) become an all-paramedic service system; 5) take over countywide ALS operations; 6) gain control of cost overruns and operate under a public utility model business contract; 7) develop excellence and professionalism in all areas of field operations and public contact; 8) become as efficient as some of the country's best private ALS providers; and 9) prepare to face head-on competition in winner-take-all bidding against the best.

That two years is now quickly coming to an end, as bids will be opened this December.

A final word of introduction: it has been suggested that perhaps Fort Wayne has received enough attention, and that this month's column might better have moved on to another subject. Obviously, I disagree. The most important part of the story has yet to be told. The story of what has happened to people who live and work in the system every day.

Real change is always tough. Even true progress can be a grueling life experience. But somehow fear and suspicion in Fort Wayne have largely been exchanged for pride and excitement. This group of people has met the challenge, and they know it. Nearly everyone has been so involved in the progress, not always happily, that there are people working the streets in Fort Wayne who know more about high-performance, high-efficiency EMS operations than do the top managers in a great many EMS organizations. The uncertainty still exists, but it's hard to be scared when you know you're that good and can prove it.

—Jack Stout

Within a few short months, bids will be opened in Fort Wayne, Ind., to determine which organization will be granted the privilege of providing exclusive emergency and nonemergency ambulance services for our city and ALS services countywide.

The city's municipal ambulance service has been the sole provider of ambulance service for the city as well as the only provider of paramedic services to surrounding Allen County since July 1982.

In July 1981, the department began making massive operational changes in an effort to begin functioning more like a well-run private ambulance company. Why would a governmental agency want to do such a thing?

The city's administration has decided to accept the challenge of going head-to-head in clear-cut competitive bidding for the privilege of providing ambulance service to the citizens of Fort Wayne. Obviously, clear-cut competition between a municipality and a private company

cannot be possible unless apples are being compared to apples.

Recognizing the private sector's reputation for being able to provide services in an efficient and cost-effective manner, the city felt it would be beneficial to operate in a manner much like some of the more successful private companies. (Many experts around the country, if asked, might say such a feat cannot be done, but Fort Wayne is a very competitive-minded city.) If such a metamorphosis is possible at all, Fort Wayne officials feel that it has as good a chance of succeeding in Fort Wayne as anywhere.

The transformation of a government-operated ambulance service into one resembling a private company is not a task that anyone would consider easy. In fact, such a transformation may be considered as miraculous as turning a caterpillar into a butterfly.

Nonetheless, this long and difficult task has been met squarely and courageously by the medics in Fort Wayne. In spite of numerous

Figure 1

Old Contract	New Contract
<ul style="list-style-type: none"><li>• 37-hour workweek: 4 on, 2 off, paid for 40 hours</li><li>• Excessive mandatory overtime</li><li>• Comp time instead of cash for overtime</li><li>• 4,000-5,000 hours accumulated comp time</li><li>• \$75 holiday bonus</li><li>• 25¢/hour shift differential</li><li>• Worn-out vehicles (with little hope for improvement)</li><li>• Worn-out on-board equipment</li><li>• Salary \$15,800 per year</li><li>• Little or no medical accountability</li><li>• No pay incentive for tenure</li><li>• No facility of our own</li><li>• Persistent political interference (seven directors in nine years)</li></ul>	<ul style="list-style-type: none"><li>• Salary \$18,500 (1-1-82); \$19,250 (7-1-82); \$20,000 (1-1-83)</li><li>• Cash for time-and-a-half overtime</li><li>• Accumulated comp time paid off</li><li>• Variety of new shifts</li><li>• Advanced training paid for</li><li>• Staggered salary tenure incentive</li></ul> <p>But</p> <ul style="list-style-type: none"><li>• Workweek increased up to 56 hours (same pay, more hours)</li><li>• No holiday bonus</li><li>• No shift differential</li><li>• \$500 individual responsibility for negligent loss/damage to vehicles or equipment</li><li>• Two days per month mandatory on-call</li><li>• Swift or possibly severe discipline for medical misfeasance or malfeasance</li></ul> <p>But</p> <ul style="list-style-type: none"><li>• Eight new ambulances</li><li>• All new equipment</li><li>• New facility</li><li>• Improved medical control</li><li>• Basically, a better place to work.</li></ul>



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problems, they have remained dedicated to achieving their goal: making Fort Wayne Emergency Medical Services — a municipally-operated ambulance service — a strong competitor for the Fort Wayne bid in terms of both performance and production efficiency. We have earned the right to compete with the best private ambulance companies in America.

## Variable Staffing

In July of 1981, the facelift of the city's EMS department had begun, and it was obvious that little, if anything, could remain unchanged if the department was to have any serious chance to win in head-to-head competition with the best in the industry. The first change was in the way work shifts were scheduled. Schedules were changed from three 8-hour shifts a day to a combination of 8-, 10-, 12- and 24-hour shifts, increasing the average work-week from 37 hours per week to as many as 56 hours per week and no less than 40. This allowed the department to increase the maximum

number of ambulances on the street at any given time from three to six — without adding a single medic to the staff. While the monthly pay for the various shifts remained the same, the number of hours worked per week was varied so that every shift was desirable to someone, though perhaps for different lifestyle reasons.

## Equipment Maintenance

Next, a fleet mechanic was hired to take care of the vehicles properly and provide preventative maintenance that would increase reliability and longevity of the vehicles. This move proved to be extremely successful in reducing maintenance costs as well as improving the reliability of the vehicles. Furthermore, labor agreed to accept personal responsibility for the first \$500 in damage to equipment due to employee negligence.

## Union Contract Renegotiated

Perhaps the most difficult, controversial, yet rewarding and unique aspect of the facelift was the renegotiation of the contract with the medics' union. If you examine the

contents of the contracts before and after, you should easily be able to see just how dedicated the medics were to the job they were doing and how far they were willing to go to do it better. Figure 1 lists examples of working conditions under both the old and new contracts.

At first glance it may look like the medics made a windfall in the salary increase, but considering the increased number of hours worked per week, loss of holiday pay and shift differential, and the increased personal financial responsibility for the vehicles and equipment, the increase was very reasonable. It should be noted that the increase came in the annual salary, and while the increase in hourly pay differed from one shift to the next, there was no net increase in average hourly pay, nor in labor cost per unit hour.

## Bottom Line

While monthly salaries increased, labor cost per unit hour declined slightly and labor cost per patient transport *declined* dramatically. This means that the average medic received



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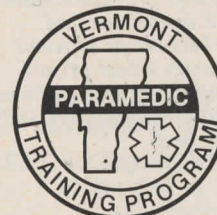
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more money per month, roughly equal money per hour and considerably less money per patient transported. In other words, the same labor force nearly doubled its run volume, while also nearly doubling its response time performance. It also dramatically increased its unit hour coverage, but with no increase in labor cost per unit hour and only a slight increase in annual salary (see Figure 2).

One very impressive fact is that while salaries and productivity increased, nearly \$1,000,000 in new equipment was purchased, response times were dramatically improved and, while upgrading to a full paramedic system, the city's subsidy *declined* by at least \$100,000. Equally important is the fact that the almost \$1,000,000 of new equipment that replaced all of the old worn-out equipment was entirely

financed on a commercial basis without government guarantees.

When this whole process started, the system was financed 100 percent from local tax dollars. At the time of this writing, the system is running from two-thirds to three-quarters on revenues from fee-for-service billings.

In addition to these changes, several other features in the contract afforded greater personal accountability and improved departmental efficiency. To illustrate the union's recognition of the need for increased efficiency and productivity, the following excerpts have been quoted from the medics' contract with the city:

The undersigned parties recognize that the city's EMS department has recently accepted responsibility for providing advanced life support service on a countywide basis, subject to performance evaluations of both efficiency and effectiveness conducted by organizations which are external to both parties to this agreement. It is recognized that the Board of Directors of the Three Rivers Ambulance Authority shall have the power and duty to assess the economic efficiency of the EMS department as a contracted provider, and that should the EMS department fail to perform efficiently as compared with private providers of similar services, it shall be the duty of the Authority to replace the EMS department with a contracted private provider.

The parties also recognize that the EMS Foundation, Inc. shall have the power and duty to judge the clinical and response time performance of the EMS department, and should such performance be found substantially and chronically deficient, the EMS Foundation shall have the power and duty to require that the EMS department be replaced by a competitively selected private provider of services. In short, the parties recognize that an important experiment is at hand: *Can a labor/management partnership be developed in a governmental operation — a partnership so effective in promoting productivity that the government provider can be favorably compared with the most efficient high quality providers of similar services in the private sector?*

The purpose of this agreement is to furnish the foundation for a partnership . . . in which management and labor shall have equal incentive and responsibility to greatly expand productivity.

How successful has this experiment been? Figures 1 through 3 tell the story.

## Apprehension To Anticipation

When you are a governmental agency, you can always claim you are good, but the claim remains hollow unless there is a way to prove it. If you choose the course Fort Wayne has, by joining the competitive bid process, consider the following:

1. The major disadvantage — no one's job is guaranteed. You must *prove* you are good.
2. The major advantage — If you

**Figure 2**

	Unit hours per week	Maximum Salary per Medic	Labor cost per unit hour, street personnel costs only (salary & benefits)
May 1981	504	\$15,810**	\$33.27
Dec 1982	864	\$19,250	\$19.55

\*A "unit hour" is a term used to define one hour of availability for service of a fully equipped and fully staffed ambulance.

\*\*Not including shift differential and holiday pay.

Note: The total operations cost per unit hour in 1982 was lower than the labor cost per unit hour alone in May 1981.

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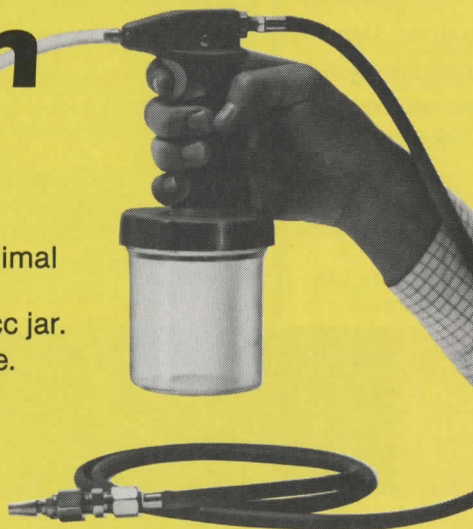
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**Figure 3**

Quality of dispatch	First responder program	Ambulance response quality time	Quality control	Efficiency
Civilian/police and little or no medical training No telephone screening	1973-1975, none 1975-1978, CPR only Fire Dept.	1973-1978 BLS only average time - 8 min. with many 10 min.  1978-1981 BLS/ALS average time - 8 min. with many 10 min.  Maximum three units, frequent breakdowns	Prior to 1978, virtually none  1978 physician involvement still minimal  No legal standards/requirements  Only one paramedic in system	37-hour work-week  Peak period coverage with three units  504 unit hours per week  Direct cost/unit hour labor = \$33.27
Didactic paramedic training Computer aided Vehicle placement strategy New all-UHF communications	Plans to begin "Paramedic Assist" training program Firefighters EMT trained	At least one paramedic on every unit  Seven units peak coverage  Single provider system  Maintain 90 percent or more of life threatening calls in eight minutes or less	Paramedics on every unit  Protocols being finalized  Medical director  Training program and internal quality control	864 unit hours per week  Direct labor cost/unit hour = \$19.55  Up to 56-hour workweek  Peak coverage with seven units

are as good as you say you are, you have the opportunity to prove it to yourselves, the citizens you serve, elected officials and to the entire industry.

Fort Wayne EMS intends to prove that a governmental agency does not have to be sloppy, inefficient or unprofessional, as the popular myth indicates. There are, of course, no guarantees that Fort Wayne EMS will get the next bid, but we have a good shot and we are going to take it. The bid is inevitable, so we are trying to look at it with anticipation instead of fear. We feel we have made ourselves at least competitive; and because we have made ourselves competitive, neither my labor force nor I have anything to fear from a bid process. Our present wages and benefits are about average for the industry, manpower productivity approaches the high end of the industry-wide scale, clinical performance is excellent by anybody's standard, professional conduct and courtesy are second to none, and our local labor force has already proven it can meet the clinical and response time standards required under the contract. In short, even if a private company wins the bid, only a foolish winner would overlook the obvious advantages of retaining the incumbent labor force. If a private competitor wins, it won't be because

he has a better labor force, but because of superior management talent, depth of specialized expertise and economies of scale that are just not possible with an ambulance service that operates in only one location. Win or lose, everyone benefits: the patients, the taxpayers and the incumbent labor force.

In the end, perhaps the most important result of this experiment will be the education that the employees of Fort Wayne EMS are getting. Approximately 30 percent of the people in the department have now had the opportunity to visit systems in Kansas City, Tulsa and Atlanta, as well as attend conferences and tour ambulance manufacturing plants and other industry-related areas all over the U.S. This type of exposure has helped develop personal connections that can only lead to an industrywide mood of cooperation and problem-solving. Everyone at Fort Wayne EMS is getting a Ph.D. in EMS systems operations simply by being here during this time of change — as scary, uncertain and uncomfortable as it may be. We can at least be thankful to be where the action is in the EMS industry.

Maybe we will see you in Fort Wayne in a few months — and may the best ambulance company, public or private, win. □

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