

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 17-1-15FB

July 2018



**DISTRICT OF COLUMBIA FIRE AND EMERGENCY MEDICAL SERVICES
DEPARTMENT AND OFFICE OF CONTRACTING AND PROCUREMENT:**

**DISTRICT RESPONSE TIMES TO BASIC LIFE SUPPORT CALLS HAVE IMPROVED, BUT
CONTRACT AWARD AND ADMINISTRATION DEFICIENCIES NEED TO BE ADDRESSED**



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OIG

Why the OIG Did This Audit

In recent years, the Fire and Emergency Medical Services Department (FEMS) has been plagued with numerous problems¹ that adversely affected its ability to respond to emergency 911 calls in a timely manner. To address the issue, FEMS requested and received legislative authority to supplement its resources by contracting with a private ambulance company to provide pre-hospital medical care and Basic Life Support (BLS) transport services (hereafter referred to as BLS Transport Services).

On November 11, 2016, FEMS signed a \$12 million contract with American Medical Response (AMR) to perform BLS transport services for patients experiencing minor injuries or illnesses, such as cold symptoms and ankle sprains.

The Office of the Inspector General (OIG) assessed: FEMS' management oversight of the BLS transport services contract; compliance with emergency medical technician (EMT) and paramedic training, licensing, and certification requirements; and response times and availability of ambulance units as a result of the AMR contract.

What the OIG Recommends

The OIG made seven recommendations focused on ensuring the District (1) obtains a fair and reasonable price for BLS transport services, and (2) monitors vendor performance to ensure the vendor meets targets as specified in the contract.

DISTRICT OF COLUMBIA FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT AND OFFICE OF CONTRACTING AND PROCUREMENT:

District Response Times to Basic Life Support Calls Have Improved, but Contract Award and Administration Deficiencies Need to Be Addressed

What the OIG Found

Overall, the contract between the District and AMR improved the District's capability to respond to medical emergencies in a timely manner. Some of the improvements include reduced average response times, increased training hours for staff (EMTs and paramedics), and increased ambulance availability to respond to more serious or life threatening calls. District personnel, including the contract administrator (CA) and program manager, have worked hard to implement third-party BLS ambulance services; however, the OIG found deficiencies in both the award process and the administration function of the contract.

During the contract award process, the District may not have established a fair and reasonable price for the services. Specifically, the District did not obtain adequate competition to award the contract; cited pricing from vendors who did not participate in the Request For Proposal (RFP) process; and inappropriately developed the Statement of Work (SOW) and specifications. Consequently, competition for the solicitation may have been unnecessarily restricted.

OIG also found that during contract administration, the District did not monitor AMR to assess penalties for failure to meet performance targets in a timely manner and did not ensure the amount AMR billed the District was accurate, complete, and verifiable.

Had the District based payments for BLS services on actual, verifiable documentation of ambulance hours spent responding to BLS calls (from the time AMR received calls to when it cleared calls), the District would have paid approximately \$2.7 million less than the \$6 million total payment it made under the contract from November 11, 2016, to May 31, 2017.

¹ Problems include equipment failures, dispatching emergency vehicles to the wrong addresses, personnel, and training issues.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



July 10, 2018

Gregory M. Dean
Fire and EMS Chief
Fire and Emergency Medical Services
Department
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George A. Schutter
Chief Procurement Officer
Office of Contracting and Procurement
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Washington, D.C. 20001

Dear Fire and EMS Chief Dean and Chief Procurement Officer Schutter:

Enclosed is our final report, *District of Columbia Fire and Emergency Medical Services Department: District Response Times to Basic Life Support Calls Have Improved, but Contract Award and Administration Deficiencies Need to Be Addressed* (OIG Project No. 17-1-15FB). The audit was included in our *Fiscal Year (FY) 2017 Audit and Inspection Plan*. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS).

We provided the Fire and Emergency Medical Services Department (FEMS) and the Office of Contracting and Procurement (OCP) our draft report on April 2, 2018, and, on April 26, 2018, received their combined response, which is included in its entirety as Appendix C to this report. We appreciate that FEMS officials began addressing some of the findings immediately upon notification during the audit.

As a result of this audit, we directed four recommendations (4-7) to FEMS to improve the effectiveness of internal controls over contract payments. FEMS concurred with Recommendations 4 and 7 and outlined actions taken and/or planned for these recommendations. Therefore, we consider the recommendations resolved, but open pending completion of planned actions or evidence of stated actions.

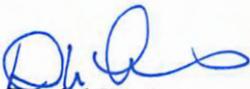
FEMS disagreed with Recommendations 5 and 6 and indicated that the recommendations are “inconsistent with contractual language and are unsupported by FEMS contract administration and monitoring requirements.” The audit team found that, contrary to the contract terms and conditions, FEMS did not capture and maintain records for deployed ambulances unit hours that were accurate, complete, and verifiable. Therefore, if Recommendations 5 and 6 are implemented, FEMS management will be able to verify the accuracy and completeness of billed deployed ambulances unit hours and be consistent with the contract terms and conditions. We request that FEMS reconsider and provide an updated response within 30 days of receipt of this report.

We also directed three recommendations (1-3) to OCP to improve effectiveness of internal controls over the contract award process. OCP disagreed with these recommendations and indicated that there are controls in place. The OIG agrees that OCP, as part of its mandate and policies and procedures, has such controls in place. What the OIG found was that those controls were not used when OCP executed the contract we reviewed. Therefore, Recommendations 1, 2, and 3, if implemented, provide OCP management reasonable assurance that those controls are effectively operating as designed. We request that OCP reconsider and provide an updated response within 30 days of receipt of this report.

Based on FEMS' and OCP's responses, we re-examined our facts and conclusions and determined that the report is fairly presented. To clarify our position on the appearance of a conflict of interest mentioned in our draft report, the OIG made no representation that the conduct of OCP and FEMS officials in the award and administration of the AMR contract constituted a financial conflict of interest. Instead, as outlined in the report, District officials using the previously awarded Seattle contract to AMR as the basis for the District's competitive procurement and eventual contract also with AMR, an appearance of an organizational conflict of interest may have been created in accordance with DCMR § 2299.1. We expand on this discussion in the "Agencies' Responses and Office of the Inspector General Comments" on page 11 of this report.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Benjamin Huddle, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/mo

Enclosure

cc: See Distribution List

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BACKGROUND

D.C. Fire and Emergency Medical Services Department (FEMS)

FEMS provides emergency medical services, pre-hospital medical care, fire and life-safety-code enforcement, and community-based education and prevention programs throughout the District. The mission of FEMS is to “preserve life and promote health and safety through excellent pre-hospital treatment and transportation, fire prevention, fire suppression, rescue activities, and homeland security awareness.”²

In recent years, FEMS has been plagued with numerous problems that adversely affected its ability to respond to emergency 911 calls in a timely manner. These problems include equipment failures, dispatching emergency vehicles to the wrong addresses, personnel, and training issues. To address the issue, FEMS requested and received legislative authority to supplement its resources by contracting with a private ambulance company to provide pre-hospital medical care and Basic Life Support (BLS) transport services (hereafter referred to as BLS Transport Services).

Office of Contracting and Procurement (OCP)

Established in 1997, the Office of Contracting and Procurement (OCP) provides contracting services for over 76 District agencies. The mission of OCP is to “partner with vendors and District agencies to purchase quality goods and services in a timely manner and at a reasonable cost while ensuring that all purchasing actions are conducted fairly and impartially.”³

Under the Procurement Practices Reform Act of 2010 (PPRA),⁴ OCP is responsible for establishing procurement processing standards that conform to regulations and for monitoring the effectiveness of procurement service delivery. OCP assigns procurement professionals to agency worksites to collaborate directly with program staff in executing procurement processing and management throughout the entire procurement process.⁵ OCP and FEMS have shared responsibilities. Thus, this report refers to them collectively as “the District.”

Third-Party Contract Award to American Medical Response (AMR)

On February 12, 2016, FEMS executed a letter contract⁶ with AMR to provide BLS transport services for a price not-to-exceed \$1 million per month. AMR began providing BLS transport services to FEMS under the letter contract on March 28, 2016. The District subsequently used a

² FEMS website, <http://fems.dc.gov/page/mission-and-vision-01>, last visited Dec. 28, 2017.

³ OCP website, <https://ocp.dc.gov/page/about-ocp>, last visited Dec. 28, 2017.

⁴ Procurement Practices Reform Act of 2010 (PPRA), D.C. Law 18-371, effective Apr. 8, 2011 (codified as amended at D.C. Code §§ 2-352.04 – 361.06 (Lexis – statutes current through Feb. 24, 2018)).

⁵ OCP website, <https://ocp.dc.gov/page/about-ocp>, last visited Dec. 28, 2017.

⁶ DC Code § 2–351.04 (39) defines “letter contract” as “a written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing or delivering goods or performing services prior to the execution of a definitive contract.”

Request for Proposal (RFP) process to award a “requirements contract with payment based on firm-fixed hourly rates” to AMR on November 11, 2016.⁷

The Mayor and Fire Chief stated that the contract between FEMS and AMR would: (1) supplement District resources so FEMS can effectively respond to medical emergencies and save lives; and (2) allow FEMS more time to reinforce the agency’s standards of patient care. The officials also said the additional BLS transport services would result in better quality services for District residents and visitors through improvements in unit availability, response times, training of emergency medical technicians (EMTs) and paramedics, patient care, and preventive maintenance and repairs of fleet vehicles.⁸

Under the RFP process, OCP must adhere to 27 District of Columbia Municipal Regulation (DCMR) § 1604, Solicitation of Proposals. FEMS must also follow the District’s procurement process shown in Figure 1 below to solicit, procure, and administer the contract with AMR.

Figure 1: District’s Procurement Process



Source: Office of Contracting and Procurement Procedure Manual (Revised on July 6, 2017).

Contract Administration for BLS Services

The D.C. Office of Unified Communications (OUC) answers all emergency and non-emergency calls in the District, including 911 calls, and routes the calls to designated responding entities. FEMS is the designated first responder for all 911 calls, including BLS calls for minor injuries and illnesses. The responding FEMS unit performs the initial triage and conducts an evaluation of all patients upon arriving at the incident. After assessing the patient and determining that the patient has a minor injury, the FEMS unit contacts OUC by radio to request that an AMR ambulance unit respond to the incident. OUC then forwards⁹ the request to AMR dispatchers who are physically located on the same floor as the District dispatchers.

Pursuant to the contract,¹⁰ upon receiving a request, AMR is required to dispatch its ambulance staffed with two EMTs to respond immediately to the location of the incident and transport the patient to an area hospital for additional medical treatment. In accordance with Sections C.1 and C.6.2.1 of the contract, AMR is required to respond to BLS calls at FEMS’ request between 7 a.m. and 1 a.m. daily, and comply with specified response times during which no “severe

⁷ The contract value was not-to-exceed \$12 million, with a contract term of 1 base year and 4 additional option years.

⁸ FEMS website, <https://fems.dc.gov/release/fems-expands-district%E2%80%99s-ambulance-capacity-through-third-party-contract>, last visited Dec. 28, 2017.

⁹ OUC sends requests for BLS ambulance transport to AMR electronically from its Computer-Aided Dispatch (CAD) to AMR’s CAD systems. Both OUC and AMR dispatchers also sit side-by-side and communicate face-to-face when needed.

¹⁰ Section C.5.1.1.11 of the contract directly incorporates 29 DCMR § 549, of which subpart (a) requires that a District-certified ambulance have “two ... District-certified Emergency Medical Technicians.”

weather, disasters, or special circumstances are expected to impede routine ...ambulance access and travel on surface roads....”

Our audit objectives were to assess: FEMS’ management oversight of the BLS transport services contract; compliance with EMT and paramedic training, licensing, and certification requirements; and response times and availability of ambulance units as a result of the AMR contract.

To accomplish our objectives, we reviewed relevant FEMS documents from 2015 to 2017, including the contract between FEMS and AMR; interviewed staff from FEMS, OUC, AMR and OCP; verified licenses and certifications; and reviewed training courses. We also reviewed invoices and analyzed data from OUC’s Computer-Aided Dispatch (CAD) system for actual response time and ambulance units’ deployment data for EMS calls before and after the contract. We conducted our work from April 2017 to February 2018 in accordance with generally accepted government auditing standards.

FINDINGS

DISTRICT RESPONSE TIMES TO BLS CALLS HAVE IMPROVED, BUT CONTRACT AWARD AND ADMINISTRATION DEFICIENCIES NEED TO BE ADDRESSED

Overall, there has been improvement in District response times to BLS calls. Some of the improvements include reduced average response times, increased training hours for staff (EMTs and paramedics), and increased ambulance availability to respond to more serious or life threatening calls. District personnel, including the contract administrator and program manager, have worked hard to implement third-party BLS ambulance services; however, we found deficiencies in both the award and the contract administration components of the contracting process (see Figure 1 on page 7).

The District May not Have Obtained a Fair and Reasonable Price When Soliciting Contractors for Ambulance Transport Services

Although the District urgently needed supplemental ambulance services when it awarded contract to AMR, we found that the District did not exercise due diligence when using a competitive procurement process to acquire the services.

The District Failed to Obtain Adequate Competition

The District issued an RFP on May 23, 2016, to solicit proposals from third-party ambulance companies and to procure BLS transport services. According to the August 12, 2016, OCP Business Clearance Memorandum (BCM)¹¹ the District received two responses to the RFP – one from AMR [vendor A] and from another company [vendor B]. Each proposal could earn 80 points for technical qualifications and 20 points for proposing the lowest price.¹² As set forth in 27 DCMR § 1637.1, the “competitive range shall be determined on the basis of price and other factors, in accordance with the evaluation criteria that were stated in the RFP, and shall include all of the most highly rated proposals.” Based on the total points score, the District was to award the contract “to the responsible offeror whose offer [was] most advantageous to the District.” 27 DCMR § 1646.2

¹¹ According to OCP guidance from October 2014, the BCM is the “Official Form for the business clearance review and approved process. Ensure[s] that contract actions comply with the requirements imposed under District laws and regulations, Mayor’s Orders, and other administrative procedures prior to being finalized or executed and facilitate[s] complete and accurate documentation of the contract or procurement record.” D.C. OFFICE OF CONTRACTING AND PROCUREMENT, A PROCUREMENT GUIDE: NAVIGATING THE DISTRICT’S PROCESS – THE LIFE CYCLE FOR REQUEST FOR PROPOSAL (RFP) FOR CONTRACTING OFFICER/SPECIALIST, ACRONYMS AND DEFINITIONS at 85 (Ver. 1.0 Oct. 31, 2014).

¹² Section M.3 of the RFP specifies the selection criteria.

Although the District established and documented price reasonableness in a Determination and Findings (D&F),¹³ the audit found that the District based its determination on a questionable RFP process to award the contract for ambulance services. The District determined that AMR won the award based on total points earned (price and technical factors). However, the differences between the two vendors' proposed prices and technical scores were too great for these two companies to be within the same competitive range. The District gave a total of 20 points to vendor B for proposing the lower-price (\$518)¹⁴ and no points to AMR (\$15.5 million), although the two price proposals were not comparable. Therefore, we believe it would have been in the District's best interest to disqualify vendor B's proposals as non-responsive in June 2016 and then make a reasonable effort to seek additional competition by re-advertising the solicitation. Instead, the District continued to evaluate vendor B's proposal.

The District evaluated technical proposals and the panel awarded AMR 73 points and vendor B 15 points (out of 80 available points) for technical scores. The BCM Summary of Weaknesses and Strengths section, reflects that vendor B's proposal only satisfied one of five evaluation factors. Accordingly, in the BCM Conclusion section the District determined that vendor B "did not demonstrate that [it] possessed the capabilities necessary to perform requirements of the contract."

Title 27 DCMR § 2200.2 states that "[t]he contracting officer shall not make a purchase or award unless the contracting officer has determined in writing that the prospective contractor is responsible" Further, 27 DCMR § 2200.3 states that "[i]n the absence of information clearly indicating that the prospective contractor is responsible, the contracting officer shall make a determination of nonresponsibility." Although the District did not award the contract to vendor B, the District used vendor B's proposal – as if vendor B was determined responsible and its proposal was responsive – to justify that BLS transport services were procured competitively. We believe it may have been in the District's best interest to disqualify vendor B based on its inability to satisfy the vast majority of the evaluation criteria, and then make a reasonable effort to seek additional competition.

Given the existing letter contract with AMR, the District had time to solicit additional proposals without disruption to ambulance services in the District. Instead, the District continued the RFP process with an award to AMR, even though AMR's proposal was effectively the only proposal it could consider, which resulted in less rather than more competition.

We recommend that the Chief Procurement Officer (CPO) and the Fire Chief:

1. When making a decision on whether to exercise a contract option year moving forward, renegotiate or re-compete the contract to obtain competition from more than one qualified vendor in an effort to ensure a fair and reasonable price.

¹³ According to 27 DCMR 1299.1, "the 'determination' is a conclusion or decision supported by the 'findings'." And "[t]he 'findings' are statements of fact or the rationale essential to support the determination and cover each applicable requirement of the statute or regulation."

¹⁴ The \$518 figure is the actual amount listed in the BCM.

The District Cited Pricing from Vendors Who Did Not Participate in the RFP Process

The District’s price reasonableness determination through the RFP process is also questionable because we found that the District cited vendors who did not participate in the RFP process. In its D&F dated October 26, 2016, the District named three vendors from the market analysis conducted in September 2015 as part of the emergency letter contract with AMR.¹⁵ The District’s use of these vendors’ information was inappropriate because the price reasonableness determination should have been limited to vendors who submitted proposals as required by the “evaluation factors” outlined in Section M of the RFP.¹⁶

The D&F states that “during September 2015, the District requested quotes from four (4) area private ambulance companies. However, the District could not provide support for the pricing information it used as part of the September 2015 market analysis. Specifically, the District could not provide the audit team the terms for the requested quotes from vendors and proof of receiving it for the market analysis. Terms of the requests are important because they specify the District’s requirements to prospective contractors and form a basis for the District to make comparisons for price reasonableness. We noted that the rates cited in the D&F were publicly available information in the General Services Administration’s pricing schedule.

Not only was the District’s use of these vendors’ information as described above inappropriate, the information in the market analysis was not comparable¹⁷ despite the District’s determination that “AMR’s pricing is reasonable when compared to rates proposed by other private ambulance companies.” We found that the terms of service for each rate the District cited were actually different for each vendor (see Table 1 below). For example, vendor B proposed \$219.65 to respond to an emergency call. In AMR’s case vendor C, the \$92 per hour rate covered time spent waiting for an emergency call and time spent responding to the call. In another example, vendor A proposed a fixed rate of \$448.56 for 8 hours of ambulance service.

Table 1: Market Rate Comparison for Ambulance Services

Vendors	A MTM*	B LifeStar*	C AMR*	D Butler*
Market Research Rate	\$448.56	\$219.65	\$92	Not provided
Terms of Services	Per Ambulance for 8 hours ¹⁸	Per call	Deployed Ambulance Per Hour	Not provided

Source: OIG analysis based on information in the BCM dated April 1, 2016. (*Vendor names will not be published in the final report.)

¹⁵ The three vendors are A, B, and D as indicated in Table 1.

¹⁶ Section M.1 of the RFP states, “The contract will be awarded to the responsible offeror whose offer is most advantageous to the District, based upon the evaluation criteria specified.”

¹⁷ We independently contacted two of the providers and determined that their rates were not comparable with AMR’s rate because the terms of the services were not the same.

¹⁸ Although the D&F states that the \$448.56 is per hour, we determined that it was actually per 8 hours of service.

The purpose of the competitive RFP process was to determine the fair and reasonable price. The OIG makes no assertion as to what the fair and reasonable price for the contracted services should be but concluded that the per-call terms of service would have been more consistent with the District's not-to-exceed requirement under Section B.3 of the RFP, which specifies the estimated quantity of "163 calls per day (18 hours)." Further, the District maintained records for per-call terms – the duration of time from when AMR receives the call to when it clears the call – as part of its contract administration function, which indicates the District followed the per-call terms.

We recommend that the CPO and the Fire Chief:

2. Implement controls to ensure the accuracy of documentation and analysis of the D&F prior to providing to internal and external decision makers.

The District Inappropriately Developed the Statements of Work and Specifications

Title 27 DCMR § 2501.1 states that "items to be procured shall be described by citing the applicable specifications and standards or by a description containing the necessary requirements." In addition, the "requesting agency shall review and select from available specifications, standards, and related documents those specifications and standards which have application to a particular procurement. The specification or standard shall be modified or tailored to state the District's minimum requirement." *Id.* § 2501.2

Instead of independently developing its own SOW, the District used AMR's existing contract terms and conditions from Seattle, Washington to draft the SOW for the RFP in Washington, D.C. According to District officials involved with the contract, one District official who came from Seattle provided the District a copy of AMR's existing Seattle contract to use in awarding the District's emergency letter contract awarded in February 2016. The emergency letter contract subsequently formed the basis of the SOW for the RFP issued in May 2016. The District failed to provide a copy of the Seattle contract for our review. In the absence of that review, we were unable to determine whether the District developed specification standards tailored to the District's minimum requirements for this procurement.

Given that a former Seattle official – now a District official – provided the District a copy of AMR's existing Seattle contract, which the District used in a District procurement that resulted in an award to AMR, the official's conduct may constitute, at a minimum, the appearance of a conflict of interest.

Inadequate management oversight in the procurement process resulted in a lack of assurance that the District received a fair and reasonable price for BLS transport services.

We recommend that the CPO and the Fire Chief:

3. Improve management oversight of the contract requirements phase of solicitations.

The District Did Not Effectively Monitor the Contractor's Performance

The District did not monitor AMR's performance targets on a timely basis and did not ensure the amounts AMR billed the District were accurate, complete, and verifiable.

Untimely Assessment of Penalties for Missed Performance Targets

The District waited until September 2017 to assess and deduct approximately \$62.7K in penalties from AMR's payment for not meeting performance targets for the period of November 11, 2016, through January 2017. Per Section C.13.1 of the contract, the District had the right to assess AMR liquidated damages for failed response times. The District was to apply the liquidated damages as credits against AMR's invoiced total (unit hour charges by month). The District was to determine if any response to BLS calls that did not adhere to the standard for response times was permissible based on circumstances detailed in the contract.¹⁹ If the failed response times were not permissible, the District should have assessed liquidated damages for AMR's failure to meet response times, according to the contract, and credited these amounts to offset amounts the District owed AMR.

According to District officials, the process for determining liquidated damages is a lengthy manual process, but the District was working with AMR to improve the process.

We recommend that the CPO and the Fire Chief:

4. Automate the data analysis process necessary to assess and deduct penalties for missed performance targets in a timely manner.

Unverified Invoices

We found the District did not monitor amounts AMR billed the District to ensure they were accurate, complete, and verifiable. Both the District and AMR use a CAD system to capture and dispatch emergency calls, track response times, and deploy ambulance units. The CAD system, however, does not record the duration of each deployed ambulance (time the ambulance is on location). As a result, there was no report available for the District to verify independently that the billed unit hours for deployed ambulances were accurate and complete.

Contract Section C.3.20 defines unit hours as:

The duration of time (in hours and fractions of hours) that a fully equipped, fully staffed and fully functioning Contractor ambulance is available for service as required by the terms and conditions of this agreement. Unit hours shall include all Contractor ambulance hours spent waiting to respond for incidents, traveling to pre-positioning locations within the District of Columbia, traveling to incidents, at incidents, transporting patients to hospitals, at hospitals, cleaning, re-stocking and/or preparing Contractor ambulances for

¹⁹ Permissible circumstances specified under Section C.6.2.1 of the contract include: "Weather, disaster, or special circumstance that may impede... access" to roads.

returning to service after transporting a patient, refueling, returning or traveling to pre-positioning locations within the District of Columbia after transporting a patient, or other time authorized by written agreement between FEMS and the Contractor. Unit hours shall not include any Contractor ambulance hours spent out-of-service for lack of equipment or personnel, or for mechanical failures, maintenance or repairs.

To verify the accuracy of the payments for BLS transport services, we compared AMR's billed ambulance unit hours to the committed time for BLS call records in the OUC CAD system and found that AMR invoiced and the District paid for ambulance hours spent waiting to respond to incidents, cleaning, re-stocking and/or preparing ambulances to return to service. However, the District did not maintain any records to verify receiving these services prior to approving invoices for payment.

The OIG found that had the District based payments on actual, verifiable ambulance hours received (from the time AMR received calls to when it cleared calls), the District would have paid approximately \$2.7 million less than the \$6 million total payment it made under the contract from November 11, 2016, to May 31, 2017.

These conditions occurred because the District did not establish effective monitoring controls to assess the contractor's performance. Without monitoring controls, the District cannot ensure AMR meets performance targets and billed hours are accurate, complete, and verifiable for the duration that AMR deploys each ambulance. We discussed this issue with responsible officials who told us the District has requested that AMR develop a verifiable, detailed unit-hour deployment report for ambulances and submit it along with its monthly invoice.

We recommend that the CPO and the Fire Chief:

5. Maintain records to support ambulance hours spent waiting to respond to incidents and preparing the ambulances to return to service.
6. Retroactively verify all invoices to date and recoup any payments from the contractor for ambulance hours spent out-of-service for lack of equipment or personnel, or for mechanical failures, maintenance, or repairs.
7. Work with the contractor to develop a mechanism to log the actual service duration for each deployed ambulance so billed charges can be verified independently.

CONCLUSION

Although the District urgently needed supplemental ambulance services when it awarded AMR the contract, we found the District did not exercise due diligence to acquire the services when using a competitive procurement process. Furthermore, the District did not monitor AMR's performance to ensure the District paid for services based on the contractual agreement. As the District considers whether to extend the contract with AMR for additional years, it is important that the District address these concerns.

RECOMMENDATIONS

We recommend that the CPO and Fire Chief:

1. When making a decision on whether to exercise a contract option year moving forward, renegotiate or re-compete the contract to obtain competition from more than one qualified vendor in an effort to ensure a fair and reasonable price.
2. Implement controls to ensure the accuracy of documentation and analysis of the D&F prior to providing to internal and external decision makers.
3. Improve management oversight of the contract requirements phase of solicitations.
4. Automate the data analysis process necessary to assess and deduct penalties for missed performance targets in a timely manner.
5. Maintain records to support ambulance hours spent waiting to respond to incidents and preparing the ambulances to return to service.
6. Retroactively verify all invoices to date and recoup any payments from the contractor for ambulance hours spent out-of-service for lack of equipment or personnel, or for mechanical failures, maintenance, or repairs.
7. Work with the contractor to develop a mechanism to log the actual service duration for each deployed ambulance so billed charges can be verified independently.

AGENCIES' RESPONSES AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

We provided FEMS and OCP with our draft report on April 2, 2018, and received their responses on April 26, 2018, which are included as Appendix C to this report. We appreciate that FEMS officials began addressing some of the findings immediately upon notification during the audit.

As a result of this audit, we directed four recommendations (4-7) to FEMS to improve the effectiveness of internal controls over contract payments. FEMS concurred with Recommendations 4 and 7 and outlined actions taken and/or planned for these recommendations. Therefore, we consider the recommendations resolved, but open pending completion of planned actions or evidence of stated actions.

FEMS disagreed with Recommendations 5 and 6 and indicated that the recommendations are “inconsistent with contractual language and unsupportive of FEMS contract administration and monitoring requirements.” The audit team found that, contrary to the contract terms and conditions, FEMS did not capture and maintain records for deployed ambulances unit hours that were accurate, complete, and verifiable. Therefore, if Recommendations 5 and 6 are implemented, FEMS management will be able to verify the accuracy and completeness of billed deployed ambulances unit hours and be consistent with the contract terms and conditions.

We also directed three recommendations (1-3) to OCP to improve effectiveness of internal controls over the contract award process. OCP disagreed with these recommendations and indicated that there are controls in place. The OIG agrees that OCP, as part of its mandate and policies and procedures, has such controls in place. What the OIG found was that those controls were not used when OCP executed the contract we reviewed. Therefore, Recommendations 1, 2, and 3, if implemented, provide OCP management reasonable assurance that those controls are effectively operating as designed.

Specific to Recommendation 3 and its underlying finding, the OIG noted that the District's use of a previously awarded contract to AMR for similar services, also resulting in an award to AMR may have constituted the appearance of a conflict of interest. In its Response to Recommendation 3, OCP cited the District's Ethics Manual's “financial conflict of interest” as its rebuttal to the OIG's findings and recommendation. The OIG made no representation that the actions of OCP and FEMS officials in the award and administration of the AMR contract constituted a financial conflict of interest. Further, the OIG made no representation as to the intent of District officials in using information the previously awarded Seattle contract to AMR. Instead, as outlined in the report, the mere action of the District using the previously awarded Seattle contract to AMR as the basis for the District's competitive procurement and eventual contract with AMR, an appearance of an organizational conflict of interest may have been created because the District did not put safeguards around the bidding process to ensure unfair competitive advantage was not given to AMR, as required.²⁰

²⁰ DCMR § 2299.1 reads: “Organizational conflict of interest – when the nature of the work to be performed under a proposed District contract might, without some restraint on future activities, result in an unfair competitive advantage to a contractor or impair a contractor's objectivity in performing contract work.”

Additionally, in its response, OCP cited several provisions of the Seattle contract to highlight several key differences. However, during the course of the audit, the OIG requested a copy of the Seattle contract to determine whether the District developed specification standards tailored to the District's minimum requirements for this procurement, but OCP and FEMS officials were unable to provide a copy of the Seattle contract.

Furthermore, the OIG would like to clarify the following:

- To present more clearly our position on the District citing prices from vendors who did not participate in the RFP process, we changed the wording from "consistent with" to "as required by," and also added footnote 16, as seen in the first paragraph, last sentence, on page 6 of this final report.
- The District did not monitor AMR's performance consistently on a monthly basis as required by Section C.13 of the contract.
- Our auditors determined that per-call terms of services would have been more consistent with not-to-exceed requirements of the contract and less costly for the District.

ACTIONS REQUIRED

We request that within 30 days of the date of this final report, OCP and FEMS reconsider and respond to recommendations, 1, 2, 3, 5 and 6. Also, for recommendations 4 and 7, we request that FEMS provide us within 30 days of the date of this final report a plan to identify funds and the anticipated completion dates for these recommendations.

APPENDIX A. OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our audit work from April 2017 to February 2018 in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit objectives were to assess: FEMS' management oversight of the BLS transport services contract; compliance with emergency medical technician (EMT) and paramedic training, licensing, and certification requirements; and response times and availability of ambulance units as a result of the AMR contract.

To accomplish the objectives, we reviewed: (1) relevant prior audit reports from our office and other government entities; (2) performance oversight hearing testimonies; (3) the third-party contract between FEMS and AMR; (4) FEMS' education and training program, including licensing and certification requirements for EMTs and paramedics; and (5) standards, performance measures, or key performance indicators for the response times to assess the AMR contract's impact on FEMS' response time for EMS calls.

We also interviewed FEMS, OUC, AMR, and OCP officials to gain an understanding of third-party BLS transport services and the related contract. Specifically, we met with contracting officials to determine the process for soliciting and procuring the third-party BLS transport services contract. We met with the CA, who provides management oversight over the third-party-provider contract; and a team of program analysts at OUC involved with the dispatch process and response time data for EMS calls. We also met with AMR to determine how ambulances are deployed and how response time data and exceptions are recorded when transporting BLS calls.

We selected and verified a random sample of 76 certifications for FEMS EMTs and 30 paramedics as of July 23, 2017, using the Department of Health EMS Provider Certification database without exception. We noted that certifications for all 106 EMTs and paramedics were valid and current.

To assess the process for monitoring the contractor's performance, we reviewed call data for response times and invoices submitted by AMR for ambulance transport services. We relied on the OUC's CAD system for computer-processed data detailing FEMS and AMR response times. Although we did not perform a formal reliability assessment of computer-processed data, we validated the data by reviewing supporting source documentation and verifying calculations.

APPENDIX B. ACRONYMS AND ABBREVIATIONS

AMR	American Medical Response
BCM	Business Clearance Memorandum
BLS	Basic Life Support
CA	Contract Administrator
CAD	Computer-Aided Dispatch system
CPO	Chief Procurement Officer
D&F	Determination & Findings
DCMR	District of Columbia Municipal Regulations
EMS	Emergency Medical Services
EMT	Emergency Medical Technician
FEMS	Fire and Emergency Medical Services
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
OUC	Office of Unified Communications
PPRA	Procurement Practices Reform Act
RFP	Request for Proposal
SOW	Statement of Work

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement



April 26, 2018

The Honorable Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th St, N.W.
Washington, DC 20005

Re: Draft Report; OIG Project No. 17- 1-1 SFB. District Response Times to Basic Life Support Calls Have Improved, but Contract Award and Administration Deficiencies Need to be Addressed

Dear Inspector General Lucas:

Thank you again for the opportunity to review the revised draft audit report and provide our response. We appreciate and value the effort of the OIG, along with the skills and insight of its staff to improve District government operations oversight, accountability and effectiveness.

Before addressing the specific recommendations of the OIG, we want to reiterate OCP's position, as detailed in our response to your office this past December, 2017 and referenced, in part, here.

We believe, and we think the evidence supports, that these contract requirements were lawfully competed and executed, that the prices we pay the contractor are fair and reasonable and that the contractor has effectively fulfilled the District's requirements.

We further would like to provide some context for the circumstances under which the District entered into this contract. During FY 2011, FEMS responded to 135,716 EMS calls. During FY 2013, call volume increased to 137,512. And beginning in FY 2014, EMS call volume substantially increased. By the end of FY 2014, FEMS had responded to 147,006 EMS calls. At the close of FY 2015 (September, 2015), EMS call volume had peaked at 162,168, or 19% above FY 2011 levels. Comparatively, FEMS ambulances responded (on average) to 72 more EMS calls *per day* during FY 2015 than during FY 2011. EMS call volume had become unsustainable with existing resources and warning signs of a "capacity tipping point" threshold occurred regularly.¹ These call volume increases occurred without any increase in FEMS response resources.

With the supplemental ambulance contract, starting in March 2016, the District was able to add at times over 20 ambulances to the street to support FEMS emergency responses. We believe strongly that if FEMS had not acted immediately and decisively to obtain and deploy supplemental ambulances during FY 2016, the EMS system in the District of Columbia would have experienced sustained "capacity failure," resulting in days or weeks of EMS service levels being unable to meet call volume demand, especially during the summer months. Such failure, had it occurred, would have put our most critical patients at risk. Instead, FEMS and OCP worked together to lawfully compete and execute a contract that has resulted in a safer EMS system in the District. As

¹ For examples, see "Stabbing victim waits 30 minutes for ambulance in Southeast" (Peter Herman), appearing in the *Washington Post* on 3/12/2015; "Ambulance delays force firefighters to take 90-year-old to hospital in fire engine." (Peter Herman), appearing in the *Washington Post* on 5/28/2015 and "Child dies in Southeast D.C.; nearest ambulance was 7 miles away" (Julie Zauzner), appearing in the *Washington Post* on 9/3/2015 (all articles retrieved on 4/23/2018).

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

your draft report notes, the contract has resulted in improvements in ambulance response times, unit availability, training, and patient outcomes.

In closing, please allow us to reaffirm our appreciation and respect to the OIG and the audit team engaged in this project. Additionally, if your office decides to publish the draft report without further consideration or modification, we are requesting that you include this letter as an attachment to the final report (without modification) stating our Department's objections. Our response to your "recommendations" immediately follows (using the form requested) below.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG FINDINGS AND RECOMMENDATIONS

OIG Recommendation 1 (OCP): We recommend that the Chief Procurement Officer (CPO) and the Fire Chief:

When making a decision on whether to exercise a contract option year moving forward, renegotiate or re-compete the contract to obtain competition from more than one qualified vendor in an effort to ensure a fair and reasonable price.

OCP RESPONSE

Agree _____ Disagree X

Actions Taken: None
Target Date: N/A

Actions Planned: None
Target Date: N/A

Reason(s) for Disagreement: Given the urgency of need at the time, OCP not only followed the law, but did an admirable job that resulted in an effective, timely and reasonably priced solution to the District's requirements.

We advertised the solicitation on the OCP Internet site and in a newspaper (Washington Times). Our efforts to encourage competition were substantive and transparent. Ultimately, we received only two (2) responses.

In accordance with 27 DCMR §1303.1, a Request for Proposals (RFP) was advertised for at least twenty-one (21) days before the date set for the receipt of proposals. OCP received proposals from two vendors (AMR and ██████████) in response to the RFP. Neither of the two (2) proposals received were rejected as non-responsive. The two (2) Technical and Pricing proposals were evaluated and the highest ranked contractor, AMR, was awarded the contract.

Further, as long as the Contractor continues to perform satisfactorily in accordance with terms and conditions of the contract – which they have - we believe that it's not necessary to re-compete or re-negotiate the contract. As noted in our previous response, we believe the price paid by the District is reasonable.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 2 (OCP): We recommend that the CPO and the Fire Chief:

Implement controls to ensure the accuracy of documentation and analysis of the D&F prior to providing to internal and external decision makers.

OCP RESPONSE

Agree _____ Disagree X

Actions Taken: None
Target Date: N/A

Actions Planned: None
Target Date: N/A

Reason(s) for Disagreement: OCP's Procurement Procedures Manual (PPM) (2017 Revision) adequately sets in place controls to ensure accuracy of all documentation associated with specific procurements.

Prior to awarding a contract based on initial offers or conducting negotiations with either the highest ranked offeror or the competitive range, the contracting officer must submit the Business Clearance Memorandum (BCM) for any Request for Proposals (RFP) over \$100,000 to the Procurement Review Committee ("PRC") for review and approval.

The BCM is the Contracting Officer's record of the procurement process and documents the steps followed, the decisions made, the rationale for those decisions, and the Contracting Officer's recommendations.

The PRC, as described in the PPM, is responsible for ensuring that the competitive process is fair, legal, transparent, and that all qualified offers were given due consideration. Once the PRC approves the BCM, the contract specialist may schedule discussions with the offeror(s), which the contracting officer shall lead. Discussions cover both technical and price issues, including price reasonableness. Ultimately, price reasonableness is a determination made by the Contracting Officer, and this determination is based on a number of factors, including publicly available contracts, such as GSA rates, similar contracts awarded by other jurisdictions, and market research.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 3 (OCP): We recommend that the CPO and the Fire Chief:

Improve management oversight of the contract requirements phase of solicitations.

OCP RESPONSE

Agree _____ Disagree X

Actions Taken: None

Target Date: N/A

Actions Planned: None

Target Date: N/A

Reason(s) for Disagreement: As noted previously, the PRC process includes a discussion of the competitive process, to include the development of the contract's requirements. There is no need to improve the process, as OCP's policies and procedures, to include the PRC process, OAG legal sufficiency, and Council approval, already include a number of checks and balances.

In the discussion of "Findings," on Page 12 of the OIG's draft report, the OIG asserted:

Instead of independently developing its own SOW, the District used AMR's existing contract terms and conditions from Seattle, Washington to draft the SOW for the RFP in Washington, D.C. ... Given that a former Seattle official – now a District official – provided the District a copy of AMR's existing Seattle contract, which the District used in a District procurement that resulted in an award to AMR, the official's conduct may constitute, at a minimum, the appearance of a conflict of interest.

These assertions are not factual and do not accurately represent the process undertaken by OCP and FEMS to research, formulate and describe a Statement of Work (SOW) ultimately used to award the private ambulance contract (PAC).

In the situation here, FEMS leadership had obvious experience and expertise, which -- given the emergent need for additional BLS services -- greatly benefited the procurement process and outcome.

While the FEMS' Fire Chief was the leader of Seattle's Fire Department at the same time that AMR provided emergency medical transport with the city of Seattle, the comparisons end there. The District published its solicitation for Basic Life Support (BLS) services in accordance with 27 DCMR §1301; Notice of Proposed Solicitation. The Request for Proposal (RFP) was published on the OCP Internet site and in a newspaper (Washington Times) of general circulation. Ultimately, only two (2) responses were received, and the proposal from AMR was clearly superior in content than the other offeror's proposal.

In summarizing the differences between the AMR contract with Seattle and the District of Columbia, Seattle's contract includes both Advanced Life Support (ALS) and Basic Life Support (BLS) services. Whereas, the District's requirement is to provide BLS transport services only. Other contractual differences include Seattle

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

placing all financial risk on the contractor for third-party and direct billing, collections, and administration. The District is precluded from this type of contract due to DC legislative, federal appropriation, OUC, OCFO and DHCF restrictions.

Finally, Seattle's contract sets the contractor's sole compensation to CMS's Medicaid rate (which is fixed, rather than an hourly rate). Based on the number of calls to FEMS, a fixed rate could potentially cost the District more than the current contract.

As part of the solicitation for a third-party EMS service provider, the FEMS reviewed numerous contracts from other jurisdictions on providing 911 Emergency Service as a supplement to existing local Emergency Medical Services. The documents reviewed contained language that detailed the overall expectations of the service provider related to the level of service being provided by the contractor. The individual requirements of each RFP or contract were specific to the community, and in some cases, most, if not all, of the contracts and RFP's contained similar language related to response times, dispatch requirements, minimum training standards, contractor reporting, penalty or liquidated damages, and the contractor's radio communications requirements.

Most of the contracts required the contractor to provide 24-hour service at various unit levels depending on the time of day. The level of service request in the majority of the reviewed documents included both Basic Life Support (BLS) and Advanced Life Support (ALS) services.

The information relating to payment for services did have some variations in process. Some of the documents spoke to the jurisdiction paying a fee to the contractor for service while others referred to the contractor complying with Medicare guidelines when billing patients for services rendered, essentially allowing the contractor to use the billing process as a means of collecting payment for their services.

The following is a list of contracts or RFP's reviewed as part of the process. It should also be noted that information for the Richmond (Virginia) Ambulance Authority was reviewed but deemed not to be a good source of comparative information. During the review of the documents listed below, we did not identify any contracts that were structured to pay a fixed hourly rate for services.

- Medic West Ambulance Service - (Contract with Clark County Nevada) – 24 hour Service
- Russell County Alabama (RFP) - 24 hour service
- Trinity EMS Service - (Lowell Massachusetts Contract)-24 hour service
- Metro West EMS Service (Contract with Washington County Oregon)-24 hour service
- Acadian Ambulance Service (Contract with Georgetown County Texas) - 24 hour service
- Rural Metro Ambulance Service (Contract with Knox County Tennessee) - 24 hour service
- Acadian Ambulance Service (St. John Parrish Louisiana) - 24 hour service
- Rural Metro Ambulance Service (Sumter County Florida) - 24-hour service
- Dutchess County New York (RFP) -12 hours per day Monday-Friday
- Dade County Georgia (RFP) - 24-hour service

We also strongly disagree with the draft report's conclusion that use of the Seattle contract represents an appearance of a conflict of interest. It is a common and best practice to look to other jurisdictions' contracts when drafting contract requirements. As demonstrated in the District's previous response of December 2017 to an OIG audit team assertion, "because of the emergent nature of need, it would have been *irresponsible* of

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

FEMS to independently develop a SOW without due consideration of other municipal contracting experience.” Ultimately, the District’s contract with AMR was drafted to meet the District’s specific emergency needs.

Our use of the Seattle contract for reference purposes, *in no fashion whatsoever*, creates an “appearance that FEMS violated the law (or) ethical standards” provided it can be conclusively demonstrated that deliberative and careful regard was used by FEMS in writing the contract requirements. Documentation of such efforts were transmitted to the OIG audit team by e-mail on 8/24/2017, but was not discussed by the OIG in the findings or assertions included in the draft report.

Furthermore, and as described by the “Ethics Manual,” for a “financial conflict of interest” to exist, an employee must “participate personally and substantially in a ‘particular matter’ that could affect his or her own financial interests or the financial interest of (1) his/her spouse, (2) his/her minor children, (3) any organization in which the employee serves as officer, director, trustee, general partner or employee, or (4) anyone with whom the employee is negotiating or has any arrangement concerning prospective employment” (please see pages 34 to 38 of the manual). For the District official mentioned, and pursuant to D.C. Official Code § 1-1161.24(a), a Public Financial Disclosure Statement was filed with the Board of Ethics and Government Accountability (BEGA) *certifying* that a “financial conflict of interest” did not exist between the official, the official’s family and associates, or any other parties described by the requirements.

Accordingly, it is the position of FEMS management that the District official in question did not violate ethical standards and that “the appearance of a conflict of interest” does not exist.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 4 (FEMS): Automate the data analysis process necessary to assess and deduct penalties for missed performance targets in a timely manner. (FEMS)

FEMS RESPONSE

Agree Disagree

Actions Taken:

The FEMS Contract Administrator (CA) has closely monitored AMR data for compliance with contractual requirements from the beginning of contract implementation, including the assessment of penalties. Detailed examples of this monitoring were provided to the OIG Audit Team by follow-up e-mail dated August 24, 2017. Between November 2016 and September 2017, the FEMS CA identified numerous data monitoring and verification issues causing delays in accurate AMR penalty assessment. These issues were communicated to and reviewed by the AMR program manager. Because FEMS' review and assessment of penalties is done manually and this contributes to the delays in assessing penalties, FEMS worked with the Office of the Chief Technology Officer (OCTO) to develop and implement an "in-house" data monitoring application to address verification delays. The complexity of the application exceeded development capability and by August 2017, it was clear that another solution would need to be identified.

We disagree, however, with this finding of the OIG on page 7 of the draft OIG report:

The District was to determine if any response to BLS calls that did not adhere to the standard for response times was permissible based on circumstances detailed in the contract. If the failed response times were not permissible, the District should have assessed liquidated damages for AMR's failure to meet response times, according to the contract, and credited these amounts to offset amounts the District owed AMR.

In fact, despite the challenges described above, FEMS assessed penalties totaling \$278,718 against AMR from November 2016 through September 2017. Any suggestion that FEMS did not sufficiently administer and manage its contractual obligations with respect to penalties is not factual or an accurate representation of our efforts.

Actions Planned:

Subsequently, FEMS identified an "AMR Compliance Module" utility which can be integrated into an existing data monitoring application already in use by FEMS and the Office of Unified Communications (OUC). Currently, administrative control of this product is in the process of being transferred from the OUC to FEMS. A project work plan has been developed and initial meetings with the data monitoring application vendor have been completed. This utility will automate the AMR data reporting, verification and penalty identification process and is used by other municipalities with similar needs. Until this utility is purchased and implemented, subject to the availability of funds that are not currently budgeted, the FEMS CA continues to monitor AMR contractual compliance using the methods described and provided to the OIG.

Target Date: We cannot provide a target date until funds are identified for the automation solution.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 5 (FEMS): Maintain records to support ambulance hours spent waiting to respond to incidents and preparing the ambulances to return to service. (FEMS)

FEMS RESPONSE

Agree _____ Disagree X

Reason(s) for Disagreement:

This recommendation is inconsistent with contractual language and unresponsive of FEMS contract administration and monitoring requirements. It also fails to appreciate the operational needs of the Department, which are to have a sufficient number of ambulances available and waiting in position for calls for service.

In the discussion of “Findings” on page 11 of the OIG’s draft report, the OIG asserted:

The purpose of the competitive RFP process was to determine the fair and reasonable price. The OIG made no assertion as to what the fair and reasonable price for the contracted services should be but concluded that the per-call terms of service would have been more consistent with the District’s not-to-exceed requirement under Section B.3 of the RFP, which specifies the estimated quantity of “163 calls per day (18 hours).” Further, the District maintained records for per-call terms – the duration of time from when AMR receives the call to when it clears the call – as part of its contract administration function, which indicates the District followed the per-call term (emphasis added).

Also in the discussion of “Findings” on page 14 of the OIG’s draft report, the OIG asserted:

To verify the accuracy of the payments for BLS transport services, we compared AMR’s billed ambulance unit hours to the committed time for BLS call records in the OUC CAD system and found that AMR invoiced and the District paid for ambulance hours spent waiting to respond to incidents, cleaning, re-stocking and/or preparing ambulances to return to service. However, the District did not maintain any records to verify receiving these services prior to approving invoices for payment. The OIG found that had the District based payments on actual, verifiable ambulance hours received (from the time AMR received calls to when it cleared calls), the District would have paid approximately \$2.7 million less than the \$6 million total payment it made under the contract from November 11, 2016, to May 31, 2017 (emphasis added).

However, contract line item number C.3.21 (Contract CW46885 and, subsequently, Modification 0005, executed 2/16/2018) defines “Unit Hours” as:

The duration of time (in hours and fractions of hours) that a fully equipped, fully staffed and fully functioning Contractor ambulance is available for

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

service as required by the terms and conditions of this agreement. Unit hours shall include all Contractor ambulance hours spent waiting to respond for incidents, traveling to pre-positioning locations within the District of Columbia, traveling to incidents, at incidents, transporting patients to hospitals, at hospitals, cleaning, re-stocking and/or preparing Contractor ambulances for returning to service after transporting a patient, refueling, returning or traveling to pre-positioning locations within the District of Columbia after transporting a patient, or other time authorized by written agreement between FEMS and the Contractor. Unit hours shall not include any Contractor ambulance hours spent out-of-service for lack of equipment or personnel, or for mechanical failures, maintenance or repairs.

Essentially, based on the OIG's assertions, the Audit Team erroneously concluded that FEMS views AMR services on the basis of "per-call" terms when performing contract administration and monitoring functions. This is inaccurate *and does not conform to the language described by contract line item number C.3.21*. Furthermore, paying AMR (or another vendor) on a "per-call" basis would potentially expose FEMS to deficiency in contracting costs because total costs would inflate if the utilization of AMR ambulances increased.

To be clear, FEMS monitors Computer Aided Dispatch (CAD) "event times" (the date/time when an AMR unit is requested, dispatched to an incident, begins responding to an incident, arrives at an incident, transports from an incident, arrives at a hospital, and clears from a hospital) which are commonly available in both the Office of Unified Communications (OUC) and AMR CAD systems. This allows for comparison of contractual response time requirements and call counts. Additionally, beginning in October 2017, and moving forward, the FEMS CA initiated detailed monitoring of AMR daily unit scheduling, assigned operating hours, and deployment. This continues on a weekly basis currently. Furthermore, FEMS implemented "spot audit checks" of AMR unit deployment hours starting in December, 2017. Results of these audits were compared to billable AMR unit hours and communicated to the AMR project manager. No discrepancies in billable unit hours were identified.

In addition, during October 2015 (prior to RFP solicitation), FEMS identified two (2) options for implementing a "private ambulance contract" (PAC) with a vendor. These options conformed to both District and Federal requirements for contracting, along with Center for Medicare and Medicaid Services (CMS) requirements for Medicare and Medicaid claim submission. Of these options, only one – the option to "supplement" FEMS ambulances using AMR ambulances within the operating structure – was evaluated to be compliant with immediate requirements. The advantages of using this option were (1) simplicity and speed, (2) no claim processing impact for cost recovery (revenue) and, (3) no identifiable "Anti-Kickback" issues (see section 1128B(b) of the Act 42 U.S.C. 1320a-7b). As such, directly "supplementing" FEMS ambulances with AMR ambulances on a daily (or "unit hour") basis, *without identifiable operating differences*, was determined to be the only acceptable solution.

In fact, using a "per-call" payment arrangement would have resulted in the Department paying even more for the contract than it pays under the AMR contract. Using "Vendor B" as an example of a "per-call" contractual payment arrangement at the rate of \$219.65 "per-call" (see Table 1: Market Rate Comparison for Ambulance Services, page 11 of the OIG's draft report), and applying a seven (7) month sample (March to September of 2017) of AMR calls and billed charges, yields the following results:

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

AMR CALLS BY MONTH - COST COMPARISON

Month in Year	Calls/Month (AMR)	Cost/Call (Vendor B)	Total Cost/Call (Vendor B)	Unit/HR Cost (AMR Billed)
2017 MAR	5,435	\$219.65	\$1,193,797.75	\$911,443.51
2017 APR	4,960	\$219.65	\$1,089,464.00	\$831,789.35
2017 MAY	5,297	\$219.65	\$1,163,486.05	\$926,961.35
2017 JUN	5,091	\$219.65	\$1,118,238.15	\$951,417.60
2017 JUL	5,092	\$219.65	\$1,118,457.80	\$927,105.48
2017 AUG	5,176	\$219.65	\$1,136,908.40	\$1,004,933.30
2017 SEP	5,403	\$219.65	\$1,186,768.95	\$975,165.45
TOTALS:	36,454	\$219.65	\$8,007,121.10	\$6,528,816.04

DIFFERENCE: (\$1,478,305.06)
% DIFFERENCE: 23%
% SAVINGS: -18%

As shown by the table, paying AMR at a “unit hour” rate, compared to paying “Vendor B” at the rate of \$219.65 “per-call,” **resulted in a \$1,478,305.06 (or 18%) savings in PAC costs.** This 23% difference in total cost is directly related to (1) an average of 65 (or 16% increase) in EMS calls per day experienced during FY 2016 compared to FY 2014 (the year used by FEMS in estimating EMS call volume for the PAC solicitation), (2) changes made to “AMR use” criteria by FEMS and implemented during the first six (6) months of the contractual term (resulting in a greater number of AMR patient transports), and (3) a lack of any ability to “cap” costs (i.e., the more calls “Vendor B” would respond to daily, the higher the payment made to “Vendor B” on a “per-call” basis). By “capping” costs on a “unit hour” basis, FEMS contractual costs became planned and scheduled, limiting potential “deficiency” exposure in operating budget costs. Moreover, by compensating a vendor using a “unit hour” scheduled cost basis, it eliminates any potential financial influence (more calls equating to increased compensation) for services provided to FEMS patients, including Medicare and Medicaid Program patients. This strategy was, and continues to be, essential for a “supplementing” operating environment *without identifiable differences* from FEMS.

Accordingly, for the reasons stated, FEMS disagrees with the OIG’s recommendation.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 6 (FEMS): Retroactively verify all invoices to date and recoup any payments from the contractor for ambulance hours spent out-of-service for lack of equipment or personnel, or for mechanical failures, maintenance, or repairs. (FEMS)

FEMS RESPONSE

Agree _____ Disagree X

Reason(s) for Disagreement:

This recommendation is inconsistent with FEMS contract administration and monitoring practices already in use, and would be inconsistent with the contractual language, as discussed above in FEMS response to recommendation 5.

Furthermore, and as discussed in the FEMS response to OIG Recommendation #5, beginning in October 2017, and moving forward, the FEMS Contact Administrator (CA) initiated detailed monitoring of AMR daily unit scheduling, assigned operating hours, and deployment. This continues on a weekly basis currently. Furthermore, FEMS implemented “spot audit checks” of AMR unit deployment hours starting in December, 2017. Results of these audits were compared to billable AMR unit hours and communicated to the AMR project manager. No discrepancies in billable unit hours were identified.

Accordingly, for the reasons stated, FEMS disagrees with the OIG’s recommendation.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

OIG Recommendation 7 (FEMS): Work with the contractor to develop a mechanism to log the actual service duration for each deployed ambulance so billed charges can be verified independently. (FEMS)

FEMS RESPONSE

Agree X Disagree

Actions Taken:

As discussed in the FEMS response to OIG Recommendation #5, beginning in October 2017, and moving forward, the FEMS Contact Administrator (CA) initiated detailed monitoring of AMR daily unit scheduling, assigned operating hours, and deployment. This continues on a weekly basis currently. Furthermore, FEMS implemented “spot audit checks” of AMR unit deployment hours starting in December 2017. Results of these audits were compared to billable AMR unit hours and communicated to the AMR project manager. No discrepancies in billable unit hours were identified.

Actions Planned:

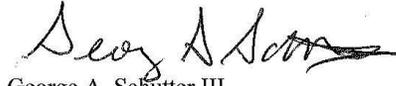
As discussed in the FEMS response to OIG Recommendation #6, an existing data monitoring application already in use by FEMS and the Office of Unified Communications (OUC), can be configured to provide “real time” monitoring of AMR unit status with subsequent export of unit status data for verification purposes. After administrative control of this product is transferred from the OUC to FEMS, the FEMS CA will work with the product implementation team to evaluate and determine how “real time” monitoring of AMR unit status can be incorporated into the application moving forward. Subject to the availability of funds, and the cooperation of the AMR program manager in facilitating access to the AMR computer aided dispatch (CAD) system for data sourcing by the product, FEMS will include such monitoring in the product work plan for application development and implementation.

Target Date: We cannot provide a target date until funds are identified for the automation solution.

APPENDIX C. FEMS AND OCP RESPONSE TO DRAFT REPORT

Thank you again for the opportunity to provide our response to this draft audit report. In closing, please contact the undersigned if you have any questions.

Respectfully,



George A. Schutter III
Chief Procurement Officer



Gregory M. Dean
Chief
Fire and Emergency Medical Services Department