
Maryland Emergency Medical System Operations Fund Fiscal 2005 Budget Overview

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Annapolis, Maryland**

February 2004

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Analysis of the FY 2005 Maryland Executive Budget, 2004

MEMSOF – Fiscal 2005 Budget Overview

Maryland Emergency Medical System Operations Fund

Fiscal 2005 Budget Overview

Funding for Maryland's emergency medical services (EMS) system is provided from a variety of State, local, and volunteer sources. Annual State budget support for EMS is provided from the Maryland Emergency Medical System Operations Fund (MEMSOF). MEMSOF was created by legislation adopted by the 1992 General Assembly. The source of revenue for MEMSOF is an \$11 annual surcharge on motor vehicle registrations for certain classes of vehicles, as specified in Section 13-954 of the Transportation Article. Interest earned annually on the fund balance is credited to the fund.

Uses of MEMSOF

As stated in Section 13-955 of the Transportation Article, the money in MEMSOF shall be used solely for the following components of Maryland's EMS program:

- **Maryland State Police, Aviation Division:** The mission of the Maryland State Police (MSP), Aviation Division is to protect and improve the quality of life through the airborne delivery of emergency medical, law enforcement, and search and rescue services. Special funds from MEMSOF support Medevac functions and general funds support law enforcement and search and rescue functions. For fiscal 2003 and 2004, the split was changed to 80% special fund/20% general fund based on the ratio of Medevac flights to law enforcement/search and rescue. This fund split was 70% special fund/30% general fund through fiscal 2002.
- **The Maryland Institute for Emergency Medical Services Systems:** The Maryland Institute for Emergency Medical Services Systems (MIEMSS) was established as a State agency under legislation that became effective July 1, 1993. MIEMSS had been in existence for 20 years prior to that – first under the Department of Health and Mental Hygiene and then under the University of Maryland, Baltimore. MIEMSS oversees and coordinates all components of the statewide EMS system.
- **R Adams Cowley Shock Trauma Center:** The R Adams Cowley Shock Trauma Center (Shock Trauma Center), operated by the University of Maryland Medical System (UMMS), is the core element of the State's EMS and serves as the State's Primary Adult Resource Center (PARC) for the treatment of trauma.
- **The Maryland Fire and Rescue Institute:** The Maryland Fire and Rescue Institute (MFRI) is the State's fire and emergency service training agency responsible for the majority of basic level pre-hospital training and education for emergency system service providers.

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- **Local Grants under the Senator William H. Amoss Fire, Rescue, and Ambulance Fund:** Article 38A, Subsection 45A through 45D established the Amoss Fund for grants to local jurisdictions for the purchase of fire and rescue equipment and capital building improvements. These grants are administered by the Department of State Police (DSP) through the Office of the State Fire Marshal. Distributions are made according to each county's percentage of total property tax assessments. Each county receives a minimum of 2% of the total and must expend funds for fire protection from its own sources that are at least equal to the amount of State funds to be received.
- **The Low Interest Revolving Loan Account:** The Low Interest Revolving Loan Account (LIRLA) was established under Chapter 240, Acts of 2000 to create a fund for volunteer fire, rescue, and ambulance companies. Administered by the Maryland State Firemen's Association (MSFA), the purpose of the fund is to assist volunteer fire, rescue, and ambulance companies with up to 75% of the cost of purchasing or refurbishing fire and rescue equipment and updating or replacing facilities needed to store equipment.

Emergency Assistance Trust Account

The Emergency Assistance Trust Account (EATA), originally established in fiscal 1983, provides grants and loans to volunteer companies for replacement of equipment or structures that house equipment. EATA has historically been funded with a general fund grant. Section 13-955 of the Transportation Article does not indicate that MEMSOF shall be used for EATA. However, in fiscal 2004 EATA received \$403,744 in funds from MEMSOF due to a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003. The language was effective for one year only, but contingent language in the 2004 BRFA would provide for the continued use of MEMSOF for EATA. The fiscal 2005 allowance makes \$403,744 for the EATA contingent on the enactment of this law change.

MEMSOF Fiscal 2005 Allowance

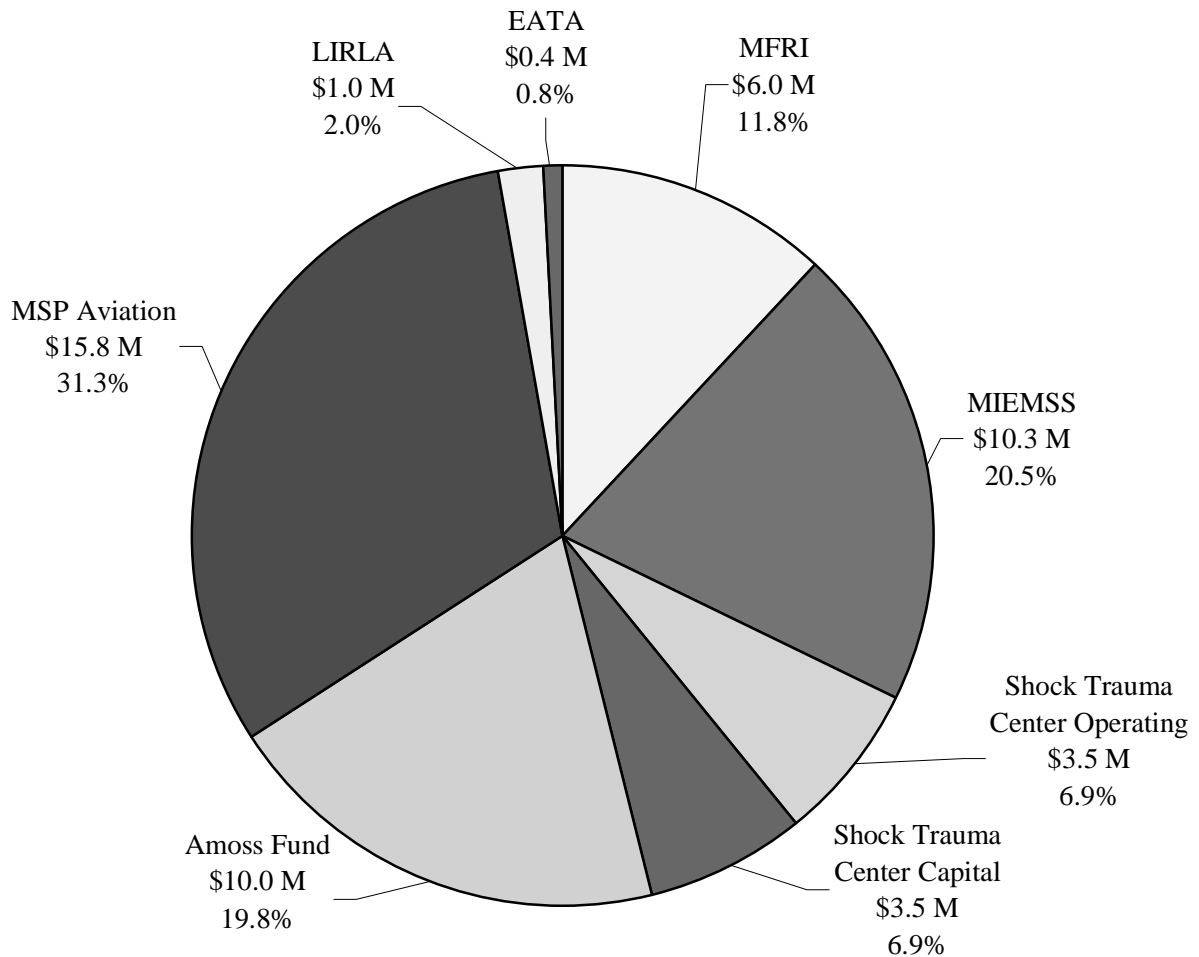
The fiscal 2005 allowance provides for \$50.4 million in total expenditures funded from MEMSOF. **Exhibit 1** provides the percentage breakdown of each MEMSOF entity relative to total spending. The MSP Aviation Division (31.3%), MIEMSS (20.5%), Amoss Fund (19.8%), and MFRI (11.8%) make up the largest portions of MEMSOF expenditures.

MEMSOF Oversight

EMS Board

The EMS Board was created under Chapter 592, Acts of 1993. The legislation, referred to as the EMS Law, became effective on July 1, 1993. The EMS Board is appointed by and directly responsible to the Governor. The EMS Board consists of 11 members appointed by the Governor and

**Exhibit 1
MEMSOF 2005 Expenditures**



- EATA = Emergency Assistance Trust Account
- LIRLA = Low Interest Revolving Loan Account
- MSP = Maryland State Police
- MFRI = Maryland Fire and Rescue Institute
- MIEMSS = Maryland Institute for Emergency Medical Services Systems

Source: State Budget Books, Fiscal 2005

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terms last for four years, ending on June 30. The EMS Board is tasked with developing, adopting, and monitoring a statewide plan to ensure effective coordination and evaluation of emergency medical services. The EMS Board appoints the executive director of MIEMSS, who serves as the administrative head of the State's emergency medical services and the operations of MIEMSS. MIEMSS implements the emergency medical services plan developed by the EMS Board. The EMS Board is required to prepare an annual budget proposal that includes the estimated income of MIEMSS and proposed expenses for EMS Board administration and operation. The EMS Board is also required to review and approve budgets for MIEMSS, Shock Trauma Center operating funding, MFRI, and the MSP Aviation Division.

EMS Advisory Council

The State EMS Advisory Council (SEMSAC) consists of 29 members appointed by the EMS Board with approval by the Governor. SEMSAC advises and assists the EMS Board and serves as the principal advisory body. SEMSAC also provides a means for regional EMS interests to be addressed, assists with the EMS Plan (criteria and guidelines for delivery of EMS), and assists with inter-regional and interstate EMS issues.

MEMSOF Agency Budget Process

MIEMSS, MFRI, Shock Trauma Center operating funding, and the MSP Aviation Division are all under a review and approval process overseen by the EMS Board.

- **April:** The EMS Board and SEMSAC Finance Subcommittee review final budgets approved by the legislature, review the *Joint Chairmen's Report*, and establish a schedule for review of agency budget requests for the next fiscal year.
- **May through July:** The EMS Board and SEMSAC Finance Subcommittee meet with MEMSOF agencies to review proposed fiscal budgets and five-year plans. Also discussed are new program initiatives, budget compliance with the Department of Budget and Management (DBM) directives, and projected long-term impact of the budgets on MEMSOF.
- **August through September:** Budgets are presented to SEMSAC and the EMS Board for review and approval, agencies submit budgets to DBM, and the EMS Board forwards recommendations to DBM.
- **October through December:** Agencies meet with DBM and legislative analysts to review budget requests.
- **January through April:** Agencies appear before legislative committees and subcommittees for budget review.

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- **Ongoing:** Agencies are subject to legislative audit every three years by the Office of Legislative Audits (OLA).

MEMSOF Entities without EMS Board Oversight

The Amoss Fund, the Volunteer Company Assistance Fund (VCAF), and Shock Trauma Center capital funding are not bound by a review and approval process by the EMS Board.

Amoss Fund

DSP, Office of the State Fire Marshal, annually receives \$10 million from MEMSOF for the Amoss Fund for the purchase of fire and rescue equipment and capital building improvements. The entire amount is distributed to 23 counties and Baltimore City according to Title 8 of the Public Safety Article.

- The Director of Assessments and Taxation certifies a county's real property numbers relative to the statewide total of all land use property tax accounts (i.e. the fiscal 2003 allocation was based on July 2001 numbers). Each county's percentage of the total is calculated and all counties must receive at least 2% of the Amoss Fund or \$200,000.
- The allocation to the counties is distributed in four equal payments in August, November, February, and May unless the county fails to meet its maintenance of effort (spending more for fire protection from its own sources than the amount of State funds received and spending an amount at least equal to the average amount expended in the prior three years). If a county does not meet its maintenance of effort, its allocation will be reduced by the same percentage its expenditures are short the required level.
- The Office of the State Fire Marshal annually sends out instructions to all counties updating any changes to the law and reiterating all rules and requirements.
- Counties are required to report on expenditures for the prior fiscal year (Schedule A) and for the Amoss Fund for the current fiscal year (Schedule B). Both reports delineate the distribution of the county grants and category of expenditure (equipment, apparatus, facilities, unexpended, undistributed, etc.).
- A DSP internal auditor is conducting compliance audits, according to a three-year schedule, of the counties' use of Amoss Fund grants.

Volunteer Company Assistance Fund

VCAF was created through enactment of Chapter 240, Acts of 2000. The VCAF is an umbrella special fund containing two accounts: EATA and LIRLA. When VCAF was created, EATA was moved under the authority of VCAF and LIRLA was created as a new entity.

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EATA, originally established in fiscal 1983, provides grants and loans to volunteer fire companies for replacement of equipment or structures that house equipment. EATA has historically been funded with a general fund grant. However, in fiscal 2004 EATA received \$403,744 in funds from MEMSOF due to a provision in the BRFA of 2003. The language was effective for one year only, but contingent language in the 2004 BRFA provides for the continued use of MEMSOF for EATA.

DBM provides oversight of VCAF. For both accounts, DBM works closely with the MSFA Treasurer to ensure that all required materials are submitted in accordance with the law. For recipients of funds from EATA, DBM is sending additional letters to grant recipients to ensure that the required materials are submitted to the legislative auditor. For LIRLA, MSFA has sent out additional letters to volunteer fire companies that received loans requesting that they send the required information to DBM as soon as possible.

- ***EATA Oversight:*** DBM reviews applications and forwards them to the Department of Legislative Services (DLS) for additional approval. After DLS approval, DBM forwards the application to the Board of Public Works (BPW) for final approval. DBM must require volunteer fire companies receiving funds from this account to submit financial statements and proof of expenditures to the legislative auditor. DBM fulfills this requirement by requesting financial statements in a letter notifying the volunteer fire company of BPW approval. DBM has no enforcement mechanism to ensure that the required materials are forwarded to DLS.
- ***LIRLA Oversight:*** The MSFA fully manages this account including developing loan criteria, loan terms, application review, and submission to BPW for approval. MSFA is required to submit an annual report to DBM detailing loans made during the previous fiscal year. MSFA is also required to submit financial statements and proof of expenditures for each loan made from this account. DBM is required to review the MSFA submission and report to the General Assembly as to whether or not funds have been spent in accordance with the BPW approved request.

DLS recommends that the General Assembly combine EATA and LIRLA into VCAF as one account. With this action, VCAF would be able to provide loans and grants to volunteer fire, rescue, and ambulance companies. A statutory change would be required to allow VCAF the specific authority to receive money from MEMSOF. LIRLA and EATA would no longer exist as accounts but the action would not affect current funding levels. VCAF would be administered by MSFA.

Shock Trauma Center Capital Funding

Funding for equipment and facility renewal at the Shock Trauma Center first appeared in the fiscal 2001 budget when \$3.5 million in special funds from MEMSOF were provided. The funds assist the Shock Trauma Center with efforts to replace and modernize its aging equipment and technology. In fiscal 2002 and 2003, the capital funds were used for upgrades and replacements such as medical air pumps and emergency generators. Another use of capital funds has been the acquisition of spiral computed tomography scanners that allows patients with critical injuries to receive chest and abdomen scans in a matter of seconds rather than minutes. The Shock Trauma

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Center has received \$3.5 million in capital support annually since fiscal 2001 and expects to receive funds through fiscal 2005. MEMSOF funds for this initiative are not assumed to continue after fiscal 2005.

History of Revenues and Expenditures

Exhibit 2 provides a history of MEMSOF revenues and expenditures from fiscal 1993 through 2002. Revenues are much higher than expenditures during the first year of MEMSOF in fiscal 1993. MEMSOF received \$2.7 million from the Driver's Education Fund and \$41.7 million in motor vehicle registration fees. The change to a biennial registration system created a one-time windfall.¹

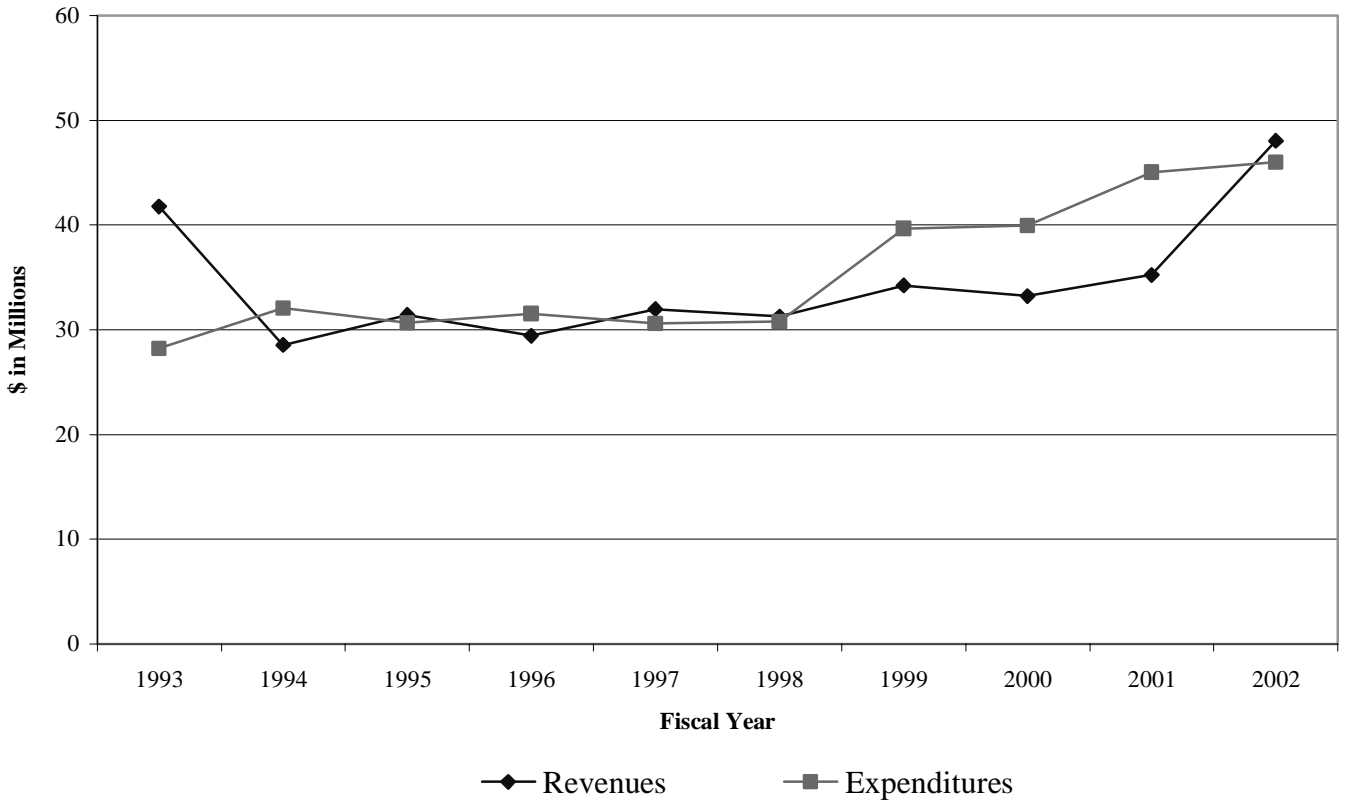
From fiscal 1994 through 1998, revenues stay close to expenditures and are lower than expenditures in 1994 and 1996. From fiscal 1999 through 2001, expenditures are higher than revenues. The gap between expenditures and revenues increases during each of these years. By fiscal 2001 expenditures were \$9.8 million higher than revenues. Money provided to the Amoss Fund increased from \$5 million per year to \$7.5 million in fiscal 1999 and then from \$7.5 million to \$10 million in fiscal 2000. Fiscal 2002 saw the addition of \$500,000 for LIRLA and \$3.5 million for Shock Trauma Center facility and equipment renewal. In fiscal 2002 revenues exceed expenditures with the \$3 increase from \$8 to \$11 in motor vehicle registration fees. Revenues jump from \$35.2 million in fiscal 2001 to \$48 million in fiscal 2002.

Exhibit 2 illustrates that, over time, growth in expenditures will outpace growth in revenues. From fiscal 1994 to 2001, revenues grew by 3.1%. During the same period, expenditures grew by 5.0%. **Appendix 2** provides detail on revenues and expenditures from fiscal 1993 to 2002.

Exhibit 3 shows MEMSOF expenditures from fiscal 2003 to 2005. The fiscal 2005 allowance for all MEMSOF expenditures decreases by \$3.8 million from the fiscal 2004 working appropriation. This decrease is mainly due to a one-time \$5 million transfer from MEMSOF to LIRLA that occurred in fiscal 2004. This amount is to be paid back at \$1 million per year from fiscal 2005 to 2009. The \$5.0 million total decrease was offset by a \$105,320 increase for MFRI, a \$178,373 increase for MIEMSS, and a \$968,625 increase for the MSP, Aviation Division.

¹ Before fiscal 2003, car owners paid registration fees on an annual basis. The system was then changed to a biennial basis where car owners pay their registration fees one time to cover two years. In fiscal 2003 the Maryland Vehicle Administration required half of car owners to register biennially and the other half to register for one year (and then register the next year biennially). This provided revenue for three years worth of registrations (one half paid for two years and the other half paid for one year).

Exhibit 2
MEMSOF Revenues vs. Expenditures
Fiscal 1993 – 2002



Source: Department of Legislative Services

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**Exhibit 3
MEMSOF Expenditures
Fiscal 2003 – 2005
(\$ in Thousands)**

	<u>FY 03 Actual</u>	<u>FY 04 Approp.</u>	<u>FY 05 Allowance</u>	<u>FY 04-05 Change</u>	<u>FY 04-05 % Change</u>
MD Fire and Rescue Institute (MFRI) R75T00.01	\$6,279	\$5,863	\$5,968	\$105	1.8%
MD Inst. of Emer. Med. Serv. Sys. (MIEMSS) D53T00.01	9,692	10,146	10,324	178	1.8%
Shock Trauma Center (UMMS) R55Q00.01	3,363	3,464	3,464	0	0.0%
Shock Trauma Center Capital Equipment (UMMS) R55Q00.01	3,500	3,500	3,500	0	0.0%
Grants to Local Fire, Rescue and Ambulance (Amoss Fund) W00A02.02	10,000	10,000	10,000	0	0.0%
MD State Police, Aviation Division W00A01.02	14,534	14,806	15,765	959	6.5%
Board of Public Works – Low Interest Revolving Loan Account (LIRLA) D05E01.10	1,000	6,000 ¹	1,000 ²	-5,000	-83.3%
Board of Public Works – Emergency Assistance Trust Account (EATA) D05E01.10		404 ³	404 ⁴	0	0.0%
Total	\$48,367	\$54,182	\$50,425	-\$3,758	-6.8%

¹ This item includes two components: (1) a \$1,000,000 grant to LIRLA consistent with prior years; and (2) a \$5,000,000 transfer for fiscal 2004 from MEMSOF to LIRLA to be repaid from fiscal 2005 through 2009 at \$1 million per year.

² The BRFA of 2003 authorized the transfer of \$1 million in funds from LIRLA to MEMSOF from fiscal 2005 through 2009. For accounting purposes, over the five-year period, LIRLA will annually receive \$1 million in funds offset by \$1 million in revenue. LIRLA will receive no funds from fiscal 2005 through 2009 because of its one-time loan repayment obligation.

³ \$403,744 transfer of funds from MEMSOF, for fiscal 2004 only, to EATA. The General Assembly reduced \$403,744 in general funds for the account in the fiscal 2004 budget bill.

⁴ This amount is contingent on 2004 budget reconciliation legislation to permit use of MEMSOF funds for EATA.

Source: State Budget Books, fiscal 2005

MEMSOF Forecast

Appendix 1 provides a MEMSOF forecast from fiscal 2003 through 2020. The forecast rests on the following DLS assumptions:

- **MFRI:** For all but one year of MEMSOF's history, MFRI has received an annual inflationary increase of anywhere from 3 to 10%. The attached forecast assumes a 5% annual increase through fiscal 2020.
- **MIEMSS:** The attached forecast assumes a 3% annual rate of inflation through fiscal 2020 to account for long-term growth in the agency.
- **Aid to UMMS:** Aid to UMMS contains two components: (1) Shock Trauma operating subsidy; and (2) short-term assistance for the replacement and modernization of aging medical equipment, technologies, and infrastructure at Shock Trauma.

The Shock Trauma Center operating subsidy was level funded for much of fiscal 1993 through 1998. Beginning in fiscal 1999 and continuing through fiscal 2004, Shock Trauma began to receive a 2 to 3% annual inflationary increase. There is no inflationary increase for fiscal 2005. The attached forecast assumes a 3% annual inflationary increase for the Shock Trauma subsidy through fiscal 2020.

Beginning in fiscal 2001, Shock Trauma began to receive \$3.5 million per year for the replacement and modernization of aging medical equipment. The \$3.5 million appropriation is expected to continue through fiscal 2005. The attached forecast assumes the end of this appropriation after fiscal 2005.

- **Amoss Fund:** From fiscal 1993 through 1999, the Amoss Fund received \$5 million per year. The amount was increased to \$7.5 million in fiscal 1999 and then \$10 million in fiscal 2000. These increases were non-statutory budget enhancements. There were discussions during the 1990s of providing a 3% annual adjustment, but this has never occurred. The amount has remained at \$10 million per year since fiscal 2000. The attached forecast assumes level funding of \$10 million per year through fiscal 2020.
- **Maryland State Police, Aviation Division:** MSP switched from a 70/30 to an 80/20 special fund/general fund split in fiscal 2003. The split has remained at 80/20 with the fiscal 2004 working appropriation and the fiscal 2005 allowance. The attached forecast assumes continuation of the 80/20 split and a 5% annual rate of inflation through fiscal 2020. Annual changes in the Aviation Division budget include helicopter maintenance costs and "G" inspections. For example, the Aviation Division budget in fiscal 2005 increases by nearly \$1 million due to the need for two "G" inspections.²

² At 5,000 hours of flight time, each aircraft receives a "G inspection," which entails a complete overhaul of the aircraft's airframe.

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- **LIRLA:** Beginning in fiscal 2001, through BPW, LIRLA received a grant of \$500,000 for volunteer fire, rescue, and ambulance companies. The amount was increased to \$1,000,000 in fiscal 2002 and continued through fiscal 2004. There is a non-statutory agreement to continue providing funds until the LIRLA balance attains \$20 million.

\$5,000,000 was transferred in fiscal 2004 from MEMSOF to LIRLA to be repaid from fiscal 2005 through 2009 at \$1 million per year. Therefore, LIRLA received a total of \$6 million for fiscal 2004.

The attached forecast assumes the continuation of \$1 million per year to LIRLA. LIRLA will receive no funds from fiscal 2005 through 2009 because of its one-time loan repayment obligation. For fiscal 2005 through 2009, the forecast in Appendix 1 shows \$1 million per year received for LIRLA and \$1 million per year repaid under the heading “GF Loan Repayment & Other.” This was done for accounting purposes.

- **EATA:** \$403,744 was transferred from MEMSOF, for fiscal 2004 only, to EATA. The General Assembly reduced \$403,744 in general funds for the account in the fiscal 2004 budget bill. Future use of MEMSOF for EATA is contingent on budget reconciliation language. The forecast assumes continued use of MEMSOF for EATA.

The forecast shows that from fiscal 2005 through 2015, revenues grow by 1.1%. During the same period, expenditures grow by 2.2%. Over time, growth in expenditures will outpace growth in revenues. Based on current assumptions, MEMSOF is viable until fiscal 2017. Motor vehicle registration fee revenues are not sensitive to inflation. This will require periodic revenue enhancements and/or alternative revenue sources to keep MEMSOF viable.

The forecast assumes the same interest rates as the Rainy Day Fund. It assumes interest rates of 1.7% in fiscal 2004, 2.1% in fiscal 2005, and 2.6% from fiscal 2006 through 2020.

There is no provision made for MSP helicopter replacement which will need to begin around fiscal 2007. The State needs to replace 12 Medevac helicopters at a cost of \$6 to \$7 million per helicopter.

Issues

1. Helicopter Replacement and Revenue Enhancements

According to current DLS assumptions, MEMSOF is viable until fiscal 2017. This does not include any assumptions for helicopter replacement. The State has a fleet of 12 Medevac helicopters, which have an estimated replacement cost of \$6 to \$7 million per helicopter.

Appendix 3 provides a detailed funding history of the 12 MSP Medevac helicopters.

- The first 6 helicopters were acquired in 1989 through use of the Emergency Medical Service System Fund (EMSSF). EMSFF was created by the General Assembly in 1987 as part of legislation (Chapter 291, Acts of 1987) increasing the gasoline tax and motor vehicle license fees. A total of \$31 million from the proceeds of the increase in revenues was allocated to EMSFF for acquisition of helicopters including related equipment and for improvements to the communications system. \$26.4 million was used for helicopters 1 through 6.
- Helicopters 7 through 9 were acquired in 1990 for \$13.8 million through use of remaining EMSFF funds, MEMSOF, and general funds.
- Helicopters 10 and 11 were acquired in 1994 for \$10.5 million. \$6.5 million came from the Transportation Trust Fund and \$4 million was borrowed from MEMSOF (\$4 million was paid back in full to MEMSOF with general funds in fiscal 1999).
- Helicopter 12 was acquired in 1999 for \$6.3 million through the use of MEMSOF and general funds. \$4.1 million was borrowed from MEMSOF in fiscal 1999 and \$2.2 million was paid with general funds for helicopter 12. Partial payment of nearly \$2 million was repaid to MEMSOF with general funds in fiscal 2001 and a second payment of over \$2 million will come in fiscal 2007.

Exhibit 4 provides an estimated replacement schedule for the 12 MSP helicopters. The first helicopter will need to be replaced during fiscal 2007, and helicopters 2 and 3 in fiscal 2008 and 2009. Helicopters 4 through 9 were recently retrofitted, so they will not have to be replaced until fiscal 2013 to 2018. The remaining helicopters are estimated to be replaced from fiscal 2019 to 2024.

The most urgent need for replacement is for helicopters 1 to 3. Those helicopters need to be replaced from fiscal 2007 to 2009. The next wave of replacements begins in fiscal 2013 with 1 per year through fiscal 2020. The final replacement is in fiscal 2024.

Exhibit 4
Helicopter Age and Replacement Schedule

	<u>Acquisition Date</u>	<u>Retrofit Date</u>	<u>FY Target Replacement</u>	<u>Age at Replacement</u>
1.	April 1989	No	2007	18
2.	April 1989	No	2008	19
3.	September 1989	No	2009	20
4.	September 1989	December 2001	2017	28
5.	November 1989	November 2000	2013	24
6.	November 1989	April 2002	2018	28
7.	July 1990	August 2001	2014	24
8.	August 1990	March 2001	2015	25
9.	September 1990	October 2001	2016	26
10.	September 1994	No	2019	25
11.	October 1994	No	2020	26
12.	April 1999	No	2024	25

Source: Maryland State Police

Revenue Proposals

While there are various methods which could be adopted to pay for future helicopter replacement, consideration should be given to the following three methods which would provide the \$72 to \$84 million required for the replacement of 12 helicopters.

- **Vehicle Registration Fee:** The administration's proposed revenue enhancement package includes an increase to the annual base vehicle registration fee. Under the proposal, cars will pay an additional \$23.50 per year and trucks will pay an additional \$36.00 per year. If an additional \$1 per year was added to the vehicle registration fee from fiscal 2005 through 2022 for transfer to a separate helicopter replacement account or the existing Emergency Medical Service System Fund, at least \$85 million in revenue could be generated.
- **Revenue Enhancement Transfer:** The administration's proposed revenue enhancement package is estimated to produce an additional \$320 million per year. In fiscal 2005, \$40 million of the proposed enhancements could be transferred to the Emergency Medical Service System Fund for helicopter replacement. This transfer could cover roughly half of

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helicopter replacement needs. The second transfer of \$40 to \$45 million would occur with a future transportation revenue enhancement package. The second transfer would need to be made around fiscal 2016.

- *General Obligation Bonds:* The 12 helicopters could be replaced from fiscal 2007 to 2024 by issuing general obligation bonds for the amount of \$6 to \$7 million each year that a helicopter is needed. Bonds were not initially considered as an option due to uncertainty about the useful life of the helicopters. Given the current fleet is expected to last well over 15 years, debt is now a viable option.

Updates

1. Emergency Medical Response System Study Update

During the 2003 legislative session, significant interest was initiated in the Maryland trauma and emergency medical response system. Chapter 385, Acts of 2003 created the Maryland Trauma Physician Services Fund to reimburse trauma centers and trauma center physicians. The fund is financed through a \$2.50 annual surcharge on Maryland motor vehicle registrations.

Chapter 385 also created a Joint Legislative Committee to study and make recommendations about the structure and funding of the State's emergency medical response system. The committee consists of four members of the Senate of Maryland, appointed by the President and four members of the House of Delegates, appointed by the Speaker of the House. The committee was required to submit an interim report on or before December 31, 2003, and a final report on or before December 1, 2004. An interim report was submitted dated December 2003.

During the 2003 interim the Joint Legislative Committee held three meetings: September 17, 2003; October 15, 2003; and November 19, 2003. The three meetings provided committee members with extensive background on MEMSOF, history and structure of emergency medical services in Maryland, homeland security issues, and prior legislative audits of entities receiving MEMSOF funds. The meetings allowed all entities involved with MEMSOF funding to provide information to the committee. These entities included MIEMSS, the MSP Aviation Division, MFRI, the Amoss Fund (represented by Office of the Fire Marshal), LIRLA (represented by MSFA and DBM), and EATA (represented by DBM). The meetings also provided groups the ability to comment on funding needs and make recommendations on the EMS system. These groups included local fire and EMS providers, trauma centers, and commercial air ambulance services.

Chapter 385 requires the Joint Legislative Committee to discuss 14 items related to the Maryland emergency medical response system. The committee provided an interim report that discussed 7 areas addressing 13 of the 14 items: (1) MEMSOF; (2) MIEMSS; (3) air ambulance services; (4) trauma centers; (5) first responders; (6) homeland security; and (7) funding vs. needs. The item not discussed during the 2003 interim, incentives for illness prevention, injury reduction, and appropriate use of the trauma system, will be addressed during the 2004 interim.

EMS Operations Fund Statements

Fiscal 2003 – 2011

Agency Name	FY 2003 Actual	FY 2004 Approp	FY 2005 Allowance	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
Beginning Balance (7/1)	\$5,177,485	\$7,464,772	\$3,437,418	\$6,168,280	\$11,676,932	\$18,349,320	\$22,397,593	\$25,509,856	\$26,593,212
MVA Registration Fees – EMS Ops Fund	50,440,822	50,063,000	52,066,000	52,716,825	53,375,785	54,042,983	54,718,520	55,402,501	56,095,033
Interest Income	145,005	91,888	89,421	216,177	347,133	510,079	601,971	668,647	681,648
General Fund Loan Repayment & Other	68,377	0	1,000,000	1,000,000	2,976,566	1,000,000	1,000,000	0	0
Current Year Revenues	\$50,654,204	\$50,154,888	\$53,155,421	\$53,933,002	\$56,699,484	\$55,553,061	\$56,320,491	\$56,071,149	\$56,776,680
Total Available Revenues	\$55,831,689	\$57,619,660	\$56,592,839	\$60,101,283	\$68,376,416	\$73,902,381	\$78,718,085	\$81,581,005	\$83,369,892
MD Fire & Rescue Institute (UMCP)	6,278,500	5,862,680	5,968,000	6,141,000	6,448,050	6,770,453	7,108,975	7,464,424	7,837,645
MD Inst. of Emer. Med. Serv. Sys.	9,691,863	10,145,637	10,324,010	10,758,637	11,119,637	11,295,637	11,634,506	11,983,541	12,343,048
Shock Trauma Center (UMMS)	3,362,871	3,463,757	3,463,757	3,567,670	3,674,700	3,784,941	3,898,489	4,015,444	4,135,907
STC Replaced Equipment (UMMS)	3,500,000	3,500,000	3,500,000						
Grants to Local Fire, Resc. & Amb.	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
MD State Police- Aviation Div.	14,533,683	14,806,423	15,765,048	16,553,300	17,380,965	18,250,014	19,162,514	20,120,640	21,126,672
BPW – EMS Loan Fund	1,000,000	6,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
BPW – Emer. Asst. Trust Account		403,744	403,744	403,744	403,744	403,744	403,744	403,744	403,744
Current Year Expenditures	\$48,366,917	\$54,182,241	\$50,424,559	\$48,424,351	\$50,027,096	\$51,504,788	\$53,208,229	\$54,987,793	\$56,847,016
Ending Balance (6/30)	\$7,464,772	\$3,437,418	\$6,168,280	\$11,676,932	\$18,349,320	\$22,397,593	\$25,509,856	\$26,593,212	\$26,522,877

EMS Operations Fund Statements

Fiscal 2012 –2020

Agency Name	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate	FY 2019 Estimate	FY 2020 Estimate
Beginning Balance (7/1)	\$26,522,877	\$25,193,178	\$22,491,875	\$18,299,802	\$12,490,491	\$4,929,778	-\$4,529,810	-\$15,764,999	-\$28,881,094
MVA Registration Fees – EMS Ops Fund	56,796,221	57,506,173	58,225,001	58,952,813	59,689,723	60,435,845	61,191,293	61,956,184	62,730,636
Interest Income	663,681	611,950	523,486	395,137	223,557	0	0	0	0
General Fund Loan Repayment & Other	0	0	0	0	0	0	0	0	0
Current Year Revenues	\$57,459,901	\$58,118,124	\$58,748,487	\$59,347,950	\$59,913,280	\$60,435,845	\$61,191,293	\$61,956,184	\$62,730,636
Total Available Revenues	\$83,982,778	\$83,311,302	\$81,240,362	\$77,647,752	\$72,403,771	\$65,365,623	\$56,661,483	\$46,191,185	\$33,849,542
MD Fire & Rescue Institute (UMCP)	8,229,527	8,641,004	9,073,054	9,526,707	10,003,042	10,503,194	11,028,354	11,579,771	12,158,760
MD Inst. of Emer. Med. Serv. Sys.	12,713,339	13,094,739	13,487,581	13,892,209	14,308,975	14,738,244	15,180,392	15,635,803	16,104,877
Shock Trauma Center (UMMS)	4,259,984	4,387,784	4,519,417	4,655,000	4,794,650	4,938,489	5,086,644	5,239,243	5,396,421
STC Replaced Equipment (UMMS)									
Grants to Local Fire, Resc. & Amb.	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
MD State Police- Aviation Div.	22,183,006	23,292,156	24,456,764	25,679,602	26,963,582	28,311,761	29,727,349	31,213,717	32,774,403
BPW – EMS Loan Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
BPW – Emer. Asst. Trust Account	403,744	403,744	403,744	403,744	403,744	403,744	403,744	403,744	403,744
Current Year Expenditures	\$58,789,600	\$60,819,427	\$62,940,560	\$65,157,261	\$67,473,993	\$69,895,433	\$72,426,482	\$75,072,279	\$77,838,204
Ending Balance (6/30)	\$25,193,178	\$22,491,875	\$18,299,802	\$12,490,491	\$4,929,778	-\$4,529,810	-\$15,764,999	-\$28,881,094	-\$43,988,662

MEMSOF History
Fiscal 1993 – 2002

Agency Name	FY 1993 Actual	FY 1994 Actual	FY 1995 Actual	FY 1996 Actual	FY 1997 Actual	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual
Beginning Balance (7/1)	\$2,710,000	\$16,288,582	\$12,800,866	\$14,257,831	\$12,983,584	\$14,867,223	\$16,028,484	\$15,322,111	\$10,011,093	\$2,442,192
MVA Registration Fees – EMS Ops. Fund	41,772,094	28,549,707	31,404,789	29,426,000	31,946,633	31,246,058	34,240,399	33,202,712	35,235,336	48,030,516
Interest Income	0	0	705,100	817,582	506,626	661,778	608,995	539,785	238,496	138,770
GF Loan Repayment & Other	0	0	0	0	0	0	4,075,000	853,224	1,976,566	532,156
Current Year Revenues	\$41,772,094	\$28,549,707	\$32,109,889	\$30,243,582	\$32,453,259	\$31,907,836	\$38,924,394	\$34,595,721	\$37,450,398	\$48,701,442
Total Available Revenues	\$44,482,094	\$44,838,289	\$44,910,755	\$44,501,413	\$45,436,843	\$46,775,059	\$54,952,878	\$49,917,832	\$47,461,491	\$51,143,634
MD Fire & Rescue Institute (UMCP)	3,036,719	3,036,719	3,406,145	3,706,145	3,822,105	3,990,605	4,360,605	4,640,000	4,880,000	5,515,000
MD Inst. of Emer. Med. Serv. Sys.	7,000,000	7,000,000	7,311,459	7,519,955	7,324,181	7,709,291	8,501,799	8,603,900	9,058,000	9,579,000
Shock Trauma Center (UMMS)	2,900,000	2,350,000	2,900,000	2,900,000	2,900,000	2,900,000	3,017,160	3,107,675	3,200,905	3,264,923
STC Replaced Equipment (UMMS)	0	0	0	0	0	0	0	0	3,500,000	3,500,000
Grants to Local Fire, Resc. & Ambulance	4,950,000	4,950,000	4,950,000	5,095,000	5,095,000	5,245,000	7,500,000	10,000,000	10,000,000	10,000,000
MD State Police – Aviation Div.	10,306,793	14,700,704	12,085,320	12,296,729	11,428,334	10,901,679	12,298,093	13,555,164	13,880,394	13,107,226
BPW – EMS Loan Fund	0	0	0	0	0	0	0	0	500,000	1,000,000
BPW – Helicopter Purchase	0	0	0	0	0	0	3,953,110	0	0	0
Current Year Expenditures	\$28,193,512	\$32,037,423	\$30,652,924	\$31,517,829	\$30,569,620	\$30,746,575	\$39,630,767	\$39,906,739	\$45,019,299	\$45,966,149
Ending Balance (6/30)	\$16,288,582	\$12,800,866	\$14,257,831	\$12,983,584	\$14,867,223	\$16,028,484	\$15,322,111	\$10,011,093	\$2,442,192	\$5,177,485

Funding History of 12 State Police Helicopters

<u>Source</u>	<u>Amount (\$ in Millions)</u>	<u>Notes</u>
Emergency Medical Service System Fund ¹	\$30.3	Includes (1) \$26.4 million for helicopters 1 to 6; (2) \$3.8 million for down payment of helicopters 7 to 9; and (3) \$0.1 million for a fiscal 1992 payment on helicopters 7 to 9.
General Funds	15.4	Includes (1) \$5.1 million for lease payments on helicopters 7-9 from fiscal 1992 through 1996 ² ; (2) \$4 million repaid to MEMSOF in fiscal 1999 for helicopters 10 and 11; (3) \$2.2 million paid for with general funds in fiscal 1999 for helicopter 12; and (4) \$4.1 million borrowed from MEMSOF in fiscal 1999 (nearly \$2 million repaid to MEMSOF with general funds in fiscal 2001 and second payment of \$2 million will come in fiscal 2007).
Maryland Emergency Medical System Operations Fund	6.6	Includes lease payments for helicopters 7 to 9 from fiscal 1993 through 1996.
Transportation Trust Fund	6.5	Includes \$6.5 million from the Transportation Trust Fund in fiscal 1995 for helicopters 10 and 11.
Total for 12 Helicopters	\$58.8	

¹ The Emergency Medical Service System Fund (EMSSF) was created by the General Assembly in 1987 as part of the legislation (Chapter 291, Acts of 1987) increasing the gasoline tax and motor vehicle license fees. A total of \$31 million from the proceeds of the increase in revenues was allocated to the fund for acquisition of helicopters, including related equipment and for improvements to the communications system.

² The lease payments on helicopters 7 to 9 were paid from fiscal 1993 through 1996 with a 70% MEMSOF / 30% general fund split. This split began in fiscal 1993; the payment in fiscal 1992 was made with \$2.3 million in general funds and \$0.1 million from EMSSF.

Funding History of 12 State Police Helicopters (Continued)

<u>Helicopter</u>	<u>Date of Delivery</u>	<u>Amount (\$ in Millions)</u> ³	<u>Source</u>	<u>Notes</u>
1	April 1989	\$4.3	Emergency Medical Service System Fund (EMSSF)	Total cost of \$26.4 million for helicopters 1 to 6 paid from EMSSF. Total cost includes \$25.8 million for the helicopters and \$0.6 million for the training of pilots, mechanics, and related equipment.
2	April 1989	4.3	EMSSF	
3	Sept. 1989	4.3	EMSSF	
4	Sept. 1989	4.3	EMSSF	
5	Nov. 1989	4.3	EMSSF	
6	Nov. 1989	4.3	EMSSF	
7	July 1990	4.6	EMSSF, Maryland Emergency Medical System Operations Fund (MEMSOF), and general funds (GF)	
8	August 1990	4.6	EMSSF, MEMSOF, and GF	\$3.8 million used from EMSSF in 1990 for down payment of helicopters 7 to 9. Nearly \$0.1 million was used from EMSSF in fiscal 1992 as part of the lease payments. Remaining \$11.7 million balance (includes interest) financed over five years from fiscal 1992 through 1996 (split 70% MEMSOF/30% general funds from fiscal 1993 through 1996).
9	Sept. 1990	4.6	EMSSF, MEMSOF, and GF	
10	Sept. 1994	5.25	MEMSOF and Transportation Trust Fund (TTF)	\$6.5 million from TTF and \$4 million borrowed from MEMSOF for helicopters 10 and 11 (\$4 million paid back in full to MEMSOF with general funds in fiscal 1999)
11	October 1994	5.25	MEMSOF and TTF	
12	April 1999	6.3	MEMSOF and general funds	\$4.1 million borrowed from MEMSOF in fiscal 1999 and \$2.2 million paid with general funds for helicopter 12. Partial payment of nearly \$2 million repaid to MEMSOF with general funds (GF) in fiscal 2001, second payment of over \$2 million will come in fiscal 2007.

³ Amount includes base helicopter costs only, exclusive of financing costs and training of pilots, mechanics, and related equipment.