Subject: H.E.R.O. Medevac Service
APPROVALS: Brad Grainger, Acting Director Bob Couture, Executive Director Kevin Scoble, Acting Chief Administrative Officer

Administrative Recommendation:

THAT it be recommended that Council approve the allocation of $1.5 Million to the Helicopter Emergency Response Organization Foundation (H.E.R.O), in the form of a grant funding agreement, with disbursements to be made in two semi-annual instalments of $750,000 and the grant agreement reviewed at the end of the one (1) year term.

Summary:

H.E.R.O. requires $3,000,000 fixed costs in place to support operating a dedicated 24/7 sole-purpose medevac service. If the required fixed costs are not obtained, the service will be in jeopardy of being terminated.

Background:

In December 2013, Phoenix Heli-Flight (Phoenix) purchased a night flying capable helicopter and 24/7 medevac service commenced in January 2014.   The goal was for Phoenix to create the Local Helicopter Emergency Response Organization (H.E.R.O.) Foundation and continue efforts towards becoming a registered charity to secure donations supporting the 24/7 medevac services; and for AHS, industry stakeholders and the Municipality to form a sustainable funding model in the form of a tri-party agreement. Phoenix has completed the initial process of declaring H.E.R.O. as a Foundation. The Canada Revenue Agency (CRA) is the government department responsible for granting organizations charitable tax status. The process routinely takes 6 to 18 months and requires applicants to fulfill a number of requirements. A projected completion date is August 2015.

In May 2014, due to the significant increased costs of providing this 24/7 service, the region was in jeopardy of losing the medevac services.   The Municipality approved a grant funding agreement on June 25, 2014 for H.E.R.O. in the amount of $1,500,000 which was 50% of the projected fixed costs.   Cenovus, Suncor, and Husky funded approximately $720,000, and have committed this continued support. Alberta Health Services (AHS) is currently operating under the fee-for-service model of $7,900 per flight/hour. However, due to the recent government change in Alberta, there is the potential for the fee-for-service arrangement to be jeopardized. Additionally, the already slow process of obtaining a definitive and sustainable funding model from AHS will be prolonged.

Medevac call volumes have decreased in 2015, which seems to be a direct impact of the economic decline and less personnel in the area. Decreased call volume, equates to less revenue for HERO from AHS fee-for-service. Regardless if the call volume decreases or increases, the fee-for-service model cannot sustain the fixed costs of $3,000,000 per year.

Alternatives:

At this time there is no viable alternative. If the $1,500,000 is not approved, it will be extremely unlikely the fixed costs will be acquired and the service will be in jeopardy of being terminated. When H.E.R.O. attains its charity designation, H.E.R.O. feels that publicly-donated funds would be more forthcoming, thereby relieving the Municipality from such a financial commitment. The hope for the future is a tri-party arrangement between the Municipality, stakeholders and AHS similar to the STARS model.

Budget/Financial Implications:

$1,500,000 is budgeted in the Corporate Finances 2015 budget.

Rationale for Recommendation:

This service has been utilized 112 times since January 2014. H.E.R.O. is currently completing approximately three or four calls per month on average. RES believes this is a vital service to our residents. Response times are significantly reduced with the H.E.R.O. model in comparison to traditional ground ambulance services alone. The loss of medevac service would drastically impact patient care and patient survival rates within the Municipality.

Attachments:

1   Local H.E.R.O. Foundation Costs/Projections