

Virginia Department of Health’s Office of Emergency Medical Services Budget Request

Governor’s Budget: The introduced budget includes a provision to temporarily halt the transfer of \$12.5 million to the general fund from the Department of Motor Vehicles (DMV) fees the Office of Emergency Medical Services (OEMS) receives in FY 2024 and FY 2025.

OEMS Funding Background: OEMS is funded solely from special revenue received from the DMV. This funding is known as the “4 for Life” program; however, the actual fee collected is \$6.25 for each vehicle registration.

- \$4.00 of that revenue supports OEMS operations as well as the Virginia EMS system through payments and grants to localities, rescue squads, EMS Councils and the Volunteer Rescue Squad Association (VAVRS)
- \$2.00 of fees collected funds a \$12.5 million transfer to the General Fund and \$2 million transfer to the Virginia State Police to support Medflight
- \$0.25 is used to cover the cost of initial EMS certification testing provided by the National Registry of EMTs
- OEMS also receives additional funds not included in the “4 for Life” program from license reinstatement fees. These funds are used to support Trauma Center readiness throughout the Commonwealth.

The Code of Virginia mandates that revenue from the \$4.00 be used as follows: 30% of the \$4.00 collected is used to support EMS programs and services, 10% funds OEMS Administration, 26% is dedicated to the Return to Locality fund, 2% is dedicated to the Virginia Association of Volunteer Rescue Squads, and 32% is dedicated to the Rescue Squad Assistance Fund. The chart below provides estimated FY 2024 revenue within each classification.

FY2024	Fund Classification	Projected FY2024 Revenue	Description of Spend
"\$4 For Life"	30% (Operating)	\$ 9,181,769	Includes OEMS staff, MOUs with the EMS Councils, Business admin costs, ESO (Patient Care Portal Software) related costs, other vendors through Council contracts
	10% (OEMS Administration)	\$ 3,060,590	OEMS staff costs, Cardinal transfer fees, with the balance in travel, food, clerical, building lease, management fees, VITA costs, etc.
	26 % Return to Locality	\$ 7,957,533	Mandated by Code transfer to localities across Virginia based on vehicles registered in those areas
	2% Virginia Volunteer Rescue Squads	\$ 612,118	Mandated transfer to VAVRS
	32% Rescue Squad Assistance Fund	\$ 9,793,887	Mandated to fund Rescue Squad Assistance Fund grants program, will be used to fund past years obligations
\$2 Pass Through	Pass through to VSP and general funds	\$ 15,302,948	Mandated \$12.5M transfer back to the General Fund and mandated \$2M transfer to Virginia State Police to support Medflight
\$0.25 RSAF	\$0.25 for Rescue Squad Assistance Fund (NREMT)	\$ 1,912,869	Mandated funds to the National Registry of EMTs
Trauma Funds	Trauma Funds	\$ 8,252,717	Captured from license reinstatement with mandated use to fund Trauma Centers in Virginia

Need for One-Time Funding: In June of 2023, financial irregularities became apparent in the OEMS when funds needed to meet the \$12.5 million transfer back to the General Fund were not available. To satisfy the requirement, VDH utilized the remaining balances from the agency-wide indirect cost recovery account which collects federal grant administrative reimbursements. An internal audit was initiated and it was determined that financial irregularities had existed going back several years. These included a history of moving funds amongst accounts to cover shortfalls, services being provided without appropriate funding, overspending of contracts, and little to no VDH oversight. After further review by VDH leadership, it was determined that there was potential fraudulent activity, and the Office of the Inspector General and the Virginia State Police were notified. These open investigations have now expanded to the Office of the US Attorney.

OEMS is now facing over \$33 million in unpaid bills to the Commonwealth’s Emergency Medical Services community and contractual commitments over and above available collections. Governor Youngkin has authorized approximately \$8 million in one-time carryover funds to enable OEMS to make overdue payments in the short-term to include Return to Locality and EMS Council payments. The proposed additional \$12.5 million in FY 2024 and an additional \$12.5 million in FY 2025 will ensure that OEMS can meet its Code-mandated obligations.

OEMS Unpaid Obligations Made Prior to FY 2024	
Payments due to localities	\$ 6,658,848
Rescue Squad Assistance Grants previously awarded*	\$ 1,223,914
Replace Trauma Funds utilized for other activities	\$ 2,360,600
Payments due to EMS Councils	\$ 1,906,956
FY23 and prior unpaid operating obligations	\$ 4,690,719
FY24 administrative contractual obligations**	\$ 16,444,902
Total	\$ 33,285,939

*Assumes no new Rescue Squad Assistance grants will be awarded in FY2024.

**Includes Patient Care Portal expenses

VDH Actions to Address: VDH and Governor Youngkin have taken aggressive steps to align OEMS spending with available resources, satisfy historical unpaid obligations to our Emergency Medical Services system, and modernize our outdated management practices including:

- Instituted weekly meetings led by VDH’s Chief Operating Officer (COO) with Senior OEMS staff and VDH leadership reviewing all aspects of OEMS operations and financial status
- Installed a new Acting Director of OEMS
- Implemented cost containment strategies, including:
 - Eliminated all non-essential travel and off-site meetings
 - Liquidated fleet of vehicles and trailers deemed non-essential to operations
 - Reviewed all programs to determine which are essential by Code-mandate or requirement for EMS services in the Commonwealth
 - Placed FY 2024 OEMS Rescue Squad Assistance Fund (RSAF) grants on hold.
 - Evaluating current lease and future re-location of OEMS
 - Redesigned EMS agency inspection process and timeline for greater efficiency and cost-savings
 - Canceled 2023 EMS Symposium and reevaluating how OEMS coordinates for field education going forward
 - Aligned EMS scholarships with available funding - to be re-evaluated as funds are available
 - Actively renegotiating contracts with vendors for those services deemed necessary or Code-mandated as well as canceling all contracts for services which are non-mandated or non-essential
- Dedicated VDH Office of Financial Management professional placed on-site at OEMS to assist in compliant spending initiatives
- Coordinated with EMS Advisory Board Chair and Board of Health Chair to form a workgroup with EMS stakeholders from across the Commonwealth to advise on the future of OEMS, the EMS Councils, and needed resources to include what is relevant and sustainable for the EMS system going forward
- Contracted with a nationally recognized EMS management organization (Fitch and Associates) to bring in national best practices including on-site leadership beginning January 2024 backed by finance, contracting, and operational support. This group will be funded through federal CDC Workforce grant funds

Virginia must continue to support the needs of the Commonwealth’s EMS system to provide the best pre-hospital care to citizens. The Governor’s Introduced Budget will allow OEMS to satisfy obligations to localities and rescue squads while VDH takes steps to ensure that the support provided is relevant and sustainable.