



## COMMUNITY SERVICES DISTRICT & FIRE DEPARTMENT

Memorandum

Tuesday, February 15, 2022

To: Board of Directors

From: James A. Brakebill, Fire Chief

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Dear Board of Directors,

For the past decade, voter resistance to fire department bond initiatives has increased. At the same time, the demand for fire services has not wavered. If an at-fault incident takes place that requires an emergency response, the department incurs significant out-of-pocket expense. As populations grow, increase of vehicular traffic on the interstates, and demand for resources keeps growing, how can our fire department continue to serve the public on an ever-shrinking budget?

Cost recovery billing is part of the solution. Backed by a local ordinance or resolution, our fire department may send a bill to a liable party or their insurance company for the cost of responding to an incident. With a robust cost recovery billing program in place, the recovered funds could represent a significant source of supplemental funds for our fire department, without asking taxpayers for additional financial resources.

Because cost recovery programs are new, there is a lot of incorrect information floating around about them. Statements like "My taxes already pay for the fire department" or "This will raise insurance rates" are commonly heard. In truth, taxes pay for department readiness. It's the response that often goes unfunded, forcing our department to scrimp in order to pay for its equipment, personnel, and consumables. Also, most insurance policies currently contain cost recovery reimbursement provisions, so policy premiums already reflect this service.

Cost recovery billing is based on the concept of "responsibility, not residency." It shifts the burden of paying for a fire department response from the taxpayer to the liable individual. This is especially potent for incidents involving non-residents. These liable parties use local department resources, but they don't pay for them because they don't live in the area. Cost recovery billing seeks to level the playing field by asking the individual who caused the incident to pay for it. After all, insurance pays to fix cars and property damaged in the incident. It's reasonable to pay the other related costs. It's about helping our fire department to recapture the resources we expend on at-fault incidents and ensuring that they have the best equipment, the best people, and enough money to respond when there's an emergency.

A good cost recovery program begins with the collection of data in the field; the responsible party, their insurance information, all the equipment, consumables, and labor used during the incident, scene photos and a strong narrative. Robust claims management software is also essential to help billers organize and submit claims, provide analytics, and provide share data with your accounting system.

Another key to cost recovery billing is follow-up. Understanding how to present complete paperwork, refute denials and work open claims with insurance carriers is crucial to a high claim payment percentage. Also, making sure you have a strong ordinance or resolution in place that involved public input helps legitimize the program and add strong potency to claim appeals.

A strong cost recovery program can be an excellent new source of revenue for our fire department who is seeking to close the gap between the real cost of responding to an incident and a tight budget.

Please review and pass the following resolution for cost recovery and adopt the San Bernardino County fiscal year 2021/2022 fee schedule.

Sincerely,



James A. Brakebill

SFT Instructor III

Fire Chief

Morongo Valley Fire Department