

1 BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS

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In the Matter of:)
 RBR Management LLC, dba Community) Docket No.
 Ambulance) 2017-EMS-0104-DHS
) (EMS No. 0283)
)
 Applicant)
)
 and)
)
 ABC Ambulance, Maricopa)
 Ambulance, LLC, American Medical)
 Response of Maricopa, LLC, Canyon)
 State Ambulance, Southwest)
 Ambulance and Rescue of Arizona,)
 Life Line Ambulance Service,)
 Southwest Ambulance Maricopa,)
 Rural/Metro Corp - Maricopa,)
 ComTrans Ambulance Service, Inc.,)
 Professional Medical Transport,)
 Inc., and American Ambulance)
)
 Intervenor)
)
 _____)

15 At: Phoenix, Arizona

16 Date: October 25, 2018

17

REPORTER'S TRANSCRIPT OF PROCEEDINGS

18

VOLUME 4

19

(Pages 857 through 1127)

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1 BE IT REMEMBERED that the above-entitled
2 and -numbered matter came on regularly to be heard before
3 Office of Administrative Hearings, 1740 West Adams Street,
4 Board Room C, Phoenix, Arizona, commencing at 8:38 a.m.
5 on the 25th day of October, 2018.

6

7 BEFORE: Administrative Law Judge Tammy L. Eigenheer

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1 REPORTER'S TRANSCRIPT OF PROCEEDINGS

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3 ALJ EIGENHEER: Okay. We are back on the
4 record in this matter.

5 It is October 25th, 2018, at approximately
6 8:38 a.m.

7 Again, my name is Tammy Eigenheer. I'm the
8 Administrative Law Judge.

9 All parties are present and represented.

10 Any preliminary matters to be addressed on
11 the record?

12 No? Then we will continue with cross.

13 I will remind you you are still under oath.

14 THE WITNESS: Yes.

15 MR. BELANGER: Your Honor, for purposes of
16 this, if you could call up DHS Exhibit 12. DHS- --

17 ALJ EIGENHEER: Sorry. The mouse went
18 crazy.

19 MR. BELANGER: DHS Exhibit 15, Community
20 Ambulance Exhibit 43, Community Ambulance Exhibit 17, and
21 Community Ambulance Exhibit 183 and Community Ambulance
22 Exhibit 186. And -- and lastly, I think it's Community
23 Ambulance Exhibit 1. It's application -- the initial
24 application.

25 ALJ EIGENHEER: DHS-1.

1 MR. BELANGER: DHS-1. Yeah, DHS-1.

2 And if we could go to 12 -- DHS-12.

3 ALJ EIGENHEER: Is that size okay, or do I
4 need to zoom?

5 MR. BELANGER: It's fine for me. I'm
6 looking at this one. I don't know if Mr. Richardson can
7 see it.

8 THE WITNESS: I can get parts of it.

9 MR. BELANGER: All set?

10 THE WITNESS: Yes.

11

12 ROBERT RICHARDSON,
13 called as a witness on behalf of RBR Management, LLC,
14 herein, having been previously sworn by the Administrative
15 Law Judge to speak the truth and nothing but the truth,
16 was examined and testified as follows:

17

18 CROSS-EXAMINATION (CONTINUED)

19 BY MR. BELANGER:

20 Q. Okay. So, Mr. Richardson, first off, these
21 hearings get a little testy at times but nothing -- and I
22 think I speak for everybody in the room. Nothing -- no
23 questions, responses, anything is intended to diminish
24 or -- anything you did in Las Vegas -- you and your
25 responders in Las Vegas. That was an overwhelming

1 personal tragedy for a lot of people. It was a community
2 tragedy. And I believe that regardless of the questions
3 and answers here today -- and nothing is intended to
4 diminish or disrespect anything that you or any other
5 first responders did on that night. So I think I speak
6 for everybody in the room when I say that. And I also --
7 AMR was also a first responder that night, so to them as
8 well.

9 So let's get back to Wickenburg.

10 MR. BELANGER: Could we call up 183, Your
11 Honor? And that is an already admitted exhibit, I
12 believe. It's Community 183.

13 BY MR. BELANGER:

14 Q. And those are the -- the map of all the Dignity
15 facilities that are in Maricopa County at the moment. Do
16 you see that?

17 A. Yes.

18 Q. Okay. And then 186, this is the -- I can't
19 remember the gentleman's name. I think it was Beery that
20 testified regarding the drive time from all of your
21 suboperation stations.

22 A. Yes.

23 Q. 186 reflects the drive time. Do you see that?

24 A. Yes.

25 Q. Do you know how long it takes for an ambulance

1 with no traffic -- let's assume it's 2 o'clock in the
2 morning -- to go from the Dignity Westgate facility to
3 Wickenburg just driving?

4 A. If I had to give an estimate, it would probably
5 be about 50 miles away, so I would probably say it's
6 probably 45 minutes, 50 minutes.

7 Q. 45 to 50 minutes.

8 In that Dignity Health Response Time ALL
9 ZONES, that's -- Wickenburg is significantly outside of
10 the response times set forth in that Exhibit 186, isn't
11 it?

12 A. No. According to the map there, Wickenburg would
13 be within the -- my understanding is, if I can see it,
14 Wickenburg would be within the distance from that
15 Westgate.

16 Q. Really?

17 A. Where is Wickenburg -- Wickenburg on that map?

18 Q. It's not on that map.

19 A. Oh, then you're right. Yes.

20 Q. So allowing -- as a collaborative effort,
21 allowing Life Line to take the transports that are in the
22 Wickenburg area, based on a 30-minute response time for an
23 urgent call, your ambulance sited at Westgate suboperation
24 station couldn't make it within 30 minutes, could it?

25 A. That's correct.

1 Q. And if that -- if that ambulance was deployed
2 elsewhere because of a call, it -- it would take even
3 longer to get to Wickenburg from the suboperation stations
4 at which you propose to post ambulances, wouldn't it?

5 A. Depending where the ambulance was.

6 Q. Well, let's assume that it's any of the
7 suboperation stations in that green map. What's the --
8 what's the blue one in central Phoenix? Is that
9 St. Joe's?

10 A. St. Joe's.

11 So yeah, Westgate, St. Joe's, and then it
12 would be Chandler. And then Mercy Gilbert is the -- is
13 the fourth.

14 Q. 2 o'clock in the morning from St. Joe's, how long
15 do you expect it would take to drive to Wickenburg?

16 A. My comment was is that depending on where the
17 ambulance was. So if they happened to be farther north on
18 a call -- You know, those 30-minute maps are kind of --
19 if you will, 30 minutes from wherever that ambulance is if
20 it's available, so if they happen to be north farther,
21 then they would actually be closer to Wickenburg.

22 Q. Right.

23 A. If it's farther south, then you're right. If all
24 units were not close to it, then yes, they would not be
25 able to -- be able to have a quick response there.

1 Q. Okay. So if it happened to be up in the
2 northwestern edge of that green map that you can see and
3 it was finished and it had restocked and everything else
4 and it was deployed to Wickenburg, it could probably get
5 there within 30, 35 minutes?

6 A. Depending where it's at, yes.

7 Q. Would you be expecting it to deploy from anywhere
8 other than a Dignity facility?

9 A. At the very beginning, we planned -- started at
10 those post locations. But this is a dynamic thing. But
11 my partner's going to -- he's the operation side. He's
12 the one that's going to talk more about this stuff.
13 But -- That's his expertise.

14 But it's basically a very fluid and dynamic
15 thing. We -- we set up the post -- not post -- but
16 sub-base stations. And then from there, we'll just adapt
17 and grow. But he'll -- he'll be able to explain more
18 about that.

19 Q. We're going to talk a little bit later about
20 plans to adapt and grow commensurate with market
21 conditions and the like.

22 But based on -- with the information that
23 you've submitted to the Department right now, you have
24 four suboperating stations?

25 A. That's correct.

1 Q. And in terms of the response times for an urgent
2 transfer, based on suboperation stations, you could not
3 get there within 30 minutes if it left from a suboperation
4 station Westgate or any of the suboperation stations east
5 of Westgate?

6 A. That's correct. If everybody was at a
7 substation, they would not be able to make that time.

8 MR. BELANGER: Could we -- In the DHS
9 Exhibit 1, Your Honor, there's a map. And I believe
10 it's -- Where are my maps? There's a map of the proposed
11 Community Ambulance service area.

12 MS. HOFMEYR: 67.

13 MR. BELANGER: Is it page 67 of 1? That's
14 it.

15 BY MR. BELANGER:

16 Q. If you look at the northeast corner of your
17 proposed service area, see that?

18 A. Yes, sir.

19 Q. And then there's -- there's a road that's
20 designated 101. Do you see that on the map? It's,
21 like --

22 MR. BELANGER: Yeah, there it is.

23 BY MR. BELANGER:

24 Q. The judge has her pointer on it right now.

25 A. Yes, sir.

1 Q. Do you see that?

2 MR. BELANGER: If we could go back to 183
3 briefly.

4 BY MR. BELANGER:

5 Q. I don't see any Dignity facilities east of the
6 101, do you?

7 A. No, I don't.

8 MR. BELANGER: So let's go back to the map
9 that we were just looking at, page 67 of Exhibit 1.

10 BY MR. BELANGER:

11 Q. Do you see that area in the upper right-hand
12 corner of Maricopa County where the judge's arrow is?

13 A. Yes, sir.

14 Q. Yesterday you said that for purposes of allowing
15 Life Line to maintain financial viability in the area of
16 Northwest Maricopa County, you would allow them to take
17 that limited number of interfacility transports in that
18 area. Who do you propose will do those in the northeast
19 portion of Maricopa?

20 A. As far as a rural, we will split out the --
21 separate out between rural and urban. Anything that's
22 considered rural, we would anticipate that the people --
23 the agencies that are running those CONs, that are running
24 those 911 calls in those areas would take those -- those
25 calls.

1 Q. I'm not talking about 911 calls. Because you
2 can't do 911 calls, correct?

3 A. Let me clarify. If they're taking 911 calls and
4 they have that area, we would let them take the non-911
5 calls in those rural areas because we understand it's
6 important for them to have that volume.

7 Q. How many -- Have you done any kind of assessment
8 other than the informal assessment you discussed
9 yesterday? Have you done any kind of assessment of the
10 number of interfacility transports that are generated east
11 and northeast of the 101?

12 A. I have not done any kind of analogy or analysis
13 of that.

14 Q. It didn't come up in your informal conversations,
15 the potential number of transports that would be out
16 there?

17 A. This is a rule of thumb. This is a concept that
18 we've -- Anything that's been declared a rural area, we
19 would want whoever is that 911 provider to take care of
20 the 911 calls.

21 Q. What if the 911 provider doesn't have an
22 interfacility transport?

23 A. Capability?

24 Q. Capability.

25 A. Well, that's why we would like to get -- have the

1 ability to go up to back them up in that system.

2 Q. But that's -- If you look at the drive time maps
3 that you've established from your various suboperation
4 stations, they pretty much -- and the 30-minute mark
5 pretty much ends at the 101. So you would not be able to
6 respond to an urgent transport -- For example, in an
7 interfacility transfer, you would not be able to respond
8 within 30 minutes, correct?

9 A. Again, that's making the assumption that the
10 ambulances are at those substations. If they're driving
11 back from a hospital, if they happened to be up north,
12 then that circle -- that 30-minute response would be well
13 within that time, if that's the case.

14 Q. You propose to have six ambulances?

15 A. Six current, yes.

16 Q. Right.

17 And four in operation at any one time?

18 A. Five.

19 Q. Right.

20 A. Well, my partner's going to talk more about that.
21 But we're probably going to use up to five ambulances in a
22 day, but we'll have our sixth one is our backup for --

23 Q. We -- we can get into that in a little bit.

24 Your drive time areas, based on your
25 suboperation stations, show that you would not be able to

1 respond to anything east of the -- east/northeast of the
2 101 within 30 minutes?

3 MR. MURPHY: Objection, Your Honor.

4 MR. BELANGER: From the suboperation
5 stations.

6 MR. MURPHY: You're -- I just want to
7 clarify time of day. These maps are
8 high-traffic-impedance rush hour times, so it depends what
9 time of day and the nature of the call. That's not clear
10 from the question.

11 ALJ EIGENHEER: Okay. So these are
12 calibrated to 30-minute rush hour --

13 MR. BELANGER: Rush hour.

14 ALJ EIGENHEER: -- times?

15 BY MR. BELANGER:

16 Q. So let's assume it's rush hour. Could you get
17 there?

18 A. Again, we're making the assumption that they're
19 at the substation, not floating around. Again, this is
20 what my partner talks about. This is his expertise, not
21 mine.

22 Q. You signed the application, correct?

23 A. That's correct, sir.

24 Q. Did you review the information in the application
25 before it was submitted to the Department?

1 A. Yes, sir.

2 Q. Did you try and make yourself informed regarding
3 the information that was in the application prior to it
4 being submitted to the Department?

5 A. Yes. As best I could.

6 Q. Look at the --

7 MR. BELANGER: If we could go back to the
8 map, which is DHS Exhibit 167, page 67, Your Honor.

9 BY MR. BELANGER:

10 Q. Do you see that area -- the large chunk of area
11 down at Gila Bend?

12 A. Yes, sir.

13 Q. There no --

14 MR. BELANGER: If we go back to map 183 --
15 Exhibit 183, Your Honor.

16 BY MR. BELANGER:

17 Q. Any Dignity facilities down and around there?

18 A. None.

19 Q. Who do you propose, based on your collaborative
20 efforts with the other CON providers in the market, that
21 you would allow to take those interfacility transports, if
22 any, that are generated in that area?

23 A. We would have to look at that and evaluate
24 what -- the collaborative relationships, if that was the
25 case.

1 Q. Do you have any idea how many interfacility
2 transports are generated out of that portion of Maricopa
3 County?

4 A. No, sir.

5 Q. Probably a pretty small number, though, wouldn't
6 you agree?

7 A. I have no idea.

8 Q. It's largely an Indian reservation, Native
9 American land. Actually, beautiful land in the mountains,
10 the Estrellas, but it's largely uninhabited.

11 A. Okay.

12 Q. Would you agree there would be very few
13 interfacility transports that would be generated out of
14 that Maricopa County?

15 A. If there's no facilities, it -- it would be very
16 few interfacility transports, yes.

17 MR. BELANGER: If we could call up DHS
18 Exhibit 12, Your Honor.

19 BY MR. BELANGER:

20 Q. And I want to talk about the relationship between
21 Community Ambulance and Dignity. We talked a little bit
22 about this yesterday, but I want to speak about it again a
23 little bit today.

24 In Arizona, based on your application and
25 your projections in your ARCR, Community Ambulance expects

1 to capture close to 100 percent of the referrals for
2 ambulance transports that are generated by Dignity or
3 Dignity-related facilities. Isn't that correct?

4 MR. MURPHY: Objection, Your Honor, to the
5 term "referrals."

6 ALJ EIGENHEER: I think that's --

7 MR. MURPHY: It doesn't refer -- transports.
8 There's been testimony physicians are the ones that order
9 the transport.

10 ALJ EIGENHEER: I think that was the term
11 you used yesterday, correct?

12 THE WITNESS: No.

13 ALJ EIGENHEER: No?

14 MR. BELANGER: It was a term I used with
15 him, Your Honor --

16 ALJ EIGENHEER: Okay.

17 MR. BELANGER: -- in terms of Dignity
18 transports.

19 So we'll -- That's fine.

20 BY MR. BELANGER:

21 Q. It's your expectation in Arizona that you -- or,
22 that Community Ambulance will capture close to 100 percent
23 of all of the transports generated from a Dignity facility
24 or a Dignity-affiliated facility in Maricopa County.
25 That's correct, isn't it?

1 A. Not just -- You know, we keep referring back to
2 facilities. This is a global across the board in Maricopa
3 County, every zip code in Maricopa. I mean, it's all
4 patients, so those are the -- That's what we're trying to
5 target is the 1,300 -- 13 -- the number of transports is
6 because of the number of patients there are.

7 Q. Even better, you expect to capture anybody
8 that's -- what you referred to yesterday as a Dignity
9 patient or that -- a transport that's generated from a
10 Dignity facility, correct?

11 A. Not just a Dignity facility, but a Dignity
12 patient, yes.

13 Q. So it's even broader than those generated from
14 Dignity facilities. It's anybody that's a Dignity
15 patient, as you defined that term yesterday?

16 A. It's anybody that's under the care of a Dignity
17 facility at all, because they're a Dignity patient. But
18 that could be anywhere in Maricopa County, not just a
19 facility.

20 Q. Your expectation is Community Ambulance will
21 capture a hundred percent of those transports or close to
22 a hundred percent of those transports, correct?

23 A. The anticipation is that we would collect -- The
24 number that we ascertained, that would be the number of
25 transports that we would --

1 Q. Is that a yes?

2 A. -- look for the first year, so yes.

3 Q. That's a yes?

4 A. As far as the patients that we're going to
5 transport, the plan is, yes.

6 Q. And there's been testimony -- And you've been
7 here the entire hearing. I know some people have said
8 they didn't listen to people that were testifying. My
9 guess is you listened to everybody that was testifying.
10 Am I incorrect in that assumption?

11 A. For the most part, I was trying to --

12 Q. There's been testimony that there's somewhere
13 between 11,300 and 18,500 transports generated from
14 Dignity facilities in a given year. Do you remember that
15 testimony? It's gone back and forth a little bit.

16 A. Yes, sir.

17 Q. Okay. And one of the things that Dignity has
18 said that Community Ambulance will be able to do is
19 provide better reporting on determining a very accurate
20 number of transports generated from Dignity facilities
21 where Community Ambulance actually does the transport. Do
22 you remember Mr. O'Malley saying words to that effect?

23 A. Something to that effect, yes.

24 Q. Okay. How many -- how many transports -- how
25 many of the Dignity transports that are generated in the

1 areas that Community Ambulance serves in Nevada -- what
2 percentage of Dignity transports do you capture?

3 Community Ambulance, not you.

4 A. I have no way of knowing that number.

5 Q. Isn't that part of the reporting information that
6 would be important for Dignity to know regarding its
7 transport evaluation in Maricopa County?

8 A. You're referring to southern Nevada. In southern
9 Nevada, we don't have an exclusive agreement even in
10 southern Nevada, and so other competitors -- AMR,
11 MedicWest -- can come in and do transports at any of their
12 facilities. So I have no -- I have no way of knowing what
13 the percentage -- what we take of the total.

14 Q. So you're -- you're telling us that even though
15 Dignity is a 50.1 percent owner of Community Ambulance and
16 they're counting on you to provide better record-keeping
17 than they say that they're getting in Maricopa County
18 today, you have no idea of the number or the percentage of
19 transports that Community Ambulance does that are
20 generated by Dignity or Dignity-related facilities in your
21 service areas in Nevada?

22 A. Yes. To clarify, I can tell you exactly what
23 transports we do. I can give response times, arrivals. I
24 can give all that for the transports we do, but I do not
25 know what the total number is to give you the percentage

1 of what we do.

2 Q. How many transports do you do -- Community
3 Ambulance -- in Nevada for Dignity or Dignity-related
4 facilities?

5 A. I would have to go back and look at the reports,
6 but it's roughly about 18 a day.

7 Q. About 18 a day?

8 A. Yeah.

9 Q. In terms of net revenue that's generated by the
10 partnership between Dignity and Community Ambulance,
11 Dignity is a 50.1 percent owner of Community Ambulance --
12 or, the entity that I'm referring to as Community
13 Ambulance. Is that correct?

14 A. That is correct.

15 Q. And they, as a result of that -- To the extent
16 there's net revenue, do they get a distribution of
17 50.1 percent of the net revenue?

18 A. Yes, they do.

19 Q. You under- -- Would -- would you agree with
20 me -- You're a businessman. You're familiar with
21 contracts and the operation of businesses, correct?

22 A. I do my best.

23 Q. Would you agree with me if Dignity -- if it was a
24 50.1 percent owner of Community Ambulance, that it's
25 financially incentivized to make sure that you capture as

1 many transports as possible?

2 A. The incentive in all of our board meetings is to
3 make sure that we were profitable as far as -- that we
4 could pass -- we're not in the negative, but we're above
5 it, but that they -- it's all for patient care. And what
6 we need to do is for quicker responses, make sure that we
7 have timely responses, good patient care, and the patients
8 are comfortable. And even to that point, they have --
9 they haven't even received -- There's no distributions
10 we've been given this past year. So it's not a
11 money-driven proposition.

12 Q. That's really not my question.

13 My question is if they're entitled to 50.1
14 percent of the net revenue from the operations of
15 Community Ambulance, would you agree with me that they're
16 financially incentivized to direct as many of those
17 transports as they can to Community Ambulance?

18 MR. MURPHY: Foundation objection.

19 BY MR. BELANGER:

20 Q. You're a businessman. You understand the concept
21 of financial incentivization, right?

22 A. I guess that's where I'm having -- The hang-up
23 is on "incentivized." That's not the incentive of this.
24 This is for patient care. This is for being a quick
25 response, have good care for the patient, make sure they

1 have a timely, good experience from that transfer, if they
2 have to go from one hospital to another. It's that whole
3 experience is what's -- that's what motivates it. It's
4 not about if they're going to make a dollar on it. This
5 is -- this entity is nothing to what the bigger picture is
6 for Dignity Health --

7 Q. If Maricopa Ambulance --

8 THE COURT REPORTER: I'm sorry.

9 MR. BELANGER: I'm sorry, Your Honor. I
10 mean --

11 THE COURT REPORTER: I didn't hear.

12 MR. BELANGER: I'm sorry. My bad.

13 BY MR. BELANGER:

14 Q. Were you finished, Mr. Richardson?

15 THE WITNESS: Where did I leave off?

16 (The record was read by the court reporter
17 as follows:

18 ANSWER: This entity is nothing to what the
19 bigger picture is for Dignity Health --)

20 THE WITNESS: It's for the patient
21 experience.

22 BY MR. BELANGER:

23 Q. If Maricopa Ambulance were able to perform the
24 same or as good a level of service as Community Ambulance,
25 and Dignity had the choice between Community Ambulance or

1 Maricopa Ambulance, would you agree that based on the
2 availability of net revenue to Dignity, that there would
3 be at least some incentive to make sure the transport went
4 to Community Ambulance?

5 MR. MURPHY: Objection. Foundation.

6 ALJ EIGENHEER: Overruled.

7 You may answer the question.

8 THE WITNESS: To your question, I -- I -- I
9 think if you -- if Maricopa Ambulance provided great
10 service and things, I think that would be a great
11 collaborative relationship to have to be able to -- to
12 share those transports and make sure that the patient
13 received a timely and quick response and good care. The
14 difference is that we have a relationship of shared values
15 and common values, so I don't -- we feel we have a target
16 and experience of hitting a higher mark, if you will, to
17 make sure we do things as best we can for the patient,
18 first and foremost, before any bottom line is evaluated.

19 BY MR. BELANGER:

20 Q. I understand all that, Mr. Richardson.

21 But you would agree that there's a financial
22 incentive to make sure their majority-owned entity gets
23 the transport because the net revenue will be coming back
24 to them? That's the basic little premise. Even if it's
25 only an inkling, you agree that there's some financial

1 incentive to make sure that Community Ambulance gets the
2 transport and not AMR or Maricopa Ambulance from whom they
3 will receive no remuneration?

4 A. I'm not trying to be argumentative, but I would
5 disagree with that. It's not the incentive on this
6 operation.

7 Q. Is Dignity -- If you get the CON, is Dignity
8 going to do a competitive bid with all of the CON service
9 providers in Maricopa County or are you pretty much
10 guaranteed to get all of the transports that Dignity has
11 the ability to control?

12 A. I can't speak for Dignity Health if they do an
13 RFP. But I can tell you that we look for -- If we were
14 given this opportunity, we would look for collaborative
15 relationships with all the CONs that are in this room to
16 be able to have a collaborative relationship to make sure
17 we take care of patients in a timely and efficient manner.

18 Q. You heard Mr. O'Malley testify that if you get
19 the CON -- or, if Community Ambulance gets the CON, he
20 expects Community Ambulance to do all of the transports it
21 can for Dignity. Did you hear him speak to that effect?

22 A. I think what the intent there is that we would --
23 we would have the intent to go after the 11,315 that we
24 start with, that we would be that focused to be able to
25 capture as many of those as we can for a timely response.

1 But if we're not able to make a response, by all means, we
2 would reach out to our collaborative partners to make sure
3 we could make a good response. Kind of going with the map
4 we were talking about, if we couldn't make one, we would
5 want our collaborative partners to be able to respond and
6 take care of that patient.

7 Q. How many CON service providers are there in
8 Maricopa County that have the ability to provide the same
9 exact service that Community Ambulance does?

10 A. Can you clarify the same exact? Non-emergency --
11 I mean non-911 CONS?

12 Q. That have the -- Well, some of them actually
13 have the capability to do 911s in addition to
14 interfacility and convalescent transports. My question to
15 you is how many CON service providers exist in your
16 proposed service area that have the ability to provide the
17 same exact services that Community Ambulance has applied
18 for?

19 A. I wouldn't feel comfortable answering the
20 question. To know the same exact, I'd have to go look at
21 that and review it.

22 Q. Are you hopeful that if you get a CON in Maricopa
23 County, that Dignity will refer -- will provide you or
24 refer you all of the transports that it has the ability to
25 direct to Community Ambulance?

1 MR. MURPHY: Objection, Your Honor. The
2 word "referral" is misleading with respect to Dignity
3 Health.

4 ALJ EIGENHEER: Please rephrase.

5 BY MR. BELANGER:

6 Q. Are -- are you hopeful that the universe of
7 transports that Dignity has the ability to direct in
8 Maricopa County will come to Community Ambulance if you
9 get a CON?

10 A. I would hope that the intent of the Community
11 Ambulance is to be laser-focused on taking care of our
12 partner -- I mean not only our partners, our contracted
13 partner with Dignity Health, that we would take care of
14 that customer like anybody else.

15 Q. Is that a yes?

16 Is that a yes?

17 A. I think that we would try to take care of every
18 call they had. If not, we would do it with collaborative
19 partners.

20 Q. You're not expecting, if you get a CON, that
21 Dignity's going to say "You know what? We're glad that
22 you're here, but we're not going to give you any
23 transports"?

24 A. I think the extreme is not any versus all of
25 them. For example, southern Nevada, we do not capture a

1 hundred percent of Dignity Health patients. AMR comes
2 into San Martin. They come into Siena. They come into
3 de Lima. I mean, it's -- They're not exclusive
4 contracts. But now, we have a focus to take care of any
5 needs that they have and try to do the best job we can to
6 try to take care of the core, but it's not exclusive.
7 They use other providers.

8 Q. That would be the competitive -- the competitive
9 angle that -- Well, we'll get into that in a little bit.

10 Arrival times. Yesterday you testified that
11 you would agree to abide by Department arrival times for
12 interfacility transports.

13 A. Yes.

14 Q. Do you have any idea what the -- what the
15 Department even has mandated response times for
16 interfacility transports?

17 A. I briefly reviewed. I think it's somewhat
18 comparable to what we have already have -- that we've
19 already agreed to, but I would have to review that
20 document again.

21 Q. So you don't know. Your answer -- your answer is
22 you don't know?

23 A. I would have to review it.

24 Q. Okay. Well -- so the guidance document provides
25 that there's -- for interfacility transfers, if you go

1 to --

2 MR. BELANGER: I think it's page 5 of 5,
3 Your Honor.

4 BY MR. BELANGER:

5 Q. Non-urgent transfers is scheduled at least one
6 hour in advance. Do you see that?

7 A. Is in the check for the response time or just the
8 definition or -- I'm not sure I follow the question.

9 Q. Are you familiar with the guidance document that
10 was put up by the Department for purposes of applying for
11 a CON?

12 A. These are the definitions?

13 Q. Yeah.

14 A. I'm sorry. I misunderstood your question.

15 Q. Do you believe that the -- Do you know -- maybe
16 you don't know -- whether or not the Bureau actually has
17 imposed arrival times for non-urgent and urgent
18 interfacility transports?

19 A. In the recent revision, I understand that they
20 added those on to it, yes.

21 Q. So look at -- look at the exhibit that's on the
22 wall. It's the guidance document. I believe it's DHS-15.
23 There are no mandated arrival times in that document, are
24 there?

25 A. Is this the latest version?

1 Q. This is the latest version of the guidance
2 document that's published by the Department and the Bureau
3 for purposes of persons who are applying for a CON. These
4 are the kinds of things you need to take into account and
5 prove and establish before you're given a CON. This is --
6 this is a definition of arrival times.

7 A. Okay. We'll comply with those.

8 Q. Yesterday you said you'd be willing to commit to
9 arrival times for interfacility transports. Are you
10 prepared to tell us today what you're willing to commit
11 to?

12 A. I'll -- I'll commit to what we agree to do. I'll
13 commit to the -- Yes, I did say that we'll adhere to this
14 guidance, and we'll put those terms in and put them in
15 our -- our agreement.

16 Q. Okay. So you understand that the only two CONs,
17 I believe, in existence in Arizona -- and I could be wrong
18 about that -- that have mandated interfacility arrival
19 times are the CONs for AMR and Maricopa Ambulance? And if
20 I'm incorrect about, I'm sure Kevin will let me know. Do
21 you understand that?

22 A. Then in our proposed one, we had arrival times in
23 there as well.

24 Q. Right. In the proposed contract that you had
25 with Dignity.

1 A. That's correct.

2 Q. Do you know how the Bureau evaluates arrival
3 times?

4 A. I'm sure that you'll let me know.

5 Q. Well, you're applying for an interfacility
6 transport CON in Arizona.

7 A. It's from the moment -- In my -- my opinion,
8 it's from the moment that we receive a call to the moment
9 you arrive on scene for urgent.

10 Q. So you receive a call. You believe it should be
11 an immediate transport. You're immediately dispatching an
12 ambulance?

13 A. For an urgent response, yes.

14 Q. Do you realize you did not apply for a CON to do
15 immediate transports?

16 A. There's a difference between a -- Yes, immediate
17 is for 911. So there's a difference in the language
18 terminology, whether it's immediate at the check-off box.
19 911 -- We're non-911 for responses, non-911 interfaci- --
20 for interfacility and convalescent, but you can run
21 urgently to those calls on a non-911 basis. Just because
22 you access an emergent call on a 911 -- You have emergent
23 ones you go lights and sirens and you go non-lights and
24 sirens. On a non-911 system, you can go urgently to a
25 call and respond lights and sirens and non-lights and

1 sirens.

2 Q. So -- I'm sorry.

3 A. In our contracts that we have set up is that we
4 have urgent response -- I want to make sure my partner
5 does this part of it. But there's immediate responses
6 where we run it immediately right when we get the call.
7 We arrive within 30 minutes on those calls.

8 MR. BELANGER: Can we call up CA-17, Your
9 Honor? Section 29 of that contract.

10 BY MR. BELANGER:

11 Q. "Urgent Ambulance Service" definition. Could you
12 read that?

13 A. "Urgent Ambulance Service. Patients with an
14 unstable condition, requiring a higher level of care and
15 intervention. Response must be immediate and arrive
16 within 30 minutes, zero seconds of the requested
17 at-the-bedside time from a licensed healthcare facility."

18 Q. Do you know what that means in terms of the
19 Bureau's evaluation of arrival times under that
20 definition?

21 A. I can't speak for the Bureau. But I can tell
22 from our side that we receive a call; I'll be there within
23 30 minutes.

24 Q. Is that what you're going to prepare to agree to
25 today as part of a CON, if you're granted one? That you

1 would agree from the immediate receipt of the call, that
2 you would be there within 30 minutes?

3 A. By all means.

4 Q. So with this right here, do you understand that
5 the interfacility call in the Bureau's parlance -- and
6 I've made an objection because I'm not quite sure if
7 that's accurate under the regulations. But in the
8 Bureau's view, that an emergent ambulance service
9 transport is a scheduled transport?

10 A. You know, this is the part that I think there's
11 some confusion between terminology and language, so again,
12 I think I would defer this to -- we would work with the
13 Bureau to make sure that we have clear and concise
14 information between -- before we put it on our contract.
15 But that's what we would like to amend this -- to make
16 sure we're in line with what the Bureau has and their
17 intention. But our intention is if I get an urgent
18 request, we'll be there within 30 minutes.

19 Q. But you -- but you don't know whether that's how
20 the Bureau evaluates arrival times? You just don't know?

21 A. I -- I can't speak for that.

22 MR. BELANGER: In the guidance document, if
23 we could go to -- I think it's DHS-15, Your Honor. And
24 then if you could also call up briefly Maricopa Ambulance
25 CON. It's CA-43.

1 BY MR. BELANGER:

2 Q. This was the CON that was awarded to Maricopa
3 Ambulance in 2016. It was renewed in 2017. I don't
4 expect you have any familiarity with this document.

5 MR. BELANGER: But I'm going to offer -- I'm
6 going to offer it as an exhibit. I can do that through my
7 clients. I'm not sure there will be any objections, but
8 I'm going to offer Maricopa -- or, is it -- CA-43 into
9 evidence.

10 MS. FICKBOHM: No objection.

11 MR. MURPHY: No objection.

12 ALJ EIGENHEER: CA-43 is admitted.

13 MR. BELANGER: So if you could scroll down,
14 Your Honor, to that third page -- Here it is right here.

15 BY MR. BELANGER:

16 Q. Do you see where it says "Response Times"?

17 A. Yes, sir.

18 Q. And then paragraph 2, it says "Interfacility
19 Arrival Times"?

20 A. Yes, sir.

21 Q. "Arrive" -- for non-urgent, "Arrive within
22 60 minutes of the requested at-the-bedside pickup time on
23 90 percent of all non-urgent transfers from a licensed
24 healthcare facility." Do you see that?

25 A. Yes, sir.

1 Q. Do you know what that means?

2 A. It says you guys committed to arrive within
3 60 minutes, zero seconds, of the requested at-bedside time
4 90 percent of the time for non-urgent transfers.

5 Q. Okay. And you understand that that's a standard
6 by which the Bureau can evaluate performance, but any
7 individual CON holder can ascribe to do better than those
8 standards that are set forth in the CON. Do you
9 understand that?

10 A. Yes, sir.

11 Q. Would you expect -- And then if you look at the
12 next one -- it's 2b -- it talks about the 30-minute
13 arrival time for urgent transfers.

14 A. Can you repeat that again, please?

15 Q. Yeah. Just look at paragraph 2b of Exhibit 43.

16 A. Okay.

17 Q. Defines -- or, it sets forth the standard for
18 arrival times for urgent transfers.

19 A. Okay.

20 Q. Do you propose in your CON to have more stringent
21 standards than exist in Maricopa Ambulance's CON?

22 A. I don't know if we have contemplated to make it
23 more stringent or not.

24 Q. So that's something that you would have to
25 discuss and -- and deliberate with your partners to

1 determine exactly what arrival times you would commit to
2 in your CON?

3 A. I think what -- Probably the most important
4 thing would be is to make sure we're in line with the same
5 terminology the Bureau has. Then we would put our times
6 in there. But we have very strict guide- -- time lines
7 that we have currently. We propose to do the best,
8 so . . .

9 Q. The reason I ask the question is you said that in
10 order to join the -- one of the desires for Community
11 Ambulance to join the Uniform Rate Group is that you
12 wanted to be competitive with AMR and Maricopa Ambulance.
13 Do you remember saying that?

14 A. Yes.

15 Q. Would you propose to provide more stringent
16 response times in the CON -- If you're awarded a CON,
17 would you agree to put in more stringent arrival times
18 than are set forth in Exhibit 43?

19 A. That's the same question you asked, and I would
20 look at it, but it would be -- I don't know if it would be
21 more stringent, but it would be just as competitive.

22 Q. Okay. So you understand that in a contract,
23 like, for example, with Dignity, you can always commit to
24 greater response times or -- That's not the right word.
25 You can commit to, in a contract, more stringent response

1 times. Do you understand that?

2 A. I understand that.

3 Q. And you realize that the Department evaluates
4 those contracts to see if, in fact, there is a realistic
5 ability for you meeting those kinds of response times in a
6 contract? Do you understand that?

7 A. I understand that.

8 Q. You're not prepared to tell us today -- My guess
9 is you're going to get asked this at some point by the
10 Bureau, whether you'll agree to put in certain -- I may be
11 incorrect about that -- but whether you'll agree to put in
12 interfacility response times in your CON.

13 A. We'll have very aggressive response times, but
14 that's something my partner's going to be the one that
15 takes care of that on the operational side.

16 Q. My guess is, based on prior hearings, that you'll
17 be asked that prior to the end of this hearing.

18 A. Okay.

19 MR. BELANGER: So if we go to the guidance
20 document, Your Honor. If we could go back to page 1 of 5.

21 BY MR. BELANGER:

22 Q. You understand that CONs are -- are applied for
23 and potentially given in Arizona pursuant to a market that
24 is regulated by statute and regulation and overseen by the
25 Department of Health Services? Do you understand that?

1 A. Yes, sir.

2 Q. Do you understand that there's a difference
3 between a regulated market and a free market?

4 A. Yes, sir.

5 Q. So in other words, if you just wanted to come in
6 and set up an ambulance in Arizona, you couldn't do that.
7 You understand that?

8 A. Understand.

9 Q. If you look at the paragraph that says
10 "Certificate of Necessity" --

11 MR. BELANGER: I believe it's down a little
12 bit further, Your Honor.

13 BY MR. BELANGER:

14 Q. The first -- the first sentence, it's "A common
15 misconception . . . that the Statutes and Rules are . . .
16 designed to limit the number of ambulance services in
17 Arizona. That is not the case" Do you see that?

18 I'm sorry. Is there -- is there one that
19 would be better for you to read?

20 MR. BELANGER: Can you make that a little
21 bigger on the one he's looking at, Your Honor?

22 THE WITNESS: I'm not sure where that
23 language is at.

24 BY MR. BELANGER:

25 Q. It's right -- down right, "Certificate of

1 Necessity: A common misconception"

2 A. Yes, I see that.

3 Q. So basically, it's saying the Department isn't
4 here to protect turf for existing CON holders, but you
5 understand that it does have a duty to make sure that
6 existing CON holders continue to have the financial
7 capability to perform all of the services called for under
8 their CON. You understand that?

9 A. I think it creates a provision to make sure that
10 they're financially viable and they receive enough volume
11 to stay -- It does not protect the territory; you're
12 right.

13 Q. Okay. So if you go down to the second sentence
14 that starts with "However" under Certificate -- it says,
15 "However, the Statute and Rules do establish a requirement
16 that anyone seeking to start an ambulance service, or
17 expand" -- but in your case start -- "must be able to
18 demonstrate that there is a public necessity for the
19 proposed service and ensure that protections are in place
20 for citizens living in rural areas."

21 A. That's correct.

22 Q. What are the protections that you propose to
23 protect citizens living in rural areas?

24 A. What we talked about previously is that whoever
25 the providers in those rural areas are that are providing

1 the services, they would continue to provide those
2 services, and we would not do anything to interrupt that.
3 We're sensitive to that. We want them to continue that.

4 Q. What if Dignity put a 14-bed hospital or 30-bed
5 hospital in Wickenburg and it generated -- I don't know --
6 some substantially greater number of transports than you
7 said existed in that area yesterday? Would your
8 expectation be that Community Ambulance would then provide
9 an ambulance to service those interfacility transports?

10 A. You know, things change, and we'd look at it.
11 But if it's a rural area, we would stick by what we said,
12 that whoever is providing the services in that area would
13 provide the services in those areas.

14 Q. So you would just acquiesce even though Dignity
15 has said that they want you-all to do these transports?
16 You're stating today that if they did put a hospital out
17 there, probably 20 or 20 -- whatever it is -- you'd --
18 you'd just tell Dignity, "We're not going to do those
19 transports"?

20 A. I wouldn't say we wouldn't do those transports.
21 We would let the provider who's providing services out
22 there to continue what they're doing. We would also be a
23 backup if they possibly couldn't. If there was a patient
24 sitting there for not just one hour, but two hours, four
25 hours, six hours, we would then have the capability to go

1 up and take care of that patient. That's what we would
2 propose.

3 Q. Why did you not exclude those areas, then, if
4 you're concerned about protecting the financial viability
5 of persons like Life Line in the Northwest Valley -- why
6 didn't you exclude those areas and -- and allow them to
7 actually have the license to be able to do that business
8 without concern if -- that you would come in and -- or
9 what is pejoratively known in the business cream skim?

10 MR. MURPHY: Objection, Your Honor.

11 BY MR. BELANGER:

12 Q. You know what cream skimming means, don't you,
13 Mr. Anderson -- Mr. Anderson -- Mr. Richardson, you know
14 what that term means?

15 A. I know what some people consider it to be, yes.

16 Q. Did you hear Mr. O'Malley's definition of it?

17 A. I heard his definition.

18 MR. BELANGER: I'll strike that question,
19 Your Honor.

20 BY MR. BELANGER:

21 Q. Why didn't you exclude those areas -- If you
22 were concerned about the viability of the entities that
23 were serving the rural areas already, why didn't you
24 exclude them from your CON?

25 A. I stated before we are sensitive to the

1 caregivers that are in those rural areas to be able to be
2 viable and continue doing what they're doing. If they're
3 willing to go up and take care of that 911 system -- they
4 need the non-911 system to be supportive of their system,
5 we will honor and we respect that. But if a patient is
6 sitting up there for four hours, six hours, eight hours
7 and that provider either needs us to come up or -- we
8 could come up and take care of that patient. The patient
9 shouldn't have to suffer for six, eight hours waiting to
10 be transported. We would be able to take care of that
11 patient. Other than that, if the provider could do it,
12 they can take care of that call.

13 Q. Talking about Dignity patients or any patient
14 now?

15 A. We're talking about the Dignity patients -- what
16 you're referring to as a Dignity patient call.

17 Q. Did you hear Mr. O'Malley say that -- and I can
18 quote you from the transcripts that have been provided to
19 us by the court reporter. But he said basically that he
20 thought the benefit to kind of rural service areas was
21 that Community Ambulance could devote its time and
22 resources to the interfacility transports of Dignity into
23 Maricopa County and that, therefore, the 911 providers and
24 the others would not be pulled off their ability to serve
25 those areas. Do you remember him saying that?

1 A. I don't remember that.

2 Q. Do you remember DHS Exhibit 12 where it said that
3 because Community Ambulance will not be doing 911
4 transports, essentially -- oh, there it is -- we believe
5 your bad debt will come in lower because you're not going
6 to be doing those 911 transports? Do you see that?

7 A. I see where I -- we believe that bad debt will
8 come in lower due to not being a 911 provider and the
9 clients are known to us with a better personal health
10 information than a 911 transport.

11 Q. Is that something that could be considered cream
12 skimming?

13 A. I don't believe that's cream skimming.

14 Q. Taking transports that you know would have a
15 higher opportunity for remuneration in lieu of 911
16 transports where you might not receive any compensation at
17 all?

18 A. Can you rephrase that or read --

19 MR. BELANGER: Can you read that back?

20 (The record was read by the court reporter
21 as follows:

22 QUESTION: Taking transports that you know
23 would have a higher opportunity for remuneration
24 in lieu of 911 transports where you might not
25 receive any compensation at all?)

1 THE WITNESS: If I'm understanding your
2 question correctly, it's doing -- you're comparing 911
3 versus non-911 as far as compensation or remuneration? Is
4 that what you're saying?

5 BY MR. BELANGER:

6 Q. Yeah.

7 A. Definitely 911 has a risk of care mix that is
8 unknown. You can transport a hundred people one day and
9 depending on your payer mix, you can have a whole barrage.
10 But if you have 911 responses that are all insurance, you
11 did very, very well that day. That's the gamble of the
12 911.

13 Non-911, in our relationship, in our --
14 understand what a common values, we take all
15 interfacilities no matter what their ability to pay or
16 what their ability. So it is a -- We take all patients
17 no matter what, and then so our -- our debt ratio is -- is
18 not as well either. But there still is a marginal
19 difference between 911 and non-911.

20 Q. It's a significant margin of difference, isn't
21 it, Mr. Richardson?

22 A. I would say it's not significant anymore.

23 Q. You wouldn't?

24 A. No. It's -- there's stringent requirements that
25 Medicare has put on being necessary and everything else.

1 They're denying a lot more claims. That margin is getting
2 closer and closer, so it's not as significant as it used
3 to be back in the days as we remember decades ago.

4 Q. Decades ago.

5 Do you consider it a benefit to be able to
6 vet transports that you would be doing from Dignity to
7 know whether or not they would have insurance?

8 A. That's not even a consideration.

9 MR. BELANGER: If you go to page 3 of 5 of
10 the guidance document, Your Honor.

11 BY MR. BELANGER:

12 Q. Have you submitted a written plan to ensure -- if
13 you look at the top bullet point -- a written plan to
14 ensure that ambulance service will be maintained and
15 improved in rural communities and county islands?

16 MR. MURPHY: Objection, Your Honor. The
17 guidance document doesn't say "written."

18 ALJ EIGENHEER: Sustained.

19 BY MR. BELANGER:

20 Q. Have you submitted a written plan to comport with
21 the first bullet point of the guidance document?

22 A. We have developed an operational plan, if that's
23 what you're talking about.

24 Q. How does it ensure that rural communities and
25 county islands will receive ambulance service?

1 A. I think my partner's going to be talking about
2 that.

3 Q. If you look at the bullet points under
4 subparagraph A, in determining public necessity, you
5 agree, I think -- maybe you don't -- based on the
6 testimony that you've heard thus far, that there is ground
7 ambulance service in every part of the service area that
8 Community Ambulance proposes for the services it proposes
9 to do. Do you agree with that?

10 A. I believe I've heard that there's CONs that do
11 cover all Maricopa County.

12 Q. For the kind of services that you propose to do?

13 A. I believe that's what I've heard, yes.

14 Q. If you look at paragraph B --

15 A. Just to clarify, I think there was some
16 discussion about a carve-out in Surprise or something like
17 that that didn't have it, but I'm not sure if that's true
18 or not.

19 Q. Yeah, that testimony was regarding potentially
20 Maricopa Ambulance, but there were other --

21 A. Okay.

22 Q. -- service CON holders that have the ability to
23 service that area. But I don't want to testify. We'll
24 let the record reflect whatever it does.

25 Public necessity -- I'm going to try to find

1 this -- Where is it? Oh, there we go.

2 MR. BELANGER: I'm sorry, Your Honor. Go
3 back to page 2 of 5.

4 BY MR. BELANGER:

5 Q. The definition of public necessity "means an
6 identified population needs or requires all or part of the
7 services of a ground ambulance service." Do you see that?

8 A. No, I don't.

9 Q. You don't? Oh, I'm sorry. It's not up there
10 yet.

11 MR. BELANGER: I'm sorry. Your Honor, back
12 to page 2 of 5.

13 BY MR. BELANGER:

14 Q. See the definition of public necessity?

15 A. Yes, sir.

16 Q. All the testimony that we've heard thus far is
17 that the only identified population assessed by Community
18 Ambulance or by its -- or, by Dignity, its majority owner,
19 is that the identified population is Dignity and Dignity's
20 patients. Would you agree with that?

21 A. I believe what we've talked about the needs was
22 our contract with Dignity Health and their need throughout
23 all Maricopa County.

24 Q. So that's a yes?

25 A. That's -- that's their needs, yes.

1 Q. Your counsel filed a memorandum of law for this
2 hearing. I don't believe it's an exhibit. It's probably
3 not. But let me -- Do you -- do you know that they filed
4 a memorandum of law for purposes of this -- of this
5 hearing, Mr. Richardson?

6 A. In what context? For what?

7 Q. Well, the Administrative Law Judge --

8 MR. BELANGER: All of a sudden, my computer
9 went down. I'll figure it out in a second.

10 BY MR. BELANGER:

11 Q. The Administrative Law Judge required all of the
12 parties to this proceeding to file a statement of
13 applicable law, the law that would apply to this hearing,
14 and RBR filed a memorandum of law setting forth what it
15 believed to be the applicable law or the law that should
16 apply to this hearing. It's actually --

17 MR. BELANGER: Oh, excellent.

18 MS. FICKBOHM: 120, I think.

19 MR. BELANGER: Yeah, it's 120.

20 BY MR. BELANGER:

21 Q. And in --

22 MS. FICKBOHM: Oh, that's the wrong one.

23 MR. BELANGER: Is it 180?

24 MS. FICKBOHM: It's 121. Sorry.

25 MR. BELANGER: At page -- if you go -- It's

1 towards the end, Your Honor. I don't actually -- I have
2 it highlighted on mine, but my computer just went down. I
3 think it's out of the system.

4 MS. FICKBOHM: I think everybody's did.
5 Mine did too.

6 MR. BELANGER: Okay. It's right before the
7 very end. If you go up -- Right before the signature
8 line. Go back up. At 4.6. Back up. Right there.

9 BY MR. BELANGER:

10 Q. Did you have a chance to read this memorandum
11 before it was submitted by your lawyers? I'm not asking
12 about any attorney-client-privileged communications.

13 MR. MURPHY: Can we just show him the title
14 page so he can see the title page of the document?

15 MR. BELANGER: I'm sorry.

16 THE WITNESS: So this is the prehearing
17 memorandum, just everybody kind of giving their opening of
18 what basically what we're doing?

19 MR. BELANGER: Yeah. Yes.

20 BY MR. BELANGER:

21 Q. At 4.6, it indicates that Community Ambulance is
22 not alleging services provided by any intervenor are
23 substandard, as that term is defined by statutes and
24 regulations. Do you see that?

25 A. Yes, sir.

1 Q. Did you -- And I don't want to know what the
2 contents of the discussions were. But did you confer with
3 your lawyers about that topic? And that's a yes or no. I
4 don't know what the conversations were.

5 MR. MURPHY: Objection. Attorney-client
6 privilege.

7 MR. BELANGER: I don't know about that.

8 ALJ EIGENHEER: Overruled.

9 BY MR. BELANGER:

10 Q. It's a yes or a no. I don't want to know the
11 content of the conversation.

12 A. Yes.

13 Q. You understand that there is no allegation of
14 substandard performance by any of the intervenors at this
15 hearing. You understand that?

16 A. We made that statement. Can I explain why?

17 Q. Yeah. Go ahead.

18 A. It's because we just don't have sufficient
19 numbers to -- to know to be able to ascertain that, so
20 we're not making that claim.

21 Q. Do you know that substandard performance is
22 something that's evaluated by the Bureau?

23 A. Correct.

24 Q. Did you go to the Bureau and say, "This is
25 something that we're interested in. We'd like to get any

1 information you have regarding any of the people that are
2 intervening in this hearing"? Maybe you don't know
3 this -- about whether or not there's any allegations of
4 substandard performance.

5 A. I did not personally do that, but we have
6 EMS Advisors, a team that was looking into everything.

7 Q. So that was -- So as far as you know, the answer
8 is no?

9 A. All I know is I did not do that.

10 Q. Do you know if --

11 MR. BELANGER: If you go back up to the very
12 beginning of the memorandum, Your Honor, the legal
13 memorandum that was filed. Okay. Down a little bit, a
14 little bit. Let me -- This -- this would be easier if
15 the system hadn't gone down on me because I had all these
16 highlighted. So I'm having to read it now along with
17 everybody else.

18 ALJ EIGENHEER: Let me ask, did you log on
19 yesterday about this time? It might be that you need to
20 re-log on every 24 hours.

21 MR. BELANGER: Can we take a -- This will
22 go a lot faster if I could look at the documents that I've
23 highlighted, so if we could --

24 MS. FICKBOHM: And, Judge, I think there's a
25 problem with the Internet. I keep losing the connection.

1 It keeps kicking me off, and other people are nodding
2 they're having the same issue. I can't maintain a
3 connection to the exhibits.

4 MR. BELANGER: Yeah, it says I can't log
5 in --

6 MS. FICKBOHM: Kevin's nodding too. And so
7 is Jeff Meyerson.

8 MR. MEYERSON: I was kicked off.

9 ALJ EIGENHEER: Well, I'm connected to our
10 internal network, so I don't have any problems.

11 MS. FICKBOHM: Man.

12 ALJ EIGENHEER: That's okay. We'll take a
13 short recess. We'll go off the record at this time.

14 (A recess ensued from 9:38 a.m. to
15 9:54 a.m.)

16 ALJ EIGENHEER: We're back on the record.

17 MR. BELANGER: I'm sorry, Judge.

18 ALJ EIGENHEER: Go ahead.

19 MR. BELANGER: Go back to the memorandum of
20 law filed by RBR.

21 BY MR. BELANGER:

22 Q. If we go to page 3 -- bottom of page 3, it
23 indicates the Community Ambulance projects 11,315
24 transports per year. They're all Dignity Health patient
25 transports in Maricopa County. Do you see that?

1 A. Yes.

2 Q. This -- Also the top of page 4.

3 A. Yes, sir.

4 Q. And your counsel, in this memorandum, indicated
5 that that's a small percentage of the more than 300,000
6 annual transports for ambulance service in Maricopa County
7 reported in 2017. Do you see that?

8 A. Yes, sir.

9 Q. And then it says -- it's line 5 -- granting a CON
10 to Community Ambulance scarcely cuts into the existing
11 transport business of intervenors AMR and its affiliates;
12 MA, Maricopa Ambulance; and ABC. Do you see that?

13 A. Yes, sir.

14 Q. Do you see how that argument -- do you understand
15 that that argument is being made as -- to show that
16 there's some kind of de minimis financial impact on the
17 intervenors?

18 A. I read that as the 11,315 transports is a small
19 number compared to the total number of transports that are
20 taking place in Maricopa County.

21 Q. Okay. Do you understand the standards that you
22 have to prove here today in order to be able to get a CON?

23 A. I have a pretty good understanding with our
24 consultants, EMS Advisors, to ensure that they help us
25 through this process. I believe I understand that.

1 Q. Do you understand that one of the standards is
2 financial impact on -- on the existing CON holders?

3 A. Yes, I do.

4 Q. Do you understand that this characterization of
5 11,000 and change of transports that -- Dignity transports
6 that you would propose to be doing -- do you understand
7 that this argument -- or, this statement is being made in
8 order to show that there would -- potentially show there
9 would be some kind of de minimis financial impact on the
10 intervenors? Do you understand that?

11 A. I understand the gist of this is showing the
12 ratio is going to be small compared to the total number,
13 so it's going to have a smaller impact.

14 Q. Do you understand that cuts both ways in this
15 sense right here? On the one hand, there's the Community
16 Ambulance argument that "Hey, this is a drop in the
17 bucket. No big deal for anybody." But on the other hand,
18 from the intervenors who have CONs to provide
19 interfacility transports throughout the entirety of
20 Maricopa County in some instances and most of Maricopa
21 County in others, that they clearly have the capacity to
22 do this small number of transports? Do you understand how
23 that argument is equally applicable?

24 MR. MURPHY: Objection, Your Honor.

25 ALJ EIGENHEER: On what basis?

1 MR. MURPHY: First, he hasn't asked for a
2 factual answer. It's a legal argument that he's asking
3 him to agree with.

4 MR. BELANGER: It's his opinion of that
5 based on a standard that Community Ambulance is obligated
6 to provide evidence on in pursuing an application for a
7 certificate of necessity in Maricopa County.

8 BY MR. BELANGER:

9 Q. You're the president. You signed the
10 application. You're the CEO.

11 A. I understand that 11,315 transports is not going
12 to be that many compared to the total number of
13 transports, so we'll have not a big impact on the other
14 CON holders.

15 Q. You also -- if it's -- in your characterization
16 of it, it's not that big of a number, then it's a number
17 that could probably be easily accommodated by existing CON
18 holders? Do you agree with that?

19 A. Obviously, I have a client that -- Dignity Health
20 that feels they have a need -- the need -- a need that
21 needs to be met, and we're willing to come in and take
22 care of that need.

23 Q. Dignity Health's employees testified that
24 Maricopa Ambulance providing its transports has been
25 doing -- you heard that -- a fine job, no problems, for

1 Dignity, the Dignity transports, at least in the West
2 Valley. Did you hear that testimony?

3 A. Yes, I did.

4 Q. You heard that testimony begrudgingly from
5 Mr. Karger that AMR was -- in the East Valley was
6 performing fine, although there were some issues that he
7 wanted to work out. But the -- They were at least
8 performing -- the quotations -- he used was "fine." Do
9 you remember hearing him say that?

10 A. Yes, I do.

11 Q. You started off in 2007 -- Well, I'll get to
12 that in a minute.

13 And you also heard the testimony that all of
14 the transports that Dignity and Dignity-affiliated
15 entities -- that are currently being generated are being
16 accommodated by either -- interfacility transports by
17 either Maricopa Ambulance or by AMR? You heard that
18 testimony yesterday, right?

19 A. I heard they're being -- transports being done by
20 somebody, which would be either one of those CONs, but,
21 obviously, to a frustrating satisfaction.

22 Q. Yeah, Dignity -- Dignity has -- For example, in
23 an answer to a question by Mr. Ray -- he asked: "Would
24 you ever be able to satisfy a need with the existing CON
25 holders?"

1 And he said, "Well, not if we didn't have an
2 ownership interest and a relationship like we have with
3 Community Ambulance."

4 Do you remember him saying that?

5 A. I'm not sure I remember it like that, no.

6 Q. Okay. We've already talked about --

7 MR. BELANGER: If you go to the bottom of
8 page 5, Your Honor.

9 ALJ EIGENHEER: Of?

10 MR. BELANGER: Of the -- I'm sorry. Of the
11 RBR memorandum. Starting at line 18.

12 BY MR. BELANGER:

13 Q. One of Dignity Health's primary concerns, not --
14 not the public in Maricopa County, not the general public
15 that consumes ambulance services, but one of Dignity's
16 primary concerns is the timely and efficient movement of
17 its acute patients. Do you see that?

18 A. Yes, sir.

19 Q. You realize, as I said before, there's no
20 allegation of substandard performance by Maricopa
21 Ambulance or by AMR.

22 A. I think that was the reason, because -- not
23 sufficient data to be able to determine that. But I
24 understand too what you said about the Bureau decides
25 that.

1 Q. There's been no allegation of substandard
2 performance. So the flip side of that is -- And again,
3 if you don't understand what I'm about to say, you can
4 tell us that you don't understand it. The flip side of
5 that is that there will be no evidence offered to
6 establish that either Maricopa Ambulance or -- or AMR or
7 any other CON holder in Maricopa County has been providing
8 substandard performance, as those terms are defined and
9 regulated by the Department. You understand that?

10 A. I understand we've declared that -- we're not
11 declaring they're substandard in performance.

12 Q. You conceded that?

13 A. Yes.

14 Q. On page -- This is interesting. Well, I won't
15 get into that. Let's -- let's leave that alone.

16 MR. BELANGER: In the memorandum -- I
17 believe it's at page 15. Let me find it, Your Honor,
18 because, like I say, I have it highlighted here.

19 BY MR. BELANGER:

20 Q. There's a -- there's a statement to the effect --
21 let me -- it's at page -- that the Maricopa County --
22 Community Ambulance is proposing that its service area be
23 the entirety of Maricopa County, and there's a statement
24 in the memorandum that indicates that -- that the
25 intervenors -- at least the intervenors here do not have

1 the capability of covering the entirety of Maricopa
2 County. And, therefore, because of Community Ambulance's
3 proposed service area, that limitation -- that's a
4 limitation that would -- that Community Ambulance would
5 not have. I'm going to try to find the exact statement
6 for you so you can look at it.

7 Yeah, here it is. It's at the bottom of
8 page 15; 23, 24, 25 lines. "To the extent that
9 Intervenors provide interfacility and convalescent
10 transports, their CONs do not necessarily reach all of
11 Maricopa County." Do you see that?

12 A. Yes, sir.

13 Q. That's incorrect, isn't it?

14 A. I think some facts that have been brought up in
15 this hearing, that that would not be an accurate
16 statement, to my understanding.

17 Q. So that's incorrect, isn't it?

18 That's a yes?

19 A. I answered that, yeah.

20 Q. Are most of those areas rural areas, to your
21 knowledge?

22 A. I have no idea.

23 Q. You have no idea.

24 A. That was one of the determining things we were
25 having a little struggle with, what is declared to be

1 rural, what was urban. We were trying to look up
2 different maps on it, so we were making some assumptions
3 over rural. So I wouldn't be able to answer that question
4 of what I know is rural and what is not.

5 Q. That's all right. I'll leave that alone.

6 You started, in 2007, Community Ambulance
7 with three ambulances. Do you remember that testimony?

8 A. In 2010.

9 Q. Was it 2010?

10 A. Yes, sir.

11 Q. Okay. How many ambulances do you have today?

12 A. 33.

13 Q. When you expand, as a businessman, do you take
14 into account the need -- the proposed utilization of the
15 ambulance, whether or not there would be transports
16 available in order to justify adding an additional
17 ambulance to your fleet?

18 A. Of course.

19 Q. You assume that that same kind of analysis would
20 be done by the intervenors here. For example, if Maricopa
21 Ambulance were given a contract to provide transports to
22 Dignity in the East Valley, they would make, as you would
23 do, businesslike assessments as to the number of
24 ambulances that they would put into that area and how they
25 would deploy them. You would agree with that, wouldn't

1 you?

2 A. I can't speak to their business philosophies or
3 ideas, but I would imagine they would look at that and
4 evaluate that.

5 Q. That's what you would do, right? You -- you
6 wouldn't just put 15 ambulances out at the western edge of
7 Maricopa County and hope that you get calls for them. You
8 would do analysis to determine whether or not there's an
9 economic justification for placing those ambulances in
10 that area, wouldn't you?

11 A. Like I said, I would -- I would do an analysis,
12 yes.

13 MR. BELANGER: If we could go to -- I think
14 it's DHS Exhibit -- Well, we don't even have to do it,
15 Your Honor. It's DHS Exhibit 1. I can ask these
16 questions without that exhibit.

17 BY MR. BELANGER:

18 Q. Do you know what a mutual aid agreement is?

19 A. I know what we call it up in southern Nevada --
20 mutual aid. I think you just call them backup agreements
21 here.

22 Q. So -- Okay. You're the applicant for the CON in
23 Arizona. Do you know what it is, under the terms -- the
24 terminology in Arizona, what a mutual aid agreement is?

25 A. It's basically just an agreement between two

1 different CONs that would back each other up on their
2 respective CON responsibilities.

3 Q. Do you know if -- pursuant to an agreement like
4 that, if an entity, for example, didn't have the
5 capability of providing 911 response or emergency
6 response, whether they would be allowed to enter into a
7 mutual aid agreement to provide that service?

8 A. I'm sorry. I can't hear you, sir.

9 Q. I'm sorry.

10 Yeah, do you know if -- For example, you're
11 going to have an interfacility and convalescent transport
12 CON, if you're granted one. Do you know whether or not
13 you could enter into a backup agreement to provide
14 emergency or 911 services?

15 A. My understanding is what level service that you
16 got your CON at is what you can create a backup agreement
17 with.

18 Q. Regarding your -- your ambulances, there's -- in
19 the ARCR, it indicates six ambulances. How many of them
20 will be staffed at any one time as they're -- as they're
21 deployed in Maricopa County?

22 A. My partner's going to do all the deployment, but
23 his anticipation is we'll have five and then one is our
24 reserve. But he -- he does all the deployment and
25 often -- the demands analysis that he's created.

1 Q. Have you talked to him about those kinds of
2 issues in terms of those issues in terms of the ambulance
3 personnel? You're the first witness that -- that
4 Community Ambulance has put up to testify regarding this
5 application, right?

6 A. Yes.

7 Q. You are the CEO and president.

8 A. Yes, sir.

9 Q. But you don't know the answer to that question?

10 A. I just told you we would have five ambulances we
11 would put on the streets; we have one that's reserved.
12 Brian Rogers would be the one who would be able to address
13 this more effectively.

14 Q. How many hours each day would those ambulances be
15 staffed?

16 A. I'll let Brian Rogers answer that.

17 Q. How -- how many days per week would each of those
18 ambulances be staffed?

19 A. We'll have ambulances on 24/7.

20 Q. The five, will they be staffed 24/7? Five
21 ambulances?

22 A. I'll let him answer the deployment plan.

23 Q. So if I asked you those specific questions for
24 each suboperation station that you propose to have in
25 Maricopa County, you would not be able to answer those

1 questions? You would defer to your comrade?

2 A. He's the special -- he's the COO, so he's over
3 the operations. I'll tell you that we're starting out
4 with four substations, and where he puts the flow, that's
5 all what Brian will deal with.

6 Q. Four sub- -- so you propose -- or, at least you
7 don't know, but based on what you know, four substations
8 would be staffed 7 days a week, 24 hours a day?

9 A. Initially, that's what the plan for those four
10 substations -- or, substations, I should say.

11 Q. You talked about going around Maricopa County, I
12 believe, with Jeff O'Malley to visit with a number of fire
13 chiefs and persons in the Valley to introduce you and --
14 kind of meet and greets. Do you remember that?

15 A. Yes, sir.

16 Q. You said you did a presentation.

17 A. Yes, sir.

18 Q. Did you have PowerPoints or materials that you
19 provided during those presentations?

20 A. No, sir.

21 Q. Just all oral?

22 A. Yeah, it was just a come, meet about 15,
23 20 minutes, just tell us about what we were, who we were,
24 what we were about, what our philosophies and our ideas
25 were.

1 Q. You indicated that you wanted to be part of the
2 Uniform Rate Group because you wanted to be competitive
3 with the rates that were being charged by AMR and Maricopa
4 Ambulance. Do you remember that?

5 A. Yes, sir.

6 Q. There's not going to be any competition for
7 Dignity transports if you get a CON based on those rates,
8 right? You're expecting that Dignity's going to give you
9 all those transports?

10 A. No, not at all.

11 Q. You're not?

12 A. No.

13 Q. So the projections that you've set forth in your
14 ARCR are --

15 A. Again, that's 11,315 transports that we
16 anticipated getting. The numbers are all over the board.
17 We're not sure where that number is going to be, but
18 you'll never be able to get a hundred percent of those
19 transports. We'll try to do our best on taking care of
20 our customer, wherever that may be.

21 Q. Do you expect to get --

22 A. We anticipate doing 11,315 transports day one.

23 Q. You do expect to be, on an annualized basis,
24 doing at least 11,000 transports day one?

25 A. First year, I should say, yes.

1 Q. And -- and that's not going to be based on a
2 competitive bidding process with other CON holders in
3 Maricopa County. That's your expectation from
4 conversations you've had with Dignity, yes?

5 A. It was off an annualized number of transports
6 that we were trying to -- start with somewhere. This is
7 the problem. We don't have any numbers, just got to kind
8 of come up with the best numbers you have. So that's what
9 we're sticking with is 11,315.

10 Q. You talk about not having any numbers, but I
11 asked you about the number of transports generated by
12 Dignity in Nevada for Community -- Community Ambulance and
13 you couldn't answer that question.

14 A. I didn't have those numbers in front of me right
15 now.

16 Q. Could you get them?

17 A. Oh, by all means.

18 Q. Could you get them before you end your
19 examination?

20 A. If -- if I know I'm being asked for, I could go
21 and pull those numbers.

22 Q. What you're being asked for is the number of
23 transports that Community Ambulance provides to Dignity
24 and Dignity-affiliated facilities in the areas that you
25 serve in Nevada and what is the percentage as a whole of

1 the number of transports that they generate in Nevada in
2 those areas.

3 A. I think I answered that we do about 18 transports
4 a day, but also, you've got to remember too -- Well, we
5 do about 18 transports out of Dignity Health facilities a
6 day.

7 Q. So let me go back to where I started yesterday.

8 There's been some conversation regarding
9 referrals and what is a transport. We've -- for -- Since
10 Community Ambulance has been in existence, Dignity has
11 been greater than a 40 percent investor in Community
12 Ambulance, has it not?

13 A. 40 percent investor as in -- as far as ownership?

14 Q. Yeah.

15 A. They've been 50.1 percent ownership.

16 Q. 50.1 percent.

17 These terms come from the Code of Federal
18 Regulations 42 1001.952. And what I'm specifically
19 talking about -- and you may not know this. And I'm not
20 going to ask you about safe harbors. But these are the
21 safe harbors for entities such as Dignity and Community
22 Ambulance when the entity like Dignity is an owner of a
23 service provider, like yourself, in the medical field. Do
24 you know what a safe harbor is?

25 A. I have heard of them before, but I'm not

1 knowledgeable about it.

2 Q. So --

3 A. I do know that Dignity Health vetted this through
4 all the attorneys clearly about our relationship.

5 Q. I have no doubt that they've looked at it.

6 A. Okay.

7 Q. But you agree that since 2010 and going forward,
8 that Dignity is going to have in excess of 40 percent
9 interest in Community Ambulance, yes?

10 A. I don't see any changing in the near future.

11 Q. And you're unable to -- So let me read you
12 42 1001.952(a)(2)(vi). "No more than" -- and just --
13 There are a number of exceptions in a safe harbor. There
14 are a number of factors that go into a safe harbor for
15 purposes of whether or not you're violating federal law --
16 anti-kickback law. I'm not suggesting anything beyond
17 those are the factors here. Every one of them has to be
18 met in order for an entity to qualify for a safe harbor.

19 MR. MURPHY: Objection, Your Honor. Is
20 there a question?

21 MR. BELANGER: I'm laying some foundation
22 for the question, Your Honor. I'm not --

23 ALJ EIGENHEER: Proceed.

24 MR. BELANGER: And this is a federal
25 regulation. I -- I can read it into the record.

1 BY MR. BELANGER:

2 Q. If you don't meet all of the elements of a safe
3 harbor, it doesn't mean that you're violating federal law.
4 It just means you don't have the ability to take advantage
5 of a safe harbor, which would clearly mean that you're
6 acting lawfully. The -- the provision I just said was
7 that no more than 40 percent of the entity's gross
8 revenue -- This is when there's a partnership investment
9 like Dignity and Community Ambulance. If you're an excess
10 of 40 percent investment -- and Dignity has
11 50.1 percent -- you don't qualify for the safe harbor.
12 Doesn't mean you're not -- acting unlawfully, but you
13 don't qualify for the safe harbor. The reason I've been
14 using the word "referrals" is that in Subsection vi, it
15 says that "No more than 40 percent of the entity's gross
16 revenue" -- "the entity" in this instance would be
17 Community Ambulance -- "related to the furnishing of
18 health care items and services in the previous fiscal year
19 or previous 12-month period may come from referrals or
20 business otherwise generated from investors."

21 And the words I want you to focus are on
22 "referrals" and "business generated from investors." You
23 agree that Dignity is an investor in Community Ambulance,
24 yes?

25 A. Part owner, yes.

1 Q. And that would you consider a transport -- an
2 ambulance transport generated by a Dignity facility to
3 Community Ambulance to be business generated by one of the
4 investors in this case, Dignity?

5 MR. MURPHY: Objection. Calls for a legal
6 conclusion.

7 ALJ EIGENHEER: Sustained.

8 BY MR. BELANGER:

9 Q. The 11,300 transports we've been talking about,
10 those will be coming from Dignity facilities, correct?

11 A. Not necessarily. Again, we're talking about
12 those are patients. They can be anywhere throughout the
13 whole Maricopa County. So they don't necessarily have to
14 originate out of a facility. They could be out of a quick
15 care, clinic, doctor's office. They could be anywhere.

16 Q. How would -- how would you find out if there was
17 an individual that was out in -- I don't know -- Gila Bend
18 and they were living on the reservation? How would you
19 find out whether they were a Dignity patient?

20 A. I wouldn't find out. It would just be if it's a
21 patient that was being under the care of Dignity Health
22 that lived out in Gila Bend that needed transport from
23 wherever that is, where we would be able to see if we
24 could take care of it. Or if it was rural, then we would
25 let the CON provider in that area take care of the

1 patient.

2 Q. Bad question. I didn't mean you personally.

3 How would Community Ambulance find out
4 whether or not it was a Dignity patient? Would that
5 information come from Dignity?

6 A. Well, if a call came from Dignity Health, who's
7 our customer, to call for a transport, that's what -- we
8 would look at that call for a transport.

9 Q. So that information would come from Dignity to do
10 that transport?

11 A. It can. It can come from whatever source. If
12 it's -- A patient went into, like I said, a clinic or
13 something like that, made that call -- and the patient
14 says, "Hey, I just got treated at St. Joe's. I need to go
15 back in," and that clinic can call us up and say, "Hey,
16 you need to transport this patient back, because they need
17 to go back to Dignity." It could be generated from a
18 whole -- different sources.

19 Q. But at some point in that continuum, the response
20 by Community Ambulance would be because it was a
21 Dignity -- Wow, I almost felt like the movie God there
22 for a second.

23 In that situation, it would be a Dignity
24 patient. However the information came to Community
25 Ambulance, the knowledge, as a condition precedent to the

1 transport, would be that it's a Dignity patient, yes?

2 A. In these ones that we're capturing, that's the
3 ones we're looking at, it would be, yes.

4 MR. BELANGER: I'm done, Your Honor. Thank
5 you.

6 ALJ EIGENHEER: Cross?

7 MS. FICKBOHM: Yes. Hopefully Mr. Belanger
8 asked most of my questions -- or, a lot of my questions so
9 we can get through this.

10

11 CROSS-EXAMINATION

12 BY MS. FICKBOHM:

13 Q. Can you contrast for us the regulatory
14 environment differences between Nevada and Arizona?

15 A. As far as the franchise and the CON or --

16 Q. Just with the level of oversight by the state and
17 how it's done, if at all.

18 A. We're not regulated by the state. We're
19 regulated by the Clark County health district. It's --

20 Q. Health district?

21 A. Yeah, the health district.

22 The -- there's a rule in the state that if
23 your county is larger than X amount of population, that
24 they can be the controlling, so we're actually controlled
25 by Clark County itself. They have a health district. All

1 of our medics are licensed through the health districts.
2 Regulation -- we're regulated. The medical director
3 has -- for all of our medics. And that's where we do all
4 of our vehicle inspections. Everything goes through that
5 health district.

6 Q. What else does the health district regulate?
7 Garbage pickup?

8 A. I don't -- I have no idea what else they do.

9 Q. They're a utility regulator -- regulator, right?

10 A. They're a health district, so I know they take
11 care of the ambulances.

12 Q. And the types of regulations, rules, statutes,
13 et cetera, how do those compare to the ones in Arizona
14 that govern ambulance transport providers?

15 A. So then each municipality -- The health district
16 is kind of more of the licensure and the ambulances, make
17 sure that we're -- have appropriate equipment on the
18 ambulance. They do the inspections every year and all
19 that.

20 But then as far as the ability to be able to
21 provide ambulance service is by each municipality. They
22 govern those, if they choose, by franchise agreement. So
23 there's some municipalities that don't have a franchise
24 agreement at all and their fire departments take care of
25 it or they just let anybody who wants to come in that have

1 a business license. That's all that's required.

2 Q. So you're not -- So I just want to cut to the
3 chase. So you are not licensed by the state, correct?

4 A. That's correct.

5 Q. There's no uniform licensure requirement in
6 Nevada?

7 A. We have -- We're licensed in the county. And I
8 think we do have --

9 Q. A business license?

10 A. A business license, yes.

11 Q. Can you tell me the size of your ambulance fleet
12 in 2016 in Nevada?

13 A. That was when we were in our growth. So 2016, we
14 would have been about 20- -- I would say about 26
15 ambulances.

16 Q. And -- and how many did you usually have on --
17 running? I mean, you're not using all of them every day.
18 So --

19 A. We try to keep about a 20 percent reserve.

20 Q. Okay. And how many transports did you do in
21 2016?

22 A. I'd be guessing. My partner's the one that does
23 all the operation stuff.

24 Q. 2017, what was the size of your fleet?

25 A. 2017 is when we had expenses, so it probably put

1 us more to about 28 or 30.

2 Q. And 20 percent reserve?

3 A. Yes.

4 Q. And transport numbers?

5 A. I think it would be rough numbers, but we're
6 probably sitting around about -- in '17, probably about 85
7 a day actual transports.

8 Q. And then 2018, what's the size of your fleet?

9 A. We're at 33.

10 Q. 20 percent reserved?

11 A. Yes.

12 Q. Annualize transport number?

13 A. We're sitting around anywhere between about 95 to
14 a hundred a day.

15 Q. So do you have any operations -- RBR being
16 "you" -- anywhere in Nevada other than Clark County?

17 A. No.

18 Q. And what about in the state of California?

19 A. No.

20 Q. Any other states that bump up next to Nevada?

21 A. Just Nevada.

22 Q. So no states anywhere?

23 A. No.

24 Q. So it's -- it's just a one-county operation?

25 A. That's correct.

1 Q. Okay. Would it be fair to assume that when you
2 worked for the Henderson Fire Department, you and
3 Mr. Rogers both became pretty close to the upper
4 management of the Henderson Fire Department?

5 A. Well, I would say yes. We worked with them.

6 Q. You talked about problems in 2007, '8, and 9 with
7 Henderson rescues being stuck in the emergency rooms and
8 trying to get them out and Community coming in to do
9 convenience transports. And I want to be clear on the
10 record, when you use the word "convenience transports,"
11 those are not transports that are medically required; it's
12 just that the hospital too busy, they want to take this
13 person somewhere else?

14 A. That's correct. Those convenience transfers were
15 being done years before we opened the door.

16 Q. And do you agree with me that one of the
17 solutions to this problem that Henderson Fire Department
18 was having with its -- with its rescue units getting stuck
19 in the emergency room -- or, emergency departments was
20 some legislation that was enacted around 2013?

21 A. Explain more what you mean by that.

22 Q. Isn't it -- Didn't the legislature in Nevada
23 address this issue by requiring hospitals to accept
24 patients within 30 minutes of presenting?

25 A. Yes. And that was one of the things -- My

1 partner Brian Rogers was part of that to help push.

2 Q. And that was a huge part of the solution, right?

3 A. It was trying to solve the issue.

4 Q. Speaking of Henderson, I just think this is crazy
5 ironic, but let's talk about Dr. Henderson. Henderson,
6 Nevada, was not named after him, right?

7 A. No.

8 Q. Okay. Or his family?

9 A. No.

10 Q. He turned out to have been a bad person to be
11 associated with your organization, correct?

12 A. Hate to say he was a bad person, but he was not
13 the partner we needed.

14 Q. And the fact that you had him in your
15 organization, as you sit here today, doesn't make you
16 think like, "Oh, we were a bad organization," right?

17 A. That's correct.

18 Q. It's the old one bad apple don't spoil the whole
19 barrel?

20 A. That's correct.

21 Q. Okay. Can I -- You talked about capital --
22 about how your company was going to be financed. And it
23 was kind of general, so I would just like to be able to be
24 a little clear on there.

25 So by each party to your LLC, your RBR

1 Management, what are the capital contributions for the
2 Arizona operations?

3 A. All we had was the initial capital contribution
4 at the very beginning. With those capital -- our
5 agreement, and it was \$300,000 that was split pro rata
6 based on our percentage. So Dignity Health paid their
7 50.1 and we paid our 49.9.

8 Q. And -- and what about the Nevada operations?
9 What are the current capital contributions there by the
10 operating parties?

11 A. That is the beginning operating capital infusion
12 was just that; that's it.

13 Q. Was the -- so are we talk -- When you talk about
14 Arizona operations and Nevada operations, you're talking
15 about the same money?

16 A. It's the same entity. It was just that's what --
17 The development we first started in Arizona was just that
18 one company, and then since then, it grows. So whatever
19 expansion that we did into Clark County, Las Vegas, any of
20 those things were just off of either some loans for
21 capital purchases, just like we have available now to be
22 able to come down here.

23 Q. Okay. So the only capital contributions to date
24 for either Arizona and Nevada are just that 300,000 done
25 pro rata you testified about?

1 A. From the -- from the members, yes.

2 Q. From the members. Okay.

3 You talked about your contract.

4 MS. FICKBOHM: Can -- can we pull up ABC-32,
5 Your Honor? And I'm going to be jumping around a little
6 bit because I'm just picking up bits and pieces here that
7 I was unclear.

8 BY MS. FICKBOHM:

9 Q. So this is the RBR Management agreement as
10 amended. Do you recall that?

11 A. Yes.

12 Q. And -- and you talked about certain --

13 MS. FICKBOHM: If we can go down to, like,
14 5.2, Your Honor.

15 BY MS. FICKBOHM:

16 Q. About certain . . .

17 ALJ EIGENHEER: Or do you want the operating
18 agreement?

19 MS. FICKBOHM: I guess the operating
20 agreement. Yeah, I think it's the operating agreement.
21 I'm sorry.

22 ALJ EIGENHEER: That's okay.

23 This is ABC-33.

24 MS. FICKBOHM: 33, yes. Thank you. That's
25 exactly where I wanted to be.

1 BY MS. FICKBOHM:

2 Q. These operating covenants --

3 A. Yes.

4 Q. -- are you aware of any reason that would prevent
5 any of the intervenors sitting in the room today or, for
6 that matter, any other CON holder in Arizona from agreeing
7 to the exact same type of covenants if they were asked to?

8 A. I think it would be great if their corporate
9 ownership would obtain those. Because that's the nice
10 thing about this -- this is from an ownership
11 perspective -- is that these are the owners that share
12 these same operating covenants, and I think that's
13 probably the difficulty for other entities that take it
14 all the way up to the ownership level to change their
15 covenants to be in agreement.

16 Q. Let me put it another way.

17 Do you think there's anything unique about
18 RBR that makes it that only it can agree to these type of
19 operating covenants?

20 A. I don't think there's any restriction that other
21 people could have the opportunity to make these covenants
22 of their ownership.

23 MS. FICKBOHM: Judge, can you just scroll
24 down to 5.3?

25

1 BY MS. FICKBOHM:

2 Q. And -- and would you agree with me that there's
3 nothing unique about RBR that means that only it could
4 agree to the covenants made in Section 5.3?

5 A. Again, I don't think there's any restrictions
6 from ownership to be able to make these changes. I think
7 they should.

8 Q. I'm going to ask you one question about the
9 harvest festival, October 31st, 2017. Do -- do --
10 What's that?

11 A. You're going to make me cry, aren't you?

12 Q. No, I really don't want to. Because I'm, like,
13 if you throw up, I'm going to throw up. And if you cry,
14 then I'm going to cry too.

15 I just wanted to know do you know how many
16 ambulance units RBR sent into that -- because I know they
17 have other responsibilities at the same time around Clark
18 County, right?

19 A. Right.

20 Q. And just because something bad happens over here,
21 you're not, like, going to pull your other
22 responsibilities away. How many units did you ultimately
23 send into the harvest festival?

24 A. I know Brian Rogers would have the exact number.
25 I -- I know we sent our whole fleet in, but we have the

1 streets that we're still running. We still had to run our
2 emergent calls outside of that harvest, but we put
3 everything that we had on that. And I -- I would be
4 guessing at that number. We had everything out.

5 Q. Okay. Is Mr. Rogers going to have a better
6 number there for me?

7 A. He should have a better number, yes.

8 Q. Okay. I just understood you went to
9 communications.

10 Okay. You talked about talking with
11 Chief Duran in a May/April 2017 meeting?

12 A. Yes.

13 Q. And so for purposes of the record, he's the chief
14 out at Buckeye, right?

15 A. That's correct.

16 Q. Okay. And you told him if he couldn't do his
17 interfacility transports, you would do them for him,
18 correct?

19 A. No. It was -- He was concerned about his
20 interfacility transports because he did interfacilities --
21 he had a CON to do interfacilities. So he was concerned
22 that we were going to come in and take those transports
23 from him -- I think is what his underlying concern was.
24 And we were talking about just we would have a
25 collaborative relationship; "You take care of those

1 transports." But again, it was, I think, a discussion
2 more that -- and if I recall right, it was the carve-out
3 idea saying, "We don't want to carve anything out, but we
4 want collaborative relationships. We would love to have
5 you as a collaborative partner. You take care of these
6 transports, but we could be a backup to your system as
7 well."

8 Q. So he already has a backup, correct?

9 A. With who?

10 Q. AMR of Maricopa CON 136.

11 A. Okay.

12 Q. So you recognize that there already is a backup
13 available out there, at least one, if not more, correct?

14 A. That would be -- That's correct.

15 Q. PMT has the ability to go into Buckeye also, so
16 there's two potential backups out there, right?

17 A. If you say so. I'm not sure.

18 Q. Okay. Well, didn't you look into that kind of
19 thing when you were planning on how to plot your service
20 area?

21 A. Again, our service area was to be able to take
22 care of all Maricopa County. So no matter where a patient
23 was, that we would be able to have that capability to pick
24 up that patient anywhere.

25 Q. And we're going to get to that in a minute, so

1 don't worry.

2 Are there any Dignity facilities or
3 Dignity-affiliated facilities in the Buckeye area?

4 A. Not that I'm aware of.

5 Q. Do you know how long it would take you to get
6 into Buckeye from the -- even the edges of that green area
7 that Mr. Beery plotted for you?

8 A. I drove it, but I wouldn't be able to tell you
9 exactly right now.

10 Q. And while we're talking about that, you talked
11 about Wickenburg. You're not telling us that from the
12 edge of that green area, you can get to Wickenburg in
13 30 minutes, are you?

14 A. No. I think the comment -- it's about 47 to
15 50 miles away from -- is what my understanding is -- from
16 Westgate. And so anything that -- I think the assumption
17 was that 47 minutes on a no-traffic day -- I think was
18 what the assumption was -- how fast you could go and get
19 up there. You wouldn't make it in 30 minutes, but you
20 would be able to -- I think -- what did I say? It was
21 40 minutes or something like that? I can't remember what
22 my exact quote was.

23 Q. Have you done anything to calculate the ability
24 to get there in anything less than an hour?

25 A. Whatever Mr. Beery did on our maps here. I drove

1 around to the different locations, but --

2 Q. Did you drive up to Wickenburg to see how long it
3 was going to take?

4 A. I've drove through Wickenburg to go back home to
5 Vegas. And -- So I'm still getting myself familiarized
6 with the area. But I drove around the different hospital
7 groups and still getting myself coordinated around.

8 Q. So I think the way you're saying about --

9 Well -- and let's talk about Wickenburg. I
10 have one other question, which is there aren't currently
11 any Dignity facilities in Wickenburg, correct?

12 A. That's correct.

13 Q. And -- and the number of transports total coming
14 out of Wickenburg are very small, correct?

15 A. Okay.

16 Q. You agree with that?

17 A. Yeah, I believe so.

18 Q. And there is at least one -- and there's at least
19 two certificated providers that cover that area, correct?

20 A. I don't know.

21 Q. Life Line out of Prescott, AMR CON 136 out of
22 Maricopa County, PMT out of Maricopa County, so we've got
23 at least three certificated providers that cover that
24 area, correct?

25 A. Okay.

1 Q. And there's no Dignity facility, but yet you
2 won't exclude that from your CON?

3 A. Again, you're going by facilities. We're not
4 looking at it per facility. We're looking at it as
5 wherever a patient may be. A patient of Dignity Health
6 may be in Wickenburg.

7 Q. Right. And -- and there's no way you're going to
8 get out there in a half an hour, so --

9 A. From that base station is where those maps are
10 generated. If we had a unit that was floated up farther
11 north, they would be able to make a response.

12 Q. Mr. Rogers is going to explain to us how you can
13 get from this heat map up to Wickenburg in 30 minutes?

14 A. I'm not going to -- He's going to be able to
15 explain more of the status management side here and
16 everything else, but --

17 Q. I think what I hear you saying is the same for
18 both the Wickenburg area and for the Buckeye area, which
19 is there's no Dignity facilities there. You don't know
20 for a fact that you're going to have anything more than,
21 you know -- any, really, in 2019, let's say. You don't
22 know if you're going to have any Dignity patients out
23 there, right?

24 A. I can't say that. I know that there's Dignity
25 patients in every zip code of Maricopa County.

1 Q. But you don't know there are going to be any
2 Dignity patient transports coming out of Wickenburg or
3 Buckeye in 2019 or even 2020, do you?

4 A. I have no idea where. I just know that they're
5 in all the zip codes.

6 Q. And those areas are rural, correct? When you
7 look at the zip codes, Wickenburg is definitely a rural
8 zip code, right? 85358, that's a rural zip code?

9 A. I can't attest to what's rural. I know we were
10 looking at Wickenburg -- we think would be rural based on
11 what the definition was, so we were making some
12 assumptions that Wickenburg was one we thought was rural.

13 Q. And far west Buckeye, the 85343 is a rural
14 zip code, correct?

15 A. I don't know if that's -- that is the case or
16 not.

17 Q. So you have these rural areas that people are
18 expected to provide -- that existing providers are
19 providing 911 and facility transport services, correct?

20 A. Yes, there's providers in those areas.

21 Q. And you would agree with me that it's harder to
22 provide ambulance transport services in rural areas than
23 it is in urban areas, correct?

24 A. By all means.

25 Q. And so knowing that and knowing that right now

1 there's no Dignity facilities -- nobody testified there
2 are any Dignity facilities projected -- you can't tell me
3 a single expectation you have of serving a Dignity patient
4 out there, but you still are unwilling to carve those
5 areas out of your CON because maybe someday there might be
6 a Dignity facility there, right?

7 A. No. I mean, going back to facilities, I -- I
8 think there's a possibility a patient could be out there.
9 And even though there's overlapping CON providers out
10 there, to be able to have that CON capability, we just add
11 another layer of protection for that area. As you know,
12 most CON holders, especially if they have 911 contracts --
13 those 911 volumes can go up and down. One day we can do
14 60 transports, next day do 110 transports depending on
15 911, which draws those resources away from the non-911 to
16 the 911 business, which we understand that. We've been
17 doing this a long time. So you can go one day and have
18 all the right resources in that spot, and then one day you
19 can't meet that need. This is something we would not be
20 held to that -- that requirement. We wouldn't be put on
21 to a 911. We would be able to be a backup to them be able
22 to help them out if needed.

23 Q. Let me ask it another way. If Dignity built a
24 facility in Buckeye, would you then be so generous to
25 Chief Duran and say, "You go ahead and do those"?

1 A. Well, he's going to be doing them right now
2 anyway.

3 Q. I'm asking -- my question is -- it's pretty much
4 a simple yes or no -- if Dignity builds a facility out in
5 Buckeye, are you going to take the same position that
6 you've taken with Chief Duran which is "Oh, you can go
7 ahead and do those transfers and just let us know if you
8 need backup"?

9 A. We would stick to our same rural plan that we did
10 with the scenario in Wickenburg, that if a facility was
11 built there, if it's a rural area, the current provider
12 would take care of those calls.

13 Q. So why won't you commit to that on a CON? And
14 just -- You can do a backup agreement with the people
15 that are serving out there. You don't need to have CON
16 certification to go out and do Dignity transports. You
17 could do a backup agreement with Life Line or with AMR,
18 Maricopa and say, "If you can't get to those Dignity
19 patients out in Wickenburg, call us. We'll help you out
20 and do it by way of a backup agreement"? You could do it
21 that way, correct?

22 A. I think the same concern is that when there's
23 some contracts that were done, which -- this is -- I don't
24 want to speak for Dignity, but Dignity had a contract with
25 a provider with that anticipation, they would call for

1 backup. And I'm not sure that happened when they had
2 delayed responses. I think this is an opportunity to have
3 a layer of protection in case those backups were not asked
4 for or requested for and a patient was waiting for long
5 hours, that we would have that capability to go take care
6 of that patient.

7 Q. So basically, all the people that serve those
8 areas are going to get -- is what you're saying in this
9 hearing today -- you're not going to have any limitation
10 on your CON to protect them into the future, correct?

11 A. What I'm saying is that we want collaborative
12 relationships with those partners. If it's rural areas,
13 they will take care of those calls.

14 Q. Do you think this hearing has been conducive to
15 collaborative partnerships?

16 A. I would hope we would have a collaborative
17 relationship.

18 Q. You -- you would agree with me that you would be
19 able to formulate a definition of Dignity patients if you
20 sat down with a pen and thought about it and talked to
21 other people, that you could define what -- what you mean
22 when you say "Dignity patients," correct?

23 A. I'm sure we could come to a definition.

24 Q. Because, like the judge said, you're not talking
25 about anybody that's ever, like, walked into a Dignity

1 facility. It's a much more -- it's a little more intimate
2 and closer than that, right?

3 A. We could come to an understanding if they're
4 under the care or whatnot.

5 Q. And you would agree with me that you could also
6 create a definition for what a Dignity-affiliated entity
7 is, correct? You could come up with some percentage of
8 ownership? Like maybe if you only have a 1 percent
9 ownership, you're not affiliated, but if you're
10 20 percent, you're affiliated? You could come up with a
11 definition of Dignity-affiliated facilities if you wanted
12 to, correct?

13 A. I don't know if it would be easy at all. Because
14 to your point exactly, what is a affiliate? Is that a
15 relationship? Is that something they -- they had a
16 partnership in? Does that mean a joint venture agreement
17 with them? Or is that just a collaborative relationship
18 they may have with another one? It becomes very confusing
19 and very protracted. And I don't know if that definition
20 would be easy or easy to manage or maintain.

21 Q. And I didn't ask if it was easy. I was asking
22 you if it would be possible to come up -- I mean, we
23 human beings come up with laws, rules, regulations, a lot
24 of stuff, that aren't easy and are complicated, right?

25 A. Yes.

1 Q. And so if -- if push came to shove, you could
2 come up with a definition of Dignity-affiliated
3 facilities. It might be a long definition, it might be a
4 complicated definition, but you could come up with a
5 definition?

6 A. I'm always positive and hopeful that we could
7 come up with things. I'm just saying in thinking that
8 through, I think it would be difficult to have
9 interpretations from both sides and becomes very difficult
10 to get your AMR around.

11 Q. Were you -- I'm not going to ask you a bunch of
12 operations questions. You've let us know that those are
13 for Mr. Rogers.

14 Tell me, were you involved in putting
15 together any of the financial information or arrangements
16 necessary for submission of the ARCR?

17 A. It was a collaborative with EMS. I did help,
18 yes.

19 Q. Okay.

20 A. It was the EMS Advisors. We have a gentleman
21 who's an expert in that.

22 Q. So let me ask you a question. Who's the expert?

23 A. The initial one was set up with Dean, and then
24 after that --

25 Q. Dean -- Dean Taylor?

1 A. Dean Taylor.

2 And then I understand he had some health
3 issues. He said he was no longer able to -- to be able to
4 come to the hearing, so now we have . . .

5 Q. Mike Evans?

6 A. Mike Evans, yes. Thank you so much.

7 Q. Were you the person -- With regard to the ARCR,
8 were you the person that negotiated with Dignity for the
9 office space and rooms for the crews at each of the four
10 suboperation stations?

11 A. Yes.

12 Q. Okay. And -- and tell me how you came up with
13 the square foot pricing -- rental price on those.

14 A. It's whatever Dignity Health -- They have to go
15 off fair market value on everything they do, so that's
16 part of the terms. We asked for space in each one of
17 those. They told us what the cost would be, and -- but
18 they're very stringent on what they have to be able to do
19 on fair market value.

20 Q. So -- Because you've got the exact same price on
21 each of the four suboperations -- suboperation stations,
22 correct?

23 A. Yes.

24 Q. So are each of those rooms exactly the same size?

25 A. I haven't looked at them. But my understanding

1 is that they are -- the equipment and the size is my
2 understanding. I don't know.

3 Q. So --

4 A. Maybe they did an aggregate and divided them by
5 four. I don't know.

6 Q. So tell me what you know about how that pricing
7 was done at arm's-length fair market value methodology.

8 A. All I know is the pricing was given, and it was
9 transferred over to -- to Dean Taylor to -- to put those
10 in for the cost.

11 Q. So Dignity said this is what it's going to be?

12 A. We accepted those, yes.

13 Q. Okay. You talked about -- about communication
14 equipment. Let me ask you, in Nevada is RBR integrated
15 with the other EMS providers?

16 A. Integrated as in what way?

17 Q. With -- with regard to communication equipment.
18 Are they all able to talk -- Does RBR have communication
19 equipment that allows it to talk to all the other EMS
20 providers in Nevada?

21 A. It becomes very challenging on everybody
22 protecting their -- their territories in Nevada. We are
23 connected to our -- in some ways in that we have -- if I'm
24 answering this correctly -- is we have a CAD system that
25 connects to the fire alarm office that that same fire

1 alarm office connects to AMR and MedicWest, and so by that
2 way, the fire alarm kind of collects data. But I can't
3 see AMR, and I don't think AMR can see us.

4 Q. I'm talking about, you know, your medics out in
5 the field. Are they connected with the EMS system as a
6 whole?

7 A. Connected in what way?

8 Q. Communications.

9 A. You mean by radio just to talk to somebody?

10 Q. Yeah.

11 A. We use a SNACC. SNACC radio is Southern Nevada
12 Area Communication Council, 800. That's what all the fire
13 departments use. I don't believe they use the same radio
14 communication that we do, but I'm not sure.

15 Q. "They"?

16 A. AMR and MedicWest. I'm sorry.

17 Q. So you testified that your Arizona operation is
18 going to have ePCR tablets and that you're working with
19 your IT people to find out a way to automate the system so
20 that you can integrate with Dignity. Is that a fair kind
21 of summary of what you said?

22 A. In one of the altern- -- Yes, one of the plans,
23 would be a fantastic opportunity to be able to use.

24 Q. And so do you have that type of integrated
25 electronic record system with Dignity in Nevada?

1 A. No. This is actually the -- setting the
2 groundwork of it here that we would be able to transfer it
3 up, because they use Cerner up there as well.

4 Q. So what you're saying that you -- that you hope
5 to eventually be able to do in Arizona is something that
6 you have not done in Nevada, correct?

7 A. No. Arizona is a -- much more aggressive in
8 doing these kind of collaborative things than southern
9 Nevada, so this is -- We're really looking forward to be
10 able to help with this here and be able to expand it into
11 southern Nevada.

12 Q. So I hear the desire. So I'm really just looking
13 for a yes or no. Are you doing that type of integrated
14 record system in Nevada?

15 A. No.

16 Q. Are you even working on it in Nevada?

17 A. Working on it here to be able to take it up
18 there.

19 Q. It sounds like a really great concept, and I
20 think I hear you're a positive guy, so you'd like to think
21 it's going to work, right?

22 A. Yes.

23 Q. So there's been a lot written about this subject,
24 including by the Office of the National Coordinator for
25 Health Information Technology, right? And we're talking

1 about the SAFER program.

2 A. Okay.

3 Q. And you'd agree with me that this type of concept
4 is really in its infancy, right?

5 A. It is -- it's a developing market, yes.

6 Q. And there are a lot of hurdles to having two
7 totally separate entities be able to integrate their IT
8 systems, correct?

9 A. Explain what you mean by that.

10 Q. It's not something that you can, like, hire
11 somebody today and go out and get it done, right?

12 A. That's what we've -- This IT collaborative group
13 is that we went through the whole process for months and
14 we're meeting to kind of explain what we wanted, where we
15 wanted to get to, and they've got us to the point right
16 now they can do everything until we get to the ePCRs.
17 That's the phase now, which is quite expensive to look
18 into, and that's where we're at into this next stage.

19 Q. How many other EMS systems do you know are out
20 there that have that type of interconnectivity of separate
21 organizations? Tell me one.

22 A. I'm not aware of others.

23 Q. That's because it's really hard to do, right?

24 A. I'm excited about it. I think it's going to be a
25 great thing.

1 Q. Is that a yes or a no?

2 A. It's hard to do.

3 Q. Yeah.

4 A. Those are the IT guys that make things happen.
5 I'm not one of those.

6 Q. But aren't they usually the ones that when you
7 come to them and say "I want to do this," they say "Hey,
8 wait a minute. Here are the long list of problems of why
9 we can't do what you want us to do"?

10 A. That's what's exciting about it. We went to
11 those meetings and they're coming back with the ideas of
12 how to bridge those gaps. So we're excited about it, that
13 they said we could get to this point right now.

14 Q. So can you tell us what the hurdles are to being
15 able -- If you went live in, like, six months, are you
16 telling us that you would be able to be -- have that type
17 of interconnectivity right then?

18 A. I don't know that answer. It may or may not,
19 because we're at the next point where we've got to look
20 with the ePCR products, the Sansio and the other one, and
21 see if they will integrate, what it takes to integrate.
22 Do they send packets? Does it have to come from a CAD to
23 the ePCR? We're at that -- that point to make that
24 happen.

25 Q. So you can't tell us that you know you would be,

1 correct?

2 A. We're working on it. But I can't tell you
3 affirmative that we'll have it done in six months if
4 that's -- we got our CON.

5 Q. And can you tell us right now, as you sit here
6 today, what the hurdles are that might prevent you from
7 being able to do it that?

8 A. Just that last part we're getting ready to go
9 into, the ePCR portion of it, to see what the
10 interconnectivity can be.

11 Q. And so you agree with me if it isn't a big
12 problem and if it can be done perhaps as easily as you're
13 suggesting, that there's no reason that Maricopa Ambulance
14 couldn't do the same thing?

15 A. I think everybody should have it.

16 Q. And so there's no reason that ABC couldn't do the
17 same thing?

18 A. I think it would be a great thing for everybody.

19 Q. And there's no reason that AMR couldn't do the
20 same thing?

21 A. It would be a great thing for everybody.

22 Q. Tell me -- I heard you say that you -- the
23 ambulances, as listed in your original application,
24 because so much time has passed, are not going to be the
25 ones that you would put on the road if you got a CON. So

1 I'm just not clear what the ambulances that you would put
2 on the road are going to be by year and type and make.

3 A. So that -- the six that were on there were the
4 six that we had in operation when we first applied. Since
5 then, I bought three more Sprinters that we use in the
6 Nevada operation, so those would be the newest. I think
7 they're like 2015s, so those would be the three.

8 Q. Okay. So -- so three 2015 Sprinters?

9 A. I believe that's what they are, 2015s.

10 Q. And are those -- I think they go by Type I,
11 Type II.

12 A. These are Type IIs.

13 Q. Type IIs.

14 Okay. What else?

15 A. And then we'll buy three brand-new Type II
16 Sprinter Mercedes.

17 Q. And would they all be fitted out as ALS
18 ambulances, or will any of those be BLS?

19 A. All ALS.

20 Q. All ALS.

21 And all of the equipment that you talked
22 about when you testified, that's all on your ARCR, right?

23 A. Yes.

24 Q. Okay. Let's talk about salaries, because you're
25 talking about maybe bringing your Nevada employees over

1 here. Have you done anything to compare the prevailing
2 pay rates for paramedics and EMTs and nurses that work
3 with ambulance companies in the Greater Phoenix area to
4 Nevada?

5 A. So through EMS Advisors, they did the study for
6 us on it to give us what the average pay would be for
7 those -- those positions. That's what we use.

8 Q. Okay. So what's the average pay in Nevada?

9 A. I -- I'd have to look to EMS Advisors, have to
10 talk with them, see what they came back with.

11 Q. You don't know, as you sit here today?

12 A. I wouldn't be able to give that numbers.

13 Q. What are the average pay salaries in -- in the
14 Greater Phoenix area in Maricopa County for EMTs? Let's
15 start with EMTs.

16 A. If we look at the ARCR, we can look up what we
17 put down as an average pay for each of those positions.

18 Q. The ARCR says what you're going to pay?

19 A. Yes.

20 Q. I'm asking you what the existing market currently
21 is.

22 A. Well, I think that's -- I'm sorry. I think
23 that's what that -- EMS Advisors told us what that average
24 pay would be, and that's what we were using.

25 Q. Since you're not going to --

1 A. I think that's what it is.

2 Q. Since you're not going to pay any overtime, which
3 is what you're testifying to, to do a true
4 apples-to-apples comparison of what you're going to pay to
5 hire people -- Because you would agree with me that
6 employees are very overtime savvy in the value of overtime
7 to their bottom line, right?

8 A. Yes.

9 Q. In fact, you get riots on your hands sometimes
10 when you've been paying overtime and all of a sudden you
11 say, "No overtime," and people go, "What? No more
12 overtime?" Right?

13 A. Especially in fire service.

14 Q. Especially in fire service.

15 So when you're looking to compare apples to
16 apples on what you're going to pay versus what Maricopa
17 Ambulance is paying its EMTs and paramedics, if you're not
18 paying any overtime, you need to look at the base rate
19 that you're going to offer people, and then you need to
20 look at their base rate plus how much they pay in
21 overtime, correct?

22 A. I'm sure we would do an analysis. That's what
23 EMS Advisors --

24 Q. And so did EMS Advisors tell you that the rates
25 you have in your ARCR -- I can't speak to Maricopa

1 Ambulance -- but fall below what AMR is paying its
2 employees?

3 A. I'm not sure. I don't know that.

4 Q. Do you -- And how does the rate in your ARCR
5 compare to what you pay in Nevada?

6 A. I would have to look and compare both of them.

7 Q. You testified to us that you think the people in
8 Nevada are going to be eager to come to Maricopa County,
9 correct?

10 A. Yes, we've got some employees that are very
11 excited about coming down here.

12 Q. Okay. So don't you think that your ability to
13 lure people over to Maricopa County from Nevada, in part,
14 is going to depend upon if they think they're going to
15 make more money coming over here?

16 A. Not necessarily. I'd take a new job and take a
17 pay cut coming over here.

18 Q. As you sit here today, would you agree with me
19 that the average pay rates for EMTs and paramedics in
20 Clark County, Nevada, is significantly higher than the
21 average rates in Maricopa County?

22 A. I would say they get paid very well in Clark
23 County.

24 Q. So is that a yes?

25 A. I can't compare the two. I don't have the

1 numbers in front of me, but I would say that more than
2 likely that Nevada is going to be paying higher than what
3 they would be in Nevada -- Arizona.

4 Q. So you're doing a start-up -- you want to do a
5 start-up in Maricopa County and you haven't compared what
6 you're paying in Nevada to what you have to pay here?

7 A. I said I didn't do it. EMS Advisors has done
8 that.

9 Q. Is one of them going to testify so we can talk
10 about that?

11 A. I have no idea if EMS Advisors is going to
12 testify or not.

13 Q. What about that what you propose to pay your EMT
14 and paramedics in Maricopa County as compared to what
15 firefighters earn in Phoenix including overtime?

16 A. I'm sorry. What was the question?

17 Q. You're going to -- Supposedly, what you're going
18 to pay per your ARCR as compared to what Phoenix Fire pays
19 its firefighters, including the overtime they get, how --
20 how do those compare?

21 A. I'm sure we'll be paying a lot less than what a
22 firefighter would get on overtime.

23 Q. And you still think you're going to attract those
24 people to come and work for you on their extra time as
25 opposed to sticking around and doing the overtime for

1 Phoenix?

2 A. My understanding is that there's interested
3 parties.

4 Q. So you didn't initially include the Phoenix
5 Uniform Rate Group as your desired rates and charges
6 because you basically wanted to be competitive with AMR,
7 correct?

8 A. That's correct.

9 Q. And once AMR joined the Uniform Rate Group, then
10 you were, like, "Oh, we want to be in the Uniform Rate
11 Group," right?

12 A. It didn't go like that. It was when those first
13 findings letters came back and had a higher than the base
14 than what AMR had and lower transport, we wanted to be
15 comparable, so one of the discussions was -- is that it's
16 so close -- the number -- and my understanding was -- is
17 that you -- it has to be a participant of the Phoenix
18 Uniform Rate Group to be accepted in. So that's when we
19 said, "Let's just go down that process. Let's just ask to
20 be part of the Phoenix Uniform Rate Group."

21 Q. I think you testified that you wanted to have a
22 competitive rate, correct?

23 A. That's correct.

24 Q. But you're not really going to be competing with
25 AMR for the Dignity transports because Dignity has already

1 said it wants you to do its transports, right?

2 A. I'm sure that AMR's going to get some of those
3 transports.

4 Q. I'm -- I'm confused about your IFT arrival
5 proposal, because when you first started talking about it
6 in direct examination, you kept referring to the revised
7 document that had your IFT proposed -- your proposed IFT
8 arrival times, and I think I understand what you were
9 referring to was the contract that you have entered into
10 with Dignity that's contingent upon you getting the CON
11 and the contract itself being approved by DHS. Was that
12 what you were talking about?

13 A. Yes, the original transport -- or, service
14 agreement is what we initially set up was identical to
15 AMR's. We wrote -- I understand some language confusion
16 has taken place between what the Bureau has and --

17 Q. That's not what I'm asking you about.

18 A. Sorry.

19 Q. So you -- When you originally talked about being
20 willing to commit to IFT arrival times, you referred to
21 the revised document. And that revised document that you
22 were referring to wasn't your CON application being
23 revised. It was the contract that you have with Dignity
24 to do its IFT transports if and when you get a CON and if
25 and when it's approved by the Department of Health

1 Services, correct?

2 A. Correct. It was that document being revised.

3 Q. Okay. And you haven't sought any amendment to
4 your application to include IFT arrival times that would
5 apply uniformly to any entity or person you did on an IFT
6 transport for in Maricopa County, correct?

7 A. That hasn't been discussed, but I don't see a
8 problem with it in there.

9 Q. So -- so do you intend to ask the Department of
10 Health service to amend your application?

11 A. I think I'd talk to my group and see if that's
12 what we need to do. But --

13 Q. Okay. So we're, like, almost halfway through the
14 hearing. So you don't know whether or not you want to
15 commit to that through your application as opposed to
16 simply committing to it through the contract that you hope
17 to have with Dignity Health, correct?

18 A. Well, procedurally, we'll have it in that
19 contract with -- with Dignity Health for sure.

20 Q. And that service contract is good for how long?

21 A. I believe it was a -- I have to go look at the
22 contract.

23 Q. Contracts don't last forever, right?

24 A. Right. Yeah.

25 Q. And I think I also understand that your backup

1 plan, if you're unable to provide the services you're
2 certificated for, is to form collaborative relationships.

3 A. That's correct.

4 Q. And so the people that you would be forming those
5 collaborative relationships to back you up with are
6 primarily the intervening entities sitting in this hearing
7 room today, correct?

8 A. Yes.

9 Q. So basically, your backup plan is to look to the
10 people who have intervened in this proceeding, and if you
11 can't get to transports, you'll ask them to help you out
12 with the transports you can't get to, right?

13 A. It's more than just the intervenors here.
14 There's other CON holders that we would have collaborative
15 relationships with as well.

16 Q. I want to ask you about your use of the word or
17 nonuse of the word "referral." Okay? And I'm just going
18 to ask a few questions. I know Mr. Belanger spent quite a
19 bit of time on this already.

20 You would agree with me that pursuant to the
21 cover letter that accompanied your application, the intent
22 of RBR's application is to serve Dignity and
23 Dignity-affiliated facilities with interfacility
24 transports, correct?

25 A. Our intent is to take care of Dignity Health

1 patients wherever they may be.

2 Q. Okay. And you would agree with me that when
3 someone is in an urgent care, freestanding ER, an ER of a
4 hospital and they need to go to another facility, that a
5 physician makes the decision about the mode of transport
6 that's required, correct?

7 A. Generally, the physician said they need to be
8 transported for a higher level of care or whatever.

9 Q. Okay. So again, I'm going to go back to my
10 question, because it's really just yes or no.

11 A physician makes the decision does this
12 person -- can they go POV? Can they go via Lyft or Uber?
13 Or do they really need an ambulance? It's a physician
14 who's going to make that decision, correct?

15 A. Yes.

16 Q. Okay. And -- but that physician -- And that
17 physician may say this person needs to go to that cath
18 lab, and so the physician might even identify where the
19 person's going to go, right?

20 A. That's correct.

21 Q. But what the physician doesn't do is say it's
22 medically required that this person be transported by ABC
23 or that this person be transported by Maricopa Ambulance
24 or that this person be transported by AMR. The physician
25 is not making a medical decision about which ambulance

1 transport company will take the patient, correct?

2 A. My understanding is that they just make the
3 request and whatever the facility calls -- or, whatever
4 the physicians call, that's -- that's who they'll use.

5 Q. Okay. So I think that that's a yes.

6 A. The physicians just make the request.

7 Q. So the physician does not make a decision about
8 which ambulance transport company is medically required to
9 be used, correct?

10 A. My understanding, that would be correct.

11 Q. Okay. So basically, the way that RBR, if it got
12 a CON, would be receiving the Dignity transports that a
13 physician has deemed need to go by ambulance is the
14 Dignity facility itself or Dignity organization will be
15 saying "Use this transport provider," correct?

16 A. If they're a preferred provider, they'll ask them
17 or they'll call whoever. If that ETA isn't going to be
18 good, they'll call somebody else.

19 Q. So Dignity will, in fact, be referring transports
20 to RBR, correct?

21 A. Yes.

22 Q. So when you were asked by your attorney about the
23 assurance that you could provide to the Department of
24 Health Services, the entry of your organization into the
25 Maricopa County EMS system wouldn't cause rates to rise, I

1 wrote down that your answer was "Yes, that's why we want
2 to be part of the uniform rate system," correct?

3 A. My understanding of that question is we do not
4 want to increase costs.

5 Q. Okay. So do you understand that one of the
6 concerns related to this question is if RBR comes into the
7 existing Maricopa County system, there's going to be a
8 certain amount of fixed costs that RBR is going to have
9 that are going to duplicate fixed costs the other
10 providers have, correct?

11 A. Okay.

12 Q. Inevitable, right?

13 A. Yes.

14 Q. And those -- that duplication of existing fixed
15 costs -- let's say dispatch perhaps -- Is that a good
16 example of a fixed cost?

17 A. Yes.

18 Q. Okay. That is a cost that ultimately -- the
19 people who pay rates and charges have to cover, right?

20 A. It -- Not necessarily.

21 Q. So when you complete your ARCR to determine what
22 rates and charges are appropriate, all of your costs,
23 including fixed costs, go into determining what those
24 rates should be, correct?

25 A. Right. That's why being part of the Phoenix

1 unified rate group -- it -- it puts everybody on a fair
2 playing field.

3 Q. And -- and the current providers that are out
4 there that are using that unified rate obtained that rate
5 based upon the existing body of transports in Maricopa
6 County, correct?

7 A. I can't answer how they got to that rate.

8 Q. Well, there's a fixed set of transports in
9 Maricopa County, right? Just because Community comes in
10 doesn't mean that there's going to be 11,315 new
11 transports added to the system. Those are transports that
12 are already part of the system, correct?

13 A. If you're going to take a look at today, we can
14 say there's X amount, but every day -- This is a large
15 economy that's growing. There's going to be more and more
16 transports. That's going to be an always-changing number.

17 Q. I'm really glad you brought that up because I did
18 want to talk about that. Thank you.

19 So let's answer -- I'm going to go back to
20 that, growing transports. But let's finish with the
21 question we're on right now. Okay?

22 So you're not -- you're not telling us that,
23 you know, year -- year one that -- that RBR gets a CON, if
24 it's in 2019, that magically there will be 11,315 -- or
25 whatever your number is -- new transports added to the

1 system, are you?

2 A. I can't tell you what the new -- new transports
3 would be added to that. I don't know that number.

4 Q. There's a finite number of transports available
5 in Maricopa County, correct?

6 A. If you look at today, if there's an X amount --
7 but it fluctuates every day. There's an X amount of
8 transports, on average. That's what it would be.

9 Q. And -- and currently, that finite number of
10 transports is supporting the existing CON holders -- some
11 are governmental entities; some are in this room; some
12 aren't -- including their fixed costs, correct?

13 A. So if you took those 11,315 today that are being
14 used -- they're being transported by other CONs, yes, to
15 pay for their expenses.

16 Q. As part of this overall fixed body of transports
17 in the system, correct?

18 A. Again, I don't think there's a fixed body of
19 transports. It's an ever dynamic number that keeps
20 changing.

21 Q. You're not telling me that if through some magic
22 or change in regulations DHS gave RBR a CON starting
23 tomorrow, that 11,315 new transports would magically
24 appear in the system, are you?

25 A. That's what I'm saying is that somebody --

1 ALJ EIGENHEER: Okay. The question is you
2 getting a CON isn't going to change the calls for service,
3 correct? There's going to be a certain number of calls
4 for service whether you have a CON or not?

5 THE WITNESS: That's correct.

6 ALJ EIGENHEER: Thank you.

7 MS. FICKBOHM: Thank you. Thank you, Judge.

8 BY MS. FICKBOHM:

9 Q. And you would also agree that those fixed number
10 of calls support certain fixed costs that all these
11 existing providers have, correct?

12 A. Correct.

13 Q. And if you add another provider with the same
14 fixed costs, the number of transports to support those
15 fixed costs that everybody has is going to be diluted to
16 some extent, correct?

17 A. To some extent.

18 Q. And that type of dilution can put upward pressure
19 on rates and charges and require rates and charges to be
20 raised, correct?

21 A. I don't know how that mechanism works in that --
22 how the rates would increase because of that. But I know
23 it would be diluted.

24 Q. If it costs everybody the same to do a less
25 number of transports, there -- there would eventually come

1 a breaking point where existing rates and charges wouldn't
2 cover that, correct?

3 A. If you took everything as equal, yes. If you had
4 a fixed rate and you diluted it between too many
5 providers, then yes.

6 Q. Thank you.

7 Just looking at what questions have already
8 been answered by Mr. Belanger.

9 Any questions I have about system status,
10 operation plans, and stuff, that's -- you're just going to
11 tell me ask Mr. Rogers, right?

12 A. That's correct.

13 Q. Okay. Then I won't go through that mechanism.

14 Let's go -- let's go to your growing
15 ambulance transport number proposition. What studies have
16 you done to look at how ambulance transport numbers have
17 tracked over time in Maricopa County?

18 A. I have not done any studies myself.

19 Q. So wouldn't one of the easiest ways to determine
20 whether or not your theory is correct is to look at all of
21 the ARCR numbers over time and see if they've grown, if
22 they've flattened out, if they've declined? Wouldn't that
23 be a useful inquiry?

24 A. Yes, that would.

25 Q. And did you do that?

1 A. EMS Advisors looked at all those things. But
2 when we put our numbers in, again, it was everything's
3 changing. We put our data in -- what? 2016 is when we
4 put our initial one in and revised '17, and what I'm
5 hearing from testimony is that that number is even
6 increasing even more, so it's -- it is a growing market.

7 Q. Okay. So you put your application in in 2016.
8 You had a lot of back-and-forth with the Bureau, including
9 amendments and changes to your application and supplements
10 to your application, right?

11 A. We did some changes, yes.

12 Q. Including a new ARCR?

13 A. Right.

14 Q. Which takes some time for the Bureau to review?

15 A. Correct.

16 Q. And you really didn't finalize your application
17 through that process with the Bureau until -- May of 2017
18 was when I saw the last statement from you about what
19 rates and charges you wanted, the Phoenix uniform group
20 rate, correct?

21 A. I believe those last findings were 2017.

22 Q. And shortly after -- Okay. And -- and at no
23 point in that process did you revisit the issue of
24 ambulance transport growth or not?

25 A. The problem we ran into is that they were making

1 other ARCR change -- I mean, it just keeps changing.

2 Q. I'm not talking about amending your ARCR. I'm
3 talking about we're in a hearing and you've made a very
4 general proposition that ambulance transports are growing.
5 And I think you mean to track population growth, correct?
6 And -- and you're saying, "Oh, it's been so long, so any
7 information gathering we would have done about that
8 concept back in early 2016 wouldn't really be that
9 relevant right now." But you've had plenty of opportunity
10 between then and sitting here today to go and look at that
11 data, correct?

12 A. Yes.

13 Q. Okay. So have you looked at that data recently
14 to see if what you're saying is, in fact, borne by the
15 facts?

16 A. Consulting with our EMS Advisors, I believe that
17 there is growth here.

18 Q. Tell me what kind of research you've done. Are
19 you aware -- Let me strike that.

20 Are you aware of the national discussion
21 among ambulance transport companies about how the easy
22 availability of alternative transportation, like Uber and
23 Lyft -- and there's probably some new ones I don't even
24 know about yet -- have impacted ambulance transport
25 numbers?

1 MR. MURPHY: Objection. Relevance.

2 ALJ EIGENHEER: Overruled.

3 THE WITNESS: I've heard some discussion
4 about that, some articles.

5 BY MS. FICKBOHM:

6 Q. And have you read any articles about that --

7 A. No.

8 Q. -- to see what the information out there is on
9 it?

10 A. No.

11 Q. You're in Clark County, Nevada, which Las Vegas
12 is right in the heart of, right?

13 A. It's -- Clark County is big. Yes.

14 Q. Uber and Lyft are huge in Las Vegas, aren't they?

15 A. They're humongous.

16 Q. I mean, nobody has to take a cab anymore, right?

17 A. There's still a lot of cabs there.

18 Q. But people are more willing to use Uber and Lyft
19 because these they cost less than taxicabs, correct?

20 A. That's my understanding.

21 Q. And you would have to be seeing people leaving
22 urgent care centers, hospitals, et cetera, in Uber and
23 Lyft, don't you?

24 A. I don't see that. It happens. I think what's
25 happening is a lot of patients that were sitting there

1 that were trying to find a way to get home, elderly,
2 whatever it was, that were -- they're trying to figure out
3 what to do with these patients. They used to give them a
4 bus token, used to try to give them different ways to get
5 home. Now I think they have developed programs where they
6 get them an Uber and Lyft and --

7 Q. And previously -- let's say five -- even five
8 years ago, a lot of hospitals, urgent care centers, just
9 to move people out of beds to clear the beds, would say,
10 "We'll pay for the ambulance transport. Take them home.
11 We need -- we need to get them out of here," right?

12 MR. MURPHY: Foundation objection.

13 ALJ EIGENHEER: You may answer, if you know.

14 THE WITNESS: I don't know if they actually
15 paid for them. I know that there was -- there's been some
16 abuse where they'll call an ambulance to do a transport
17 and then it's not medically necessary.

18 BY MS. FICKBOHM:

19 Q. And -- and sometimes people call that charity
20 care; they call it the cost of doing business. "We want
21 to help make this urgent care happy. We'll just take this
22 person home. We'll never be able to get paid for it,"
23 right?

24 MR. MURPHY: Form, foundation.

25 ALJ EIGENHEER: You may answer, if you know.

1 THE WITNESS: I think it's a concept that's
2 out there.

3 BY MS. FICKBOHM:

4 Q. And so you haven't analyzed how the phenomenon of
5 more and more people using these alternative forms of
6 transportation may have -- may impact the growth base --
7 your expected growth of ambulance transports and whether
8 or not they track population, correct?

9 A. I have not done that, no.

10 Q. Where are you going to dispatch your services
11 from?

12 A. Brian Rogers is going to talk more about that.

13 Q. I'm sorry?

14 A. Brian Rogers is going to talk more about
15 communications as well.

16 Q. But where will your -- where will your
17 dispatching facility be?

18 A. In a building that we'll get. We'll have a
19 discussion having a dispatcher there and actually using
20 the comm center that we have in southern Nevada.

21 Q. So your Maricopa County operations will likely be
22 dispatched out of Nevada?

23 A. We'll have a dispatcher here, but we'll use the
24 CAD, the system in southern Nevada. Be like a remote.

25 Q. And have you had any discussions with Dignity

1 about how long they would be willing to hold a patient at
2 their hospitals, their freestanding emergency rooms, their
3 urgent care centers in order to ensure that RBR would be
4 the one to do the transport as opposed to having to call
5 somebody else?

6 A. We've never had that kind of discussion, but they
7 wanted the most efficient time. And there's been times
8 when they've called us where we couldn't give a very
9 good -- in principle, we couldn't give a very good ETA,
10 and so they used other providers.

11 Q. When you formed the AMG-Dignity joint venture,
12 did Dignity make an actual dollar investment in that
13 company?

14 A. Yes.

15 Q. So the best witness to answer questions about
16 where the dollar numbers on the ARCR came for different
17 expenses would be Mr. Evans?

18 A. Evans.

19 Q. Okay. So as you sit here today, do you know who
20 has interfacility transport authority in Maricopa County?

21 A. Who has?

22 Q. Interfacility transport --

23 A. Authority.

24 Q. -- authority in Maricopa County?

25 A. My understanding, it would be the Bureau.

1 Q. No, I mean to do interfacility transports. Do
2 you -- There's been a number of different things said in
3 the filings made by RBR. As you sit here today, do you
4 know who's doing the interfacility transports in Maricopa
5 County?

6 A. From the different CONs?

7 Q. Yeah.

8 A. That would be -- I understand there's quite a
9 few different CONs that have that capability of doing
10 that. There's 18.

11 Q. So there's at least five -- at least five public
12 entities -- correct? -- if not more?

13 A. I don't know.

14 Q. What about Gila Bend?

15 A. I don't know.

16 Q. Are there any Dignity facilities in Gila Bend?

17 A. I think that was asked before. I don't think
18 there's any in Gila Bend.

19 MS. FICKBOHM: Can we pull up --

20 BY MS. FICKBOHM:

21 Q. Well, let me ask one more question, and then I --
22 then I'm going to what I hope is the last thing I want to
23 talk about.

24 Were you ever told by anybody on Dignity's
25 end that they wanted you to include Pinal County in -- on

1 the RBR application?

2 A. We've had some discussions in our group about
3 Pinal County. And that's one of the concerns that we
4 have. There's a need, we feel, in --

5 Q. My question really is were you ever told to
6 include Pinal County in the application?

7 A. No.

8 Q. Who's responsible for the scope of the
9 application?

10 A. "The scope"? What do you mean by that?

11 Q. Who directed the scope of the application -- the
12 geographic scope of the application. Was that -- was that
13 a decision made by you and Mr. Rogers' side of things, or
14 was that a decision made by the Dignity side of things?

15 A. We have hired EMS Advisors to help us through
16 this process to make sure we understand it. We came
17 together. We have monthly meetings, and we would discuss
18 what the -- what process we need to go through.

19 Q. Who's responsible for the decision about what the
20 geographic scope of the application is?

21 A. That ultimately would be me.

22 MS. FICKBOHM: Could we pull up AMR-2,
23 Your Honor?

24 So what we've pulled up here as AMR-2, and
25 even though it's a regulation that's a matter of public

1 record, I would like to move to admit AMR-2 just for ease
2 of reference here.

3 ALJ EIGENHEER: Any objections?

4 MS. HOFMEYR: No.

5 MR. MURPHY: No.

6 ALJ EIGENHEER: AMR-2 is admitted.

7 BY MS. FICKBOHM:

8 Q. So if we go to the second regulation, R9-25-502,
9 this is the scope of practice for all EMT/paramedic-level
10 people. Do you recognize that?

11 A. I believe I may have reviewed it once before.

12 Q. One would hope.

13 And -- and if you want to take a minute
14 to -- to look at it, because I do want to ask you if
15 you're familiar with it, as it basically defines the scope
16 of practice for the people that RBR would be hiring if it
17 got a CON. Are -- are you familiar with this?

18 A. I wouldn't be that intimately knowledgeable. I
19 probably reviewed it, again, with EMS Advisors helping us
20 through this. Because there's different inconsistency
21 between southern Nevada and here. And, like, there's, for
22 example, certain type of transports we do up there,
23 certain things that we do that are different than here, so
24 that's why we really rely on their skill set to make sure
25 that we understand, so we ask them a lot more questions

1 about interpretation of this.

2 Q. Are they the applicant?

3 A. No, no, we are.

4 Q. Okay. I would like to ask you if there is
5 anything different about the scope of practice of the
6 people you intend to hire to staff RBR's hoped-for Arizona
7 operations than what's defined in this regulation.

8 A. And again, it's an overview. A paramedic is a
9 paramedic and an EMT is an EMT, but there's different
10 things that they can do here a little bit than up there.
11 So we just have to make sure our protocols meet those --
12 meet those expectations here that are maybe a little bit
13 different than up in southern Nevada.

14 Q. Do you intend to require any greater scope of
15 practice than what's defined by the Arizona regulations?

16 A. As of right now, we plan on following everything
17 in the Nevada -- I mean the Arizona regulations.

18 Q. And -- and I have no reason to doubt that. My
19 question is whether you intend to require the paramedics
20 and EMTs that you hire, if RBR gets a CON, to have a
21 greater scope of practice than what's set forth in this
22 regulation.

23 A. As of today, I think this is what we would be set
24 with.

25 Q. So is that a no?

1 A. Yes -- I mean no.

2 Q. You do not intend to require --

3 A. We do not intend to require as of today.

4 MS. FICKBOHM: I don't have any other
5 questions. Thank you for your time.

6 ALJ EIGENHEER: Cross?

7 MS. HOFMEYR: Thank you, Judge.

8 Is that clear enough? Do I need to sit any
9 closer?

10 ALJ EIGENHEER: You're good.

11

12 CROSS-EXAMINATION

13 BY MS. HOFMEYR:

14 Q. Mr. Richardson, my name is Adriane Hofmeyr. I
15 represent ABC Ambulance.

16 I noticed in today's testimony and
17 yesterday's testimony, you fairly -- you referred to your
18 partner Mr. Rogers a lot and said he's your ops guy.
19 Yesterday you testified, when you were asked some
20 financial questions, do you have finance guys that deal
21 with that? And I noticed today you are referring to EMS a
22 lot. I just want to be clear. You don't feel that
23 there's anybody else responsible for the numbers that
24 you've given to the Department. Is that right? You're
25 the CEO of this organization and the buck stops with you.

1 Would you agree with that?

2 A. Yes. I'm ultimately responsible.

3 MS. HOFMEYR: I would like to pull up
4 ADHS-1, Judge. I would like to go to page 154.

5 MS. FICKBOHM: There should be a way to do
6 that automatically.

7 BY MS. HOFMEYR:

8 Q. ADHS-1, as you probably realize by now, is your
9 initial application that you filed in June 2015, right?

10 A. Yes.

11 Q. I'm pointing to your signature. It appears here
12 a number of times, your signature, at the very end of
13 everything practically, where you are attesting that all
14 the information in here is true and correct. Is that
15 right?

16 A. Yes. To the best of my ability.

17 Q. Do you think it's fair to say that the Department
18 looks to you primarily for their accuracy of this
19 information?

20 A. I'm the ultimately responsible person. But I
21 do --

22 Q. That's why it's your signature, correct?

23 A. That's correct.

24 Q. And you are aware of the fact that the Department
25 relies on what you put in this document to make its

1 decision, correct?

2 A. That's correct.

3 Q. So clearly, getting a CON is not a cheap
4 exercise. Was there any formal business plan that was put
5 together either by RBR, AMG, or Dignity before any
6 approvals were given to RBR to go ahead with this process?

7 A. Was there any business plans? There was . . .

8 Q. That were presented to the board possibly of RBR
9 or to Dignity before approving the expense that was
10 involved to go ahead with this process.

11 A. I think -- I would have to go back and look at
12 board meeting notes and minutes, stuff like that, that we
13 have to see -- this has been -- I think it was, like --
14 2015 is when we got our first call. Laura Hennem talked
15 to me and said that the Arizonans have concerns with
16 ambulance transports. So probably right around 2015,
17 there might be discussions about Arizona, as far as what
18 we -- can help them out with guidance, direction, and
19 things like that.

20 Q. So are you testifying around 2015, there's a
21 possibility that there would be board minutes reflecting a
22 decision to go ahead with the Arizona application?

23 A. Not 2015. It would probably be a little later
24 than that.

25 Q. But you -- you are not recalling whether there's

1 a formal business plan that was put together before the
2 expense was approved. Is that right?

3 A. I'm not -- I don't recall one.

4 Q. Sorry. I'm going to take my time because a lot
5 of the questions have been asked already.

6 A. Okay.

7 Q. You are referring a lot to EMS, certainly in the
8 last hour, that they're going to be the guys that have
9 information relating to -- or, they were responsible for a
10 lot of the information or for the decisions that were
11 made.

12 MR. MURPHY: Objection.

13 BY MS. HOFMEYR:

14 Q. Is that your testimony? Are you -- are you
15 making any implication that EMS is responsible for any of
16 the decisions that you made in this application?

17 A. Not the decisions. Ultimately, the decisions are
18 mine and my partner's.

19 Q. So we've had a whole lot of agreements. There's
20 a universe of agreements between AMG, RBR, and Dignity.
21 One is the operating agreement. There was an amendment
22 that when we asked for these documents -- apparently it
23 was done in 2016, but I have not seen a signed copy.

24 MS. HOFMEYR: Judge, could you put up
25 ABC-33? It's the front page. So if you go to page 2 just

1 to clarify what this is.

2 BY MS. HOFMEYR:

3 Q. Would you agree this is the operating agreement
4 for RBR?

5 A. Yes, the heading right there is "Operating
6 Agreement."

7 Q. Okay. So when we got this from your attorneys,
8 the front page was attached to it, but there are no
9 signatures to it. I'd like to know, to your knowledge,
10 was it ever signed?

11 MS. HOFMEYR: Judge, if you could put it
12 down a little bit so that -- so that I could read the two
13 paragraphs.

14 BY MS. HOFMEYR:

15 Q. The one is -- So do you see the date
16 November 15, 2016?

17 A. Correct. This was an inadvertent submittal.
18 This was never executed. It was kind of a proposed thing
19 to bring to the board to see if they would do an
20 amendment. And this was never acted upon.

21 Q. Okay. So that Section 1 there, paragraph 1 where
22 the service area was extended to be "all areas (cities,
23 counties, states) that Dignity provides, has associations,
24 strategic alignments, or any other agreement," your
25 service area was expanded, that is not in effect. Is that

1 right?

2 A. That is not in effect.

3 Q. And paragraph 2, there is a noncompete where
4 Dignity and AMG -- the members were promising each other
5 never to form another entity that could do ambulance
6 services. Was that ever put into effect?

7 A. There's language currently in the operating
8 agreement. This was just to amend it to try to -- as
9 Dignity was in multiple different states, and instead of
10 having -- every time we wanted to look at doing something
11 with Dignity, if there ever was an opportunity, we didn't
12 want to keep amending the document. So this was an
13 attempt to make it broad enough that wherever they went
14 and wanted to do an ambulance -- to look at ambulance
15 transport services, we would be able to do it. But it was
16 never acted upon. The whole document is -- was a draft.

17 Q. There's no other document that we haven't seen
18 that's been signed that has a similar noncompete?

19 A. There is a noncompete clause that's already in
20 the operating agreement. But this document is -- is void,
21 is nothing.

22 Q. Okay. Thank you.

23 MS. HOFMEYR: Okay. So if we can page down,
24 page 9, it's ABC33-0009. The service area -- Thank you,
25 Judge. It's right in the middle there, paragraph 2.58.

1 BY MS. HOFMEYR:

2 Q. This may already be in evidence, but do you agree
3 the service area under the current operating agreement is
4 only Clark County, right?

5 A. This agreement that was dated back in 2010.

6 Q. This is the agreement -- agreement still in
7 effect as an operating agreement?

8 A. Correct.

9 MS. HOFMEYR: Judge, if you could put up
10 ABC-32.

11 BY MS. HOFMEYR:

12 Q. So this is your management agreement. This
13 amendment, I believe, on page 1 was signed, correct?

14 MS. HOFMEYR: If we go to page 5, or
15 ABC 00005 -- sorry, page 7.

16 BY MS. HOFMEYR:

17 Q. So this is the management fee.

18 MS. HOFMEYR: If we can scroll up a little
19 bit, Judge.

20 BY MS. HOFMEYR:

21 Q. There are -- Under your current operating
22 agreement between RBR and Dignity, there are these
23 essentially four buckets of fees that are payable. My
24 understanding is by RBR to AMG. Is that correct?

25 A. That's correct.

1 Q. The first bucket is 3 and a half percent of gross
2 revenue that has been referred to already, correct?

3 A. That's correct.

4 Q. And has that been payable since 2010?

5 A. Yes.

6 Q. And has it been paid every year until 2018?

7 A. It is paid monthly.

8 Q. And is it continuing to be paid as we speak?

9 A. That is correct.

10 Q. You testified yesterday that you did not include
11 this 3 and a half percent of gross revenues in your ARCRs,
12 right?

13 A. That's correct. We've -- we do not have --
14 Since the operating agreement has not been amended and the
15 management agreement just refers to Nevada -- or, to
16 Arizona, we have waived the management fee for this first
17 year here.

18 Q. And will it be payable in your second year?

19 A. We've got to discover that -- negotiate that.

20 Q. So it's your position -- You're testifying today
21 that this management agreement is not applicable in
22 Arizona?

23 A. Right now, we're in the middle of negotiations to
24 see what's going to happen in Arizona. As of right now,
25 there's no fee -- management fee here in Arizona.

1 Q. But if we can take a step back, I believe you
2 just said because of the definition of service area in the
3 operating agreement. Am I correct that you testified that
4 this agreement is not operative for operations in Arizona?

5 A. The prior question was that this agreement was
6 for Clark County, and that's where all these things were
7 in, Clark County. So obviously, there needs to be some
8 changes to the operating agreement, some amendments and
9 changes, as well as the management agreement for that same
10 purpose.

11 Q. Is it your position today that the operating
12 agreement does not permit -- because of the definition of
13 "service area," does not permit RBR to do your operations
14 in Arizona?

15 A. No, the board -- We discussed that. So the
16 board gets to make those decisions on the direction, so
17 the board has talked about it and it has approved the
18 expansion into Arizona.

19 Q. But it's not reflected in the operating
20 agreement.

21 A. We're still doing -- going through amendments
22 right now in our agreements.

23 Q. Are those anywhere in writing -- those board
24 minutes?

25 A. They would be in the board minutes, yes.

1 Q. And do you know if it's been provided to any
2 parties to this agreement?

3 A. Not that I'm aware of.

4 Q. So the second bucket was to -- to get a medical
5 director, fees. Is that right?

6 A. That's correct.

7 Q. Is that going to apply in Arizona?

8 A. We'll probably set up the same kind of a fee
9 structure is what we'll probably do.

10 Q. And is that reflected in your ARCRs?

11 A. Yes.

12 Q. And then the third one is a start-up personnel
13 fee. It's going to be a hundred thousand dollars until
14 the board authorizes the hiring of the necessary RBR
15 personnel. Was that paid in Nevada?

16 A. That was a start-up. You have to remember at the
17 very beginning, it was just a start-up company, and so
18 there was a very skeleton operation. So we took on
19 certain responsibilities and certain roles over and beyond
20 the management fee we get. We took those positions,
21 assumed them, so we got paid that structure -- or, that
22 money until those positions were filled and backfilled.
23 Then that funding was ceased.

24 Q. So how many years did that last? Do you recall?

25 A. I don't recall.

1 Q. One year?

2 A. It wasn't many years.

3 Q. Two years?

4 A. I don't recall.

5 Q. And it was a hundred thousand dollars payable to
6 AMG. Is that accurate?

7 A. That is correct.

8 Q. And who -- who were the AMG personnel at that
9 time?

10 A. Brian Rogers, Rob Richardson. And when it
11 started, it was Dr. Richard Henderson.

12 MS. HOFMEYR: And then there's a fourth
13 bucket at the bottom of the page, Judge. Thank you.

14 BY MS. HOFMEYR:

15 Q. That was \$25,000 per year to get CAAS
16 accreditation. Is that right?

17 A. That's correct.

18 Q. Was that paid?

19 A. Yes, it was.

20 Q. And is that going to be applicable in Arizona?

21 A. We have to negotiate those things.

22 Q. Can you recall when the decision was made not to
23 have the management fee payable in the first year of
24 operations in Arizona?

25 A. It was when we did the ARCR. We were going

1 through the list of expenses, and we put in the expenses
2 that the ARCR has.

3 MS. HOFMEYR: Sorry, if you'll give me a
4 second.

5 Judge, can you pull up ABC-63?

6 Do you know what? I'm going to deal with
7 63A here because it's going to take some foundation.

8 BY MS. HOFMEYR:

9 Q. You testified yesterday that AMG does all the
10 day-to-day operations for RBR. Is that accurate?

11 A. Yes.

12 Q. And will that be the same in Arizona?

13 A. As of right now, AMG is -- we're going to have to
14 negotiate, like I said, with a management agreement. What
15 that looks like, we're still looking at. Because a lot of
16 the things we did up in southern Nevada was a complete
17 start-up of an operation, developing standard operating
18 procedures, the structure to everything. Since we're
19 already up and established, this is going to probably look
20 a little bit different on how the structure comes. But
21 AMG will be a presence here and -- but how the leadership
22 and where we put it, the leadership will determine.

23 Q. So let me just go back.

24 Is the plan currently to have AMG do the
25 day-to-day operations for the Arizona -- the Arizona

1 operations? That's just yes or no.

2 A. Again, we're -- we're looking at that. We'll be
3 making a decision.

4 Q. Yes, no, or you don't know whether the plan is
5 for AMG to do the day-to-day operations for the Arizona
6 operations?

7 A. As of today, AMG will be a presence here.

8 Q. How many employees does AMG have currently?

9 A. Roughly about 285. I'm sorry. AMG?

10 Q. AMG. How many employees does AMG have?

11 A. It has two.

12 Q. And who are those two?

13 A. It's Dr. -- two doctors. Our Dr. Cole Sondrup
14 and Dr. -- I forget his other name. He's another medical
15 director for us.

16 Q. And those two doctors run the day-to-day
17 operations for RBR in Nevada?

18 A. They don't run the day-to-day operations.
19 They're just the medical director that you saw in the fees
20 that we paid for. That's part of the agreement is that
21 the AMG would provide the medical director or the medical
22 doctors.

23 Q. So what does AMG actually do?

24 A. So AMG is Brian Rogers and myself. And that's
25 what -- we manage and oversight all the operations.

1 Q. So it's you and Brian that do the day-to-day
2 operations for the Nevada --

3 A. We're the oversight, so we have a whole staff of
4 people.

5 Q. Are they not technically employed by AMG?

6 A. RBR.

7 Q. So RBR technically employs everybody, but AMG is
8 contracted to do the management of the day-to-day
9 operations?

10 A. Correct.

11 Q. Does AMG own any assets?

12 A. The ambulances. They have a pass-through to the
13 ambulances where they purchase the ambulances, lease them
14 back through to the ambulance company.

15 Q. So the ambulances are titled in the name of AMG.
16 Is that right?

17 A. Yes. So we have a -- What we do is we transfer
18 them over to RBR after they've been purchased out or
19 depreciated out.

20 MS. HOFMEYR: So, Judge, if we could look at
21 ADHS-1. So we'll just leave it there.

22 BY MS. HOFMEYR:

23 Q. You're testifying now that the ambulances that --
24 Well, let me ask you this. Does RBR own any
25 ambulances?

1 A. Yes.

2 Q. Which ones?

3 A. I have to go look at the sheet. I can't tell you
4 exactly how many or what they are.

5 Q. So the -- the ambulance service being provided in
6 Nevada, the ambulances are owned partly by AMG and partly
7 by RBR?

8 A. There's -- there's some that RBR owns and there's
9 some that are pass-through to AMG that captures the
10 depreciation. And --

11 Q. I'm not understanding what you mean by
12 "pass-through." Right now, I'm trying to understand who
13 owns them, who has the title to them.

14 A. The title, when they are paid off, goes to RBR.

15 Q. So I'm not -- Like I said, so can you clarify
16 your earlier testimony about AMG does own ambulances?

17 A. So what happens is that the loan may go through
18 AMG and then -- or, the ambulances. So they take the full
19 depreciation, because in the relationship with Dignity
20 Health, since they're a nonprofit, they don't get any
21 benefit of depreciation. So we take the depreciation
22 cost, then lease them back over to RBR. And that's
23 where --

24 Q. AMG leases the ambulances back to RBR?

25 A. Yes. They're assignments. They have some that

1 are -- that are leased.

2 Q. And I presume there's some lease agreements in
3 place that cover that?

4 A. Yeah, I'm sure there is.

5 Q. But you don't know --

6 A. I would have to go back and look and see what we
7 have on this.

8 Q. You don't know if there's a document, lease
9 agreement, or lease agreements covering this arrangement
10 between AMG and RBR?

11 A. I would have to look.

12 Q. Would Mr. Rogers know?

13 A. I doubt it.

14 Q. Does AMG have any other assets?

15 A. The computers and office supply stuff, things
16 like that.

17 Q. Does AMG have any ownership interest in any other
18 entities?

19 A. No.

20 Q. And just to clarify, I think you have testified
21 already AMG is owned 50-50 by you and Mr. Rogers. Is that
22 accurate?

23 A. That's correct.

24 Q. So this is something else I think you've
25 testified to already. Is it correct your ARCRs did not

1 include any -- build in any overtime for ambulance crews?

2 A. My understanding is what was in the ARCRs is
3 what's in there.

4 Q. And your staffing plan includes part-time
5 employees, correct?

6 A. We'd like to have part-time employees.

7 Q. Is that so that you don't have to pay overtime?

8 A. It helps with the call-in. If there's somebody
9 calls off sick, if you have a list of part time, they can
10 come in. It helps with the staffing.

11 Q. And you plan on using firefighters for your
12 part-time employees. Is that correct?

13 A. That's just one of the -- one of the options we
14 have we would like to look at.

15 Q. And has this staffing model worked for you in
16 Nevada?

17 A. Yes.

18 Q. Do you pay overtime to your staff in Nevada?

19 A. By all means, if they go into overtime, we would.
20 But that's why we're trying to keep it at a minimum.

21 Q. Were you ever asked to pull your transport
22 numbers in Nevada for this application?

23 A. Was I ever asked to pull the numbers?

24 Q. Yeah.

25 A. I'm not sure I understand what you mean by that.

1 Q. When any of your advisors were putting together
2 the ARCRs, they needed to put in transport volume,
3 correct? The anticipated number of transports, correct?

4 A. I don't think any of the transport volume from
5 Nevada was used in these numbers here.

6 Q. Okay. So is it your testimony you were not asked
7 by any of your advisors to pull your Nevada transport
8 numbers?

9 A. I can't recall any time that that would have
10 happened. They knew our -- they know our volumes up
11 there, know our numbers.

12 MS. HOFMEYR: Judge, I think this would be a
13 good time, certainly from my perspective, to break.

14 ALJ EIGENHEER: You have more questions?

15 MS. HOFMEYR: Yes.

16 ALJ EIGENHEER: Okay. Then we will go ahead
17 and break for lunch. We'll go off the record at this
18 time.

19 (A recess ensued from 11:50 a.m. to
20 1:05 p.m.)

21 ALJ EIGENHEER: Okay. We are back on the
22 record. We're going to take a break, I believe, and have
23 someone else. Who do we have?

24 MR. MEYERSON: Aaron Sams, please.

25 ALJ EIGENHEER: Please raise your right

1 hand.

2

3

AARON SAMS,

4

called as a witness on behalf of RBR Management, LLC,

5

herein, having been first duly sworn by the Administrative

6

Law Judge to speak the truth and nothing but the truth,

7

was examined and testified as follows:

8

9

ALJ EIGENHEER: Would you please state your

10

name, spelling it for the record?

11

THE WITNESS: Aaron Sams, A-a-r-o-n S-a-m-s.

12

ALJ EIGENHEER: Okay. And before we get

13

started, my Post-it from yesterday, you did cover on

14

direct CA-176 that was not offered. That was the CV of

15

Dr. Burns.

16

MR. MURPHY: That's right. Thank you for

17

reminding me.

18

Move to admit CA-176.

19

MS. FICKBOHM: No objection.

20

MR. BELANGER: No objection.

21

ALJ EIGENHEER: Okay. CA-176 is admitted.

22

MR. MURPHY: Thank you, Your Honor.

23

ALJ EIGENHEER: You are welcome.

24

Please proceed.

25

MR. MEYERSON: Thank you.

1 DIRECT EXAMINATION

2 BY MR. MEYERSON:

3 Q. Is it okay if I call you Aaron?

4 A. Yes.

5 Q. Okay. Thanks.

6 MR. MEYERSON: Judge, would you mind pulling
7 up, just for ease of reference, Exhibits 8 and 13 for me?

8 ALJ EIGENHEER: Whose?

9 MR. MEYERSON: I'm sorry. ADHS-8 and -13.
10 Thanks.

11 BY MR. MEYERSON:

12 Q. Aaron, who's your current employer?

13 A. Arizona Department -- should say the Department
14 of Health Services, and I work for the Bureau of EMS and
15 Trauma System.

16 Q. And what's your current role in that?

17 A. I'm the CON and ambulance rates manager. I
18 oversee licensing for ground and air ambulance, along with
19 all contract approvals.

20 Q. We've been here a while. Has that role changed
21 since the beginning of these proceedings?

22 A. It has. I received a promotion probably
23 18 months or so ago. I was the rates analyst before
24 taking on the management role.

25 Q. Then in that role, did you prepare finance

1 letters for the Bureau?

2 A. I did. I performed the financial analysis for
3 rate setting for this particular application.

4 Q. Okay. Thank you.

5 MR. MEYERSON: Is this 8 that's up on the
6 screen?

7 ALJ EIGENHEER: It is.

8 BY MR. MEYERSON:

9 Q. Okay. Is this the first Findings Letter?

10 A. Yes, it is.

11 MR. MEYERSON: Judge, if you wouldn't mind
12 scrolling to page 11.

13 ALJ EIGENHEER: I'm sorry?

14 MR. MEYERSON: Page 11. Thank you.

15 BY MR. MEYERSON:

16 Q. So just so we can get our bearings, is the
17 information listed under the Proposed Applicant taken from
18 the initial ARCR, from your understanding?

19 A. It was.

20 Q. And then under the column BEMSTS Analysis, that
21 would be the Bureau's analysis?

22 A. That's correct.

23 Q. And so what I would like you to do just briefly
24 is look at those -- the numbers there. Are the individual
25 settlement amounts proposed by Community Ambulance -- are

1 those different from the amounts proposed by the Bureau?

2 A. Yes, they are.

3 Q. And if you don't mind, would you explain what
4 those differences are and -- and why you made those
5 changes? I think there's the -- Footnote 1 provides some
6 guidance. Obviously, please fill in anything else that is
7 relevant.

8 A. The Bureau had benchmarked these settlements
9 based off two other ambulance companies that performed
10 interfacility transports. So we utilized their 2014 and
11 2015 data, and that's how we came up with these
12 percentages, along with some other factors looking at
13 demographics, paramedics, things like that. But
14 predominantly, we used their financial reporting data from
15 what was CON 75 and CON 46, which was American Ambulance
16 and ComTrans, I believe.

17 Q. And the last row there that says "Deductions From
18 Revenue Percentage," do you -- do you mind explaining what
19 that is?

20 A. That's the cumulative total of -- or, percentage
21 rank, I should say, of the cumulative total of Medicaid,
22 Medicare, and bad debt, so it's --

23 Q. Based on that analysis that you see there, did --
24 did Bureau's analysis determine that Community Ambulance
25 would collect more than it had originally calculated in

1 its original ARCR?

2 A. Yeah. Minutely more. Around -- just under
3 2 percent.

4 Q. Do you recall if Community Ambulance submitted a
5 revised ARCR in this proceeding?

6 A. They did.

7 Q. Did you do a finance analysis of that?

8 A. Yes, I also performed that analysis.

9 MR. MEYERSON: Okay. Judge, do you mind
10 opening 13?

11 BY MR. MEYERSON:

12 Q. And this is that second Findings Letter?

13 A. Yes, it is.

14 MR. MEYERSON: Same page, Your Honor.
15 Page 11, please.

16 BY MR. MEYERSON:

17 Q. And again, just so we can get our bearings, so
18 the Proposed Applicant column would be the numbers from
19 the revised ARCR, correct?

20 A. Correct.

21 Q. Then again, the BEMSTS Analysis would be the
22 analysis of the revised ARCR?

23 A. Correct.

24 Q. Thanks.

25 Did you apply the same settlement

1 percentages to the AHCCCS, Medicare, and bad debt numbers
2 you did in your original Findings Letter?

3 A. Yes. The deduction from revenue percentage was
4 exactly the same.

5 Q. If you don't -- Do the individual settlement
6 amounts impact how the Bureau sets rates and targets?

7 A. No. As it flows through our financial analysis
8 Excel spreadsheet, what matters most is the cumulative
9 total, so the deduction from revenue percentage as a whole
10 impacts how rates are changed and are calculated. The
11 individual percentages for Medicare, Medicaid, bad debt,
12 things like that, don't individually impact it. It's how
13 they collectively impact how we set rates and charges.

14 Q. And if you don't mind, how do the deductions from
15 revenue percent from your analysis as well as the revised
16 ARCR compare to each other?

17 A. The revised ARCR are more in line. They're
18 almost exact.

19 Q. And do you believe that the Bureau's analysis of
20 total deductions from revenue is a reasonable number?

21 A. I do.

22 Q. The next --

23 MR. MEYERSON: Can you page back to page 3
24 for me, please, Judge?

25 ALJ EIGENHEER: Of 13?

1 MR. MEYERSON: Page 30 -- I'm sorry. Of
2 13. Thank you.

3 BY MR. MEYERSON:

4 Q. Do you mind explaining to us how the Bureau comes
5 up with the mileage reimbursement rates?

6 A. So we take the pro forma data from the ambulance
7 revenue and cost reports that the applicant submits. We
8 input those into a spreadsheet that we have. It has
9 multiple tabs and equations that tie together. The
10 mileage rate is basically calculated off of different
11 expense structures that are dictated in statute and rule.
12 And in the rule, it will itemize each of those expenses
13 that the Director shall consider for mileage calculations.
14 And as -- as it flows through our financial analysis
15 spreadsheet, it takes into account the proposed billable
16 transport miles along with any expenses that are related
17 to making that ambulance roll down the road, so it would
18 be things like maintenance, employees that are allocated
19 on the ambulance, the fuel cost, tires, things like that.
20 And then it does a ratio of the proposed billable miles.
21 The reason they're different is as we perform that
22 analysis, the Bureau came up with a smaller dollar amount
23 based on the applicant's proposed expense structure that
24 are related to calculating the miles, and that value, I
25 think, was roughly 9 dollars and 30-some cents or -- give

1 or take. It was just over \$9. In statute, we are able to
2 maximize the Medicare reimbursement, so at that time, we
3 went with the maximum amount that Medicare will pay for
4 mileage, and that's how we came up with \$11.04.

5 Q. And do you know what the mileage reimbursement
6 rate is currently for the Phoenix Uniform Rate Group?

7 A. It's \$19.75.

8 Q. And so to be in the Uniform Rate Group, then you
9 would have to have that mileage be set at that amount,
10 correct?

11 A. Correct. The Phoenix rate group encompasses the
12 entire rate structure, so it would be your ALS, BLS
13 mileage rates. There's standby waiting rates. If you had
14 a subscription service, they would all be identical.

15 Q. Is it your understanding that Community
16 Ambulance -- from testimony and maybe letters you've
17 received, that Community Ambulance wants to be part of the
18 Phoenix Uniform Rate Group?

19 A. Yes, they have requested that.

20 Q. And from your understanding of statutes and
21 rules, does the Director have the authority to grant
22 Community Ambulance admission to the Uniform Rate Group?

23 A. Yes, under Statute 36-2232(E), the Director has
24 the power to establish uniform rates in overlapping
25 service areas.

1 Q. Just turning away from the Findings Letter --

2 MR. MEYERSON: Judge, it would probably be
3 more efficient if you could open up ADHS Exhibits 17
4 through 24, which are the letters of support.

5 MS. FICKBOHM: And, Your Honor, I already
6 made an objection with regard to admission of letters of
7 support.

8 MS. HOFMEYR: ABC joins that.

9 ALJ EIGENHEER: I'm not sure it was made on
10 the record.

11 MS. FICKBOHM: Oh, okay.

12 ALJ EIGENHEER: So let me get them all open.
13 Okay. So did you want to --

14 MS. FICKBOHM: So, yeah, with regard to all
15 the letters of support, which are ADHS-17 through --

16 ALJ EIGENHEER: 24.

17 MS. FICKBOHM: -- -24, through making a
18 public records request to all of the public agencies --
19 it's basically all public agencies and then Arizona
20 General Hospital, which is a Dignity facility. So we made
21 public records requests to all of the public entities, and
22 we learned that Mark Burdick with EMS Advisors and/or
23 Jimmy Hayden with EMS Advisors approached all of these
24 people who wrote these letters and basically gave them a
25 letter to sign. And if you look at the letters

1 themselves, they're practically identical. Some of the
2 entities have made minor changes.

3 The -- ABC reached out to one of the
4 authors of the letters, the fire chief of Daisy Mountain.
5 And you signed a subpoena for his appearance to testify
6 so -- so that we can really understand what little, if --
7 if none, information he was given before signing the
8 letter. And the applicant hasn't established that they
9 made any effort whatsoever to bring any of these people
10 who offered the letters in. We don't have the opportunity
11 to cross-examine them about what they were told, whether
12 it was right or wrong, what information they did or didn't
13 have. So we have an objection to all of the letters.

14 MS. HOFMEYR: ABC joins that objection, Your
15 Honor.

16 MR. BELANGER: Join also, Your Honor.

17 ALJ EIGENHEER: Okay.

18 MR. MEYERSON: It's my understanding that
19 all of these letters are part of the application file.
20 And whether or not a fire chief would sign their name to a
21 letter that contains information they don't agree with I
22 think goes more to the weight than the admissibility,
23 first off. And if they are going to put a fire chief on
24 to discuss what happened and how that process went down --
25 I don't believe there's actually any actual evidence that

1 has been admitted to this point other than the -- the
2 spoken word of -- of counsel that warrants keeping this
3 out.

4 MS. FICKBOHM: And -- and one other thing
5 that I forgot to add, Your Honor -- I'm sorry -- is to the
6 extent these have been written on letterhead of public
7 entities, the applicant hasn't provided any information
8 indicating that the governing boards, et cetera,
9 authorized statements to be made upon behalf of these
10 governmental entities.

11 And -- and I do have all of the FOIA
12 requests and responses in evidence that we can check in
13 and talk about, if counsel wants to. If they don't want
14 to concede that basically their EMS Advisors wrote the
15 letter and gave it to these people -- if they don't want
16 to concede that, we have the FOIA requests that show that,
17 in fact, that's true.

18 MR. MEYERSON: If you don't mind, is there
19 actual evidence that their -- the signatures on these
20 letters are not from the individuals who signed them?

21 MS. FICKBOHM: I'm talking about authority
22 given by the, for example, governing fire board for a
23 letter to be issued, et cetera. I mean, individual
24 municipal and governmental employees can't just be out
25 there acting -- so here's the fire chief for the City of

1 Chandler. So did the City of Chandler's town council,
2 manager, et cetera, authorize the fire chief to make a
3 statement upon behalf of the City of Chandler? There's no
4 evidence of -- And we asked for that in our public
5 records request, like provide us with minutes,
6 authorizations, et cetera, showing that these letters were
7 approved, and we got nothing from anybody.

8 ALJ EIGENHEER: Okay. And as indicated, all
9 of those factors would go to weight. But as they were
10 received by the Department in connection with this
11 application, they are relevant --

12 MS. FICKBOHM: Understood.

13 ALJ EIGENHEER: -- and admissible in that
14 respect --

15 MR. MEYERSON: Thank you, Your Honor.

16 ALJ EIGENHEER: -- if they're being offered.

17 MR. MEYERSON: They will be. Yeah.

18 BY MR. MEYERSON:

19 Q. So did -- I guess I'll walk through each one
20 with you. I'd like to start with 17.

21 Did you receive this letter?

22 MS. FICKBOHM: And we'll stipulate that all
23 the letters were received by the Department of Health
24 Services.

25 MR. MEYERSON: Okay.

1 MS. FICKBOHM: You don't have to make that
2 record.

3 MR. MEYERSON: I appreciate that.

4 MS. FICKBOHM: And that they are part of the
5 application file. We'll stipulate that also.

6 MR. MEYERSON: In that case, I would move to
7 admit the letters of support from the various agencies.

8 ALJ EIGENHEER: Any other objections not
9 already heard?

10 MS. HOFMEYR: Judge, actually, there are two
11 further grounds. One is foundation, and the other, these
12 are about as bad as hearsay as you get, which I should
13 have said earlier.

14 ALJ EIGENHEER: And again, hearsay is
15 admissible, but the objections are noted.

16 And Exhibits ADHS-17 through -24 are
17 admitted.

18 MR. MEYERSON: That's all I have. Thank
19 you.

20 ALJ EIGENHEER: Okay. Cross?

21 MR. BELANGER: Do you want to go first? I
22 can go first.

23
24
25

1 CROSS-EXAMINATION

2 BY MR. BELANGER:

3 Q. Mr. Sams, Jim Belanger from Maricopa Ambulance.
4 I think we've met a few times before.

5 When the Department -- when the Department
6 receives a contract such as for services -- ground
7 ambulance services, such as the proposed contract between
8 Community Ambulance and Dignity, what is the review
9 process -- not the application, but the review process for
10 a contract between a facility such as Dignity and an
11 ambulance service provider such as Community Ambulance?
12 We can look at mutual Exhibit 17.

13 MR. RAY: If I can interrupt, Judge?

14 MR. BELANGER: Sure.

15 MR. RAY: I had spoken and I thought we were
16 going to put that on the record first, but we didn't.

17 MR. BELANGER: Sorry.

18 MR. RAY: That's okay.

19 I was going to allow Mr. Sams to discuss the
20 rates piece of it at this time, and I could recall him at
21 a later time to get into all of the other things that I
22 want to put in the record. So to the extent your contract
23 question relates to the rates and charges, I think that's
24 fair. And if it doesn't, if you will -- I have no
25 problem that we can bring him back --

1 MR. BELANGER: Sure.

2 MR. RAY: -- in the second -- during the
3 second week.

4 MR. BELANGER: Absolutely. I'll reserve
5 those questions for when Mr. Ray brings him back and puts
6 him on for the other purposes, Your Honor.

7 ALJ EIGENHEER: Okay.

8 BY MR. BELANGER:

9 Q. DHS Exhibit 1 is the application. And I believe
10 starting at 68 of 121 is the AR- -- the initially proposed
11 ARCR.

12 MS. FICKBOHM: You mean of 1? You said 121.

13 MR. BELANGER: Yeah. Yeah. It's Exhibit 1.
14 It's page 68 of Exhibit Number 1. It's a PDF. There you
15 go. The judge has it.

16 If we go to page -- The page numbering is a
17 little odd on the ARCRs, but on page 2.

18 MS. FICKBOHM: Number 2?

19 MR. BELANGER: It's -- it's page 2 of the
20 ARCR 2.0, and it's page 71 of the exhibit. I think you
21 have it, Judge.

22 ALJ EIGENHEER: Yes.

23 BY MR. BELANGER:

24 Q. Line Number 4, it talks about contractual
25 discounts. And -- and the number set forth there is zero.

1 How does a contractual discount work, or how does the
2 Bureau analyze contractual discounts for purposes of
3 analyzing an ARCR?

4 A. So upon receiving a CON, it's a separate
5 application for what are called contract rate authority or
6 contracts with a range of rates. So you can offer up to a
7 30 percent discount on, say, like interfacility
8 transports, and the applicant in that application has to
9 provide information related to the economics of offering
10 that 30 percent discount, and then the Bureau would review
11 that information. It could be in a ARCR format, pro forma
12 format, forecasting the impacts of the discount, or it
13 could be other financial information provided along with a
14 statement saying, "This is how offering a discount will
15 impact us."

16 Q. What are the types of contractual discounts that
17 are offered as a standard matter in an ARCR?

18 A. Most people that offer a discount, the percentage
19 is 30 percent, but they can have a range. You can offer
20 15 percent in a contract. So it does vary a little bit,
21 but most people when they enter into those contracts,
22 whether it be a hospital or Blue Cross Blue Shield, a
23 payer, they typically maximize it at 30 percent.

24 Q. You've been here throughout the hearing, correct?

25 A. Yes.

1 Q. You have to say yes or no. I see you're nodding
2 your head. I know you said yes, but the record doesn't.

3 And you heard -- I asked that question of
4 Mr. O'Malley regarding contractual discounts that are
5 proposed in the -- that are set forth in the proposed
6 contract between Community Ambulance and Dignity.
7 Remember those questions?

8 A. Yes.

9 Q. And he said in that contract, the only discount
10 they were talking about was some micro number in terms of
11 the payments that Dignity would directly be responsible
12 for. Do you remember that?

13 A. Okay. Yeah.

14 Q. Then he also talked about, for example, like Blue
15 Cross and Blue Shield and other insurers, third-party
16 payors, and separately negotiated discounts for those kind
17 of payors. Do you remember that --

18 A. Yes.

19 Q. -- conversation?

20 In your experience, is it -- is it routine
21 for a person, such as Community Ambulance, to enter into
22 contracts with third-party payors where they provide a
23 discount?

24 A. Yes.

25 Q. There are no such discounts set forth in the

1 proposed ARCR for Community Ambulance, correct?

2 A. Correct.

3 Q. Either in the initial ARCR that was submitted as
4 part of the application or the amended ARCR, correct?

5 A. You would have to pull it up and confirm, but I
6 don't believe it is.

7 Q. If there were -- Let's assume that they're
8 proposing to do -- again, we've heard the number 11,300.
9 It could be 18,000. It doesn't seem like anybody's quite
10 sure of the number of transports. But if 50 percent of
11 those transports were -- were done pursuant to contractual
12 arrangements that provided a discount, would that impact
13 the financial analysis that's set forth in this ARCR?

14 A. Yeah, it would have a change. Yes.

15 Q. Well, for example, if the -- And I know this
16 isn't the exact number, but let's -- let's take -- just
17 for math's sake, if there was -- and I realize this
18 transport rate is going to be a little high, but if it was
19 \$900 per transport and there was a 30 percent discount,
20 30 percent of \$900 is about \$250 per transport, plus or
21 minus. I realize I'm not exact on that. Would you agree
22 with that?

23 A. Yes.

24 Q. That's a fair amount of lost revenue that's not
25 reflected in the ARCRs, correct?

1 A. Correct.

2 MR. BELANGER: And -- and, Kevin, I have a
3 number of questions regarding like arrival time,
4 assessment by the Department stuff. You're going to --

5 I have no further questions, Mr. Sams.
6 Thank you.

7 ALJ EIGENHEER: Cross? Anyone else?

8 MS. HOFMEYR: Judge, on the assumption that
9 Mr. Sams is coming back, we will wait. That's for ABC.

10 ALJ EIGENHEER: Redirect?

11 MR. MEYERSON: I just have one question.

12

13 REDIRECT EXAMINATION

14 BY MR. MEYERSON:

15 Q. I don't know if you remember. But do you
16 remember testimony regarding who was entitled to that
17 30 percent discount?

18 A. Could you clarify?

19 Q. Was -- was the 30 percent discount applicable
20 only to hospital -- transports that the hospital was
21 financially responsible for, or would it be applied to
22 patient bills across the board? Do you recall that
23 testimony?

24 A. I do not remember.

25 MR. MEYERSON: Okay. Thank you. I have

1 nothing further.

2 ALJ EIGENHEER: You may be excused.

3 Next witness?

4 MR. MEYERSON: I'm sorry. Mike Evans,
5 please.

6 Judge, probably just for efficiency sake,
7 I'll -- I'll have you pull a few -- if you don't mind, a
8 few exhibits.

9 ALJ EIGENHEER: Okay.

10 MR. MEYERSON: 132.

11 ALJ EIGENHEER: Are these all Community
12 Ambulance?

13 MR. MEYERSON: I'm sorry. Community
14 Ambulance 132. ADHS-12.

15 ALJ EIGENHEER: Hold on.

16 Okay.

17 MR. MEYERSON: CA-1 -- 235, excuse me.
18 AMR-54. I think that about covers it.

19 ALJ EIGENHEER: Please raise your right
20 hand.

21

22 MICHAEL EVANS,
23 called as a witness on behalf of RBR Management, LLC,
24 herein, having been first duly sworn by the Administrative
25 Law Judge to speak the truth and nothing but the truth,

1 was examined and testified as follows:

2

3 ALJ EIGENHEER: Would you please state your
4 name, spelling it for the record.

5 THE WITNESS: Michael Evans, M-i-c-h-a-e-l
6 E-v-a-n-s.

7 ALJ EIGENHEER: Please proceed.

8 MR. MEYERSON: Thank you.

9

10 DIRECT EXAMINATION

11 BY MR. MEYERSON:

12 Q. Is it okay if I call you Mike?

13 A. Please do.

14 Q. Okay. The document that's on the screen labeled
15 CA-132, do you recognize that document?

16 A. I do.

17 Q. And did you provide that document in connection
18 with the CON hearing?

19 A. I did, yes.

20 MR. MEYERSON: I move to admit CA-132,
21 please.

22 MR. MCGOLDRICK: No objection.

23 ALJ EIGENHEER: CA-132 is admitted.

24 BY MR. MEYERSON:

25 Q. Do you mind just giving a brief overview of your

1 work history and education?

2 A. Certainly.

3 THE WITNESS: Your Honor, help me out.

4 Scroll through that. Not too much detail, but go down to
5 the bottom. I'll start at the beginning.

6 The first job that I had that deals with
7 healthcare accounting is the job that immediately preceded
8 the job -- first job that's listed there. And I was
9 employed by the Arizona Department of Revenue as an
10 auditor that audited Medicaid payments to hospitals and
11 nursing homes. And I may have said Arizona. I misspoke.
12 It was Illinois. It was the Illinois Department of
13 Revenue that I was employed by.

14 And then I was contacted by Richard Peelo of
15 Richard Peelo & Associates. And he convinced me to move
16 to Chicago and work for him. And the functions that I
17 provided for Peelo & Associates was -- I had hospital and
18 nursing home clients, and my function was to make
19 applications to Medicare and Medicaid to get their
20 Medicare and Medicaid reimbursement rates increased. And
21 I worked for Richard for four years. And by that time, I
22 decided that I no longer wanted to live in Chicago, and I
23 left Peelo & Associates.

24 I moved to Arizona, and I started looking
25 for a position. And coincidentally, Rural/Metro was

1 looking for somebody just like me at that same time.

2 Just a quick story that I haven't told in
3 many, many years. The gentleman that hired me at
4 Rural/Metro, his name is Mark Gray. He was a controller
5 at Rural/Metro at that time. And at that time the Arizona
6 Legislature in the early 1980s had passed a law to
7 reregulate ambulance services, and as part of that
8 reregulation process, ambulance companies had to prepare
9 and submit ARCR reports -- the first ARCR report. And
10 that was in 1985. Mark Gray did that -- did that for one
11 year, and he came to the realization that he didn't want
12 to do it again. He searched around, found me, and
13 employed me, I'll believe for as long as I live, solely so
14 Mark could get away from preparing the ARCR reports. And
15 I'll tell you, I spent nearly the entirety of my first
16 year at Rural/Metro streamlining the procedures that Mark
17 had developed to allocate the overhead cost and prepare
18 the Rural/Metro ARCR reports. So I was initially hired to
19 do that. I did that for a number of years.

20 And then later on, Rural/Metro entered what
21 I'll call their acquisition phase. They started
22 purchasing a lot of ambulance companies throughout the
23 country. And Jim Bolin was senior finance -- vice
24 president of finance at that time, and I worked for him to
25 analyze all of the various acquisition process -- or,

1 prospects that Rural/Metro had during that three- or
2 four-year time frame. And once Rural/Metro became a
3 public entity and then reduced substantially the number of
4 ambulance companies it was acquiring, I went back to
5 performing more rate-related and applications to get the
6 Medicare and Medicaid rate increases throughout the
7 country. And then near the end of my tenure with
8 Rural/Metro, Rural/Metro reorganized its operations, and
9 they created what was then known as the west region for
10 Rural/Metro. And it was an entirely new created division.
11 And the vice president of that division spoke with me,
12 asked me if I would be the chief financial officer for
13 that west region, and I agreed, and I went to work for him
14 and provided all of the chief financial officer functions
15 and duties for that division.

16 And then within a short period of time after
17 creating that west region, Rural/Metro went through
18 another reorganization and eliminated that particular
19 region, which, in effect, put me out of a job. So I
20 decided to strike out on my own, and I decided to go into
21 practice for myself. And that's essentially -- And that
22 occurred in 1998. That's where I am currently employed.
23 I'm currently employed as a self-employed consultant to
24 primarily to ambulance companies here in Arizona.

25

1 BY MR. MEYERSON:

2 Q. And can you explain some of the services that you
3 provide in that role?

4 A. Yes. I prepare financial statements and budgets
5 and other related financial documents. I prepare
6 ambulance revenue and cost reports primarily -- or, excuse
7 me -- commonly known as ARCR reports. I perform analyses
8 of financial statements and other -- and ARCR reports and
9 other financial-related documents. I prepare general rate
10 increase applications for ambulance companies. And I
11 prepare exhibits and provide expert witness testimony in
12 the Arizona certificate of necessity hearings and Arizona
13 rate increase application hearings.

14 Q. You've shared a little bit of your involvement in
15 the ambulance and CON process, but can you give us a
16 little more background that you have with your direct
17 experience in the CON regulatory environment?

18 A. Certainly. As part of the functions that I
19 provide, I have performed financial analyses and prepared
20 documents which have become exhibits, and I reviewed
21 opposing financial documents and exhibits in nine Arizona
22 certificate of necessity hearings. Likewise, I have
23 performed financial analyses and prepared documents that
24 have been submitted to the Department of Health Services
25 in six general rate increase applications. I have

1 prepared well over 200 ambulance revenue and cost reports,
2 the ARCR reports, that have been submitted to the
3 Department of Health Services.

4 In 2012 and -- excuse me. In the 1990s, I
5 was an active participant on a CON and rates rules
6 committee that was tasked with working with the Department
7 of Health Services and revising all of the rules that
8 pertain to many of the issues that we'll be -- that will
9 affect this hearing. And some of the product in the rule
10 as a result of that committee work is the ARCRs that
11 currently exist, many accounting and finance definitions
12 as they apply to the ARCR reports, and the 7 percent rate
13 of return on revenue benchmark that the Bureau utilizes
14 when utilizing a general rate application.

15 Then in 2012 and 2013, I performed detailed
16 analyses and prepared documents that I presented to AHCCCS
17 and Department of Health Services representatives and
18 members of the Arizona Ambulance Association in regard to
19 the -- a change in methodology that the AHCCCS program was
20 considering at that time to reimburse ambulance companies,
21 and -- and AHCCCS at that time was considering decoupling
22 from the current methodology of paying a certain
23 percentage of billed revenue. At least in part, I hope,
24 through my effort, they decided to continue their current
25 method of reimbursing ambulance -- ambulance companies.

1 Q. Not to date you, so how long have you been
2 involved in the CON process or versions of it?

3 A. I'll -- I'll date myself. Since -- From 1986 to
4 current, so roughly 32 years.

5 Q. Do you have any professional certifications?

6 A. I do. I'm a licensed certified public
7 accountant, a CPA, licensed by the State of Arizona.

8 Q. All right. We're going to turn to the ARCR
9 report here in a second.

10 But first, would you mind telling us how you
11 used the ARCR reports to prepare for your testimony today?

12 A. I do. The -- the ARCR report is the main tool
13 that I use when I'm performing an analysis of -- that I'm
14 involved in, in this type of hearing. In fact, it
15 provides the basis of much of the analysis that I perform
16 and the documents that I prepare and the ARCR, as -- as I
17 mentioned, used during this process, and I spent a fair
18 amount of time analyzing those ARCR reports.

19 Q. You believe that an ARCR is an important
20 document?

21 A. I do.

22 Q. And if you don't mind telling us why -- why that
23 is.

24 A. Yeah, primarily for the reasons that I -- that I
25 just mentioned.

1 And I should add that the way that the ARCR
2 can be used and it is used -- and the reason why it's so
3 important, in my mind -- is because it's -- it's the
4 primary tool that the Department uses in gathering
5 financial and statistical data on an annual basis from all
6 of the ambulance providers here in Arizona. It can be
7 used by residents -- or, citizens in a CON of an ambulance
8 company to determine the financial health of that
9 ambulance provider. It's a tool that can be used by the
10 Department to get a good picture of the financial health
11 of all of the ambulance companies on an annual basis that
12 provides service here in Arizona. It's a tool that can be
13 used by the Department to analyze the financial health of
14 any potential ambulance company that's applying for a
15 certificate of necessity. And likewise, it's a tool that
16 the Department can utilize in evaluating the
17 appropriateness of a rate being applied for during a
18 general rate increase application.

19 Q. Do you mind telling the judge what documents you
20 reviewed in preparation for your testimony today?

21 A. Certainly. I reviewed the -- primarily, I
22 reviewed initially the ambulance revenue and cost report
23 that Community Ambulance provided to the Department and,
24 in particular, the second ARCR report that Community
25 Ambulance provided to the Department. And I -- also, I

1 analyzed in more detail all of the documents that I just
2 spoke about in my testimony just a moment ago. I reviewed
3 in more detail select sections of the Community Ambulance
4 CON application. I reviewed the Community Ambulance 2015
5 financial statements. I reviewed the -- I asked Dean
6 Taylor to provide me with the underlying support documents
7 he used in preparing the Community Ambulance ARCR report.
8 I then later met with Dean to review those documents and
9 to review the data that's reported in the Community
10 Ambulance ARCR report. I reviewed in more detail the
11 email communications that were exchanged by the Bureau and
12 Community Ambulance personnel. I analyzed the two
13 Findings Letters that the Bureau issued to Community
14 Ambulance and Community Ambulance's response to those two
15 Findings Letters. I reviewed -- or, analyzed and reviewed
16 in more detail the Bureau's two notices of substantive
17 review and the correspondence back and forth by the Bureau
18 and the Department. I provided to Community Ambulance the
19 documents and emails that I had at the time in response to
20 the intervenors' subpoenas. I reviewed the -- some of the
21 financial exhibits that the intervenors prepared in
22 preparation for this hearing. And I performed analyses
23 that allowed me to come to the conclusions that I have to
24 express my opinion with regard to the documents that I
25 prepared.

1 Q. Are there any other steps you want to describe
2 in -- in your process?

3 A. No, I don't think so.

4 MR. MEYERSON: Okay. Judge, do you mind
5 turning to ADHS-12? And I guess page 3, I think, is the
6 first page of the ARCR.

7 BY MR. MEYERSON:

8 Q. Did you prepare this ARCR, Mike?

9 A. No, I did not.

10 Q. Do you know who did?

11 A. I do.

12 Q. And who is that?

13 A. Gentleman by the name of Dean Taylor -- CPA Dean
14 Taylor.

15 Q. Can you explain why you are here testifying and
16 not Dean?

17 A. Certainly. After Dean prepared the ARCR for
18 Community Ambulance, Dean suffered some very serious
19 health issues, and he decided that he couldn't devote the
20 time necessary to prepare for and participate in this
21 hearing and at the same time devote the time necessary to
22 get himself back in good health. And as a result of that,
23 I was contracted to perform the services that I am.

24 MR. MEYERSON: Judge, can you go and turn to
25 page 4 of this exhibit, please?

1 BY MR. MEYERSON:

2 Q. If you don't mind, Mike, can you just tell us the
3 initial step you took in reviewing this ARCR?

4 A. Certainly. My initial step was to look at the
5 number of ambulance transports that Community Ambulance
6 had projected. And as we see by looking at this ARCR
7 report page 2, at lines 1 and 2, Community Ambulance
8 projects that in its first year of operation, it will
9 provide 11,315 ambulance transports. I spoke with Dean to
10 determine how those 11,315 transports were determined, and
11 Dean indicated that that was Community Ambulance's -- or,
12 Dignity Health and Community Ambulance's best estimate at
13 that time of the number of ambulance transports that
14 Community Ambulance would provide in its initial year of
15 operation. And I then later followed up with Rob
16 Richardson, and Rob indicated that with the number of
17 ambulances that he would use in Community Ambulance's
18 first year of operations -- 5 ambulances operating 7 days
19 a week, 24 hours a day, 52 weeks a year -- that was their
20 best estimate of the number of annual ambulance transports
21 they would provide in the first year. And then the
22 177,600 miles are -- again, were Community Ambulance's
23 best estimate of the number of miles for those 11,315
24 transports.

25 And in addition to evaluating the number of

1 transports, I then analyzed the revenues projected by
2 Community Ambulance, and I knew and could tell from
3 looking at the ARCR report that Community Ambulance had
4 projected that they would use the Phoenix area uniform
5 rates. And by using the Phoenix area uniform rates and
6 applying those rates to the ambulance transports and the
7 miles reported on the ARCR, that then generates the gross
8 ambulance billings reported on the ARCR report.

9 MR. MEYERSON: Judge, if you don't mind
10 turning to page 6 for me, please.

11 BY MR. MEYERSON:

12 Q. Did you analyze Community Ambulance's settlement
13 and bad debt?

14 A. I did.

15 And if I may, just real briefly, I'll
16 indicate at line 1, I just talked about the gross
17 ambulance revenue, their billings, and it's reported at
18 line 1 on this particular ARCR page, and it's 13,143,621.

19 And with regard to the settlements and bad
20 debt that Community Ambulance reports on its ARCR, I
21 focused on the net collections that Community Ambulance
22 projected. And Community Ambulance projected a 42 percent
23 net collection rate. And by "net collection rate," I mean
24 gross billings less third-party settlements less bad debt.
25 And I reviewed the collections work paper being provided

1 to me. I further analyzed the collection rate reported by
2 AMR on all of the 2017 ARCR reports that Community
3 Ambulance provided to the Department. I noted that the
4 42 percent collection rate projected by Community
5 Ambulance is in line with some of the ambulance providers
6 that AMR operates here in Maricopa County. And, in fact,
7 the 42 percent is a few percentage points lower than the
8 aggregate for the nine AMR Ambulance providers here in
9 the -- here in Maricopa County.

10 Q. So based on that analysis, were you able to
11 conclude anything about that net collection percentage?

12 A. I did. Analyzing the 42 percent collection
13 effort that Community Ambulance projects, I concluded that
14 the -- 42 percent is both conservative and certainly
15 cheaper.

16 MR. MEYERSON: Judge, sorry, page 9, please.

17 BY MR. MEYERSON:

18 Q. So we're going to move to expenses. If you don't
19 mind telling the judge the steps you took in the review of
20 the salary and wage expenses reported here.

21 A. Certainly. I initially looked at the ambulance
22 staffing wages because ambulance staffing costs are by far
23 the largest component of expenses for any ambulance
24 company. And I first looked at the number of FTEs
25 reported on this page of the ARCR report, and those

1 ambulance staffing FTEs are reported in the column labeled
2 "Number of F.T.E." at lines 9, 10, and 11. I took the
3 total number ambulance staffing FTEs of 42, multiplied
4 that 42 FTEs by 2,080 hours a year, and then I compared
5 that result with the ambulance staffing that's required
6 from operating an ambulance service 24 hours a day, 7 days
7 a week, 52 weeks a year with 5 ambulances, and the
8 ambulance staffing hours required is consistent with the
9 ambulance staffing hours reported here on this page of the
10 ARCR.

11 I then asked Dean how the hourly rates of
12 pay were developed, and Dean indicated that the hourly
13 rates of pay are indicative of the paramedic and EMT
14 off-duty firefighters that are employed here in Maricopa
15 County and that the nurse wages are consistent with wages
16 paid to nurses here in Maricopa County.

17 And with that, I then computed the
18 paramedic, EMT, nurse wages that are reported in the far
19 right-hand column of the ARCR report, and I confirmed with
20 Dean that the rate of payroll taxes and employee benefits
21 reported on the ARCR are consistent with the payroll taxes
22 and employee benefits that Community Ambulance pays its
23 employees in Nevada.

24 The next step that I took was to review the
25 management wages that are reported on this schedule, and

1 the management wages are reported at line 5 of the -- this
2 page. And the 80,000 -- excuse me -- \$180,000 of
3 management wages are for the employ of three area managers
4 to manage the day-to-day operations of the Community
5 Ambulance service.

6 And last, I looked at the dispatch wages
7 reported on the ARCR page 4, and I looked at the number of
8 FTEs, 12 reported on this page, and I computed that those
9 12 FTEs are sufficient to staff a dispatch center 24 hours
10 a day, 7 days a week, 365 days a year.

11 And I then computed the dispatch hourly
12 rates of pay, multiplied by the 12 FTEs to confirm the
13 \$324,480 of dispatch wages.

14 MR. MEYERSON: Then turn to the general
15 administrative expenses, which are on page 12, Judge.

16 BY MR. MEYERSON:

17 Q. Again, I'm just going to go ahead and let you
18 explain, if you can tell us the steps you took to review
19 this and what your findings were.

20 A. Certainly. Much of the expenses that I'm
21 going -- Community Ambulance expenses that I'm going to
22 talk about now have in basis, at least in part, the same
23 expenses that Community Ambulance in Nevada experienced.
24 And I'm going to go through some of the line items here to
25 talk about the genesis of the data that's reported here.

1 And initially, I learned that the legal fees reported on
2 line 1 of \$24,000 are the same as the annual legal fee --
3 or, excuse me. I -- I misspoke. Those \$24,000 legal fees
4 were deemed in Community Ambulance's best estimate of the
5 24- -- should be of the legal fees that Community
6 Ambulance would incur during its first year of operation.

7 THE WITNESS: And, Your Honor, if I could
8 ask you to scroll down just a little bit further on the
9 page.

10 Dean and Community Ambulance also estimated
11 the annual supplies expense of \$20,000 reported here. And
12 there are three line items that -- of expenses that are
13 the same as the annual expenses that were reported on the
14 Community Ambulance 2015 financial statements. And those
15 three line items are advertising, professional liability
16 insurance, dues and subscriptions. The amount of expense
17 reported here is the same as the expenses reported on the
18 Community Ambulance Nevada income statement.

19 And all of the other expenses reported on
20 this page that I haven't discussed thus far are reported
21 at 110 percent of the annual -- same annual expenses
22 reported on the Community Ambulance Nevada income
23 statement for 2015. And Dean and Community Ambulance
24 determined that it would be appropriate to increase those
25 line item expenses by 10 percent to bring them forward to

1 more accurately represent the costs at the current time.

2 BY MR. MEYERSON:

3 Q. Okay. You mentioned other expenses, so I think
4 we'll turn there now.

5 MR. MEYERSON: Which is page 15, Judge.
6 Sorry.

7 ALJ EIGENHEER: Let's take a very short
8 recess. We'll go off the record at this time.

9 (A recess ensued from 2:03 p.m. to
10 2:07 p.m.)

11 ALJ EIGENHEER: Okay. We're back on the
12 record.

13 My apologies. Please proceed.

14 MR. MEYERSON: Thank you. If you don't mind
15 turning to page 15.

16 BY MR. MEYERSON:

17 Q. We'll look at other operating expenses. Can you
18 kind of walk us through the other operating expenses here
19 on page 15?

20 A. Certainly. The first piece of analysis that I
21 did with regard to other operating expenses is I reviewed
22 the depreciation expense reported at line 1. And the
23 depreciation expense on the ARCR is a fairly
24 straightforward -- straightforward analysis and -- and
25 review.

1 THE WITNESS: And, Your Honor, if I may, I'm
2 going to direct this to page --

3 MR. MEYERSON: It's 23. Not 23 of the ARCR
4 but 23 of the document. It's Bates-labeled 23.

5 THE WITNESS: Yeah, that's it. Thank you,
6 Your Honor.

7 This is ARCR report page 12, and it reports
8 the asset that's -- fixed assets that will be utilized by
9 the ambulance service. And in Community Ambulance's
10 instance, the ambulances are reported on lines 1 through
11 6, and the ambulance equipment that will be on those
12 ambulances are reported on lines 9 through 18. And the
13 computation of depreciation expense is quite
14 straightforward. It's the asset cost for each piece of
15 fixed equipment divided by the remaining useful life, and
16 that then gives you -- gives one the annual depreciation
17 expense. And the depreciation expense is reported in
18 Column I, and there is not a total here -- excuse me.
19 There is a total on the bottom on the schedule, and that
20 total is an annual depreciation expense for the ambulances
21 and the ambulance equipment in the amount of 180,378. And
22 that dollar amount then flows back to the prior schedule
23 that we were looking at, the other operating expense
24 schedule.

25

1 BY MR. MEYERSON:

2 Q. So do you want to turn to -- back to 15, or do
3 you want to look at rent expense?

4 A. Let's just -- let's look at one other schedule
5 first. And that's next schedule, ARCR page 13, where the
6 rent expense is reported. The rent expense is reported in
7 the far right-hand column. And the rent expense that
8 Community Ambulance would experience is \$60,000 annually
9 for its main central station and then \$12,000 annual rent
10 expense each for its four suboperation stations. The
11 total of that rent expense, I can't read -- I think it's
12 \$106,000.

13 ALJ EIGENHEER: 8.

14 THE WITNESS: 108 -- thank you, \$108,000.

15 And that annual rent expense, along with the
16 depreciation expense that I just testified to, then flows
17 back to the other operating expense ARCR page.

18 BY MR. MEYERSON:

19 Q. Are there any other schedules you want to take a
20 look at before we turn back to the page 15?

21 A. I don't think so.

22 Q. Okay.

23 A. If I missed it, I'll come back.

24 MR. MEYERSON: Okay. Your Honor, do you
25 mind going back to page 15, please?

1 BY MR. MEYERSON:

2 Q. And I'll just let you go ahead and finish your
3 discussion of the other operating expenses here. Okay?

4 A. Certainly. The depreciation expense that I
5 briefly ran through the calculation on ARCR page 12 is
6 reported at line 1, 180,378. Likewise, the rent expense
7 that I just discussed reported on ARCR page 13 in the
8 amount of \$108,000 is reported at line 4. And I'm going
9 to go to the other expenses that are reported on this
10 other operating expense page, and all of the other
11 operating expenses reported on this schedule have been
12 estimated at 140 percent of the same line item expenses in
13 the Community Ambulance Nevada 2015 income statement. And
14 the rationale for reporting the Community Ambulance
15 Arizona other operating expenses at 140 percent of the
16 Nevada operation's expenses is that -- is because the
17 Arizona annual transports would be 140 percent of the
18 annual ambulance transports for the Community Ambulance
19 Nevada operation.

20 BY MR. MEYERSON:

21 Q. And then interest expense --

22 MR. MEYERSON: Oh, go ahead.

23 ALJ EIGENHEER: I'm sorry. Could you repeat
24 that answer?

25 THE WITNESS: Yes. Yes. The other expenses

1 reported on this schedule, other than depreciation and --
2 and rent expense, were computed -- estimated at an amount
3 of 140 percent of the same line item expenses that are
4 reported in the Community Ambulance Nevada income
5 statement.

6 ALJ EIGENHEER: Because?

7 THE WITNESS: A method -- the best method of
8 estimating those expenses.

9 ALJ EIGENHEER: Okay. But I thought your
10 answer included something about there were 140 percent of
11 the transports.

12 THE WITNESS: Yes, Judge. And the reasoning
13 for using 140 percent is because the Community Ambulance
14 Arizona would provide 40 percent more transports than is
15 currently being provided by the Community Ambulance Nevada
16 operations.

17 ALJ EIGENHEER: Okay. I may have misheard
18 some testimony earlier, then.

19 THE WITNESS: If I misspoke, I apologize.

20 ALJ EIGENHEER: No. You're fine.

21 Go ahead.

22 MR. MEYERSON: Can you, Judge, turn to
23 page 25 for me for interest expense?

24 BY MR. MEYERSON:

25 Q. Mike, do you mind talking a little bit about the

1 interest expense?

2 A. Certainly. The interest expense is a fairly
3 straightforward computation. The lenders to Community
4 Ambulance is reported on this schedule, and the loan
5 balances and the annual interest expense is, likewise,
6 reported on this schedule, and the total annual interest
7 expense is reported just a little bit further down on the
8 page. And -- and that amount is \$51,234. And that annual
9 interest expense then flows forward back to the page 2,
10 the income statement page, of the ARCR report.

11 MR. MEYERSON: Do you mind, Judge, turning
12 to the balance sheet that's on page 26, please?

13 BY MR. MEYERSON:

14 Q. If you don't mind, Mike, tell us the steps you
15 took in review of this document.

16 A. Certainly. The balance sheet is, again, based,
17 in part, on the Community Ambulance Nevada 2015 balance
18 sheet. And the data that's reported here on the ARCR
19 report balance sheet is the assets and liabilities and --
20 and owner's equity reported for the Nevada operations
21 updated to include the assets, liabilities, and owners'
22 equity that Community Ambulance Arizona would have after
23 its first year of operations.

24 MR. MEYERSON: And last -- or, almost lastly
25 here, page 27, Judge, if you don't mind. Just the

1 statement of cash flow.

2 BY MR. MEYERSON:

3 Q. So if you could discuss the information on this
4 page for me, please, Mike.

5 A. Certainly. The data reported on the statement of
6 cash flows is fairly straightforward. It's a reporting of
7 the Community Ambulance net income reported at line --
8 line 1. And it, likewise, reports the increase or
9 decrease in operating, investing, and financing activities
10 over the course of the first year of operations. And that
11 then generates the --

12 THE WITNESS: If we can go down toward the
13 bottom of the page, Your Honor --

14 -- reports the increase in net cash as a
15 result of, again, the net income and the net cash
16 generated from the financing, vesting, and operating
17 activities. In this instance, it's -- the net increase in
18 cash for Community Ambulance is \$149,919. And that then
19 generates the cash at the end of the year.

20 BY MR. MEYERSON:

21 Q. Did you do any other analysis of the ARCR?

22 A. No, I didn't.

23 Q. From your review of the ARCR and other analyses
24 that you performed, do you believe that the ARCR is
25 reasonable?

1 A. I do, yes.

2 Q. Is it achievable?

3 A. It is.

4 Q. And that's both from a financial and operational
5 standpoint?

6 A. Yes, from both a financial and operational point
7 of view.

8 Q. I'm going to switch topics briefly -- well, maybe
9 not so briefly -- to the Phoenix Uniform Rate Group, if
10 you don't mind.

11 A. Sure.

12 Q. I'd like to talk about those rates. Are you
13 familiar with the Phoenix uniform rates?

14 A. I am.

15 Q. And do you have any experience with them?

16 A. I do. When the Phoenix Uniform Rate -- Rate
17 Group was first established, I was an employee of
18 Rural/Metro. And I spoke earlier about Jim Bolin. Jim
19 Bolin was the senior vice president of finance for
20 Rural/Metro at that time, and Jim was one of the driving
21 forces in getting the Phoenix area uniform rate -- rate
22 implemented. And I assisted Jim in preparing all of the
23 financial documentation that the Rural/Metro Phoenix area
24 ambulance companies provided to the Department of Health
25 Services in order to get the Phoenix rate group initially

1 started.

2 Q. And do you recall the process of establishing the
3 uniform rate group?

4 A. I do. It was a -- it was a major task. It was a
5 major undertaking. All of the ambulance -- all of the
6 major ambulance providers in the Phoenix area ultimately
7 became part of the Phoenix Uniform Rate Group, and all of
8 the providers went through the same process that
9 Rural/Metro did of providing a substantial amount of
10 documents and financial information to the Department of
11 Health Services in order to get the Phoenix rate group
12 begun. And the most important point was that it was a
13 collaborative effort between all the major ambulance
14 companies in the Phoenix area at that time and the
15 Department of Health Services. Without the great effort
16 put forth and the assistance provided by the Department of
17 Health Services, the Phoenix Uniform Rate Group would not
18 exist today.

19 Q. Do you recall why -- in your work in that area,
20 why those rates were implemented in the first place?

21 A. I do clearly. At that time ambulance companies
22 competed more on rate-driven -- rate-driven revenue.
23 There were instances where ambulance companies would try
24 to cut back on their costs of providing service simply
25 because they had less rates than some of their competitors

1 in the Phoenix area. There were instances of substandard
2 levels of care. And the ambulance companies, for the most
3 part, believed that all of the ambulance companies in the
4 Phoenix area should compete on level of service provided
5 rather than level of service that was driven by the
6 revenue generated via rates.

7 Q. Any other experience involving Phoenix rate group
8 that you want to share?

9 A. No.

10 Q. Okay. Did you have the opportunity to review the
11 Bureau's Findings Letters, particularly the second
12 Findings Letter?

13 A. I did.

14 Q. And what did -- what did you -- was your
15 conclusion looking at the request by applicant and then
16 the Bureau's analysis?

17 A. The -- I reviewed the Bureau's second Findings
18 Letter, and I noted that the Bureau declined to approve
19 the uniform rates that Community Ambulance had applied
20 for. And I found that decision to not approve the uniform
21 rates for Community Ambulance to be puzzling.

22 Q. And I want to go back and clarify something
23 because there was something I think was confusing to
24 everybody in the room.

25 The other operating expenses that you

1 characterized as 140 percent of the Nevada other operating
2 expenses --

3 A. Yes.

4 Q. -- would that have been based on 2015 numbers or
5 2017-'18 numbers?

6 A. They were based on 2015 numbers.

7 Q. Okay.

8 A. Again, Dean prepared the ARCR when the 2015
9 Community Ambulance Nevada financial statements were
10 available. And that was prior to any subsequent Community
11 Ambulance Nevada.

12 Q. Sorry. I just wanted to clar- -- clarify that
13 point.

14 As far as puzzling, why was it puzzling to
15 you?

16 A. It was puzzling considering the history of the
17 ambulance service that existed prior to the implementation
18 of the Phoenix area uniform rate and the rationale and the
19 reasoning that went into the development of uniform rates.
20 The -- Again, the rationale and reasoning was at the
21 time -- and I believe still is -- that ambulance companies
22 should, again, be competing solely on level of service
23 rather than on level of service driven by rate revenue.
24 So the Bureau's decision to not grant Community Ambulance
25 uniform rate's puzzling because that then, in my opinion,

1 ignores all of the history that went into the
2 decision-making process to generate uniform rates for --
3 for all of the ambulance providers in the Phoenix area.
4 And again, given the history of substandard levels of
5 service that sometimes existed back before the Phoenix
6 area uniform rate -- rates, it simply doesn't make sense
7 to me that one ambulance provider would have different
8 rates than the other ambulance providers here in Phoenix
9 Maricopa -- excuse me -- Phoenix area.

10 And I looked at the data that the Bureau
11 provided during its -- within its second Findings Letter,
12 and I noted that the Bureau used the mileage rate that was
13 much less than the mileage rate -- uniform mileage rate
14 that Community Ambulance applied for and developed
15 revenues from that smaller mileage rate, and then the
16 Bureau developed ALS and BLS base rates that were higher
17 than the uniform ALS and BLS base rates that Community
18 Ambulance applied for. And after developing those rates,
19 the Bureau determined that the gross ambulance billings
20 that Community Ambulance would provide in its first year
21 of operations is exactly the same as the gross annual
22 billings that Community Ambulance would have with the
23 uniform rates, so -- And again, that didn't make a whole
24 lot of sense to me, going through that whole process to
25 come up with the same amount of rate revenue as Community

1 Ambulance applied for.

2 MR. MEYERSON: If you don't mind, Judge,
3 to -- turning to CA-235 for me? Thank you.

4 BY MR. MEYERSON:

5 Q. All right. Did you prepare CA-235 that we're
6 looking at?

7 A. Yes, I did.

8 Q. Can you describe for us what that is?

9 A. Yes. This is my computation of the financial
10 impact that AMR would experience if Community Ambulance is
11 issued a CON. And I used as a basis for my initial part
12 of the analysis all of the AMR 2017 ARCRs for the
13 ambulance providers that provide service here in Maricopa
14 County and all of the AMR Ambulance providers that are
15 intervenors in this CON process.

16 MR. MEYERSON: Before I forget, I'd like to
17 move to admit CA-235.

18 ALJ EIGENHEER: Any objections?

19 MR. MCGOLDRICK: No.

20 ALJ EIGENHEER: CA-235 is admitted.

21 BY MR. MEYERSON:

22 Q. Do you mind just, again, giving us an overview of
23 what you found here in your analysis?

24 A. Certainly. The data, again, that's reported on
25 this schedule reports all the AMR Maricopa ambulance

1 providers' 2017 ARCRRs. So on this first page, page 1 of
2 4, there are five AMR Maricopa County ambulance
3 providers', data reported. And on the second page of my
4 document, there are the remaining four AMR Ambulance
5 providers here in Maricopa County. And I have reported
6 here in the upper section the transport statistics, and I
7 combined the ALS and BLS reports together, and I report
8 the miles. And then down below that, I again combined the
9 revenue for the ambulance service, and I report that on a
10 single line. And likewise, I report all of the
11 third-party settlements on a single -- single line to
12 generate the operating and nonoperating revenue. And
13 below that, I report the expenses that are reported in
14 each of the nine ARCRRs, and then at the bottom of the
15 page, the income before income taxes, the income tax
16 expense, and the net income is reported for each of the
17 nine AMR Maricopa County ambulance providers. And I
18 condensed the data into a smaller grouping of line items
19 on this schedule so that the reader of the schedule would
20 be able to see all of the data at a one-page glance and to
21 make the adjustments that I'm going to talk about in a
22 moment more readily understood, I believe.

23 MR. MEYERSON: Okay. And, Judge, do you
24 mind turning to page 3 of this document so that he can --

25

1 BY MR. MEYERSON:

2 Q. Is this the -- the page 3 that you're wanting to
3 talk about?

4 A. Before I do, I'm briefly going to go back to
5 page 2.

6 THE WITNESS: If I may, Your Honor.

7 BY MR. MEYERSON:

8 Q. Of course.

9 A. At the far right-hand column of this page 2 of 4
10 is a summary column of all of the columns -- data columns
11 that precede the summary column. It's merely the addition
12 of the nine preceding data columns. And it reports, as an
13 aggregate, all of the financial data for the nine Maricopa
14 AMR CONS for their 2017 year.

15 THE WITNESS: And now if I go may go to the
16 third page.

17 The third page of this schedule, the first
18 column of data is simply a carry-forward of that summary
19 column from this preceding page. Data reported in this
20 schedule -- first column of data is identical to the
21 summary page data that I just mentioned. Then in the
22 second column of data, I have reported the adjustments to
23 transport miles revenue, third-party settlements, and
24 expenses that AMR would make should A- -- excuse me,
25 Community Ambulance be issued a CON, and Community

1 Ambulance provided the 11,315 annual transports that
2 Community Ambulance has projected for its first year of
3 operation.

4 And then in the far right-hand column is
5 a -- again, a mathematical computation using the data
6 before adjustments reported in the first column; the data
7 reported in the second column, which are the adjustments;
8 and the far right-hand column is the financial results AMR
9 would experience after the loss of the 11,315 transports.

10 BY MR. MEYERSON:

11 Q. Okay. So to sum, I guess, all of that up, what,
12 in your opinion, is the amount of either loss or gain as a
13 result of your analysis, taking into account the
14 adjustments for the 11,315 transports?

15 A. Before I do, Jeff, I'd like to talk about the
16 adjustments for just -- just a brief moment.

17 Q. Yeah, absolutely.

18 A. And again, I -- I mention that the adjustments in
19 the second column are reported at this page. And the
20 reader would note that to the right-hand side of each of
21 the adjustments is a number in parentheses. And that
22 number in parentheses on this page is referenced on the
23 fourth page of this schedule, and each of the adjustments
24 are explained and the rationale is explained in the
25 explanation of adjustments.

1 And again, I won't go through them in detail
2 as I believe the adjustments are, in fact, explained in
3 fair detail on this schedule. But I'll just -- for an
4 example, I'll go back --

5 THE WITNESS: If you would, Your Honor,
6 yeah, to the previous page.

7 For example, as I mentioned, AMR would lose
8 11,315 transports in the first year of operation. If we
9 go down to the second page, I describe those 11,315
10 transports as the adjustment to AMR Maricopa County
11 ambulance transport and mileage by the number of
12 transports and miles projected by Community Ambulance.

13 Back to your question, Jeff, you asked me
14 what the effect of all of those adjustments would be.

15 Your Honor, if we could scroll down to the
16 bottom of that page. Thank you.

17 That financial impact on AMR Maricopa County
18 operations can be computed simply by subtracting AMR's net
19 income that they would experience after the loss of the
20 11,315 transports with a net income they currently
21 experience, and the numbers are -- AMR currently
22 experiences net income of \$4,777,093, and after loss of
23 the 11,315 transports, AMR would experience net income of
24 \$4,110,663. And the difference between the two net income
25 amounts is approximately \$660,000. And that's the

1 financial impact AMR would experience from the loss of
2 these 11,315 transports.

3 BY MR. MEYERSON:

4 Q. So does your analysis assume that AMR would lose
5 all 11,315 transports as a result of Community Ambulance
6 being awarded its CON?

7 A. Yes, it does.

8 Q. So would your analysis change if AMR had lost
9 those -- or some of those transports to another provider
10 before Community Ambulance was awarded a CON?

11 A. It would, yes.

12 Q. How would it impact your analysis?

13 A. With the assumption that AMR would lose
14 transports to a provider other than Maricopa County --
15 excuse me -- other than Community Ambulance before
16 Community Ambulance's entry into the market would be --
17 the financial impact that I've computed here would be less
18 to AMR than the \$666,000 that I just spoke of.

19 Q. Have you have reviewed AMR-54?

20 MR. MEYERSON: I'm sorry, Your Honor. Would
21 you mind pulling up AMR-54?

22 THE WITNESS: Yes, I have reviewed.

23 BY MR. MEYERSON:

24 Q. And what's your understanding of the purpose of
25 this document?

1 A. I believe this document to be AMR's attempt to
2 compute the financial impact AMR Maricopa County
3 operations would experience if AMR did lose transports to
4 Community Ambulance.

5 Q. Can you describe some of your analysis of this
6 exhibit for us, please?

7 A. Certainly. The first four pages of this document
8 computes the revenue and settlements and bad debt for the
9 varying levels of transport lost. And I'm not going to do
10 that because those four pages are fairly self-explanatory,
11 and I didn't spend too much time analyzing those four
12 pages. But I did spend more time analyzing the last four
13 pages of the document, pages 5 through 8. And I'll --
14 I'll stop and speak just briefly about AMR's schedule that
15 reports the data and their computations with regard to
16 their estimate of the financial impact.

17 Q. And did your analysis of pages 5 through 8
18 indicate anything?

19 A. Yes. One of the things that struck me initially
20 was I was very surprised to see that AMR reports on this
21 schedule seven ambulance providers rather than the total
22 of nine ambulance -- Maricopa County AMR Ambulance
23 providers and nine intervenors in this hearing. AMR has
24 omitted from its analysis AMR CONS 58 and 62 from its --
25 from its analysis.

1 And a result of that, the financial results
2 that AMR begins its financial impact analysis is
3 substantially different than the financial results that
4 AMR Maricopa County actually experiences with the
5 inclusion of all nine of its Maricopa County ambulance
6 providers.

7 Q. And how is that -- how does that impact the
8 financial results?

9 A. It really makes the starting point in AMR's
10 analysis appear much worse than is actually the case with
11 the inclusion of all nine AMR Maricopa County ambulance
12 providers. And we can see that by --

13 THE WITNESS: If -- if I may, Judge, I'll
14 ask you to go down to the bottom of the next page.

15 And the -- And although I didn't identify,
16 I will now. The summary or the roll-up of all of the
17 seven CONs that AMR reports in its analysis is in the --
18 is reported at the column that reports ambulance net
19 income -- near the bottom of the schedule -- the column
20 that reports \$1,573,223.

21 I'm going to jot that down.

22 Your Honor, if we can go back to Community
23 Ambulance Exhibit -- Thank you, yes. Bear with me.

24 The income before taxes that Community
25 Ambulance -- excuse me -- that AMR in Maricopa County

1 reported on all nine of their Maricopa County CONs is
2 income before taxes in the amount of \$7,948,577 and net
3 income in the amount of \$4,777,093. Again, that's with
4 all nine AMR Maricopa County community ambulance data
5 included in a financial impact analysis.

6 And, Your Honor, if we could go back now
7 to -- yes, thank you -- AMR Exhibit -- or, Document 58.

8 ALJ EIGENHEER: 54.

9 THE WITNESS: And if we could go down to the
10 bottom of that page, I believe -- Yes, that's it.

11 If we look at the income before taxes in the
12 one, two, three, four, seventh -- excuse me -- eighth
13 column of data, the income before taxes with the seven
14 ambulance providers is \$2,617,677. And going down near
15 the bottom of this schedule to the line labeled "Ambulance
16 net income," AMR reports \$1,573,223. And by virtue of AMR
17 eliminating the two CONs -- CONs 58 and 62 -- from its
18 analysis, AMR makes the financial results worse as its
19 starting point in its analysis by roughly \$5,300,000 of
20 income before taxes and \$3,600,000 in net income.

21 BY MR. MEYERSON:

22 Q. Do you have any other issues with the methodology
23 that AMR used to prepare Exhibit 54?

24 A. I do.

25 Q. Can you explain those additional issues?

1 A. Yes.

2 THE WITNESS: Your Honor, if we can go up to
3 the top of the next page. Yes. Thank you.

4 AMR used as the basis of this analysis a
5 loss of 13,023 transports, and AMR, I believe, developed
6 those transports from every single ambulance transport
7 that's generated -- that originates out of Dignity Health
8 facilities in Maricopa County. And that number is
9 substantially greater than the 11,315 ambulance transports
10 that AMR -- excuse me -- that Community Ambulance will
11 provide in its first year of operations. And again, AMR
12 has projected that they would lose every single ambulance
13 transport that originates out of every Dignity Health
14 facility in Maricopa County, and that's just an
15 impossibility given the fact that there are going to be
16 instances where Community Ambulance is not available to
17 provide the service when a facility wants that service
18 provided. And, again, AMR starts with a number of
19 transports that's inconsistent with the number of
20 ambulance transports that Community Ambulance would
21 provide in its first year of operations.

22 And in addition to that, AMR fails to
23 include depreciation expense for ambulances in its
24 adjustments for loss of business, and AMR in its
25 adjustments to -- for bad debt uses a bad debt percentage

1 that's not reported here on this schedule, but I computed
2 that bad debt percentage, and AMR in its adjustments
3 computes bad -- adjustment of bad debt in the amount of
4 25.6 percent compared to the actual bad debt experienced
5 by AMR in its 2017 roll-up of 29.5 percent. And again,
6 actual data, bad debt expense -- bad debt rate is
7 29.5 percent and AMR adjustment is at a rate of
8 25.6 percent.

9 BY MR. MEYERSON:

10 Q. Did you provide any additional analysis of any
11 other analyses prepared by other intervenors?

12 A. I did, but before I go to that, I want to -- and
13 I want to conclude my analysis here by stating that each
14 and every one of those changes in data that I just
15 discussed in data -- excuse me -- discussed in the column
16 labeled "Community CON (Year 1)," which is actually
17 adjustments to AMR data, has the effect of making the
18 financial results of AMR after adjustments worse than they
19 would have been otherwise without making those changes in
20 the adjustments stated.

21 Q. Thank you.

22 So turning back to the other intervenors,
23 did you perform an analysis of financial impact by ABC?

24 A. I did not.

25 Q. Why not?

1 A. ABC did prepare a financial impact analysis, but
2 they used as the number of transports the transports that
3 are currently being paid for by Mercy Maricopa
4 Ambulance -- Mercy Maricopa. And I discussed that with
5 Community Ambulance, and Community indicated that Dignity
6 Health would have no way of directing those Mercy Maricopa
7 Ambulance transports to Community Ambulance, and,
8 therefore, there would be no loss of transports to ABC
9 Ambulance, and I concluded that any financial impact
10 analysis simply wouldn't be necessary.

11 Q. Did Maricopa Ambulance prepare a financial impact
12 analysis that you could review for purposes of this
13 hearing?

14 A. They did not disclose any financial impact
15 analysis in any of the documents they've submitted thus
16 far.

17 MR. MEYERSON: Okay. Thanks, Mike.
18 Appreciate it.

19 No further questions.

20 ALJ EIGENHEER: Cross? None?

21 MR. MCGOLDRICK: No. Are you deferring to
22 me? Okay.

23 CROSS-EXAMINATION

24 BY MR. MCGOLDRICK:

25 Q. Mike -- May I call you Mike?

1 A. I wish you would, Paul.

2 ALJ EIGENHEER: Can you move the mic?

3 BY MR. MCGOLDRICK:

4 Q. How many of these hearings have you and I done
5 together?

6 A. I don't know, Paul, but many.

7 Q. You and I have worked closely together in the
8 past?

9 A. We have.

10 Q. I want to start at the end. When you looked at
11 the financial impact on AMR, you included all nine AMR
12 intervenors for your analysis, correct?

13 A. Correct.

14 Q. Did you think about why CON 62 and 58 were
15 excluded from our analysis?

16 A. I did not.

17 Q. Did you ask for any of the transport data
18 regarding the number of Dignity interfacility transports
19 done by CON 62 and CON 58?

20 A. I did not myself. I don't know if that data was
21 requested as part of the subpoena processes by Community
22 Ambulance. I -- I specifically did not.

23 Q. Okay. Well, I'm going to make a representation
24 to you that there were zero interfacility transports done
25 by CON 58 in the last 12 months and that there were 28

1 done by CON 62. Would you agree with me that in the big
2 picture, those two CONs are statistically irrelevant to
3 your analysis?

4 A. I -- I would not.

5 Q. Okay. We'll have to talk about that, then. But
6 briefly explain to me -- For instance, if CON Number 58
7 would not be impacted because they're not going to lose
8 any transports because they have not done any, explain to
9 me how it would be intellectually honest to include them
10 in a financial impact analysis when they've essentially
11 not participated in that body of transports in the first
12 instance?

13 A. Well, I would agree that there would be no
14 financial impact dollarwise, but CON 58 is a Maricopa
15 County ambulance provider and they are intervenors in this
16 hearing. Thus that's the reason why I believe they should
17 be included in the analysis.

18 Q. Okay. And then the same would be true for the
19 other -- for 62 even though there have only been 22
20 transports?

21 A. Correct.

22 Q. 28. I'm sorry.

23 So I want to talk about just some general
24 concepts with you. Is the last time you testified in a
25 CON hearing the Timber Mesa?

1 A. It is.

2 Q. Okay. And then in the Timber Mesa transcript,
3 which I've read, the counsel that put you on and then in
4 cross-examination wanted to talk about the Yuma hearing.
5 Do you remember that?

6 A. Yuma hearing? Yes, I do.

7 Q. So Timber Mesa got into a discussion about Yuma,
8 and you and I did Yuma together, correct?

9 A. We did.

10 Q. I did not participate in the Timber Mesa hearing,
11 though, correct?

12 A. That's correct.

13 Q. In both Timber Mesa and Yuma, you prepared a
14 financial impact analysis and you concluded that both of
15 the existing CON holders were going to be financially
16 impacted adversely if a certificate of necessity was
17 granted to the applicant. Is that -- is that correct?

18 A. That is a correct statement.

19 Q. And in this case you would agree with me that
20 there would be an adverse financial impact to my client,
21 the AR -- AMR intervenors, should a CON be granted to this
22 applicant, correct?

23 A. That is what my analysis concluded in my exhibit
24 reports.

25 Q. And a hypothetical -- or, statement was made by

1 the applicant's counsel about what if AMR doesn't --
2 wasn't going to get all of the transports. Let's assume
3 they all go to Maricopa. The bottom line is, at a
4 minimum, 11,315 transports will be lost in the system
5 currently being served by the intervenors to the
6 applicant, correct?

7 A. Would you --

8 Q. Sure.

9 A. -- state that again, please?

10 Q. Sure.

11 The applicant has -- has stated in this
12 hearing that it plans to do 11,315 transports, correct?

13 A. Correct.

14 Q. And those transports are interfacility
15 transports, and they are currently being done by AMR and
16 Maricopa Ambulance. You understand that?

17 A. I do.

18 Q. So regardless of the number lost by my client
19 versus the number lost to Maricopa Ambulance, the -- the
20 system itself would lose at least 11,315 transports to the
21 applicant should it get a CON, correct?

22 A. No, the premise of counsel's question was that
23 there may be transports that are current -- that have been
24 currently lost by AMR to Maricopa Ambulance. Therefore,
25 if those transports out of Dignity facilities are being

1 provided by a different ambulance provider, then those
2 transports would then not be taken by Community Ambulance.

3 Q. Let's get off the premise of the question asked
4 by Jeff.

5 Bottom line is the existing CON holders,
6 whether you slice and dice, whether you say it's us,
7 whether you say it's Maricopa Ambulance, whether you say
8 it's ABC Ambulance, if they don't get the transports that
9 they're currently doing to and from Dignity facilities,
10 there will be a financial impact that is adverse to the
11 intervenors, collectively, correct?

12 A. Collectively, I would agree.

13 Q. Okay. Let's talk about Mr. Taylor. You
14 mentioned he has some health issues and he's not here.
15 But you got substituted in, and you were asked to
16 essentially bless his body of work, correct?

17 A. I was asked to review all of the work that he
18 performed and analyzed the work that he performed and come
19 to my own independent conclusions, which I did.

20 Q. But after you got involved in the case, Mike, you
21 did not make a recommendation that the applicant should
22 update or amend its CON -- I mean its ARCRs, correct?

23 A. I made no such recommendation.

24 Q. Assuming you got retained earlier, in 2017, 2016,
25 how do you feel about the second amended ARCR that is

1 currently before -- before us in this hearing? Do you
2 accept that as a valid ARCR and that you would have
3 prepared it the identical way Dean did?

4 A. Certainly not identical. That would be an
5 impossibility, I believe. But it would be fairly
6 consistent with the ARCR Dean prepared.

7 Q. You had a number of questions to Dean and the
8 applicant with respect to how certain numbers were
9 calculated, correct?

10 A. I did.

11 Q. Did you get satisfactory answers?

12 A. I did.

13 MR. MCGOLDRICK: Judge, could you please
14 pull up ABC-63?

15 BY MR. MCGOLDRICK:

16 Q. Do you recognize this?

17 A. I do.

18 Q. Would you agree with me, Mike, that anyone in the
19 ambulance industry knows that paramedics and EMTs are paid
20 for more hours than are staffed?

21 A. In some instances, I would agree. And I don't
22 believe that applies to the Community Ambulance ARCR
23 because it's my understanding they are going to employ
24 off-duty firefighters, and those -- there would be no time
25 off for vacation, holiday, sick time, et cetera, that

1 would be normally reported in an ARCR that employs
2 paramedics and EMTs.

3 Q. So your working premise when you were analyzing
4 the ARCR was that there would be no paid time off for
5 vacation time or paid sick time for any of the paramedics
6 or EMTs, correct?

7 A. Correct.

8 Q. And that the entire workforce was going to be
9 comprised of part-time employees, who were most likely
10 part-time -- full-time firefighters with the various fire
11 departments in the community, correct?

12 A. That is my understanding with regard to Community
13 Ambulance pro forma year.

14 Q. And would you agree with me, Mike, that
15 interfacility transports are the most profitable in the
16 ambulance industry?

17 A. That's been a common assumption, but I'm not sure
18 that that is true today for a number of different reasons,
19 so I cannot agree with that just at face value.

20 Q. Okay. For the record, you stated that at
21 page 1825 of the Timber Mesa transcript, which is in
22 evidence -- I'm not going to pull it up. I'll just
23 reference your testimony when I need to.

24 Do you recall the time line or date when you
25 testified in Timber Mesa? It's within the last 12 months,

1 isn't it?

2 A. It has been within the last 12 months.

3 Q. And would you agree with me, Mike, that if this
4 applicant is approved, that it would inject more expense
5 into the overall system?

6 A. There would be some overlap of support
7 management-type functions.

8 Q. There would be some redundancy and some
9 inefficiency, correct?

10 A. I don't know if I would label it as
11 inefficiencies. But redundancy, certainly.

12 Q. Would you agree with me, Mike, that it's less
13 efficient -- Let me start over.

14 Would you agree with me, Mike, that it is
15 less efficient for the combined system when you add
16 expense to the system?

17 A. Less efficient in terms of total expenses? I
18 would agree.

19 Q. And if that occurs, the cost per transport goes
20 up, correct?

21 A. Again, not necessarily.

22 Q. Generally, that's what occurs, though, correct?

23 A. It can. Generally, I don't know.

24 Q. Okay. I'll reference page 1839-40 in the Timber
25 Mesa transcript.

1 In some of your expert work, in the other
2 cases what you would do is you would project not only a
3 loss for the first 12 months when a new certificate is
4 granted to -- to an applicant, but you would also project
5 out up to three years of combined rolling losses, correct?

6 A. With regard to the first part of your question,
7 as far as projecting a first-year loss, I -- I have. I
8 recall that. Whether I have in each and every instance
9 where I have analyzed a CON applicant, I don't know if
10 that's the case.

11 Q. I'm not suggesting you did it every time. You
12 have the capability to do that because you've done it in
13 the past?

14 A. That's correct, I have.

15 Q. So, for instance, let's talk about the Yuma case.
16 In Yuma, you projected losses up to three years out
17 because of the aggregate of the impact over time when a --
18 when a provider loses transports, correct?

19 A. I -- frankly, I don't remember. I know I did a
20 multiyear projection. I don't remember if there were
21 losses projected three years. I'll take your avowal.

22 Q. Would you agree with me that you didn't do a
23 financial impact analysis beyond the first 12 months
24 assuming -- assuming the applicant gets a CON?

25 A. I did not.

1 Q. Would you agree with me -- Without knowing what
2 the numbers are, because no analysis was done, would you
3 agree with me there's a probability that there would be a
4 financial impact to the intervenors in years two and
5 three?

6 A. Assuming that the total market didn't grow by the
7 number of ambulance transports provided by Community
8 Ambulance in years two and three, I think that's a fair
9 statement.

10 Q. Now I would like to talk about, Mike, the exhibit
11 that's before you. This -- When I received this, it was
12 an undated document, but it seemed clear to me it was a
13 dialogue between you and Mr. Taylor.

14 A. That's not -- not correct.

15 Q. Not correct.

16 Who is it a dialogue with?

17 A. Dean and representatives of Community Ambulance.

18 Q. Okay. So you had no -- you had no authorship in
19 this document?

20 A. That is correct.

21 Q. Was it prepared, to your knowledge, before you
22 became engaged in the project?

23 A. I'm fairly confident -- I don't know with a
24 hundred percent certainty, but I'm fairly confident that's
25 correct.

1 Q. Was this a -- When we received some -- some
2 documents in the exchange with the lawyers, it came in a
3 large volume of documents, and I thought it came from your
4 file. Is this a document that you provided when you were
5 requested to give your file material up in a document
6 exchange?

7 A. It is.

8 Q. Okay. Did you ever discuss the document with
9 Mr. Taylor?

10 A. I may have discussed some of the items that are
11 included in his narrative here. I don't remember
12 specifically any individual items.

13 Q. Okay. Did you -- When you received the
14 document, was it clear to you that Mr. Taylor, then, was
15 requesting information from the client to prepare the
16 ARCRs?

17 A. That is clear to me.

18 Q. Okay. And then --

19 MR. MCGOLDRICK: Judge, if you could pull,
20 then, Exhibit 74.

21 ALJ EIGENHEER: Whose?

22 MR. MCGOLDRICK: And that's ABC-74.

23 BY MR. MCGOLDRICK:

24 Q. Mike, do you recognize that document?

25 A. I do.

1 Q. This -- this is more in line with an Evans
2 production.

3 Similar questions you had for the applicant,
4 correct?

5 A. More so directed toward Dean than applicant.

6 Q. But you understood that Dean was working in
7 conjunction with the applicant?

8 A. Surely.

9 Q. And what you did, it looks like, is you reviewed
10 material; then you said, essentially, "Dean, I've got some
11 questions that I need answered before I can do my work or
12 complete my work," correct?

13 A. Fair -- fair summary.

14 Q. If we look at --

15 MR. MCGOLDRICK: Judge, if you could scroll
16 down just a little bit under "ARCR Questions / Problems."
17 Right there is great.

18 BY MR. MCGOLDRICK:

19 Q. You have a question: "How did CA," which I
20 assume is Community Ambulance -- "How did Community
21 Ambulance develop the number of transports and miles
22 reported . . . ? Do they have records/documentation of
23 the number of annual transports into/out of every Dignity
24 facility?" That -- that was information that you thought
25 was important to have. Is that correct?

1 A. Correct.

2 Q. Did you get an answer?

3 A. I did.

4 Q. And what was the answer?

5 A. The answer was 11,000 -- an estimate of 11,315
6 transports.

7 Q. Now, you have not been sitting through this
8 hearing, correct?

9 A. I have not.

10 Q. And normally, you sit through these hearings to
11 gain information to assist you in your analysis, correct?

12 A. In many of the hearings, I have participated
13 more.

14 Q. Is there any reason you have not sat through the
15 hearing?

16 A. I wasn't asked to.

17 Q. Did you suggest to your client that it might be
18 useful if you did sit through the hearing?

19 A. I did not.

20 Q. So what is your understanding of the analysis
21 done to reach 11,315, first 12 months' transports?

22 A. It's my understanding that that is data that was
23 initially provided by Dignity Health, and then later, I --
24 I confirmed that number by talking with Rob Richardson.

25 Q. Have you ever spoken with Jeff O'Malley about

1 this project?

2 A. I have not.

3 Q. Besides Dean Taylor and Mr. Richardson, who else
4 on the applicant's team did you reach out to or reached
5 out to you to provide information for your analysis?

6 A. Jim Hayden. And peripherally, I -- I may have
7 discussed some items with Charlie Smith.

8 Q. And Mr. Hayden and Mr. Smith are with
9 EMS Advisors. Is that correct?

10 A. Correct.

11 Q. What -- what do you believe their role is in this
12 application process?

13 A. Big-picture administrative function to facilitate
14 the flow of documents and ensure that all of the items
15 that are necessary to be covered during the course of the
16 hearing is taken care of.

17 Q. And have you met with Mr. Hayden and/or Mr. Smith
18 to provide information for your analysis?

19 A. Directly with regard to providing information in
20 my analysis, I have not.

21 Q. You asked the question "How many Community
22 Ambulance projected transports are behavior health
23 currently being transported by ABC?" I suspect you were
24 told how many.

25 A. Zero.

1 Q. You had some initial concerns or raised some
2 concerns about the uniform rate environment. Did you have
3 a discussion with the client base about how the uniform
4 rate environment worked?

5 A. No.

6 Q. When you reviewed the application, did you see a
7 letter dated March 27th, I believe it was 2017, from
8 Mr. Richardson to the Bureau when the ARCRs were amended?
9 There was a discussion about bad debt.

10 A. I don't recall specifically.

11 MR. MCGOLDRICK: Let me ask --

12 This judge is good.

13 BY MR. MCGOLDRICK:

14 Q. You can see, Mike, it is Exhibit Number ADHS-12.
15 There's a statement made in Number 1, "We believe the Bad
16 Debt will come in lower due to not being a 911 provider
17 and the clients are known to us with better PHI," which I
18 believe is private health insurance, "than a 911
19 transport." Do you see that?

20 A. I see that.

21 Q. Do you agree with me that there's a differential
22 between bad debt between a 911 set of calls and a set of
23 calls that have private health insurance?

24 A. Would you ask that again, please.

25 Q. What are you more likely to get paid on?

1 A. As a general concept, you would be more likely to
2 be paid on an interfacility transport.

3 Q. Why is that?

4 A. The payor is known from records from the facility
5 that the transport originates at.

6 I'm going to expand just a little bit and
7 talk about the general premise of interfacility transports
8 being more lucrative than 911 business. I indicated
9 earlier I don't believe that that may be the case in all
10 instances.

11 Q. Hang on, Mike. I'm going to ask you the
12 questions. I don't mean to be rude to you.

13 A. Sure.

14 Q. But in your experience, is not -- An ambulance
15 company is more likely to get paid on a prescheduled
16 interfacility transport than a 911 call, correct?

17 A. I would agree with that.

18 Q. And you know that the application here is solely
19 for interfacility transport and convalescent transports,
20 correct?

21 A. I'm aware.

22 Q. And do you know how many convalescent transports
23 the applicant has estimated that it would do in its first
24 12 months?

25 A. I do not.

1 Q. Is there -- in your experience, is there any
2 difference in the pay -- the likely probability of pay
3 between a convalescent run and a 911 run?

4 A. Likelihood of pay?

5 Q. Yeah.

6 A. I believe that a transport of a convalescent
7 patient would -- there would be a higher likelihood of
8 receiving payment at perhaps a lower rate.

9 Q. So the two types of ambulance transports that the
10 applicant has applied for, interfacility and convalescent,
11 both have a higher probability of payment than 911 calls,
12 correct?

13 A. I would agree a higher probability of payment but
14 perhaps at a substantially lesser rate.

15 Q. Okay. All right. Now, your understanding is
16 that all of the transports will be coming to or from a
17 Dignity facility pursuant to the application, correct?

18 A. Pursuant to the application. It's my
19 understanding that all of the transports will originate at
20 Dignity Health facilities.

21 Q. And is it also your understanding that all of the
22 calls -- Well, take a step back.

23 You understand that there is a relationship
24 between Dignity Health and RBR, the applicant?

25 A. I do know there is a business relationship.

1 Q. What is your understanding of the business
2 relationship?

3 A. It's my understanding that RBR is comprised of
4 two individuals and those individuals -- RBR has an
5 agreement with Dignity Health to provide services to
6 Dignity Health facilities.

7 Q. And so the applicant in this case is RBR,
8 correct?

9 A. Correct.

10 Q. And when you did your analysis of the ARCRs, did
11 you come to any conclusion as to who was going to be the
12 owner of the ambulances -- of those six ambulances?

13 A. I concluded that it would be RBR and that they
14 are listed on -- I'll take a step back.

15 I could not conclude that, because I may --
16 I may have been informed that some of the ambulances --
17 the older ambulances are currently owned by the Community
18 Ambulance Nevada operation.

19 Q. Well, RBR is a company that operates out of
20 Nevada, correct?

21 A. Correct.

22 Q. It's the same company that's -- is the applicant
23 here, correct?

24 A. It is.

25 Q. So it is one and the same. RBR is RBR, correct?

1 A. Correct.

2 Q. And it's your understanding that all six
3 ambulances on the ARCR are owned by RBR, correct?

4 A. I'm not aware of any other ownership of the
5 ambulances.

6 Q. Okay. And if another entity owned the ambulances
7 or if there were lease agreements, that would be something
8 you would want to know for preparation of the ARCRs,
9 correct?

10 A. No. It wouldn't make any difference to the
11 preparation of the ARCR. The depreciation expense is
12 reported on the Community Ambulance -- if the ambulances
13 had been leased to RBR and depreciation expenses reported
14 on the Community Ambulance ARCR, it wouldn't make any
15 difference in my analysis.

16 Q. What if another entity took a depreciation?

17 A. In the first year of operations, that's
18 consistent with the first year of the ARCR?

19 Q. Well, I'll put it this way. Who is entitled to
20 take the depreciation of any asset?

21 A. The owner of the ambulance.

22 Q. Okay.

23 A. Let me -- let me answer that just a bit
24 differently, Paul. If the lease agreement is a lease to
25 own, then the lessor would report the depreciation

1 expense -- excuse me -- the lessee would report the
2 depreciation expense.

3 Q. And you have not seen any lease agreements,
4 correct?

5 A. I have not.

6 Q. And you've not been told anything other than the
7 six ambulances are owned by the applicant?

8 A. I was not told that; I assumed that.

9 Q. And were you told anything in your preparation
10 right before the hearing to suggest that an entity other
11 than RBR is the owner of the six ambulance -- ambulances
12 set forth on the ARCR?

13 A. No.

14 Q. When you calculated the -- or, saw the collection
15 rate was 42 percent, I believe you testified that you
16 thought that was in line with the collection rate of the
17 intervenors. Is that correct?

18 A. I testified that I analyzed the collection rate
19 of the AMR Maricopa County providers and the 42 percent
20 was consistent with some of the Maricopa County ambulance
21 providers. And it was a few percentage points lower than
22 the collection percentage of the AMR Maricopa County group
23 as an aggregate.

24 Q. It's on the low side, correct?

25 A. 2 or 3 percentage points lower than the

1 aggregate.

2 Q. And not offering contractual discounts, you said
3 this is a problem when you did your analysis?

4 A. Well, I wrote that it's a problem if there were
5 contract -- third-party payer contracts in place and there
6 had been no third-party settlements reported in the ARCR.
7 I subsequently found out that there were no third-party
8 contracts in place.

9 Q. And no third-party contracts contemplated either,
10 correct?

11 A. Contemplated, I don't know.

12 Q. Well, they did a pro forma. The pro forma is a
13 projection of what you're going to do in the first
14 12 months of business, correct?

15 A. Correct.

16 Q. And in their first 12 months of business, their
17 pro forma, as represented in the application, was that
18 they were not going to offer contractual discounts,
19 correct?

20 A. Correct.

21 Q. And then you also had some concerns about
22 ambulance staffing, correct?

23 A. I wanted to ensure that there were sufficient
24 ambulance staffing hours reported on the ARCR to provide
25 ambulance staffing for five ambulances staffed 24 hours a

1 day, 7 days a week, 52 weeks a year. And I believe if I
2 wrote a problem, that didn't come -- that didn't take into
3 account in the hours reported on the ARCR for holiday,
4 vacation time, paid time off, which I later found out was
5 not -- would not be -- be paid by Community Ambulance.

6 Q. One of the problems that you thought when you
7 looked at the staffing plan was that the ARCR did not
8 provide for a backup ambulance?

9 MR. MEYERSON: Objection.

10 BY MR. MCGOLDRICK:

11 Q. I'm just reading from your document, Mike. Isn't
12 that what you wrote?

13 A. "Backup" is what I wrote, and I'll explain this.
14 It's backup ambulance in terms of an ambulance being
15 utilized when a call comes in that the first five
16 ambulances are unavailable to provide service. I've been
17 informed that that would not be the instance here, that
18 the sixth ambulance would only be used when one of the
19 other -- first five ambulances had to go out of service to
20 be serviced.

21 Q. So you've got a situation where you were told
22 that the staffing plan in the model that has been
23 suggested would be to actually run five ambulances and
24 always have one as a backup out of use either for
25 maintenance or just as a backup in case it is needed. Is

1 that right?

2 A. No, that is not correct.

3 Q. Okay.

4 A. That sixth ambulance would not be used as a
5 backup if one of the five ambulances were out on call
6 providing service and that sixth call came in, that it's
7 my understanding that that's not the purpose of that sixth
8 ambulance. The sixth ambulance would only be utilized if
9 one of the first five ambulances had to go out of service
10 for maintenance.

11 Q. And that was confirmed by Mr. Taylor or
12 Mr. Richardson?

13 A. Mr. Taylor.

14 Q. Continuing on with Exhibit 74. I don't need it
15 up. Just have some questions. You thought the travel and
16 entertainment expenses were very high, correct?

17 A. If I may, I'd like to take a look at it on the
18 document to see what I wrote. Do you know the page?

19 Q. Well, you didn't -- you didn't number them. If
20 you want 74 up . . .

21 MR. MCGOLDRICK: Judge, it is the second
22 page.

23 BY MR. MCGOLDRICK:

24 Q. You wrote, under travel and entertainment, the --
25 you said were very high, correct?

1 A. Yeah. I didn't label it as a problem. I did say
2 very high.

3 Q. I labeled it as a problem. That's me, sorry.
4 Professional liability you thought was very
5 high?

6 A. High in comparison to the other Maricopa
7 ambulance providers.

8 Q. Dues and subscriptions you thought was very high,
9 correct?

10 A. High compared to other Maricopa ambulance
11 providers. And as I testified to earlier, once -- I
12 prepared this prior to talking to Dean Taylor to determine
13 the methodology utilized by Community Ambulance Maricopa
14 to determine -- to estimate the expenses that would be
15 reported on the ARCR.

16 Q. And he used as a baseline -- Dean used as a
17 baseline, as I understand it, from historical data from
18 the Nevada operations.

19 A. Correct.

20 Q. With respect to -- to the rent, how is it that
21 you determined that there was a fair market value for the
22 rent being -- being allocated or paid?

23 A. I didn't perform any analysis of fair market
24 value.

25 Q. You just assumed that it was a fair market value

1 for a thousand dollars per month per each of the
2 substations?

3 A. I assumed that that -- that was an accurate --
4 excuse me -- a reasonable amount to rent a suboperation
5 station.

6 Q. What -- what you did, as I understand, Mike,
7 is -- with respect to the AMR intervenors, you did a
8 financial impact analysis, correct?

9 A. That's one of the analyses that I performed.

10 Q. Did you do an operational analysis, an adverse
11 operational analysis?

12 A. I did not.

13 Q. Do you know what that is?

14 A. I do not.

15 Q. Okay. If you are correct that there will be a
16 \$600,000-plus adverse financial impact between the AMR
17 intervenors, operationally do you believe they have to
18 adjust their operations in order to deal with the loss of
19 revenue, the loss of income?

20 A. I do believe that.

21 MR. MEYERSON: Objection. All right.

22 Foundation.

23 BY MR. MCGOLDRICK:

24 Q. Well, Mike, in your --

25 MR. MCGOLDRICK: I'm sorry, Judge. Can I

1 continue?

2 ALJ EIGENHEER: Do you want to establish
3 foundation?

4 MR. MCGOLDRICK: Sure.

5 BY MR. MCGOLDRICK:

6 Q. Mike, haven't you done that before in your expert
7 work and working with -- As an employee of Rural/Metro,
8 haven't you been involved in discussions how we have to
9 change our operations if there's a new certificate of
10 necessity granted to an applicant?

11 A. I have worked with Rural/Metro employees to come
12 up with the data necessary to perform adverse financial
13 impact analyses.

14 Q. Well, we have sat around and we've discussed,
15 "Geez, can we -- can we keep a station open? Can we keep
16 a substation open? Do we have to pull units from the
17 field? Do we have to lay off employees?" You've been
18 involved in all those discussions, correct?

19 A. I've been involved in learning from operations
20 people the result of those discussions.

21 Q. Okay. And the result can be sometimes that you
22 really can't close a substation, you can't pull units out
23 of the field because you still have your 911 obligations
24 and you also have your obligations under the CON, correct?

25 A. There are -- there have been instances of that

1 circumstance.

2 Q. So regardless of whether or not the applicant
3 gets its CON, all of the intervenors still have to comply
4 with their respective CON requirements, correct?

5 A. I agree with that.

6 Q. When you did the -- when you reviewed the ARCRs,
7 did you assume that all six ambulances would be outfitted
8 with the same equipment?

9 A. I only performed an analysis like that insofar as
10 looking at the ambulance equipment that was reported on
11 the ARCR. I didn't make any determination as to whether
12 or not all of the six -- Well, let me -- let me take a
13 step back.

14 I -- No, I performed no such analysis to
15 determine whether all six ambulances would be equipped the
16 same way.

17 Q. Well, the ARCR, as I recall, shows three
18 ambulances would be outfitted with the -- what we call the
19 auto-load systems and three would not. Is that your
20 recollection?

21 A. I believe that's the case.

22 Q. So, Mike, have you told us what data you've used
23 to determine or calculate the revenue impact on the AMR
24 CON holders?

25 A. I'm sorry. Would you repeat that, please?

1 Q. Sure.

2 Have you told us what data you've used to
3 determine or calculate the revenue impact on the AMR CON
4 holders? Have we discussed that, or is there something
5 else that you need to tell us with respect to what data
6 you used to do your financial impact analysis?

7 A. I used the revenue that AMR reported on its 2017
8 ARCRs.

9 Q. What is the approximate percentage revenue loss
10 from the total -- income loss from the total income? You
11 said 600 some-odd thousand dollars. What's the
12 percentage?

13 A. I did not compute that percentage.

14 Q. The -- the applicant computed or claimed it was
15 approximately -- You believe it's less than 10 percent?

16 A. Define "it," please.

17 Q. The difference or the percentage, is it
18 10 percent, 14 percent, 20 percent differential, the
19 reduction in -- in income?

20 A. Loss of net income as a percentage of existing
21 net income?

22 Q. Right.

23 A. Let me see.

24 ALJ EIGENHEER: Can I answer the question?

25 MR. MCGOLDRICK: It's 14 percent, isn't it?

1 ALJ EIGENHEER: 13.95.

2 MR. MCGOLDRICK: If we round up, it's 14,
3 Your Honor, right?

4 ALJ EIGENHEER: Correct. I just wanted to
5 be exact.

6 BY MR. MCGOLDRICK:

7 Q. So there are some variable expenses and some
8 fixed expenses, correct?

9 A. Correct.

10 Q. And you can't reduce your fixed expenses the same
11 way you can reduce your variable expenses if there's a
12 loss of income, correct?

13 A. Fixed expenses are fixed depending upon the
14 number of lost transports. And just as a general
15 statement, I -- I can't -- I can't -- I can't respond to
16 your question.

17 Q. Okay. Well, if my client's renting a building,
18 their rent is going to be fixed pursuant to whatever the
19 terms of the lease is, correct?

20 A. Yes.

21 Q. It can't go back and go to the landlord and say,
22 "We've lost 14 percent of our net income. Can we get a
23 14 percent reduction in our rent?" Correct?

24 A. In the short term, that's correct.

25 Q. And so it looks like what you did in your

1 financial impact analysis is you used some type of ratios
2 to reduce fixed expense costs, correct?

3 A. I used financial ratios to adjust all of the AMR
4 expenses.

5 Q. But you know there are some fixed costs that
6 can't possibly be reduced by 14 percent, correct? Or 16
7 percent or whatever percent you -- you want to attribute
8 to them.

9 A. And when I performed this analysis, I -- rather
10 than using a one-year estimate, I take into consideration
11 the adjustments that would be made over time.

12 I'll give you an example. No matter whether
13 I'm providing the analysis for an applicant or for an
14 intervenor, I always estimate the annual depreciation
15 expenses can be adjusted because it's a fixed expense over
16 one year, but over a multiyear period, it no longer
17 becomes a fixed expense.

18 Q. But for the first 12 -- Is your -- Your
19 analysis is based upon loss of income for the first
20 12 months of operation, correct?

21 A. Correct.

22 Q. You can't possibly think that AMR could absorb
23 16 percent reductions in its fixed costs within the same
24 year that AMR -- excuse me -- the applicant's first year
25 of operation?

1 A. There are going to be fixed -- truly fixed costs
2 in a first year of an applicant's operation.

3 Q. So just explain to me briefly how it is that you
4 calculated that certain fixed costs could be reduced by
5 60 percent. Isn't that one of your item -- item --

6 A. I -- I made no computation of 60 percent loss of
7 expense -- adjustment of expenses.

8 Q. Can you see Number 4 right behind you off to the
9 side? Explain to me 60 percent of the ratio of lost
10 transports could be adjusted for those items. Explain to
11 me how and why you did that.

12 A. And that's -- that is inclusive -- that includes
13 a fixed component to those expenses. If it had -- if I
14 had estimated that those expenses were 100 percent
15 variable, there would not have been the 60 percent of the
16 ratio of lost transports. So there would have been a
17 hundred percent of the ratio of lost transports. So there
18 is a fixed component built into my analysis.

19 Q. I'm trying to figure out why 60 and not 40 or not
20 70. Is 60 an arbitrary number? How did you come up with
21 60 percent? Why 60?

22 A. My best estimate.

23 Q. Okay. I just want to make sure all the assets
24 that are set forth in the ARCR -- are they all, to your
25 knowledge, owned by the applicant?

1 A. To the best of my knowledge.

2 Q. It's my understanding from the testimony today
3 and looking at the ARCR that St. Joseph's Hospital is the
4 base hospital. Is that your understanding?

5 A. I don't know.

6 Q. We have learned the name of the medical director,
7 and there's no associated charge for medical direction.
8 Is that your understanding?

9 A. I don't believe that there is any medical
10 director expense reported on the ARCR.

11 Q. Did you inquire as to why that was?

12 A. Dean had inquired about that and -- I believe in
13 one of his question and answer with Community Ambulance,
14 that there was an indication that there would be no
15 medical direction expense.

16 Q. At least for the first year?

17 A. Correct.

18 Q. And is it your understanding that the medical
19 director is a physician employed by Dignity Health?

20 A. I'm not aware.

21 MR. MCGOLDRICK: Judge, could you do me a
22 favor and pull up the ARCR that we've been working off of,
23 which, I believe, is Exhibit Number 12, ADHS-12?

24 ALJ EIGENHEER: What page?

25 MR. MCGOLDRICK: I want to look at -- it's

1 Bates-stamped -- let's see here -- 25 -- 15. I apologize.
2 Operating expenses.

3 BY MR. MCGOLDRICK:

4 Q. Mike, I want to understand your testimony here.
5 Your testimony, as I wrote down, was -- for operating
6 expenses, you calculated 140 percent of the same line item
7 from 2015 Nevada expenses. Is that correct?

8 A. 140 percent of the Nevada similar operating
9 expenses, correct.

10 Q. And when asked why, I wrote down you testified
11 that because you believed that the number of transports to
12 be projected in -- in the Maricopa County market was a
13 greater number than the transports done in Nevada by the
14 applicant. Is that correct?

15 A. 40 percent greater than the 2000 -- --

16 Q. 2000?

17 A. -- it would have been 2015 Nevada transports.

18 Q. Okay. And so would it be fair to say you're
19 working off 11,315 transports, and so you believe that's
20 40 percent greater than the Nevada operation would have
21 done in 2015?

22 A. That's my understanding.

23 Q. That's about 8,000 transports -- 8,100 transports
24 in Nevada for the 2015 time period?

25 A. I haven't done the calculations. Whatever

1 40 percent less is.

2 Q. Okay. And who gave you that information?

3 A. Dean Taylor indicated that that was the rationale
4 for the reporting of 140 percent. The Arizona operation
5 would have 40 percent more transports currently are being
6 provided by Nevada operations.

7 Q. And so Dean -- so Dean must have told you that
8 that was data provided to him by the applicant?

9 A. He didn't tell me that.

10 Q. Did you conclude, however, that that was the
11 information source, somebody had to have given him that --
12 that information?

13 A. I would think that's a fair assumption.

14 MR. MCGOLDRICK: Okay, Mike. Thank you.
15 That's all I have.

16 ALJ EIGENHEER: Cross?

17 We'll take a short recess. We'll go off the
18 record at this time.

19 (A recess ensued from 3:47 p.m. to
20 4:07 p.m.)

21 ALJ EIGENHEER: Okay. We're back on the
22 record.

23 Before we get started, we had some exhibits.

24 MR. MCGOLDRICK: Judge, the Timber Mesa is
25 AMR-56C. I would offer that simply because I referred to

1 it in my questions with Mr. Evans.

2 ALJ EIGENHEER: Oh, okay. I see it.

3 Okay. Any objection to AMR-56C?

4 MR. MEYERSON: No, Your Honor.

5 ALJ EIGENHEER: Okay. That is admitted.

6 MR. MCGOLDRICK: And, Judge, I would like to
7 admit ABC-63.

8 ALJ EIGENHEER: Any objections?

9 MR. MEYERSON: No.

10 ALJ EIGENHEER: ABC-63 is admitted.

11 MR. MCGOLDRICK: ABC-74.

12 ALJ EIGENHEER: Any objections?

13 ABC-74 is admitted.

14 MR. MEYERSON: Paul, I'm sorry. What was
15 the first one?

16 MR. MCGOLDRICK: It was 56.

17 ALJ EIGENHEER: C.

18 MR. MCGOLDRICK: C.

19 MR. MEYERSON: Okay.

20 MR. MCGOLDRICK: If it's necessary, Judge,
21 for your housekeeping, I'm happy just to resubmit the
22 pages I referred to. Doesn't matter to me.

23 ALJ EIGENHEER: Are you going to hold off on
24 AMR-54, or do you want to offer that now?

25 MR. MCGOLDRICK: How about I offer that now?

1 ALJ EIGENHEER: Any objections?

2 MR. MEYERSON: No, Your Honor.

3 ALJ EIGENHEER: Okay. AMR-54 is admitted.
4 Okay. I think that takes care of all of
5 them.

6 MR. MCGOLDRICK: Judge, I am passing the
7 witness.

8 ALJ EIGENHEER: Okay. Cross?
9

10 CROSS-EXAMINATION

11 BY MR. BELANGER:

12 Q. Mr. Evans, how many ARCRs do you think you have
13 been involved in preparing in your vast -- it sounds like
14 vast -- career in doing ARCRs?

15 A. The -- Just the actual preparation of ARCRs?

16 Q. Yes.

17 A. As I've testified earlier, I know it's well over
18 200.

19 Q. Have you ever prepared an ARCR for an ambulance
20 provider that was going to rely solely on part-time
21 employees?

22 A. I don't recollect having done so.

23 MR. BELANGER: Thanks, Mr. Evans.

24 ALJ EIGENHEER: Cross?

25 MS. HOFMEYR: Thank you, Judge.

1 CROSS-EXAMINATION

2 BY MS. HOFMEYR:

3 Q. Mr. Evans, my name's Adriane Hofmeyr. I
4 represent ABC Ambulance.

5 And I've had the pleasure of reading many,
6 many, many pages of transcript of you and Larry Rosenfeld
7 in many hearings, including at 11:00 last night. I just
8 have a few questions.

9 Just to confirm, you were not involved in
10 the drafting of the initial ARCRs in this application or
11 the amended ARCRs, correct?

12 A. That is correct.

13 Q. Okay. And as a result of the work that you've
14 done for applicant, was there only one report that you
15 generated?

16 A. There were other documents that I prepared, but
17 it was determined that they were too late to be submitted
18 as exhibits.

19 Q. So the only report that's been submitted as an
20 exhibit is CA-235. Is that correct?

21 A. That's correct.

22 Q. You testified a little earlier that you primarily
23 got your information from Dean Taylor, and then you
24 mentioned Community Ambulance representatives. I think
25 that's the word you used. Was that Charlie Smith and Jim

1 Hayden?

2 A. More so Rob Richardson.

3 Q. Okay. So did you meet Rob Richardson in person?

4 A. I did at a very brief initial meeting that was
5 held to determine whether or not I would start providing
6 service.

7 Q. And after that, did you meet with him again?

8 A. Not in person.

9 Q. But you did work with the EMS Advisors guys,
10 Charlie Smith and Jim Hayden?

11 A. I have.

12 Q. For this application? In this particular
13 proceeding?

14 A. I -- I have spoken with them. I'm not sure what
15 you mean "worked with."

16 Q. When you were talking about Community Ambulance
17 representatives, I'm just trying to get a better idea of
18 who you see as the Community Ambulance representatives.

19 A. The only person that I met, I believe, is Rob
20 Richardson.

21 Q. Did you consider the guys from EMS to be
22 Community Ambulance representatives?

23 A. I -- I do.

24 Q. You also testified that a number of your -- if
25 not almost all -- of your calculations were based on the

1 data and financials of Community Ambulance from Nevada.

2 And you testified that those would have been the 2015

3 financials. Is that correct?

4 A. There were certain lines of data reported on the
5 ARCR that had a basis Community Ambulance Nevada financial
6 statements but certainly not all of the data reported in
7 the Community Ambulance Arizona ARCR.

8 Q. I'm referring particularly to the year. Would
9 have been 2015, right?

10 A. That was the year that was utilized, yes.

11 Q. Do you have any independent recollection, as you
12 sit here now, what their gross revenue was for 2015?

13 A. I did look at the income statement, but I don't
14 recall specifically what that revenue was.

15 Q. And do you have any independent recollection now
16 of what the net revenue was for 2015?

17 A. Same answer.

18 Q. Okay. And do you remember if -- when you
19 reviewed those documents, if there was any expenses for
20 ambulance leases?

21 A. I don't recall seeing that.

22 Q. So you mentioned regarding -- ABC Ambulance and
23 the fact that you did not do any independent analysis of
24 the financial impact on ABC Ambulance. I think you
25 testified "They instructed me that Dignity had no way" --

1 words to these effects, I may not get the exact words
2 right -- "They instructed me that Dignity had no way of
3 instructing Mercy to direct transports to Dignity." Am I
4 getting that close enough?

5 A. I believe that's the -- certainly the gist of my
6 testimony.

7 MS. HOFMEYR: So I think that's ABC-81,
8 Judge. Could we put it up?

9 BY MS. HOFMEYR:

10 Q. So this is a document --

11 MS. HOFMEYR: If we can enlarge it. Thank
12 you.

13 BY MS. HOFMEYR:

14 Q. -- that ABC is going to testify to later. Did
15 you do any analysis of these numbers at all?

16 A. Any analysis, no. I did review the document.

17 Q. Okay. So if -- if you were -- for the sake of a
18 hypothetical question that I'm going to put to you, if ABC
19 Ambulance is right and that at some point in time Maricopa
20 transports are directed away from ABC Ambulance, would you
21 have any reason to believe that these numbers don't
22 reflect loss that ABC may suffer?

23 A. As I indicated, I did not perform any in-depth
24 analysis of that document. I had -- would have no way of
25 knowing what loss, if any, ABC would experience.

1 Q. Okay. And just one last question. It relates to
2 the impact on nonintervening parties. Is it your
3 understanding of the regulations that the only negative
4 financial impact that should be assessed by an applicant
5 or the Department should be that of the intervenors?

6 A. I believe that's the case in this instance, yes.

7 Q. So you don't think that even though there are CON
8 holders with interfacility transports who are not in this
9 room intervening, that the impact on them should not be
10 taken into account?

11 A. I -- I -- frankly, I don't know how to answer
12 that. I don't know if there would be any. I -- I just
13 don't know how to answer that question.

14 Q. And you haven't done any independent analysis on,
15 for example, the impact on Buckeye?

16 A. I have not.

17 MS. HOFMEYR: Thank you, Judge.

18 ALJ EIGENHEER: Cross?

19 MR. RAY: Thank you, Judge.

20

21 CROSS-EXAMINATION

22 BY MR. RAY:

23 Q. Good afternoon, Mr. Evans.

24 A. Good afternoon.

25 Q. Let's go back to the 140 percent figure that your

1 counsel tried to clarify on your direct. So can you
2 restate what that 140 percent represents?

3 A. Certainly. The 140 percent number is applicable
4 only to the Community Ambulance ARCR page 6, the other
5 operating expenses. And the expenses reported on that
6 schedule --

7 THE WITNESS: I'm -- I'm sorry, Judge. Can
8 you tell me what page number that is?

9 ALJ EIGENHEER: The expenses?

10 THE WITNESS: That's the general
11 administrative. Page down to page 6, Your Honor.

12 MR. MEYERSON: Should be page 15.

13 THE WITNESS: To clarify, the depreciation
14 expense and the rental expense have no relationship to the
15 140 percent. It's all of the other expense line items
16 reported on ARCR page 6 that are -- have been estimated
17 using 140 percent of the same type of expenses reported on
18 the Community Ambulance Nevada income statement. And the
19 reason for the use of 140 percent is that Community
20 Ambulance projected 11,315 transports are greater --
21 40 percent greater than the Community Ambulance Nevada --
22 I believe 2015 ambulance transports.

23 BY MR. RAY:

24 Q. All of Community Ambulance Nevada transports in
25 2015 would have been 40 percent less than 11,315?

1 A. That's my understanding.

2 Q. Okay. And did you verify that as part of your
3 analysis?

4 A. Only insofar as talking with Dean Taylor.

5 Q. Do you know if Dean Taylor verified that?

6 A. I do not know.

7 Q. Let's talk about your comments related to the
8 uniform rate group. I thought your background comments
9 were very interesting. You said you're puzzled by the
10 Bureau's failure in its analysis to consider the history
11 and the rationale of the purpose behind the uniform rate
12 groups when it did its second analysis. Is that a fair
13 summary?

14 A. I don't think so, Mr. Ray, that I -- I don't
15 know whether the Bureau took into consideration any of the
16 history that went into the development of the Phoenix area
17 uniform rates in the first place. It wasn't -- if so, it
18 wasn't evident in the second Findings Letter.

19 Q. How would you -- how would you account for that
20 history if you had done the analysis?

21 A. On the Bureau's part?

22 Q. Yes. So is -- is your testimony that if an
23 applicant in an overlapping certificate of necessity
24 service area wants a uniform rate, they should get a
25 uniform rate and the Bureau should not do a rate analysis?

1 A. I believe that it's good public policy to have
2 the uniform rate environment in the Phoenix area. I
3 believe that if an applicant, as part of the CON
4 application process, applies for uniform rates, those
5 rates should be granted. Now, with regard to your -- last
6 part of your question whether or not the Bureau would
7 approve of them, I -- the only thing I could say, Mr. Ray,
8 is I would hope that the Bureau would recommend --
9 irrespective of what their computations might be, the
10 Bureau would recommend to the Director that that applicant
11 be granted uniform rates.

12 Q. Fair enough.

13 Mr. Evans, you're aware that the Department
14 is required by statute to set just, sufficient, and
15 reasonable rates and charges, correct?

16 A. I am aware.

17 Q. Okay. And in the rules, the Department is
18 required to use rate-setting factors that are derived
19 largely from categories found on the ARCRs, correct?

20 A. That's correct.

21 Q. Okay. And so let me ask you again. Is it your
22 testimony that a CON applicant who requests a uniform rate
23 should be granted that uniform rate regardless of any
24 financial calculation by the Department? Yes or no?

25 A. Absent something extremely out of the ordinary,

1 the answer to your question is yes.

2 Q. So that -- Let me make sure I understand. With
3 your qualifier, your opinion is the Department should
4 accept the request to join a uniform rate group, which
5 would include base rates for ALS, BLS, mileage, standby
6 rates without doing the financial analysis as to whether
7 those figures are supportable as just, sufficient, and
8 reasonable?

9 A. I certainly would not suggest the Department --
10 the Bureau -- should do its analysis.

11 Q. Okay.

12 A. And again, as a result of that analysis, if --
13 and I'll use Community Ambulance as an example. Community
14 Ambulance expenses are certainly in line with other
15 Maricopa County ambulance providers. Therefore, given
16 those circumstances, I -- I cannot envision any
17 circumstance that the Bureau, after it performed its
18 analyses, would not recommend to the Director, if a CON is
19 granted, to have those uniform rates applied to that
20 applicant.

21 Q. Okay. Do you recognize that the Bureau is
22 required to do a rate-of-return analysis on gross revenue?
23 I can give you the rule, if you'd like.

24 A. I believe that is correct with regard to a
25 general rate increase. I don't know whether that is

1 correct with regard to a CON applicant.

2 Q. How would you propose the Bureau would analyze a
3 CON applicant's rates and charges, Mr. Evans? Would they
4 just, as I think you're suggesting, accept what the
5 applicant proposes as being just, sufficient, and
6 reasonable for the statutory purposes of the Department?

7 A. I am not suggesting -- I've never suggested the
8 Bureau doesn't perform all of the analyses that they
9 currently do.

10 Q. Okay.

11 A. What I am --

12 Q. Stop. That's the answer to the question. Thank
13 you.

14 A. Certainly.

15 Q. Did you review the first ARCR submitted by the
16 applicant?

17 A. Not in depth. I -- I know that there was a first
18 ARCR submitted.

19 Q. Okay.

20 A. I looked at it. Since it was superseded by the
21 second one, I didn't spend any time analyzing it.

22 Q. And do you know that the applicant changed its
23 expenses in the second ARCR from the first one?

24 A. I am aware of that.

25 Q. Okay. So your opinion as to the Bureau's

1 analysis is that so long as the Department does some
2 analysis, it should accept, absent extraordinary
3 circumstances, what the applicant would like for those
4 rates and charges?

5 A. I believe it's good public policy for all of the
6 ambulance companies in Maricopa County to have the same
7 uniform rates.

8 Q. Thank you.

9 A. And again, Mr. Ray --

10 Q. That's enough.

11 A. Again, let me answer. Again, Mr. Ray --

12 Q. I don't think you're answering the question,
13 Mike.

14 A. I base --

15 Q. I didn't ask you about public policy.

16 They have a statutory obligation to analyze
17 proposed rates and charges, do they not?

18 A. They do.

19 Q. And you're applying your opinion on good public
20 policy to the Bureau's analysis and concluding that they
21 didn't follow good public policy in recommending different
22 rates and charges.

23 A. I believe that it would be good public policy,
24 having done their analysis, if Community Ambulance is
25 granted a CON, that the Bureau recommend to the Director

1 that Community Ambulance have uniform rates.

2 Q. So you believe the Bureau should recommend good
3 public policy to the Director for purposes of analyzing
4 the applicant's uniform rate request?

5 A. I -- I -- I believe that the Bureau should
6 recommend the uniform rates as a matter of good public
7 policy.

8 Q. I see.

9 So do you just disagree with the Bureau's
10 statutory and rule-based analysis of the applicant's
11 requested rates and charges?

12 A. No, I don't disagree with that -- the Bureau's
13 analysis.

14 MR. RAY: All right. No further questions.

15 ALJ EIGENHEER: Redirect?

16 MR. MEYERSON: Just one question.

17

18 REDIRECT EXAMINATION

19 BY MR. MEYERSON:

20 Q. Mr. McGoldrick stopped you from elaborating on
21 reimbursements for interfacility transports versus 911
22 calls. Do you mind just finishing or starting over and
23 telling us what you were about to say?

24 A. Certainly. And I believe I've fairly summarized
25 your question, Paul, in that you asked me whether or not I

1 believed that reimbursement for 911 calls would be
2 greater -- or, excuse me -- reimbursement for
3 interfacility calls would be greater than inter- -- than
4 911 calls, and I said that that's historically been the
5 conclusion by most people. But I believe that in today's
6 environment, that may not be the case simply because
7 interfacility transports are, if not all, nearly all
8 nonemergent, and the reimbursement rates for Medicare for
9 nonemergent transports are significantly less than they
10 are for emergent transports. And with the growing
11 Medicare population as a percentage -- excuse me -- the
12 growing number of ambulance transports as a percentage of
13 total transports, that may -- and I believe it's not true
14 that interfacility transports are higher simply because of
15 the lower nonemergent Medicare allowable rates in
16 comparison to the urgent Medicare allowable rates. The
17 emergent would apply to 911 transports whereas nonemergent
18 Medicare allowables apply to interfacility transports.

19 MR. MEYERSON: That's fine. That's all.

20 MR. MCGOLDRICK: Judge, can I have one
21 follow-up question?

22 ALJ EIGENHEER: Sure.

23
24
25

1 RE CROSS-EXAMINATION

2 BY MR. MCGOLDRICK:

3 Q. My point is this. Assuming you're correct,
4 reimbursement for Medicare patients' interfacility
5 transports may be less dollarwise than an emergent
6 transport. That's what your point is, correct?

7 A. Substantially less.

8 Q. My point is --

9 MR. MEYERSON: Objection.

10 BY MR. MCGOLDRICK:

11 Q. -- on a percentage of --

12 MR. MEYERSON: Objection.

13 MS. FICKBOHM: Which one of you are
14 objecting?

15 MR. MEYERSON: I am. I objected, and he
16 told me to say it louder, Ronna.

17 MR. MCGOLDRICK: I haven't even asked my
18 question.

19 MR. MEYERSON: You're testifying what your
20 point is.

21 MR. MCGOLDRICK: Well, you have to let me
22 finish my question. Then maybe if you object, it will be
23 sustained.

24 BY MR. MCGOLDRICK:

25 Q. My point, Mike, is you have a higher chance of

1 collecting any amount of money -- whether it's lower
2 Medicare reimbursement or not -- you have a higher chance
3 of collecting a single dollar on an interfacility
4 transport than a 911 transport. Don't you agree with that
5 principle?

6 A. I agree with that principle, but that dollar is
7 50 -- is 50 cents in a nonemergent transport.

8 Q. Well, 50 -- a half a loaf is better than no loaf
9 is my point.

10 A. And I agree with your point, but, in fact, it is
11 half a loaf, which is less than a whole loaf.

12 MR. MCGOLDRICK: Precisely. Thank you.

13 ALJ EIGENHEER: Okay. I have a couple
14 questions.

15

16

EXAMINATION

17 BY ALJ EIGENHEER:

18 Q. As far as -- The AHCCCS and Medicare settlements
19 and bad debt, are those dependent on who the provider is?
20 Would it matter who provided the transport as far as what
21 that number should be?

22 A. Not in terms of a single transport. The same
23 AHCCCS allowable applies to all ambulance companies; the
24 same Medicare allowable applies to all ambulance
25 companies. There may be -- Your Honor, there may be a

1 different mix of those within providers but for a single
2 transport.

3 Q. And with bad debt, that's the same thing? As far
4 as if you do -- if Community Ambulance does the 11,000
5 transports, their bad debt is not dependent on that they
6 did it versus Maricopa Ambulance or AMR?

7 A. It -- it may be. It probably would be, at least
8 in part, because you have different billing systems,
9 different level of trying to collect debt -- what might
10 become bad debt, so that will not always be the same.

11 Q. Some people might pursue that payment more than
12 others?

13 A. Certainly.

14 Q. Okay. That's not what I intended to happen.
15 Hold on.

16 Okay. There we go.

17 So what I have up on the left is the
18 applicant's ARCR revised. And on the right is your
19 financial impact of AMR.

20 A. Yes.

21 Q. I know you can't see everything at once. But let
22 me -- So looking at the line third-party settlements --

23 A. Yes.

24 Q. -- over here on the ARCR, you have a total of
25 \$6,046,066.

1 A. Yes.

2 Q. So if that is not dependent on the provider,
3 shouldn't that be the number we see right -- Hold on.
4 Where did it go?

5 MR. MCGOLDRICK: One more page down, Judge.

6 ALJ EIGENHEER: Thank you.

7 BY ALJ EIGENHEER:

8 Q. Right here.

9 A. Your Honor, may I see what that -- that column --
10 what the header on that column is?

11 I'm not sure I know how to completely
12 respond to your question. In part, it would be due to the
13 payer -- payer mix. No, it's going to be the same payer
14 mix.

15 Q. Because you're taking these 11,000 transports
16 away from AMR, giving them to Community Ambulance, you
17 told me that -- earlier that third-party settlement
18 shouldn't matter who the provider is. So shouldn't those
19 two numbers be the same?

20 A. In theory, yes. But I think I can answer your
21 question. And that is when the Community Ambulance ARCR
22 was prepared, the focus was on the actual net collection
23 rate rather than the mix of third-party settlements and
24 bad debt.

25 Q. Is that back to that initial page that said,

1 "Given the population we're serving, we're going to have a
2 lower bad debt ratio, and they're going to have private
3 health insurance"?

4 A. In part, yeah. On the Community Ambulance
5 application, that number -- the third-party settlement
6 numbers were not consistent with the other ambulance
7 providers in Maricopa County. As I understand it, the
8 focus was -- in preparing the Community Ambulance ARCR was
9 on the net collection rate and -- rather than on the mix
10 of third-party payers and the bad debt within the total
11 write-off.

12 Q. Okay. And you said that you wouldn't expect them
13 to be exactly the same, but as far as bad debt -- Okay.
14 So that's line 11 on the left, which, on the ARCR is
15 1.57 million, and on the right, you have it at almost
16 2.5 million.

17 A. Yes.

18 Q. And that's due to -- Community Ambulance would go
19 after those payments more than AMR?

20 A. No, Your Honor. The data reported in the
21 Community Ambulance ARCR is simply an estimate. It's --
22 it doesn't correlate directly with the AMR actual data.
23 As I said, it's --

24 Q. But this isn't the actual data. This is your
25 estimated financial impact. So if you take away those

1 11,000 transports, this is going to be their new bad debt
2 or -- or the effect of that on their bad debt.

3 A. But it's based on the AMR data. All I did to
4 compute the settlement adjustment is apply the lost
5 transport ratio to the AMR existing third-party
6 settlements.

7 Q. Without any account for the fact that AMR's
8 population is different than Community Ambulance's
9 population? Back to that page 1 with the higher rate of
10 private health insurance?

11 A. That really doesn't factor into it. There's
12 going to be -- Well, there will probably be testimony
13 later on about how that -- those third-party settlements
14 were computed. And again, it was an estimate generated
15 from the net collection rate as opposed to what the
16 individual components of the write-offs were. And -- and
17 then it's really not comparable to -- to AMR's data
18 because -- AMR's actual data rather than Community
19 Ambulance's estimate at the time that the Community
20 Ambulance ARCR was prepared.

21 ALJ EIGENHEER: Okay. Thank you very much.
22 You may be excused.

23 THE WITNESS: Thank you.

24 ALJ EIGENHEER: Next witness?

25 MR. MEYERSON: At this point we would be

1 going back to Rob Richardson.

2 ALJ EIGENHEER: Okay.

3 MR. BELANGER: Judge, before we start with
4 Mr. Richardson, because the exhibits have gotten away from
5 me, do you have a master list of the admitted exhibits?

6 ALJ EIGENHEER: I do.

7 And let's go off the record.

8 (An off-the-record discussion ensued.)

9 ALJ EIGENHEER: Okay. We're back on the
10 record.

11 I'll remind you you're still under oath.

12 THE WITNESS: Okay.

13 ALJ EIGENHEER: And we were on cross, as I
14 recall.

15 MS. HOFMEYR: Thank you, Judge.

16 Welcome back, Mr. Richardson.

17 Judge, I think maybe we should just go for
18 15 minutes, until 5 o'clock. Will that be all right?
19 Because I will have more than 15 minutes of questions, so
20 I'll keep going in the morning, unfortunately.

21 ALJ EIGENHEER: I'm a little more flexible
22 today, so if you want to get to a stopping point, that's
23 fine.

24 MS. HOFMEYR: Brendan, do you want to leave
25 the parking garage at 5 p.m. with 500 Department of Health

1 Services employees?

2 MR. MURPHY: If I may, Mr. Richardson's
3 22-year-old daughter is -- was in the process of giving
4 birth while you all were grilling him today, and we don't
5 know -- I don't yet know the result of whether we had a
6 success or not in the birth, but -- it may still be going
7 on. So I'm sure he'd love to stay here longer, but I
8 think he's anxious to kind of connect with his family too
9 and see what's going on.

10 MS. HOFMEYR: Is it your first?

11 THE WITNESS: No. This is -- It's her
12 first. And she -- she lost one before, so . . .

13 MS. HOFMEYR: How about one or two? Then we
14 can take a break. Maybe we can even get in before the
15 mass exodus.

16 MR. MURPHY: Of course, I would leave that
17 up to Mr. Richardson to tell us how he would like to
18 proceed.

19 THE WITNESS: I'm here to answer questions.

20 MS. HOFMEYR: I'm going to dive in right in
21 where I left off.

22 THE WITNESS: Okay.

23

24 ROBERT RICHARDSON,

25 called as a witness on behalf of RBR Management, LLC,

COASH & COASH, INC.
www.coashandcoash.com

602-258-1440
Phoenix, Arizona

1 herein, having been previously sworn by the Administrative
2 Law Judge to speak the truth and nothing but the truth,
3 was examined and testified as follows:
4

5 CROSS-EXAMINATION (CONTINUED)

6 BY MS. HOFMEYR:

7 Q. You testified a little earlier that AMG, which is
8 the entity you own with Mr. Rogers, owns some of the
9 ambulance -- some ambulances, correct?

10 A. That's correct.

11 Q. Does AMG -- I know you testified it owns
12 something else. You said computers and stuff. Does it
13 own any ambulance equipment?

14 ALJ EIGENHEER: Sir, can you talk more into
15 that mic?

16 THE WITNESS: I'm sorry. Can you hear me?

17 ALJ EIGENHEER: Yeah. There you go.

18 THE WITNESS: Sorry.

19 ALJ EIGENHEER: Right there is fine.

20 THE WITNESS: Yes, we have some equipment
21 that's owned through it as well.

22 BY MS. HOFMEYR:

23 Q. So ambulance equipment is also owned by AMG. Is
24 that right?

25 A. Yes, they have some there.

1 Q. Is any of the ambulance equipment that you've got
2 reflected on either your first ARCR or your second ARCR --
3 is any of that ambulance equipment owned by AMG?

4 A. Anything that's bought through here would be
5 through this -- RBR, through the company.

6 Q. So the ambulance equipment you've got reflected
7 on your ARCR is not yet purchased. Is that right?

8 A. Three of them are not and three of them are. The
9 three that are, to the extent it's used, are RBR/Community
10 Ambulance equipment.

11 Q. Okay. And we'll come back to that exhibit
12 another moment.

13 Mr. -- Mr. Evans testified -- and there were
14 some numbers bandied around. I wanted -- I wanted to run
15 them by you. Mr. Evans testified that -- and there were
16 some calculations done about Arizona transports in 2015
17 were 40 percent higher than Nevada transports. We did
18 some calculations. I couldn't figure out how to do it,
19 but apparently working it backwards, it's about 8,071
20 transports in Nevada in 2015. Does that sound about
21 right?

22 A. That's approximately about the same, about that
23 number.

24 Q. You also testified a little earlier in response
25 to Ms. Fickbohm's questions about the number of ambulances

1 that you owned were owned in Nevada. I'm not
2 distinguishing between entities right now, just units you
3 were running. You went back as far as 2016, and I think
4 you estimated about 26 --

5 A. That's correct.

6 Q. -- in 2016, correct?

7 Okay. 2015, how many did you have in 2015?

8 A. The reason why -- We had the expansion into the
9 911 system in the county in 2016, so I'm trying to back
10 out to see how many we bought. 10 ambulances in the first
11 part of '16, so we probably had somewhere around -- I
12 would have to look at the numbers, but it's probably 15,
13 14, something like that.

14 Q. So 2015, in Nevada, RBR is doing approximately
15 8,000 transports using 14 to 15 ambulances. Is that
16 correct?

17 A. Correct. We had extras.

18 Q. And your proposal in Arizona is to be doing
19 11,000 transports with 5 ambulances. Is that correct?

20 A. That's correct.

21 We have a very large specialty market up
22 there as well.

23 MS. HOFMEYR: Judge, if we can pull up
24 ADHS-1.

25

1 BY MS. HOFMEYR:

2 Q. This is your initial application submitted in
3 June of 2016. Do you recall whether ABC Ambulance is
4 mentioned anywhere in this document?

5 A. I don't know the document.

6 MS. HOFMEYR: Judge, if you can go to
7 page 64 -- ADHS 1-0064.

8 BY MS. HOFMEYR:

9 Q. So would you agree that this is a representation
10 from the applicant to the Department of whose CONs are
11 going to be affected by the application? Would you agree?

12 A. I would agree that's the list, yes.

13 Q. Can you see ABC Ambulance anywhere in that list?

14 A. I cannot see that.

15 Q. Have you got any idea why ABC was not included in
16 that list?

17 A. No.

18 MS. HOFMEYR: Judge, if you can go to
19 ADHS-12. It should be somewhere close by. No? To
20 page 23.

21 BY MS. HOFMEYR:

22 Q. So would you agree that this is a representation
23 to the Department of the applicant's assets?

24 A. That's correct.

25 Q. And my understanding of the lines 1 to 6 are the

1 ambulances that you propose to use in Arizona if you get
2 your CON, right?

3 A. That's correct.

4 Q. And my understanding, from the cover letter to
5 this document, is that this line items 4 to 6 -- No, no.
6 The newer ones, the 2016, line items 1 to 3, you don't
7 propose to use those in your first year, correct? Those
8 are only going to come in in your second year, right?

9 A. Those first three?

10 Q. Yes.

11 A. Those would be the -- those would now be the new
12 used ones that will be coming in, because the three new
13 would be brand-new ones, and these will be three used ones
14 now that time has gone by.

15 Q. So this is not the list of the units that you
16 plan to use if you get your CON?

17 A. That's a correction, yes. It is three new ones
18 and then the newest Sprinters because the other ones are
19 getting to be timed out now.

20 Q. Okay. Who -- The three newer ones here, 2016,
21 who is technically the owner of those vehicles?

22 A. That is RBR Management/Community Ambulance.

23 Q. My understanding of your testimony earlier is
24 that at the point that they get depreciated out, they
25 become RBR's?

1 A. Some of them. We had -- There's a combination
2 there. But then if they did have -- go through AMG, once
3 they get depreciated out, they just go in and we title --
4 we give the title to RBR. But we have bought ambulances
5 at RBR/Community Ambulance and titled at the very
6 beginning and depreciated those ambulances out.

7 Q. So sitting here today, do you know for sure
8 whether those first three ambulances were ever in the name
9 of AMG?

10 A. No. They were in RBR.

11 Q. And they have always been in the name of RBR?

12 A. Yes.

13 Q. These particular units?

14 A. Yes.

15 Q. The line items 9 to 18, that's equipment, right?

16 A. That's right.

17 Q. And I gather from column headed B with some Xs in
18 front of the numbers, those have not been purchased yet.
19 Is that right?

20 A. I think those are the ones that were anticipated
21 for the purchase down here.

22 Q. Those -- those items that you've listed here, are
23 they typical for your operations in Nevada?

24 A. Most of them are. The -- the ventilators and the
25 pumps, we use those for CCD, but we have those -- That's

1 what we want to stock all the ambulances here with
2 those -- that equipment. Everything else would be --

3 Q. So -- so can you clarify for me which -- which
4 line items -- if you can use the little number before it,
5 which do you not use in Nevada?

6 A. Well, for the CCD, line 14 and 15, but here we'll
7 have them in all the trucks, 14 and 15.

8 Q. Line item 17, there is a CAD upgrade with a value
9 of 132,000. Is that right?

10 A. That's correct.

11 Q. And would that be reflected in Nevada?

12 A. That is an upgrade to the Nevada CAD because of
13 the growth into Arizona.

14 Q. And you anticipate that will be a shared expense
15 between Nevada and Arizona?

16 A. That will be the expense because of the growth
17 into Arizona, so that's the reason why the expense would
18 be there.

19 MS. HOFMEYR: Judge, I think my next line of
20 questioning is a little longer involved, so maybe now
21 would be a good time to stop.

22 ALJ EIGENHEER: Okay. Then that will
23 conclude today's proceedings. We will go off the record
24 at this time.

25 (The hearing was adjourned at 4:53 p.m.)

1 STATE OF ARIZONA)
COUNTY OF MARICOPA)

2

3 BE IT KNOWN that the foregoing proceedings
4 were taken before me; that the foregoing pages are a full,
5 true, and accurate record of the proceedings all done to
the best of my skill and ability; that the proceedings
were taken down by me in shorthand and thereafter reduced
to print under my direction.

6 I CERTIFY that I am in no way related to
7 any of the parties hereto nor am I in any way interested
in the outcome hereof.

8 I CERTIFY that I have complied with the
9 ethical obligations set forth in ACJA 7-206(F)(3) and
10 ACJA 7-206 (J)(1)(g)(1) and (2). Dated at Phoenix,
Arizona, this 11th day of November, 2018.

10

11

12



13

MERI COASH, RMR, CRR
Certified Reporter
Arizona CR No. 50327

14

15

16 I CERTIFY that Coash & Coash, Inc., has
17 complied with the ethical obligations set forth in
ACJA 7-206 (J)(1)(g)(1) through (6).

17

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