

SUBJECT

First Reading of Ordinance No. 034, 2012, Amending Section 26-464 of the City Code to Establish a Medical Assistance Program for Electric Customers (Option A, B, or C).

EXECUTIVE SUMMARY

The Medical Assistance Program is a pilot program which is aimed at providing financial assistance for customers who are in the tiered residential electric rate class and who have electric medical equipment in their home. Staff is presenting three options for consideration by Council. Fort Collins Utilities is seeking direction on the program details and approval from the City Council to implement this program. Specifically, staff is asking City Council to determine the scope of the program and to adopt the Ordinance allowing the establishment of the program.

The program is focused on reducing the cost associated with the additional electrical needs of those with life support equipment in their household. Options for other medical equipment and air conditioning needed to improve the quality of life for those with immune compromising diagnoses are also being presented for consideration.

- Option A limits coverage to electrical life support and mobility durable medical equipment. The maximum discount is \$12.50 per month.
- Option B extends coverage to all electrical durable medical equipment. The maximum discount is \$12.50 per month.
- Option C extends coverage to all electrical durable medical equipment and includes a discount for customers whose medical needs require air conditioning. The maximum discount during non-summer months is \$12.50 per month. The maximum discount during summer months is \$41.73 per month.

The key differences between the three options are shown in the Ordinance in bold-face type.

Fort Collins Utilities is recommending the implementation of Option C with an income limitation as a pilot program to be implemented by June 1, 2012 when the higher seasonal tiered rates become effective. Based on 2012 participation and costs of the program for the remainder of the year, the program can be adjusted prior to the 2013 cooling season for any necessary changes.

BACKGROUND / DISCUSSION

On December 6, 2011, Council adopted Ordinance No. 166, 2011, increasing the Residential Class Electric Rates. The new rates support the conservation values of the City through a tiered rate structure and include a seasonal variation to reflect the higher cost of energy during the summer. In the discussion leading up to the vote to adopt the Ordinance, Council requested Fort Collins Utilities to develop a program so as not to impose any additional economic hardship on those customers who may have sufficient monthly energy usage attributed to medical equipment to be pushed into the second or third tiers. The Pilot Medical Assistance Program is the result of that request.

The program could include an income limitation to focus the program on those most in need of economic assistance. It could also include a component with an air conditioning allowance during the cooling season (June – August) for those with medical conditions adversely affected by hotter summer temperatures.

Research indicated there are a number of discount programs for customers with medical issues around the country. Comparisons of the programs in the western region of the United States served as a basis for the development of this program. Please see Attachment 2 for a table comparing the programs at other utilities. In addition, outreach for this program has involved review by the Energy Board and meetings with patient advocacy groups and physicians.

In determining a reasonable household income ceiling, the Area Median Income (AMI) used by the Federal Housing Authority provided an independent source of income information based on the number of people in a household. The AMI is specifically formulated for Larimer County and factors in local costs of living. Without more detailed information than the median income, it was necessary to take some portion of this AMI as the program is designed to help those customers who will see the tiered rate increase as a substantial economic hardship. The income table included in the draft application shows the income ceiling as 60% of the Larimer County AMI. This level of income is close to 185% of the federal poverty level and is higher than that used for many other income-based social assistance programs.

A certain level of fraud prevention is recommended for this program. The application requires the customer to sign an affidavit allowing for Fort Collins Utilities to request documentation to verify income qualifications, if the pilot program has an income ceiling. The application also requires a signed affidavit from a physician verifying the need for durable medical equipment which requires electricity or the need for a temperature controlled household for those customers with certain immune compromising diagnoses. The lawful presence affidavit is required by Colorado state law because participation in the program is considered a local public benefit.

An appeal process will be included in the program for those customers who are experiencing a financial hardship due to their medical needs or whose medical condition requires air conditioning, yet fall outside the scope of the program. The Utilities Executive Director will have the authority to consult a medical professional as a hearing officer for medical appeals of a decision that any electrical medical equipment does not meet established criteria. The Utilities Executive Director will have the authority to allow an exception to the established financial criteria.

Staff is providing Council with three options for the program. Attachment 1–Program Options summarizes the options, including the pros and cons and the associated costs of each option. Based on City Council’s direction and adoption of the Ordinance on First Reading, staff will return with the specific program for Council to consider adopting on Second Reading on May 1. If adopted, staff anticipates implementation of the program before June 2012.

FINANCIAL / ECONOMIC IMPACTS

It is difficult to estimate the anticipated enrollment in this program and the enrollment depends on what is included in the adopted program. This is because the program may potentially be more comprehensive than other programs reviewed by staff. In addition, data on the prevalence of certain diseases in Fort Collins is not available. For these reasons it is recommended that we consider this program to be a pilot program from June 2012 through May 2013. Once the program has been implemented, enrollment and costs will be better understood so any changes necessary to continue the program or better meet these customers’ needs can be brought back to City Council by the second quarter of 2013. The revenue shortfall in 2012 associated with this program will be accommodated within the Light & Power Reserves for 2012 and 2013.

While it is hard to estimate the economic impacts of a new program, this program is not increasing electric rates for customers at this time and is providing a reduction for the eligible customers. Thus, it is not expected that this program will have any substantial economic impact on the community as a whole but it will provide some relief for customers participating in the program. It is expected that the savings seen by these customers will be spent elsewhere within the local community.

ENVIRONMENTAL IMPACTS

This program has minimal negative environmental impacts. This program in conjunction with the new tiered rate structure has the potential to help customers be more aware of their personal energy usage and may be an opportunity in the future to expand on energy efficiency education programs.

STAFF RECOMMENDATION

Staff recommends adoption of Option C with an income limitation for the Medical Assistance Program. Option C will allow for some assistance to be provided to the most customers by allowing any electrical durable medical equipment

to be covered with a physician's signature. It will also provide some assistance for those customers with a medical condition requiring air conditioning in the summer. Option A is the most limited of the three options and does not allow for quality of life considerations or an accommodation for air conditioning. Option B does allow for equipment necessary to improve the quality of life of those with medical needs to be covered but still does not cover air conditioning. By including an income limitation, the program will be targeted to those customers most in need of the financial relief from the program. While it is difficult for any program to address all of the needs of the community, Option C with an income limitation covers the most medical conditions of the three options and with the income limitation attempts to balance the needs of the community with increasing the costs to be passed on to other residential customers.

BOARD / COMMISSION RECOMMENDATION

The Medical Assistance Program was presented to the Energy Board on February 2, 2012 and again on April 5, 2012. Energy Board members expressed support for the program and indicated support of similar programs that are structured to assist low-income community members and others in situations of hardship. At the April 5, 2012 meeting, the Energy Board voted to recommend Option C with an income limitation.

Fort Collins Utilities staff also spoke with a representative from the Senior Advisory Board to explain the intent of the program.

PUBLIC OUTREACH

Fort Collins Utilities has met with the patient advocacy groups, citizens and physicians in the development of this program including:

- Senior Advisory Board
- Multiple Sclerosis Society
- Disabled Resource Services
- Dr. Bruce Cooper with the Health District of Northern Larimer County.

Communication that has already been distributed regarding the change in rates has included information that Fort Collins Utilities is considering medical conditions and is working on a program to address the potential impacts. Two of these communication brochures have already been distributed and staff members are keeping track of interested customers. A training session will be offered to Customer Service Representatives so that they are able to answer questions about the new program. Information regarding the Medical Assistance Program and how to apply will be distributed to the customers that are already a part of our Life Support Notification Program. It will be posted on the Fort Collins Utilities website and a simple brochure describing the program requirements and eligibility will be created and distributed at community outreach events.

Notice of the proposed change to the Municipal Code to include this type of program was published in the *Coloradoan* on March 18, 2012 and a mailing was sent to City electric customers outside of the city limits.

ATTACHMENTS

1. Program Options
2. Program Comparison Table
3. Draft Program Application Form
4. Letter from Dr. Bruce Cooper
5. Letter from Dr. Gerald McIntosh
6. Fort Collins Energy Board Draft Minutes, April 5, 2012
7. Powerpoint presentation

Attachment 1 - Program Options

Program Option	Description of Program	Pros	Cons	With Income Limitation		Without Income Limitation	
				Estimated Enrollment	Estimated Cost	Estimated Enrollment	Estimated Cost
Option A	<p>Baseline program which only allows life support devices</p> <p>Maximum discount = \$12.50 / mo</p>	<ul style="list-style-type: none"> - covers most critical medical equipment - provides some financial relief 	<ul style="list-style-type: none"> - does not address quality of life needs - does not cover air conditioning needs 	130	\$20,000	335	\$50,000
Option B	<p>Enhanced program which covers all electrical durable medical equipment</p> <p>Maximum discount = \$12.50 / mo</p>	<ul style="list-style-type: none"> - addresses quality of life and therapeutic needs - provides financial relief to more citizens than baseline program 	<ul style="list-style-type: none"> - does not cover air conditioning needs - enrollment is more uncertain than Option A 	520	\$80,000	1340	\$200,000
Option C	<p>Enhanced program covering all electrical durable medical equipment</p> <p>AND air conditioning for those citizens with immune compromising diagnoses</p> <p>Maximum AC discount = \$41.73 / mo</p>	<ul style="list-style-type: none"> - addresses quality of life and therapeutic needs - provides financial relief to more citizens than Options A or B - provides financial relief for citizens with temperature sensitivity issues 	<ul style="list-style-type: none"> - most costly option - enrollment is more uncertain than Option A or Option B 	750	\$110,000	1920	\$270,000

Attachment 2

Comparison of Medical Life Support Programs

Utility	State	Income Limited?	Income Verified?	kWh Credited	Limited to Life Support?	Allows AC?	Allows Therapy Devices?	Allows Oxygen Nebulizers?	Preserves Conservation Message?
1 Salt River Project	AZ	No		0	Yes	No			No
2 Tucson Electric Power	AZ	Yes	Potentially		No	Potentially			Yes
3 City of Lodi	CA	No			No	Yes	No	No	Yes
4 Imperial Irrigation District	CA	No		calculated	No	Yes			Yes
5 Modesto Irrigation District	CA	Yes	Yes	250	No	Yes	No		
6 PG&E	CA	No		0	No	Yes	No	Yes	No
7 SoCal Edison	CA	No		0	No	Yes	No		No
8 Turlock Irrigation District	CA	No		<=250	No	Yes	No		Yes
9 City of Longmont	CO	No		<= 150	Yes	No			Yes
10 FC L&P Option A	CO	Yes	Potentially	<=150	No	No	No	No	Yes
11 FC L&P Option B	CO	Yes	Potentially	<=150	No	No	Yes	Yes	Yes
12 FC L&P Option C	CO	Yes	Potentially	<=500	No	Yes	Yes	Yes	Yes

Utility	Notes
1 Salt River Project	\$17 / mo. Credit applied to bill
2 Tucson Electric Power	Income < 150% Federal Poverty Level; discount is a function of usage (10-35%)
3 City of Lodi	25% discount on all electric charges
4 Imperial Irrigation District	Applicant provides specific equipment energy requirements; AC allocation is 300 kWh
5 Modesto Irrigation District	Income < \$5,450 / mo.; allows electric wheelchairs
6 PG&E	Program extends 1st tier by 500 kWh; allows electric wheelchairs
7 SoCal Edison	Program extends 1st tier by 500 kWh; allows electric wheelchairs
8 Turlock Irrigation District	Program reduces first 500 kWh by 50%
9 City of Longmont	20% discount on first 750 kWh
10 FC L&P Option A	Income < 60% Area Median Income (~185% Federal Poverty Level)
11 FC L&P Option B	Allows therapeutic equipment
12 FC L&P Option C	Allows air conditioning during the Summer for certain diagnoses

Application for Medical Assistance Program - 2012



Attachment 3

Background.

Fort Collins Utilities (FCU) has developed this program to provide some assistance to customers who may be significantly impacted economically by the increased consumption of electricity in their residence due to the use of medically necessary equipment. The intent of the program is to ensure that customers are not avoiding medical treatment due to the additional costs associated with administering such treatment in their home from an electric device given the tiered rate structure of the residential electric rate class. As such, this program is not available to customers on the residential demand rate. Customers are required to apply for this discount each calendar year.

Customer Information. *(to be completed by Fort Collins Utilities account holder)*

Name on account: _____ Account number: _____
Service address: _____ Fort Collins, CO ZIP code: _____
Patient Name: _____

Affidavit of Lawful Presence in the United States. *(to be completed by Utilities account holder)*

I, _____, swear and affirm under penalty of perjury under the laws of the State of Colorado that:

I am a Citizen of the United States

I am not a United State citizen but I am lawfully present in the United States pursuant to Federal Law

I understand that this sworn statement is required by law because I have applied for a public benefit. I understand that State law requires me to provide proof that I am lawfully present in the United States and to submit a secure and verifiable document when asked.

Acceptable forms of proof are: Colorado driver's license, Native American tribal document, U.S. military identification card, Colorado identification card, U.S.C.G. merchant mariner card.

Affidavit of Income Eligibility. *(to be completed by Utilities account holder)*

This program is intended to assist customers for whom the costs of running a medical device results in an economic hardship. The income threshold for this program has been set at 60% of the Larimer County Area Median Income (as determined by the Federal Housing Authority). Based on the number of people within this residence and the income ceiling provided in the table at right, I certify that the total household income is **less** than the income ceiling and, thus, this account is eligible for this program.

# in Household	Income Ceiling (60% AMI)
1	\$32, 220
2	\$36, 840
3	\$41, 460
4	\$46, 020
5	\$49, 740
6	\$53, 400
7	\$57, 120
8+	\$60, 780

I agree, as a condition of my participation in this program, that if asked I will provide copies of my financial records that establish my income including copies of my IRS tax returns. My signature below certifies all information on this application is true and accurate, that I am lawfully present in the United States, the total household income for this residence is less than the household size adjusted income ceiling given in the table above, and the patient named above lives at this address full time and requires medically necessary equipment, used at this address, which requires electricity to operate. I further acknowledge that making a false, fictitious, or fraudulent statement or representation in this sworn affidavit is punishable under the criminal law of Colorado as perjury in the second degree under C.R.S. 18-8-503 and it shall constitute a separate criminal offense each time a public benefit is fraudulently received.

Signature: _____ Date: _____

Physician Information. *(to be completed by a licensed physician)*

Physician's full name: _____

Office Address: _____ City: _____ ZIP Code: _____

Phone: _____ Colorado Medical License Number: _____

Type of medically necessary equipment used by patient: _____

HCPCS Code: _____

Additional need for cooling:

If the patient has a spinal cord injury (quadriplegia and paraplegia), multiple sclerosis, scleroderma or other condition associated with Raynaud's phenomenon requiring air conditioning, please note the specific condition here:

I certify the patient listed above requires, on an on-going basis, medically necessary equipment, utilized at the patient's home, which uses electricity to operate.

Physician's signature: _____ Date: _____

Application does not guarantee uninterrupted electric service nor prevent disconnection for non-payment.

Medically necessary equipment for this discount rate is defined as any durable medical equipment requiring electricity to operate that is required on an ongoing basis by a patient within the residence being serviced by Fort Collins Utilities. This includes, but is not limited to, respirators, dialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, intravenous pumps and electric wheelchairs.

Return signed form to Fort Collins Utilities.

Mail to:

Fort Collins Utilities
Customer Service Division
PO Box 580
Fort Collins, CO 80522

Drop off:

Fort Collins Utilities
Customer Service Division
117 N. Mason St.
Fort Collins, CO 80521



Health District

OF NORTHERN LARIMER COUNTY

120 Bristlecone Drive, Fort Collins, CO 80524

970 • 224 • 5209 fax 970 • 221 • 7165

info@healthdistrict.org www.healthdistrict.org

April 9, 2012

Patty Bigner
Lance Smith
Utilities Department
City of Fort Collins
Fort Collins, CO 80522

Dear Lance and Patty:

Thanks for asking me to help you think about the implementation of your planned program to assist customers with certain medical problems who may face barriers fully participating in the city's conservation program.

As I understand it, the City of Fort Collins Utilities Department is planning a new tiered electricity rate program aimed at providing incentives for consumers to reduce energy consumption; however the City Council and utilities planners are concerned about the impact on low income customers with medical conditions requiring use of equipment powered by electricity. A special program is being planned for these consumers based on similar programs in California. The desire is to keep the program simple: Residential customers will be asked to complete an application in which they self-identify that a full-time resident in their household meets both the medical need and income requirements to be eligible for the program.

My comments are based on the description and "Medical Baseline Allowance Application" used the Southern California Edison Company (<http://www.sce.com/customerservice/billing/tiered-rates/tier-1.htm>). In that program and others like it in California, there are two circumstances related to medical condition that qualify someone for discounted rates: 1) if they require the use of a "life-support device" defined as any electrically powered medical device "used to sustain life or relied upon for mobility", or 2) if they have a disability or disease "...for which additional heating or cooling is medically necessary to sustain the patient's life or prevent deterioration of the patient's medical condition".

My first impression is that although these general criteria—medically necessary to sustain life, mobility or prevent deterioration—are stated in such a way as to be reasonably and reliably interpreted by medical professionals, the same result cannot be expected if customers are left to ascertain for themselves whether they are eligible. Given range of disabilities, diseases, functional impairments, comorbidities and individual constitutions that impact on these assessments, medical certification by a licensed physician or nurse practitioner seems to me to be fundamental to fair administration of this program.

Examples of "life-support devices" are provided in the Edison application: it "includes, but is not limited to, respirators (oxygen concentrators), iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPPB machines, kidney dialysis machines, and motorized wheelchairs. Devices used for therapy rather than life-support do not qualify."

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- Regarding the list, there are some that are clearly life-sustaining and others that in some cases would be more appropriately described as “used for therapy rather than life-support”. A health care provider’s judgment would be useful in these cases. If a physician’s statement is not going to be required, it would be helpful to have a list of devices that would not be eligible (e.g., air purifiers are marketed to persons with allergies, but there is little evidence that they actually reduce symptoms).
- Among the devices on this list, I would expect the actual energy consumption to vary dramatically depending on the intensity of use and type of device. I noted that several similar programs in California asked customers to include the voltage and amps or watts stamped on the device and the duration and frequency of use in their application so that the discount would be contingent on consumption.

As for the group of conditions requiring additional heating or cooling of the home to prevent medical deterioration, several specific conditions are listed as meeting criteria: Rate discounts are available if the patient is “...Paraplegic, Quadriplegic, Hemiplegic, has Multiple Sclerosis or Scleroderma...”.

- I think there is sound evidence to support including each of these:
 - People with spinal cord injuries (quadriplegia and paraplegia) are susceptible to hypothermia or hyperthermia at moderately decreased or increased ambient temperatures that healthy people can tolerate for long periods. Certain people with hemiplegia may also be affected. These customers would be affected in both the cold and hot months of the year.
 - Some people with multiple sclerosis find that symptoms can be triggered or worsened by sudden changes in temperature. Heat in particular can worsen symptoms. Although the effect resolves within a few hours of regaining normal body temperature, keeping cool can help reduce fatigue and improve stability. Therefore, the use of air conditioners in summer and keeping the home slightly cool in winter is often recommended.
 - Scleroderma is a connective tissue disease and one of the autoimmune rheumatic diseases. It is commonly associated with a condition called “Raynaud’s phenomenon” where the blood vessels of the fingers and toes constrict and reduce blood supply when exposed to cold. These patients may need special space warming in cooler months to avoid symptoms and complications. Although less common, any of the other connective tissue diseases may be associated with Raynaud’s. For better clarity, it would be helpful to expand the description to, say “scleroderma or other condition associated with Raynaud’s phenomenon”. Again, lay people may know the name of this condition to be able to self-attest.

The application goes on to list more general conditions that may meet criteria and this is where medical judgment is most fundamental: “*Standard Medical Baseline Allowances are also available if the patient has a compromised immune system, life threatening illness, or any other condition for which additional heating or cooling is medically necessary to sustain the patient’s life or prevent deterioration of the patient’s medical condition*”. My concern here is that there is the potential to include a big swath of the population depending on how the question is framed in order to apply the criteria.

- Many chronic medical conditions may be risk factors for heat injury during severe heat waves. The elderly, very young children, people with cardiovascular or respiratory disease, diabetes, chronic mental disorders such as schizophrenia and some other chronic health conditions are at greater risk of heat exhaustion or heat stroke in the face of a sustained

severe heat wave such as the one that struck Europe in 2003 or Chicago in 1995. But I don't think your intention is to frame this in the context of a potential sustained severe heat wave. It is more about conserving energy by turning the thermostat down a few degrees in winter, or up a few degrees in summer. Whether persons with such conditions meet the criterion that they would need to forego such energy-saving measures "to sustain the person's life or prevent deterioration of their condition", is a matter of case-by-case medical judgment.

- I am not clear on why the term "compromised immune system" is included in some of the California eligibility lists. It is a very general and imprecise term that isn't very helpful to either laypersons or to health care providers.
- One of the Councilpersons brought up the question of asthma and air conditioning. Air conditioning is sometimes recommended as an adjunct comfort measure for people who need to stay indoors to avoid allergy triggers. Asthmatics whose attacks are triggered by seasonal outdoor allergens (tree, grass, weed pollen) may be instructed to stay indoors with the windows closed as much as possible during the season when their asthma tends to flare, and AC makes this more comfortable. This is a small minority of asthmatics. Whether or not this would meet criteria, given that it is the closed windows rather than the air conditioning itself that is medically needed, is a question for the policy makers.

In summary, the definitions you are considering for "life-sustaining devices" seem to me to be reasonable and reliable if interpreted by medical providers, but difficult for the lay person to operationalize. Interpreting the criteria and description for including cooling and heating beyond the specific conditions of quadriplegia, paraplegia, hemiplegia and MS ought to be made by a health professional on a case-by-case basis. Asthma probably doesn't meet criteria, although here too, there may be circumstances where eligibility could be defended.

Please contact me with questions,

Sincerely,



Bruce Cooper, MD MSPH
Medical Director

NEUROLOGY ASSOCIATES OF NORTHERN COLORADO
POUDRE VALLEY MEDICAL GROUP



April 3, 2012

City of Fort Collins Utility
ATTN: Lance Smith
700 Wood St.
Fort Collins, CO 80521

Dear Mr. Lance Smith,

The Colorado-Wyoming Chapter of the National Multiple Sclerosis Society has asked me to write a letter of explanation regarding heat sensitivity for patients with multiple sclerosis related to potential tier pricing for energy rates during periods of summer heat.

Multiple sclerosis is a progressive neurologic disease caused by inflammation in the central nervous system that strips the nerve fibers of their natural insulation. When this happens it causes the nerve fibers to be sensitive to increased body heat which then increases neurologic impairment and overall neurologic symptomatology. It is estimated that 80% of the individuals with multiple sclerosis have some heat sensitivity. I understand that you are exploring a potential option of making a tiered pricing system available to individuals with multiple sclerosis who already have very high medical costs and often have below median incomes due to chronic disability. My understanding is that the proposal would reduce the amount paid by the patient as the average multiple sclerosis user is at 1400 kwh hours as opposed to 850 kwh hours which is what the average is for the population at large.

I would encourage you to give this proposal favorable consideration as the overall cost would be minimal and the benefits for those afflicted individuals major.

Sincerely yours,

Gerald C. McIntosh M.D.

cc: Dolores Kueffler, MAABS

Excerpt from Unapproved Energy Board Minutes, April 5, 2012**Medical Discount Program for Electric Customers**

(Attachments available upon request).

Mr. Janonis introduced the item and introduced Strategic Financial Planning Manager Lance Smith. This item was presented to the Energy Board in February and to Council in March. This item is presented to the Energy Board again because Council would like to see more public outreach, a couple of alternatives with the program, and an appeal process.

Background

Those individuals using durable medical equipment may be adversely affected by the tiered rates. Fort Collins Utilities has met with several patient advocacy groups as well as physicians to discuss the needs of the patients that may be affected. As a result of meeting with these groups, Utilities will propose that Council consider several options for the program.

Program Purpose

The program is proposed to enhance the quality of life for the citizens of Fort Collins as well as to maintain community conservation values. Utilities would like to provide the same incentive for the customers to conserve energy.

Program Options

Mr. Smith provided a handout showing the three options, pros and cons of each option, and associated costs.

Option A only allows life support devices (only eligible equipment would be equipment necessary to sustain life). This option would cost approximately \$20,000 with income limitations, or \$50,000 without income limitations.

Option B would include any type of medical equipment that would use electricity. This option would cost approximately \$80,000 with income limitations, or \$200,000 without income limitations.

Option C would also include an allowance for air-conditioning for those individuals with immune-compromising diagnoses, such as multiple sclerosis. These individuals would be given an allowance for air-conditioning during the summer cooling season (June, July, and August). This option would cost approximately \$110,000 with income limitations, or \$270,000 without income limitations.

Board discussion:

A board member asked if this includes the use of hot tubs. These would be covered if hot tubs are included in the medical coding system.

What is the income limitation? This is based on 60 percent of the area median income.

Will you ask Council to pick one option? Yes, staff will recommend Option C with the income limitation.

Chairperson Cunniff stated Council had two particular questions with the program, specifically, what have other electric utilities done and what does the medical community think of the options? Mr. Smith stated the program in Longmont uses Option A with no income limitations. Xcel is developing a pilot program. Tucson Electric has a program with income limitations

Excerpt from Unapproved Energy Board Minutes, April 5, 2012

similar to Option B. There are several programs in California that cover air conditioning as well as heating. The programs in California are extending the first tier rate and removing the conservation incentive from the rate structure. As part of the community outreach, Utilities has talked to patient advocacy groups as well as physicians. They have been supportive of the program.

A board member asked for clarification on the \$12.50 per month discount with Option C. Mr. Smith stated there would be a \$12.50 per month discount with the durable medical equipment. If the customer qualifies for the air conditioning component, they would receive a \$41.73 per month discount during the other nine months of the year.

Vice Chairperson Rothe moved that the Energy Board recommend adoption of Option C with the income limitation. Board Member Moore seconded the motion.

Discussion on the motion:

A board member stated he would only support the option if it includes the income limitation.

A board member asked for clarification on the appeals process. Mr. Smith stated there would not be an appeals process with the income limitations. From a medical perspective, an exception process would have to be developed that would involve input from a physician.

Will customers sign up for the program on an annual basis? Yes.

Vote on the motion:

Yeas: Baumgarn, Behm, Cunniff, Kronkosky, Moore, O'Neill, Plate, and Rothe. Nays: none.

The motion carried.

Medical Assistance Program for Residential Electric Customers

**City Council Meeting
April 17, 2012**

Background

- Tiered Seasonal Rates in 2012
- City Council Meeting on March 6th
- Community Outreach
 - Senior Advisory Board



2

Concerns were expressed during the discussion around adopting tiered rates in 2012 that there are some members of the community who are limited in the amount of energy they can conserve because of durable medical equipment in the residence. These concerns were further discussed at the March 6, 2012 City Council meeting. Following that meeting, Fort Collins Utilities reached out to the medical and patient advocacy groups within our community to gather their input on the development of this program. The following organizations provided input into the development of the program options being presented here:

- Multiple Sclerosis Society
- Disabled Resource Services
- Health District of Northern Larimer County
- Fort Collins Senior Advisory Board
- Neurology Associates of Northern Colorado

Program Objectives

- Enhance quality of life for citizens
- Remove economic impact of tiered rates due to medical needs
- Maintain community conservation values

3



In speaking with the organizations listed on the previous slide the following objectives for the program were discussed:

- The City recognizes that the quality of life of its citizens is impacted by their utility bills.
- The implementation of a tiered rate structure in 2012 causes the utility bill of some customers to be additionally increased due to the need for durable medical equipment in their household.
- While we all should do our part to help in the community's conservation goals, for those citizens with such equipment in their household this is made more difficult. In order to provide the same economic incentive to these customers as every other customer, staff is recommending that all customers remain on a tiered rate structure.

We are trying to benefit as many customers with medical needs as possible while being fiscally responsible and recognizing that physicians are patient advocates.

Program Option A

Option A – Life Support Equipment Only

- Provides up to 150 kWh without charge per month
- Pros include:
 - √ Life support equipment
 - √ Assistance up to \$12.50 / mo.
 - √ Least costly option
- Cons include:
 - Most limited
 - No air conditioning (AC) accommodation

Option B extends the allowed durable medical equipment to include that which might be necessary for therapy or other quality of life considerations. Any durable medical equipment which uses electricity would be allowed under Option B. However, it does not address the air conditioning requirements of some medical conditions. Option B will cost more than Option A.

Program Option B

Option B – All Durable Medical Equipment (DME)

- Provides up to 150 kWh without charge per month
- Pros include:
 - ✓ Life support equipment
 - ✓ DME for therapeutic or quality of life needs
 - ✓ Assistance up to \$12.50 / mo.
- Cons include:
 - No AC accommodation

Option B extends the allowed durable medical equipment to include that which might be necessary for therapy or other quality of life considerations. Any durable medical equipment which uses electricity would be allowed under Option B. However, it does not address the air conditioning requirements of some medical conditions. Option B will cost more than Option A.

Program Option C

Option C – Enhanced Program Including Limited AC Coverage

- Provides up to 150 kWh without charge per month for DME
- Provides an additional 350 kWh without charge in the Summer (June – August) for air conditioning needs
- Pros include:
 - ✓ Life support equipment
 - ✓ DME for therapeutic or quality of life needs
 - ✓ AC for temperature sensitive diagnoses
 - ✓ Assistance up to \$12.50 / mo. for DME
 - ✓ Additional assistance up to \$29.23 / mo. for AC
- Cons include:
 - Most costly option

Option C is the most comprehensive of the three options presented as it covers all durable medical equipment which uses electricity and it provides for some assistance with air conditioning needs for those citizens with temperature sensitive diagnoses. The air conditioning allowance is limited to the three months of Summer. Being the most comprehensive of the three options, it also has the highest expected costs associated with it.

Program Costs

Program Option	With Income Limitation *		Without Income Limitation	
	Estimated Enrollment	Estimated Cost	Estimated Enrollment	Estimated Cost
Option A	130	\$20,000	335	\$50,000
Option B	520	\$80,000	1340	\$200,000
Option C	750	\$110,000	1920	\$270,000

* Income limitation - Household income must be less than 60% of Area Median Income for Fort Collins.

It is somewhat difficult to estimate the expected costs of any new program. The cost estimates shown here are all based on the estimated enrollment for each Option. For Option A enrollment was estimated based on experiential data from the City of Longmont which has a similar program in place already. For Option B there is no experiential data to refer to for these estimates. The estimated enrollment for Option B assumes a four-fold increase over Option A. For Option C the enrollment over Option B was estimated based on membership data from the local chapter of the MS Society and national incident rates of the other accommodated diagnoses.

The income limitation being proposed is 60% of the Area Median Income. An assumption has been made that the average income is close to the median income so 60% of the AMI represents approximately the lowest 1/3rd of the population in terms of income. Because there are several assumptions being made here, we have estimated that the income limitation would limit enrollment to 40% of those who would be eligible without an income limitation.

Staff is recommending Option C with the income limitation. And because staff recognizes the uncertainty in these cost estimates, staff recommends that the program be seen as a pilot program for the first year to be reviewed by City Council prior to the summer of 2013.

Other Considerations

- Appeals process
 - Financial appeal
 - Medical appeal
- Pilot program in 2012
- Income limitation
 - 60% Fort Collins Area Median Income (AMI)

No program will be able to address the needs of everyone in the community. So it is necessary to have an appeals process. For this program, there are two criteria which could be appealed. A medical appeal would be reviewed by a medical professional designated by the Utilities Executive Director. A financial appeal would be reviewed by the Utilities Executive Director as well.

Given that we are trying to address the needs of as many customers with medical needs as possible while being fiscally responsible, it is recommended that this program be reviewed by Council before the end of its first year.

Discussion and Questions

ORDINANCE NO. 034, 2012
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING SECTION 26-464 OF THE CODE OF THE CITY OF FORT COLLINS
TO ESTABLISH A MEDICAL ASSISTANCE PROGRAM FOR ELECTRIC CUSTOMERS

WHEREAS, on December 6, 2011, the City Council adopted Ordinance No. 166, 2011, increasing the residential energy electric rate effective February 1, 2012; and

WHEREAS, the revised residential energy electric rate included significant rate structure modification to a tiered seasonal rate in order to better align the rate structure with the energy conservation values of the City and with purchase power charges assessed to the City by Platte River Power Authority; and

WHEREAS, the City Council directed City staff to develop a medical assistance program that would reduce the impact that the rate structure modification and rate increase would have on customers who have below average income and who use electrical medically necessary equipment at a Fort Collins electric customer address; and

WHEREAS, Section 40-3.5-104(3), Colorado Revised Statutes, allows the governing body of a municipal utility, for good cause shown, to make changes to its rates or charges without providing 30 days' notice to the public of the text of the changes to the rates schedule; and

WHEREAS, on March 6, 2012, the City Council delayed consideration of this Ordinance in order to provide staff additional time to add elements to the medical assistance program with input from medical personnel and to allow for citizen outreach; and

WHEREAS, Utilities staff has since conducted outreach with local physicians, citizen groups, and other interested citizens; and

WHEREAS, the summer season billing months under the City's tiered rate system begin in June, 2012, which makes the enactment of this Ordinance time-sensitive; and

WHEREAS, staff has provided 30 days advance written notice to out-of-city customers that a public hearing regarding a possible amendment to the City Code that would allow for discounted rates to qualifying customers would be postponed from March 20, 2012 to April 17, 2012; and

WHEREAS, staff has also published notice in the *Coloradoan* newspaper to the same effect; and

WHEREAS, City staff has developed a medical assistance program that would reduce the monthly electric bill of qualifying electric customers.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 26-464 of the Code of the City of Fort Collins is hereby amended to add a new subsection (q)(1) which would read as follows:

Sec. 26-464. Residential energy service, schedule R.

...

- (q) Medical assistance program.
- (1) The rates described above shall be discounted for those electric customers to whom this rate schedule applies, and who apply for such discount, as long as such customers meet the requirements of paragraph (2) below.

Section 2. That Section 26-464 of the Code of the City of Fort Collins is hereby amended by the addition of a new subparagraph (q)(2) which reads as follows:

OPTION A:

- (2) Assistance shall be provided in the form of a discount that is **consistent with the average monthly energy expense associated with electrical durable medical equipment required for life support and mobility**. Such discount shall not exceed the amount of **\$12.50 per month** and shall be available under this program only to those applicants:
 - a. whose annual household income falls below 60 (sixty) percent of the Larimer County Area Median Income (as determined by the Federal Housing Authority); and
 - b. whose application is submitted on an annual basis on an administratively determined schedule and accompanied by the following:
 - 1. a certified, signed statement from a licensed physician that **electrical durable medical equipment used at the residential premises is required for life support or mobility**;
 - 2. a certification that such medical equipment has been assigned a Healthcare Common Procedure Coding System number; and
 - 3. a sworn affidavit from the applicant verifying that the information provided is true and correct.

OPTION B:

- (2) Assistance shall be provided in the form of a discount that is **consistent with the average monthly energy expense associated with electrical durable medical equipment**. Such discount shall not exceed the amount of **\$12.50 per month** and shall be available under this program only to those applicants:
- a. whose annual household income falls below 60 (sixty) percent of the Larimer County Area Median Income (as determined by the Federal Housing Authority); and
 - b. whose application is submitted on an annual basis on an administratively determined schedule and accompanied by the following:
 - 1. a certified, signed statement from a licensed physician that **electrical durable medical equipment used at the residential premises is medically necessary**;
 - 2. a certification that such medical equipment has been assigned a Healthcare Common Procedure Coding System number; and
 - 3. a sworn affidavit from the applicant verifying that the information provided is true and correct.

OPTION C:

- (2) Assistance shall be provided in the form of a discount that is **consistent with the average monthly energy expense associated with electrical durable medical equipment and with air conditioning during summer billing months**. Such discount shall not exceed the amount of **\$12.50 per month during the non-summer billing months and shall not exceed \$41.73 during the summer billing months**, and shall be available under this program only to those applicants:
- a. whose annual household income falls below 60 (sixty) percent of the Larimer County Area Median Income (as determined by the Federal Housing Authority); and
 - b. whose application is submitted on an annual basis on an administratively determined schedule and accompanied by the following:
 - 1. a certified, signed statement from a licensed physician that:

- a) **electrical durable medical equipment used at the residential premises is medically necessary;**
- b) that such medical equipment has been assigned a Healthcare Common Procedure Coding System number; and
- c) **air conditioning at the residential premises is medically necessary for a resident thereof who, in the absence of the air conditioning, may suffer medical deterioration due to a severe immune compromising medical condition, including but not limited to, multiple sclerosis, quadriplegia, paraplegia, scleroderma or hemiplegia; and**

- 2. a sworn affidavit from the applicant verifying that air conditioning will be operational at the applicant's address during the summer billing months and that the information provided is true and correct.

Section 3. That Section 26-464 of the Code of the City of Fort Collins is hereby amended by the addition of a new subparagraph (q)(3) which reads as follows:

- (3) A decision that an applicant does not qualify to participate in this program for a medical or financial reason may be appealed to the Utilities Executive Director, who shall, prior to making his or her decision, and as he or she deems appropriate, confer with one or more medical or financial experts in reviewing such appeal.

Section 4. That the amendments to Chapter 26, Section 464 of the City Code contained herein shall go into effect when this ordinance becomes final and customers will become eligible to receive a medical discount on bills issued after customers apply and qualify for the medical discount.

Section 5. That the City Council hereby finds that the amendments to Chapter 26, Section 464 of the City Code contained herein serve a purpose that is beneficial to the ratepayers of the electric utility.

Section 6. That the City Council hereby finds pursuant to Colorado Revised Statutes Section 40-3.5-104 (3), good cause exists to establish the medical assistance program without having published the text of the proposed City Code changes 30 days in advance.

Introduced, considered favorably on first reading, and ordered published this 17th day of April, A.D. 2012, and to be presented for final passage on the 1st day of May, A.D. 2012.

Mayor

ATTEST:

Interim City Clerk

Passed and adopted on final reading on the 1st day of May, A.D. 2012.

Mayor

ATTEST:

Interim City Clerk