

State Budget Office
Office of Regulatory Reinvention
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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RISCBA)**

PART 1: INTRODUCTION

Under the Administrative Procedures Act (APA), 1969 PA 306, the agency that has the statutory authority to promulgate the rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) at orr@michigan.gov no less than 28 days before the public hearing.

1. Agency Information

Agency name:	Michigan Department of Health & Human Services
Division/Bureau/Office:	EMS and Trauma / Bureau of EMS, Trauma & Preparedness
Name, title, phone number, and e-mail of person completing this form:	
Sabrina Slee, EMS Section Manager, SleeS@michigan.gov, 517-241-3024	

2. Rule Set Information

ORR assigned rule set number:	2017-046 HS
Title of proposed rule set:	Emergency Medical Services – Life Support Agencies and Medical Control

PART 2: KEY SECTIONS OF THE APA

24.207a “Small business” defined.

Sec. 7a. “Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated, and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.

24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).

Sec. 40. (1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
 - (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
 - (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
 - (d) Establish performance standards to replace design or operational standards required in the proposed rule.
- (2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.
- (3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:
- (a) 0-9 full-time employees.

(b) 10-49 full-time employees.

(c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

MCL 24.245 (3) Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** which shall contain specific information (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5].

MCL 24.245b Information to be posted on office of regulatory reinvention website.

Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:

(a) The regulatory impact statement required under section 45(3).

(b) Instructions on any existing administrative remedies or appeals available to the public.

(c) Instructions regarding the method of complying with the rules, if available.

(d) Any rules filed with the secretary of state and the effective date of those rules.

(2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

PART 3: AGENCY RESPONSE

Please provide the required information using complete sentences. **Do not answer any question with “N/A” or “none.”**

Comparison of Rule(s) to Federal/State/Association Standards:

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

In reviewing the standards set by Ohio, Illinois and Indiana, each state is subjected to the safety and design standards for ambulances. Since 1974, the KKK-A-1822 (A-F) purchasing specification—or “Triple K”—has served as the guideline by which federal agencies and grant recipients purchase ambulances. However, while a majority of states use the Triple K specs, ambulance manufacturers and their customers have raised concerns in recent years about the need for safety requirements that just aren’t addressed in the guidelines.

A. Are these rule(s) required by state law or federal mandate?

KKK are federal standards. The Triple K standards had a sunset provision at the end of 2016, however that sunset has been extended. The EMS industry will need to adopt new guidelines to ensure that ambulances will continue to be built in accordance with minimum standards.

B. If these rule(s) exceed a federal standard, identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed a federal standard.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

The proposed rules do not exceed standards in similarly situated states. All states are required to incorporate new standards to replace the KKK standards set to sunset.

A. If the rule(s) exceed standards in those states, explain why and specify the costs and benefits arising out of the deviation.

The rules do not exceed standards in other similarly situated states.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s).

There are no known conflicts involving this one rule change that conflicts with state or federal rules or regulations

A. Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

All states are subjected to new federal standards with the sunset provision of the KKK standards for EMS and fire service.

Purpose and Objectives of the Rule(s):

4. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter.

The current rule pigeon holes our emergency medical services agencies in Michigan by requiring them to meet one national standard for the manufacturing of their ambulances.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s).

By expanding this standard to three national standards that may be used, it allows our agencies to follow the requirements of building an ambulance that meets the minimum standards, while incorporating other standards that may be unique to them.

B. Describe the difference between current behavior/practice and desired behavior/practice.

Ambulance agencies are currently following the KKK standards, which are set to sunset in the near future. The adoption of two additional national standards brings about the desired practice of promoting vehicle and patient safety.

C. What is the desired outcome?

Increased safety and consistency in manufacturing of emergency vehicles meeting minimum standards.

5. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule.

There is no known harm associated with the proposed rules. The current rule incorporates a soon-to-be sunset federal standard (Triple K), we are simply requesting to add two additional national standards to our rules.

A. What is the rationale for changing the rule(s) instead of leaving them as currently written?

The current standard for ambulances will be sun setting in the future. The agency needed to adopt new standards.

6. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rule gives our emergency medical services agencies an option in selecting the standard that best fits their needs, while also maintaining a minimum standard that the ambulance must be built at. Meeting this standard will ensure that the public is protected while being transported by an ambulance.

7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

There are no rules that are obsolete or unnecessary and can be rescinded.

Fiscal Impact on the Agency:

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It does not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

8. Describe the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings).

There is no fiscal impact on the agency for promulgating the rule.

9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

No appropriation or funding source is associated with the proposed rule.

10. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

National standards require that an ambulance is safe for driving and transporting patients.

- A. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

There are no known burdens on an individual; in fact, the proposed rule changes protect individuals.

Impact on Other State or Local Governmental Units:

11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for such other state or local governmental units as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

Emergency medical service agencies are already required to ensure that their ambulances are built to the Federal Triple K Standards. The proposed rule change would allow them to select two other standards when having an ambulance built.

- A. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The proposed rule promulgation should not result in any additional cost increases.

12. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s).

Emergency medical services agencies are already required to submit a certificate of compliance at the time they license a vehicle indicating that it meets Federal Triple K Standards. This form will need to be updated to reflect the other approved standards.

A. Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

As indicated above, a certificate of compliance will be needed attesting to meeting standards required under the proposed rules.

13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

There are no appropriations or funding sources identified for any additional expenditures associated with the proposed rule.

Rural Impact:

14. In general, what impact will the rule(s) have on rural areas?

The rule change will not have a specific impact to rural areas. The standards will apply to all emergency medical services agencies in the State of Michigan.

A. Describe the types of public or private interests in rural areas that will be affected by the rule(s).

No private or public interests will be affected by the rules.

Environmental Impact:

15. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

There are no impacts on the environment with the proposed rules.

Small Business Impact Statement:

16. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

MDHHS did not consider exempting any business from the proposed rules.

17. If small businesses are not exempt, describe (a) how the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below, per MCL 24.240(1)(a)-(d), or (b) the reasons such a reduction was not lawful or feasible.

The standards are required for all ambulance manufacturers nationwide. The additional standards proposed by the MDHHS are as a result of industry groups nationwide for EMS and fire service and it is probable that the industry groups were also represented by businesses, small and large.

A. Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

The impact on small businesses and the number affected by the proposed rules are unknown. These standards address all manufacturers nationwide and is not limited to small businesses.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

There is no differing compliance or reporting requirements for small businesses. The standards apply to all businesses.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

MDHHS relied upon the two national standards recommended to take the place of the now sunset provisions of the Triple K standards.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).

MDHHS did not establish performance standards. The standards are being adopted as a result of national standards developed nationwide.

18. Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

There is no known disproportionate impact on small businesses because of their size or geographic location.

19. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).

There is no known report and estimated cost to prepare any report for compliance with the proposed rule.

20. Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

The costs for compliance will be dependent on the adoption of the minimum standards set by the two national standards.

21. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

There are no known costs for legal, consulting or accounting associated with the proposed rules.

22. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

The national standards require minimum standards be adopted for safety of ambulances. The cost absorption is unknown and the adverse effect is similarly unknown.

23. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

Setting a minimum standard for ambulance safety is the lowest standard that is acceptable. To suggest a lesser standard impacts the safety and welfare of Michigan citizens.

24. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

The safety of Michigan citizens will be at stake if any business was exempted or lesser standards were required or allowable.

25. Describe whether and how the agency has involved small businesses in the development of the proposed rule(s).

The EMS field commented/recommended that the rules comply with current national standards. Those in the field include small EMS agencies and fire departments.

A. If small businesses were involved in the development of the rule(s), please identify the business(es).

Those EMS and fire departments in counties in the State with smaller populations.

Cost-Benefit Analysis of Rules (independent of statutory impact):

26. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

There are no anticipated compliance costs for the rule amendments on business or groups.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).

Michigan citizens will be directly affected by and will benefit by the adoption of the standards. No other business or group is anticipated to bear the costs of the benefits derived from the rule.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

There are no anticipated additional costs to be imposed on business or groups. Those in the manufacture of ambulances will be expected to follow the minimum standards imposed to build an ambulance that is safe.

27. Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

It is anticipated that no additional costs will be assessed to Michigan EMS and fire service agencies as a result of the proposed rules.

A. How many and what category of individuals will be affected by the rules?

EMS and fire services statewide. Total is unknown at this time.

B. What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

They can rely on driving an ambulance that is following minimum standards for safety for themselves and the citizens they serve.

28. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

The cost reductions are unknown at this time.

29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Provide both quantitative and qualitative information, as well as your assumptions.

Since the adoption of the Triple K standards, technology has improved the safety aspects of transportation of all vehicles. The primary and direct benefits of adopting the federal standards promotes consistency and safety of Michigan citizens in requiring that each ambulance is built based on minimum modern standards.

30. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

There are no known impacts/job creation or elimination anticipated by the rules.

31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

There are no known individuals or businesses expected to be disproportionately affected by the rules.

32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s).

The current rule requires agencies to have their ambulances built to Federal Triple K Standards. With the rule change, it will allow our agencies an option to select another national standard to build their ambulances by, which would not increase costs. We reviewed the National Fire Protection Association (NFPA) 1917: Standard for Automotive Ambulances, the Commission on Accreditation of Ambulance Services (CAAS) Ground Vehicle Standard for Ambulances, and the U.S. General Services Administration (GSA) Federal Specification for the Star of Life Ambulance (KKK-A-1822F).

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

The standards and publications above supported the need for the proposed rule. The cost-benefit analysis is unknown for the proposed rule.

Alternatives to Regulation:

33. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. Include any statutory amendments that may be necessary to achieve such alternatives.

No reasonable alternatives were discussed. Consistency nationwide for ambulance safety is the goal and the standards adopted nationwide by each state will achieve those goals for the safety of the state’s citizens.

A. In enumerating your alternatives, include any statutory amendments that may be necessary to achieve such alternatives.

No statutory amendments are necessary provided Michigan follows the standards.

34. Discuss the feasibility of establishing a regulatory program similar to that in the proposed rule(s) that would operate through private market-based mechanisms. Include a discussion of private market-based systems utilized by other states.

The standards will apply whether a public or private market is tasked with the area.

35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

Adoption of standards is consistent, fiscally responsible, and promote the safety and welfare of Michigan citizens.

Additional Information:

36. As required by MCL 24.245b(1)(c), describe any instructions on complying with the rule(s), if applicable.

If the rule change is approved, the Department will communicate the change with ALL Michigan EMS agencies, as well as ambulance manufacturers. The manufacturer is then responsible for ensuring that any new ambulance they build for a Michigan EMS Agency is built to one of the standards within the rule. When the agency is ready to license the vehicle with the Department, they must obtain a certificate of compliance from the manufacturer indicating that the vehicle was built to one of standards included in the rule.

↓ **To be completed by the ORR** ↓

PART 4: REVIEW BY THE ORR

Date RISCBA received: _____

Date RISCBA approved:	
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Date of disapproval:	
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Explanation:	
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