

March 15, 2016

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

February 22, 2016

BOARD OF FIRE COMMISSIONERS
FILE NO. 16-028

TO: Board of Fire Commissioners

FROM:  Ralph M. Terrazas, Fire Chief

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE LOS ANGELES FIRE DEPARTMENT
EMERGENCY AMBULANCE SERVICE CHARGES EACH VALUED
LESS THAN \$5,000 FOR FISCAL YEARS 2010-11 TO 2014-15 (FROM
NOVEMBER 2010 THROUGH SEPTEMBER 2014)

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

Los Angeles Municipal Code Section 11.04 (Ch. 1, Art. 1) provides that any Board, Commission, or Head of a Department may prepare a report setting forth findings regarding the status of unpaid accounts. This report may then be submitted to the Collections Board of Review for appropriate actions. Submitted for this write-off request are 24,189 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2014-15 (November 2010 through September 2014) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 24,189 accounts amounts to \$25,433,673.70.

The 24,189 accounts for \$25,433,673.70 referred for collection to the City's contractor, Harris & Harris, Ltd., were subsequently deemed to be uncollectible and were returned to the Los Angeles Fire Department (Department) between November 2015 and January 2016.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$25,433,673.70 should be written off.

RECOMMENDATIONS

That the Board:

1. Authorize the Fire Chief to refer to the Collections Board of Review all pertinent documentation regarding \$25,433,673.70 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2014-15 (November 2010 through September 2014) for write-off authority.
2. Forward three (3) sets of the attached letter and summary reports to the Collections Board of Review for consideration and approval.

FISCAL IMPACT

With the removal of these uncollectible accounts from the Department's outstanding balance, the Department's resources are more efficiently utilized on more recent outstanding accounts. The removal of these unpaid accounts from the current Ambulance Billing System shall not preclude the City from collecting any sum that later proves to be collectible. Writing off these accounts would be consistent with Generally Accepted Accounting Principles. This is also consistent with existing City policy to reflect the accurate status of accounts in the City's financial statements so as not to overstate the revenue.

Board report prepared by Carmela Espiritu, Department Chief Accountant,
Administrative Services Bureau.

Attachments

- Attachment 1, Letter to Shane Min, Chair, Collections Board of Review, Office of the Controller
- Attachment 2, Summary Report by Month of Unpaid Accounts
- Attachment 3, Summary Report by Primary Financial Class

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February 22, 2016

Shane Min, Chair
Collections Board of Review
Office of the Controller
Room 300, City Hall East
200 North Main Street
Los Angeles, CA 90012

Dear Mr. Min:

**Write-Off of Uncollectible Los Angeles Fire Department
Emergency Ambulance Service Charges Each Valued Less Than \$5,000
for Fiscal Years 2010-11 to 2014-15 (From November 2010 through September 2014)**

Los Angeles Administrative Code, Chapter 10, Article 4, Section 22.210.2, provides that the Fire Chief of the Los Angeles Fire Department (LAFD) shall review the status of unpaid ambulance accounts to determine whether they are collectible. He shall refer those accounts determined to be uncollectible to the Collections Board of Review in accordance with the Los Angeles Municipal Code, Article 1, Section 11.04, for appropriate action. The write-off of these unpaid accounts shall not preclude the City from collecting any sum that later proves to be collectible.

Since Fiscal Year 2010-11, Advanced Data Processing, Inc. (ADPI) has been providing ambulance billing and collection services for the LAFD from a field data capture system. The billing process includes creation of the electronic patient care record and validation of patient/payer/insurance information through improved hospital relationships and technology. When the insurance or payer information is not received, at least four patient invoices and notices are sent out within 90 days from initial patient billing. Pursuant to Section 5.181 of the Los Angeles Administrative Code, unpaid accounts aged over 200 days from the date of initial billing are referred for additional collection efforts to the City's contracted collection agency, Harris and Harris, Ltd.

Submitted for this write-off request are 24,189 accounts each valued less than \$5,000 for a total of \$25,433,673.70. These accounts were billed November 2010 to September 2014, referred to Harris and Harris collection agency, and returned to the LAFD between November 2015 and January 2016 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$25,433,673.70 from 24,189 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2014-15 (November 2010 to September 2014), each valued less than \$5,000.

1. Los Angeles Administrative Code, Chapter 10, Article 4, Section 22.210.2, provides that the Fire Chief of the LAFD shall review the status of unpaid ambulance accounts to determine whether they are collectible. He shall refer those accounts determined to be uncollectible to the Collections Board of Review in accordance with Section 5.182 of the Los Angeles Administrative Code for appropriate action.
2. The LAFD performs exhaustive research to ensure that the patient and insurance information are accurate and complete. A patient receives at least four billing notices for each account with an outstanding balance. Pursuant to Los Angeles Administrative Code Section 5.181, accounts that are deemed to be delinquent and uncollectible must be referred for additional collection efforts to the City's contracted collection agencies for up to nine months. For Fiscal Years 2010-11 to 2014-15, 24,189 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between November 2015 and January 2016. These uncollectible accounts are each valued less than \$5,000. The LAFD's resources are more efficiently utilized on more recent outstanding accounts.
3. Writing off these accounts would be consistent with Generally Accepted Accounting Principles. This is also consistent with existing City policy to reflect the accurate status of accounts in the City's financial statements and not overstate revenue.
4. The following write-off criteria per Citywide Collection Guidelines have been met:
 - a. The amounts are uncollectible;
 - b. The write-off will not prejudice the position of the City;
 - c. All reasonable collection efforts have been exhausted;
 - d. The debtor cannot be located or due to difficult to collect reasons; and
 - e. The applicable statute of limitations for 517 accounts for collection of debt has expired. The write-off of all unpaid accounts from the current ADPI Emergency Medical Services System shall not preclude the City from collecting any sum that later proves to be collectible.

If you require additional information, please contact Carmela Espiritu, Department Chief Accountant, Administrative Services Bureau, at (213) 978-3477.

Sincerely,



RALPH M. TERRAZAS
Fire Chief

Attachments

Los Angeles Fire Department

Emergency Ambulance Services (Dept Revenue Source 4091) - ADPI

All accounts in this report are less than \$5000

Write off of accounts returned from H&H as uncollectible

Fiscal Year and Month Summary (Account Created Date)

Returned from Nov 2015 to Jan 2016

Run date:

17-Feb-16

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 - Nov 2010	2	2,394.25	-	-	2,394.25
FY 2011 - Dec 2010	7	8,882.00	-	-	8,882.00
FY 2011 - Jan 2011	60	74,497.50	1,594.29	3,145.87	69,757.34
FY 2011 - Feb 2011	36	45,290.50	392.72	929.35	43,968.43
FY 2011 - Mar 2011	26	32,605.75	1,326.37	918.29	30,361.09
FY 2011 - Apr 2011	17	21,172.75	1,771.38	1,526.59	17,874.78
FY 2011 - May 2011	22	25,853.75	1,467.30	-	24,386.45
FY 2011 - Jun 2011	26	31,970.50	1,310.96	934.01	29,725.53
FY 2012 - Jul 2011	12	14,743.50	933.12	601.46	13,208.92
FY 2012 - Aug 2011	34	42,345.50	4,505.08	3,070.26	34,770.16
FY 2012 - Sep 2011	29	32,803.00	1,828.18	947.02	30,027.80
FY 2012 - Oct 2011	38	49,055.50	2,941.73	6,440.53	39,673.24
FY 2012 - Nov 2011	57	70,354.50	4,718.61	8,841.90	56,793.99
FY 2012 - Dec 2011	85	101,091.50	1,346.64	2,489.01	97,255.85
FY 2012 - Jan 2012	66	81,147.00	4,221.64	3,455.82	73,469.54
FY 2012 - Feb 2012	31	41,366.00	2,641.12	1,907.16	36,817.72
FY 2012 - Mar 2012	35	44,626.75	2,377.11	2,576.46	39,673.18
FY 2012 - Apr 2012	24	32,820.75	2,749.78	3,778.31	26,292.66
FY 2012 - May 2012	43	54,613.25	6,587.96	6,158.88	41,866.41
FY 2012 - Jun 2012	57	73,698.75	5,259.55	4,455.69	63,983.51
FY 2013 - Jul 2012	75	95,415.00	6,256.74	6,326.13	82,832.13
FY 2013 - Aug 2012	127	160,936.25	8,755.47	14,457.80	137,722.98
FY 2013 - Sep 2012	172	217,487.00	7,713.62	10,077.49	199,695.89
FY 2013 - Oct 2012	130	163,895.00	15,753.56	10,232.55	137,908.89
FY 2013 - Nov 2012	139	176,362.25	15,760.51	9,405.65	151,196.09
FY 2013 - Dec 2012	128	164,199.25	12,717.59	19,616.93	131,864.73
FY 2013 - Jan 2013	212	264,122.50	33,078.63	21,944.26	209,099.61
FY 2013 - Feb 2013	180	219,598.50	30,390.43	30,812.65	158,395.42
FY 2013 - Mar 2013	139	171,170.00	20,751.51	22,560.26	127,858.23
FY 2013 - Apr 2013	129	159,282.75	13,442.14	11,645.95	134,194.66
FY 2013 - May 2013	184	228,802.25	17,650.94	11,962.16	199,189.15
FY 2013 - Jun 2013	212	260,867.50	16,130.78	14,895.80	229,840.92
FY 2014 - Jul 2013	204	249,059.25	20,128.07	23,957.06	204,974.12
FY 2014 - Aug 2013	184	226,030.25	26,504.97	10,344.60	189,180.68
FY 2014 - Sep 2013	267	328,003.50	27,135.54	29,536.66	271,331.30
FY 2014 - Oct 2013	235	291,554.00	31,402.80	21,966.39	238,184.81
FY 2014 - Nov 2013	168	207,800.25	31,995.86	20,512.44	155,291.95
FY 2014 - Dec 2013	256	320,040.50	25,313.85	33,989.69	260,736.96
FY 2014 - Jan 2014	251	315,133.75	27,714.12	29,737.73	257,681.90
FY 2014 - Feb 2014	213	266,535.00	26,775.73	22,515.12	217,244.15
FY 2014 - Mar 2014	270	330,624.50	45,836.24	31,492.64	253,295.62
FY 2014 - Apr 2014	1,581	2,006,554.25	179,135.23	124,720.11	1,702,698.91
FY 2014 - May 2014	2,414	3,076,707.25	250,092.61	216,546.64	2,610,068.00
FY 2014 - Jun 2014	4,498	5,777,468.00	586,401.76	465,392.52	4,725,673.72
FY 2015 - Jul 2014	4,450	5,741,762.00	600,383.43	459,874.39	4,681,504.18
FY 2015 - Aug 2014	4,346	5,627,157.25	592,379.73	461,148.94	4,573,628.58
FY 2015 - Sep 2014	2,318	2,997,709.00	337,277.28	249,234.45	2,411,197.27
Grand Total	24,189	30,925,610.00	3,054,852.68	2,437,083.62	25,433,673.70

FY 2011	196	242,667.00	7,863.02	7,454.11	227,349.87
FY 2012	511	638,666.00	40,110.52	44,722.50	553,832.98
FY 2013	1,827	2,282,138.25	198,401.92	183,937.63	1,899,798.70
FY 2014	10,541	13,395,510.50	1,278,436.78	1,030,711.60	11,086,362.12
FY 2015	11,114	14,366,628.25	1,530,040.44	1,170,257.78	11,666,330.03
Grand Total	24,189	30,925,610.00	3,054,852.68	2,437,083.62	25,433,673.70

Los Angeles Fire Department

Emergency Ambulance Services (Dept Revenue Source 4091) - ADPI

All accounts in this report are less than \$5000

Write off of accounts returned from H&H as uncollectible

Summary by Primary Financial Class Type

Returned from Nov 2015 to Jan 2016

Run date:

17-Feb-16

REASON CODE COMMENTS	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	3,534	4,519,028.50	1,865,912.13	27,095.37	2,626,021.00	10.32%
Contract	5	6,303.25	662.03	2,163.32	3,477.90	0.01%
Medicaid	5	5,836.00	55.26	972.97	4,807.77	0.02%
Medicare	5,668	7,182,455.25	1,089,871.35	2,400,386.10	3,692,197.80	14.52%
Self Pay	14,977	19,211,987.00	98,351.91	6,465.86	19,107,169.23	75.13%
Grand Total	24,189	30,925,610.00	3,054,852.68	2,437,083.62	25,433,673.70	100.00%

Type of Financial Class:

- Medicare: The primary payer of the account is federal health insurance programs, such as Medicare, Tricare, Railroad Medicare, and Medicare Health Plans.
- Medicaid: The primary payer of the account is state or local managed social healthcare programs for families and individuals with low income and resources.
Examples are Medicaid, Medicaid managed care program, Healthy Families Program, Healthy Way LA.
- Contract: The primary payer of the account is Veterans Health Administration.
- Self Pay: The primary account payers are the patients or individuals other than Medicare, Medicaid, Contract and Commercial.
- Commercial: The primary account payers are commercial insurance organizations such as health insurance company, auto insurance company, workers compensation insurance company.