# RALPH M. TERRAZAS

March 2, 2017

BOARD OF FIRE COMMISSIONERS FILE NO. 17-039

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 2015-16 (FROM

NOVEMBER 2010 THROUGH MAY 2016)

FINAL ACTION:	Approved Denied	Approved w/Corrections Received & Filed	Withdrawn Other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 17,436 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2015-16 (November 2010 through May 2016) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 17,436 accounts amounts to \$17,138,022.63.

The 17,436 accounts for \$17,138,022.63 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 August 2016 and February 2017.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$17,138,022.63 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 \$17,138,022.63 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2015-16 (November 2010 through May 2016) 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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### FIRE DEPARTMENT

RALPH M. TERRAZAS FIRE CHIEF

200 NORTH MAIN STREET ROOM 1635 LOS ANGELES, CA 90012

> (213) 978-3477 FAX: (213) 978-3414

HTTP://WWW.LAFD.ORG

LETICIA GOMEZ EXECUTIVE ASSISTANT II

March 2, 2017

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 2015-16 (From November 2010 through May 2016)

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 17,436 accounts each valued less than \$5,000 for a total of \$17,138,022.63. These accounts were billed November 2010 to May 2016, referred to Harris and Harris collection agency, and returned to the LAFD between August 2016 and February 2017 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$17,138,022.63 from 17,436 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2015-16 (November 2010 to May 2016), 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 2015-16, 17,436 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between August 2016 and February 2017. 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 544 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,

RAĹPH 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 Aug 2016 to Feb 2017

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 - Nov 2010	9	13,002.75	2,390.17	6,638.65	3,973.93
FY 2011 - Dec 2010	29	36,911.00	5,042.08	6,749.09	25,119.83
FY 2011 - Jan 2011	66	84,603.50	11,358.90	14,931.03	58,313.57
FY 2011 - Feb 2011	24	32,516.25	6,147.98	3,366.01	23,002.26
FY 2011 - Mar 2011	36	45,585.00	5,016.20	8,741.19	31,827.61
FY 2011 - Apr 2011	16	22,031.00	1,646.53	2,311.24	18,073.23
FY 2011 - May 2011	14	17,523.00	3,170.98	3,776.42	10,575.60
FY 2011 - Jun 2011	26	33,299.75	6,698.01	3,156.17	23,445.57
FY 2012 - Jul 2011	12	15,315.75	1,791.09	-	13,524.66
FY 2012 - Aug 2011 FY 2012 - Sep 2011	11	14,263.00	3,921.31	916.38	9,425.31
FY 2012 - Sep 2011 FY 2012 - Oct 2011	9	13,865.00 11,139.00	4,730.53 1,377.97	630.87 3,390.07	8,503.60 6,370.96
FY 2012 - Nov 2011	5	6,334.75	1,223.74	3,390.07	5,111.01
FY 2012 - Dec 2011	8	10,417.00	1,491.55	724.45	8,201.00
FY 2012 - Jan 2012	8	10,800.25	1,295.67	3,840.44	5,664.14
FY 2012 - Feb 2012	8	11,262.25	4,458.70	1,871.18	4,932.37
FY 2012 - Mar 2012	17	20,947.00	2,758.85	2,222.89	15,965.26
FY 2012 - Apr 2012	15	20,742.00	1,389.42	3,459.68	15,892.90
FY 2012 - May 2012	17	20,852.50	4,134.83	642.79	16,074.88
FY 2012 - Jun 2012	11	13,927.00	1,492.25	737.25	11,697.50
FY 2013 - Jul 2012	15	18,747.00	5,659.81	578.37	12,508.82
FY 2013 - Aug 2012	28	36,218.00	3,465.08	2,524.30	30,228.62
FY 2013 - Sep 2012	14	18,907.50	2,943.31	642.19	15,322.00
FY 2013 - Oct 2012 FY 2013 - Nov 2012	9	12,141.75	4,478.70	2,532.16	5,130.89
FY 2013 - NOV 2012 FY 2013 - Dec 2012	2	3,861.75 2,410.00	385.23 474.46	954.46	2,522.06
FY 2013 - Jan 2013	14	11,898.75	474.40	1,336.54	1,935.54 10,562.21
FY 2013 - Feb 2013	44	44,002.25	815.73	24,218.29	18,968.23
FY 2013 - Apr 2013	1	1,436.00	327.95	1,002.55	105.50
FY 2013 - May 2013	5	5,615.50		*	5,615.50
FY 2013 - Jun 2013	29	29,451.50	*	9,558.01	19,893.49
FY 2014 - Jul 2013	2	2,473.00	1,329.44	7	1,143.56
FY 2014 - Aug 2013	3	4,402.50	1,543.50	-	2,859.00
FY 2014 - Sep 2013	4	5,345.00	1,504.52	943.50	2,896.98
FY 2014 - Oct 2013	2	2,410.00	1,474.50	-	935.50
FY 2014 - Nov 2013	2	2,856.25	246.75	955.00	1,654.50
FY 2014 - Dec 2013	3	4,355.25	250.85	966.65	3,137.75
FY 2014 - Jan 2014 FY 2014 - Feb 2014	3 8	3,415.50	905.50 491.44	020.04	2,510.00
FY 2014 - Mar 2014	7	10,579.75 8,697.50	1,764.66	928.81 1,242.44	9,159.50
FY 2014 - Apr 2014	18	22,608.75	3,781.29	6,576.79	5,690.40 12,250.67
FY 2014 - May 2014	15	18,573.75	3,614.28	1,865.17	13,094.30
FY 2014 - Jun 2014	25	33,044.00	5,727.74	11,299.53	16,016.73
FY 2015 - Jul 2014	34	43,799.75	8,169.26	9,099.42	26,531.07
FY 2015 - Aug 2014	47	58,194.25	6,765.81	6,917.12	44,511.32
FY 2015 - Sep 2014	56	74,231.50	17,178.04	14,294.04	42,759.42
FY 2015 - Oct 2014	153	195,080.25	34,089.12	36,735.09	124,256.04
FY 2015 - Nov 2014	227	294,020.50	61,779.62	63,850.98	168,389.90
FY 2015 - Dec 2014	272	347,689.00	71,543.27	68,765.73	207,380.00
FY 2015 - Jan 2015	380	493,120.50	92,958.06	119,091.45	281,070.99
FY 2015 - Feb 2015	705	896,402.25	152,266.73	165,465.70	578,669.82
FY 2015 - Mar 2015 FY 2015 - Apr 2015	4,104 3,640	5,336,119.50 4,735,340.75	644,555.76	557,171.85	4,134,391.89
FY 2015 - May 2015	3,582	4,735,340.75	624,998.00 578,258.64	505,730.88 449,232.54	3,604,611.87 3,618,618.57
FY 2015 - Jun 2015	3,401	4,420,560.25	463,878.03	396,023.93	3,560,658.29
FY 2016 - Jul 2015	209	272,162.50	26,013.86	23,440.78	222,707.86
FY 2016 - Aug 2015	3	3,814.50	. 4	20)110.70	3,814.50
FY 2016 - Sep 2015	4	5,535.75	2,092.40	1,428.80	2,014.55
FY 2016 - Nov 2015	2	3,018.00	1,420.12	-	1,597.88
FY 2016 - Dec 2015	1	1,566.00	257.66	1,058.34	250.00
FY 2016 - Jan 2016	2	2,577.00	1,557.01	652.67	367.32
FY 2016 - Mar 2016	2	2,596.00	1,097.60	= -	1,498.40
FY 2016 - Apr 2016	1	1,528.00	-		1,528.00
FY 2016 - May 2016	1	1,490.00	96		1,490.00
Grand Total	17,436	22 504 912 00	2,901,600.49	2 555 100 00	17 120 022 02
Ordina Iotal	17,430	22,594,813.00	2,301,000.49	2,555,189.88	17,138,022.63

Grand Total	17,436	22,594,813.00	2,901,600.49	2,555,189.88	17,138,022.63
FY 2016	226	295,355.75	32,438.65	26,580.59	236,336.51
FY 2015	16,601	21,540,668.25	2,756,440.34	2,392,378.73	16,391,849.18
FY 2014	92	118,761.25	22,634.47	24,777.89	71,348.89
FY 2013	164	184,690.00	18,550.27	43,346.87	122,792.86
FY 2012	133	169,865.50	30,065.91	18,436.00	121,363.59
FY 2011	220	285,472.25	41,470.85	49,669.80	194,331.60

Los Angeles Fire Department

Emergency Ambulance Services (Dept Revenue Source 4091) - ADPI

Run date: 02-Mar-17

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 Aug 2016 to Feb 2017

REASON CODE COMMENTS	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	1,873	2,432,632.25	1,758,115.96	38,877.29	635,639.00	3.71%
Contract	2	2,903.50	395.43		2,508.07	0.01%
Medicaid	26	68,814.25	3,745.45	32,181.21	32,887.59	0.19%
Medicare	3,281	4,297,373.75	1,012,297.78	2,440,296.01	844,779.96	4.93%
Self Pay	12,224	15,793,089.25	127,045.87	43,835.37	15,622,208.01	91.16%
Grand Total	17,436	22,594,813.00	2,901,600.49	2,555,189.88	17,138,022.63 100.00%	100.00%

# Type of Financial Class:

The primary payer of the account is federal health insurance programs, such as Medicare, Tricare, Railroad Medicare, Medicare:

and Medicare Health Plans.

The primary payer of the account is state or local managed social healthcare programs for families and individuals with Medicaid:

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.

The primary account payers are the patients or individuals other than Medicare, Medicaid, Contract and Commercial. Self Pay:

Commercial: The primary account payers are commercial insurance organizations such as health insurance company, auto

insurance company, workers compensation insurance company.