

May 1, 2018

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

March 21, 2018

BOARD OF FIRE COMMISSIONERS
FILE NO. 18-036

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 2012-13 TO 2016-17 (FROM
JANUARY 2013 THROUGH APRIL 2017)

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 Withdrawn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 22,944 uncollected emergency ambulance service accounts for Fiscal Years 2012-13 to 2016-17 (January 2013 through April 2017) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 22,944 accounts amounts to \$24,628,419.30.

The 22,944 accounts for \$24,628,419.30 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 September 2017 and February 2018.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$24,628,419.30 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 \$24,628,419.30 in uncollectible emergency ambulance

service accounts, each valued less than \$5,000, for Fiscal Years 2012-13 to 2016-17 (January 2013 through April 2017) for write-off authority.

2. Forward 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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March 21, 2018

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 2012-13 to 2016-17 (From January 2013 through April 2017)**

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 22,944 accounts each valued less than \$5,000 for a total of \$24,628,419.30. These accounts were billed January 2013 to April 2017, referred to Harris and Harris collection agency, and returned to the LAFD between September 2017 and February 2018 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$24,628,419.30 from 22,944 uncollected ambulance service accounts for Fiscal Years 2012-13 to 2016-17 (January 2013 to April 2017), 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 2012-13 to 2016-17, 22,944 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between September 2017 and February 2018. 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 225 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 Sep 2017 to Feb 2018

Run date:

05-Mar-18

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2013 - Jan 2013	4	4,421.00	1,362.11	1,526.64	1,532.25
FY 2013 - Mar 2013	3	3,494.25	2,839.56	-	654.69
FY 2014 - Nov 2013	1	1,436.00	825.89	-	610.11
FY 2014 - Jan 2014	2	2,042.50	1,647.25	-	395.25
FY 2014 - Feb 2014	3	4,276.50	2,817.88	943.37	515.25
FY 2014 - Mar 2014	1	1,052.75	-	-	1,052.75
FY 2014 - May 2014	4	5,313.50	538.50	-	4,775.00
FY 2014 - Jun 2014	5	6,046.00	3,575.29	-	2,470.71
FY 2015 - Jul 2014	12	15,142.50	5,741.91	1,690.65	7,709.94
FY 2015 - Aug 2014	13	15,749.00	4,710.43	4,669.77	6,368.80
FY 2015 - Sep 2014	12	15,252.75	4,553.68	7,278.48	3,420.59
FY 2015 - Oct 2014	13	16,851.50	5,046.08	6,860.50	4,944.92
FY 2015 - Nov 2014	22	29,119.25	6,044.44	11,607.86	11,466.95
FY 2015 - Dec 2014	26	32,805.25	7,557.32	9,895.07	15,352.86
FY 2015 - Jan 2015	40	52,683.50	9,313.55	10,322.03	33,047.92
FY 2015 - Feb 2015	64	81,551.00	16,109.63	12,296.89	53,144.48
FY 2015 - Mar 2015	69	87,129.75	17,109.63	12,332.41	57,687.71
FY 2015 - Apr 2015	93	117,089.25	24,595.61	22,013.47	70,480.17
FY 2015 - May 2015	90	114,036.00	22,980.00	21,497.78	69,558.22
FY 2015 - Jun 2015	237	305,624.25	32,561.57	31,867.40	241,195.28
FY 2016 - Jul 2015	272	353,805.25	52,346.83	44,678.22	256,780.20
FY 2016 - Aug 2015	269	339,002.50	54,617.92	51,489.11	232,895.47
FY 2016 - Sep 2015	288	386,661.50	61,746.07	55,779.86	269,135.57
FY 2016 - Oct 2015	351	479,477.00	73,267.51	77,238.65	328,970.84
FY 2016 - Nov 2015	452	620,301.00	119,950.93	124,951.49	375,398.58
FY 2016 - Dec 2015	857	1,171,474.00	148,291.47	194,908.77	828,273.76
FY 2016 - Jan 2016	4,235	5,802,195.00	631,416.53	592,655.61	4,578,122.86
FY 2016 - Feb 2016	4,085	5,617,348.00	591,939.68	574,803.87	4,450,604.45
FY 2016 - Mar 2016	4,317	5,920,165.75	561,505.03	577,512.90	4,781,147.82
FY 2016 - Apr 2016	3,591	4,934,353.75	485,538.23	467,378.03	3,981,437.49
FY 2016 - May 2016	3,494	4,805,154.00	444,590.48	416,977.77	3,943,585.75
FY 2017 - Jul 2016	2	3,075.00	1,209.00	-	1,866.00
FY 2017 - Aug 2016	1	1,528.00	-	-	1,528.00
FY 2017 - Sep 2016	2	2,691.00	706.50	1,734.50	250.00
FY 2017 - Oct 2016	2	3,075.00	-	-	3,075.00
FY 2017 - Nov 2016	2	2,980.00	676.77	999.51	1,303.72
FY 2017 - Dec 2016	1	1,106.00	451.00	-	655.00
FY 2017 - Jan 2017	2	3,113.00	1,150.85	1,052.21	909.94
FY 2017 - Feb 2017	3	4,124.00	392.14	682.86	3,049.00
FY 2017 - Mar 2017	1	1,049.00	-	-	1,049.00
FY 2017 - Apr 2017	3	4,200.00	493.70	1,709.30	1,997.00
Grand Total	22,944	31,367,995.25	3,400,220.97	3,339,354.98	24,628,419.30

FY 2013	7	7,915.25	4,201.67	1,526.64	2,186.94
FY 2014	16	20,167.25	9,404.81	943.37	9,819.07
FY 2015	691	883,034.00	156,323.85	152,332.31	574,377.84
FY 2016	22,211	30,429,937.75	3,225,210.68	3,178,374.28	24,026,352.79
FY 2017	19	26,941.00	5,079.96	6,178.38	15,682.66
Grand Total	22,944	31,367,995.25	3,400,220.97	3,339,354.98	24,628,419.30

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 Sep 2017 to Feb 2018

Run date:
05-Mar-18

REASON CODE COMMENTS	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	2,786	3,749,675.25	2,032,897.67	19,349.28	1,697,428.30	6.89%
Contract	17	24,278.25	1,984.43	347.39	21,946.43	0.09%
Medicaid	114	154,620.00	4,635.11	50,350.74	99,634.15	0.40%
Medicare	4,439	6,078,667.75	1,243,921.82	3,258,948.34	1,575,797.59	6.40%
Self Pay	15,588	21,360,754.00	116,781.94	10,359.23	21,233,612.83	86.22%
Grand Total	22,944	31,367,995.25	3,400,220.97	3,339,354.98	24,628,419.30	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.