



# LOS ANGELES FIRE DEPARTMENT

RALPH M. TERRAZAS  
FIRE CHIEF

February 26, 2019

BOARD OF FIRE COMMISSIONERS  
FILE NO. 19-033

TO: Board of Fire Commissioners

FROM: *RMT* 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 2017-18 (FROM  
JUNE 2011 THROUGH FEBRUARY 2018)

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 Withdrawn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 17,957 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2017-18 (June 2011 through February 2018) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 17,957 accounts amounts to \$19,543,128.05.

The 17,957 accounts for \$19,543,128.05 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 2018 and February 2019.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$19,543,128.05 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 \$19,543,128.05 in uncollectible emergency ambulance

service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2017-18 (June 2011 through February 2018) 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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**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](http://www.lafd.org)

February 26, 2019

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 2017-18 (From June 2011 through February 2018)**

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 17,957 accounts each valued less than \$5,000 for a total of \$19,543,128.05. These accounts were billed June 2011 to February 2018, referred to Harris and Harris collection agency, and returned to the LAFD between September 2018 and February 2019 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$19,543,128.05 from 17,957 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2017-18 (June 2011 to February 2018), 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 2017-18, 17,957 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between September 2018 and February 2019. 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 75 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 September 2018 to February 2019

Run date:

11-Feb-19

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 - June 2011	1	1,052.75	-	-	1,052.75
FY 2012 - March 2012	3	3,877.50	282.53	953.47	2,641.50
FY 2012 - April 2012	9	13,002.75	2,907.53	8,295.22	1,800.00
FY 2013 - August 2012	1	1,451.75	155.04	1,046.71	250.00
FY 2013 - October 2012	1	1,021.25	821.25	-	200.00
FY 2013 - February 2013	2	2,102.50	-	-	2,102.50
FY 2013 - May 2013	1	1,052.75	977.75	-	75.00
FY 2014 - August 2013	1	1,499.00	-	-	1,499.00
FY 2014 - November 2013	1	1,483.25	1,200.00	-	283.25
FY 2014 - January 2014	1	1,436.00	1,238.99	-	197.01
FY 2014 - April 2014	2	2,042.50	145.29	(6.56)	1,903.77
FY 2014 - May 2014	2	2,026.75	1,037.00	(1,037.00)	2,026.75
FY 2015 - July 2014	1	1,499.00	-	-	1,499.00
FY 2015 - August 2014	2	2,903.50	959.28	920.22	1,024.00
FY 2015 - October 2014	2	2,425.75	965.00	-	1,460.75
FY 2015 - November 2014	2	2,919.25	-	-	2,919.25
FY 2015 - December 2014	2	2,809.00	1,074.20	135.80	1,599.00
FY 2015 - January 2015	2	2,809.00	753.83	-	2,055.17
FY 2015 - February 2015	1	1,451.75	1,306.58	-	145.17
FY 2015 - March 2015	1	989.75	791.80	-	197.95
FY 2015 - April 2015	2	2,840.50	1,600.43	71.84	1,168.23
FY 2015 - May 2015	3	3,877.50	1,212.85	923.48	1,741.17
FY 2015 - June 2015	3	4,308.00	645.68	1,888.06	1,774.26
FY 2016 - July 2015	1	1,005.50	980.50	-	25.00
FY 2016 - August 2015	1	1,609.25	-	-	1,609.25
FY 2016 - September 2015	2	2,504.00	1,679.45	89.10	735.45
FY 2016 - October 2015	3	4,489.00	3,131.33	1,024.38	333.29
FY 2016 - November 2015	5	7,199.00	1,411.07	190.07	5,597.86
FY 2016 - December 2015	3	4,508.00	538.49	2,029.51	1,940.00
FY 2016 - January 2016	9	11,011.00	3,397.26	3,710.80	3,902.94
FY 2016 - February 2016	5	7,218.00	832.99	2,939.13	3,445.88
FY 2016 - March 2016	7	8,856.00	3,951.90	2,455.87	2,448.23
FY 2016 - April 2016	10	13,668.00	2,804.33	4,201.18	6,662.49
FY 2016 - May 2016	12	17,222.00	5,503.93	4,709.23	7,008.84
FY 2016 - June 2016	28	37,933.00	11,355.67	12,921.57	13,655.76
FY 2017 - July 2016	19	24,949.00	5,869.86	9,197.75	9,881.39
FY 2017 - August 2016	26	36,029.00	6,351.07	12,550.35	17,127.58
FY 2017 - September 2016	62	81,833.00	12,818.93	17,293.05	51,721.02
FY 2017 - October 2016	59	80,667.00	13,735.47	18,424.52	48,507.01
FY 2017 - November 2016	66	91,583.00	19,100.98	17,615.20	54,866.82
FY 2017 - December 2016	81	109,907.00	18,256.11	20,719.34	70,931.55
FY 2017 - January 2017	1,951	2,678,979.00	295,263.87	303,807.56	2,079,907.57
FY 2017 - February 2017	4,082	5,597,239.00	625,870.97	650,629.93	4,320,738.10
FY 2017 - March 2017	3,852	5,254,660.00	556,161.02	561,183.73	4,137,315.25
FY 2017 - April 2017	4,360	5,915,530.00	486,931.17	483,840.17	4,944,758.66
FY 2017 - May 2017	3,262	4,440,482.00	378,452.26	334,591.56	3,727,438.18
FY 2017 - June 2017	1	1,528.00	1,318.36	202.78	6.86
FY 2018 - July 2017	1	1,201.00	1,055.64	-	145.36
FY 2018 - September 2017	1	1,509.00	1,302.77	-	206.23
FY 2018 - November 2017	1	1,087.00	-	-	1,087.00
FY 2018 - February 2018	1	1,509.00	-	-	1,509.00
<b>Grand Total</b>	<b>17,957</b>	<b>24,496,796.50</b>	<b>2,476,150.43</b>	<b>2,477,518.02</b>	<b>19,543,128.05</b>

FY 2011	1	1,052.75	-	-	1,052.75
FY 2012	12	16,880.25	3,190.06	9,248.69	4,441.50
FY 2013	5	5,628.25	1,954.04	1,046.71	2,627.50
FY 2014	7	8,487.50	3,621.28	(1,043.56)	5,909.78
FY 2015	21	28,833.00	9,309.65	3,939.40	15,583.95
FY 2016	86	117,222.75	35,586.92	34,270.84	47,364.99
FY 2017	17,821	24,313,386.00	2,420,130.07	2,430,055.94	19,463,199.99
FY 2018	4	5,306.00	2,358.41	-	2,947.59
<b>Grand Total</b>	<b>17,957</b>	<b>24,496,796.50</b>	<b>2,476,150.43</b>	<b>2,477,518.02</b>	<b>19,543,128.05</b>

**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 September 2018 to February 2019**

Run date:  
 11-Feb-19

REASON CODE COMMENTS	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	1,450	2,008,025.75	1,495,601.74	14,544.48	497,879.53	2.55%
Medicaid	64	83,984.00	785.74	1,378.72	81,819.54	0.42%
Medicare	2,927	4,051,883.25	922,726.73	2,452,575.53	676,580.99	3.46%
Self Pay	13,516	18,352,903.50	57,036.22	9,019.29	18,286,847.99	93.57%
<b>Grand Total</b>	<b>17,957</b>	<b>24,496,796.50</b>	<b>2,476,150.43</b>	<b>2,477,518.02</b>	<b>19,543,128.05</b>	<b>100.00%</b>

**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.
- 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.