RALPH M. TERRAZAS FIRE CHIEF

September 17, 2020

**BOARD OF FIRE COMMISSIONERS** FILE NO. 20-085

TO:

Board of Fire Commissioners

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 2018-19 (FROM

JANUARY 2013 THROUGH JUNE 2019)

FINAL ACTION:	Approved Denied	Approved w/Corrections Received & Filed	Withdrawn Other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 52,096 uncollected emergency ambulance service accounts for Fiscal Years 2012-13 to 2018-19 (January 2013 through June 2019) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 52,096 accounts amounts to \$54,882,840.28.

The 52,096 accounts for \$54,882,840.28 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 April 2015 and August 2020.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$54,882,840.28 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 \$54,882,840.28 in uncollectible emergency ambulance

## Board of Fire Commissioners Page 2

service accounts, each valued less than \$5,000, for Fiscal Years 2012-13 to 2018-19 (January 2013 through June 2019) 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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# CITY OF LOS ANGELES

CALIFORNIA



MAYOR

### **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

**September 17, 2020** 

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 2018-19 (From January 2013 through June 2019)

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 three 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 120 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 52,096 accounts each valued less than \$5,000 for a total of \$54,882,840.28. These accounts were billed January 2013 to June 2019, referred to Harris and Harris collection agency, and returned to the LAFD between April 2015 and August 2020 as uncollectible.

Shane Min, Chair, Collections Board of Review September 17, 2020 Page 2

It is recommended that the Collections Board of Review approve the write-off of \$54,882,840.28 from 52,096 uncollected ambulance service accounts for Fiscal Years 2012-13 to 2018-19 (January 2013 to June 2019), 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 three 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 Harris and Harris collection agency, accounts are referred for up to one year. For Fiscal Years 2012-13 to 2018-19, 52,096 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between April 2015 and August 2020. 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 14,056 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 / R1

Run date: 24-Aug-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 April, 2015 to August, 2020

REASON CODE COMMENTS Number of Accounts	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	4,926	6,703,035.50	3,793,396.22	61,884.10	2,847,755.18	5.19%
Contract	7	10,829.00	1	•	10,829.00	0.02%
Medicaid	4	5,614.00	12.78	63.22	5,538.00	0.01%
Medicare	10,658	14,722,270.00	3,194,014.50	8,381,154.64	3,147,100.86	5.73%
Self Pay	36,501	49,016,002.75	137,258.65	7,126.86	48,871,617.24	89.05%
Grand Total	52,096	70,457,751.25	7,124,682.15	8,450,228.82	<b>54,882,840.28</b> 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 Medicaid:

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.

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.

Los Angeles Fire Department
Emergency Ambulance Services (Dept Revenue Source 4091) - ADPI / R1
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 April, 2015 to August, 2020

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2013 - Jan 2013	2	2,226.75	253.20	-	1,973.55
FY 2013 - Mar 2013	1	1,404.50	378.32	926.18	100.00
FY 2013 - Apr 2013	1	1,451.75	1,351.75	-	100.00
FY 2013 - May 2013	1	1,467.50	-	-	1,467.50
FY 2014 - Aug 2013	1	1,052.75	965.02	-	87.73
FY 2014 - Sep 2013	1	1,037.00	848.47	84.83	103.70
FY 2014 - Oct 2013	1	1,005.50	814.57	-	190.93
FY 2014 - Nov 2013	2	2,473.00	1,556.52	-	916.48
FY 2014 - Dec 2013	1	1,436.00	193.77	742.23	500.00
FY 2014 - Feb 2014	2	2,394.25	851.32	920.22	622.71
FY 2014 - Mar 2014	4	5,649.50	1,186.61	933.64	3,529.25
FY 2014 - Apr 2014	1	1,420.25	1,136.20	-	284.05
FY 2014 - May 2014	1	1,037.00	894.73	-	142.27
FY 2014 - Jun 2014	2	2,441.50	500.00	-	1,941.50
FY 2015 - Jul 2014	2	2,042.50	-	-	2,042.50
FY 2015 - Aug 2014	1	1,420.25	301.98	-	1,118.27
FY 2015 - Sep 2014	4	5,266.25	2,669.39	-	2,596.86
FY 2015 - Oct 2014	2	2,457.25	569.95	- 2.450.27	1,887.30
FY 2015 - Nov 2014	5	5,841.25	3,097.24	2,158.27	585.74
FY 2015 - Dec 2014	4	5,807.00	2,445.22	971.76	2,390.02
FY 2015 - Jan 2015	6	8,327.25	974.18	1,931.55	5,421.52
FY 2015 - Feb 2015	11 28	12,766.75 33,650.75	6,113.79	2,310.32	4,342.64
FY 2015 - Mar 2015 FY 2015 - Apr 2015	28	34,658.75	1,725.63 4,496.63	4,977.37 7,112.70	26,947.75 23,049.42
FY 2015 - Apr 2015 FY 2015 - May 2015	35	44,117.50	6,574.55	11,620.94	25,922.01
FY 2015 - May 2015 FY 2015 - Jun 2015	22	27,155.75	3,596.99	6,847.84	16,710.92
FY 2016 - Jul 2015	36	47,564.25	7,687.95	16,882.59	22,993.71
FY 2016 - Aug 2015	30	39,011.25	7,927.83	10,363.30	20,720.12
FY 2016 - Sep 2015	27	35,529.75	5,274.99	7,623.10	22,631.66
FY 2016 - Oct 2015	114	160,711.00	37,913.14	83,566.29	39,231.57
FY 2016 - Nov 2015	149	206,504.00	48,220.72	120,278.05	38,005.23
FY 2016 - Dec 2015	207	290,657.00	70,785.00	161,495.47	58,376.53
FY 2016 - Jan 2016	196	267,454.00	57,988.51	157,059.58	52,405.91
FY 2016 - Feb 2016	104	143,146.00	34,096.52	76,796.63	32,252.85
FY 2016 - Mar 2016	114	157,377.00	41,094.00	70,155.01	46,127.99
FY 2016 - Apr 2016	126	177,663.00	43,651.26	65,946.84	68,064.90
FY 2016 - May 2016	108	145,891.00	39,322.40	52,589.35	53,979.25
FY 2016 - Jun 2016	144	197,031.00	46,948.02	67,383.48	82,699.50
FY 2017 - Jul 2016	237	320,914.00	51,972.01	74,976.75	193,965.24
FY 2017 - Aug 2016	176	240,245.00	57,266.14	83,498.60	99,480.26
FY 2017 - Sep 2016	194	262,631.00	73,539.54	87,814.48	101,276.98
FY 2017 - Oct 2016	253	343,237.00	89,771.75	113,933.73	139,531.52
FY 2017 - Nov 2016 FY 2017 - Dec 2016	312 1,382	417,951.00 1,880,919.00	103,888.08 235,089.36	128,473.26 270,269.16	185,589.66 1,375,560.48
FY 2017 - Dec 2016 FY 2017 - Jan 2017	2,851	3,881,701.50	440,618.03	400,715.33	3,040,368.14
FY 2017 - Sail 2017  FY 2017 - Feb 2017	141	192,512.00	38,462.72	16,309.41	137,739.87
FY 2017 - Mar 2017	195	262,573.00	44,001.04	47,375.20	171,196.76
FY 2017 - Apr 2017	265	364,386.00	84,777.11	88,379.31	191,229.58
FY 2017 - May 2017	1,253	1,682,330.00	215,534.63	175,587.31	1,291,208.06
FY 2017 - Jun 2017	3,481	4,696,931.00	387,344.42	349,098.03	3,960,488.55
FY 2018 - Jul 2017	295	400,854.00	80,789.98	86,602.99	233,461.03
FY 2018 - Aug 2017	1,497	2,013,928.00	196,134.28	205,131.38	1,612,662.34
FY 2018 - Sep 2017	3,651	4,922,176.00	319,992.94	315,296.13	4,286,886.93
FY 2018 - Oct 2017	349	469,947.00	97,475.23	118,160.38	254,311.39
FY 2018 - Nov 2017	476	638,288.00	165,641.73	155,858.50	316,787.77
FY 2018 - Dec 2017	2,432	3,289,049.00	372,707.39	400,495.05	2,515,846.56
FY 2018 - Jan 2018	1,450	1,992,420.00	497,810.61	659,208.57	835,400.82

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1

52,096

Run date: 25-Aug-20

1,106.00

2,155.00

1,049.00

54,882,840.28

Fiscal Year and Month Summary (Account Created Date)
Returned from April, 2015 to August, 2020

FY 2019 - Feb 2019

FY 2019 - May 2019

FY 2019 - Jun 2019

**Grand Total** 

Write off of accounts returned from H&H as uncollectible

Fiscal Year - Month Year **Number of Accounts Gross Charges Payments** Adjustments **Balance** FY 2018 - Feb 2018 1,885 2,560,908.00 470,434.19 580,895.93 1,509,577.88 FY 2018 - Mar 2018 3,349 4,535,569.00 557,887.65 596,207.17 3,381,474.18 FY 2018 - Apr 2018 3,303 4,471,594.00 482,762.13 553,510.09 3,435,321.78 FY 2018 - May 2018 3,805 5,159,321.00 399,956.98 472,542.78 4,286,821.24 455,231.18 4,948,333.35 FY 2018 - Jun 2018 4,391 5,932,461.00 528,896.47 FY 2019 - Jul 2018 4,368 5,908,515.00 369,054.80 453,898.15 5,085,562.05 FY 2019 - Aug 2018 4,025 5,414,496.00 243,383.69 401,215.42 4,769,896.89 3,389 80,707.09 99,949.17 4,377,630.74 FY 2019 - Sep 2018 4,558,287.00 FY 2019 - Oct 2018 1,135 1,522,646.00 23,016.09 40,210.14 1,459,419.77 15,971.62 FY 2019 - Nov 2018 24 32,395.00 4,433.29 11,990.09 4 5,709.00 591.70 2,052.30 3,065.00 FY 2019 - Dec 2018

1,106.00

2,155.00

1,049.00

70,457,751.25

Grand Total	52,096	70,457,751.25	7,124,682.15	8,450,228.82	54,882,840.28
FY 2019	12,949	17,446,358.00	721,186.66	1,009,315.27	15,715,856.07
FY 2018	26,883	36,386,515.00	4,096,824.29	4,672,805.44	27,616,885.27
FY 2017	10,740	14,546,330.50	1,822,264.83	1,836,430.57	10,887,635.10
FY 2016	1,355	1,868,539.25	440,910.34	890,139.69	537,489.22
FY 2015	148	183,511.25	32,565.55	37,930.75	113,014.95
FY 2014	16	19,946.75	8,947.21	2,680.92	8,318.62
FY 2013	5	6,550.50	1,983.27	926.18	3,641.05

7,124,682.15

8,450,228.82