

LOS ANGELES FIRE DEPARTMENT

BRIAN L. CUMMINGS
FIRE CHIEF

September 7, 2012

BOARD OF FIRE COMMISSIONERS
FILE NO. 12-161

TO: Board of Fire Commissioners

FROM: Brian L. Cummings, Fire Chief

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE LAFD EMERGENCY AMBULANCE
SERVICE CHARGES EACH VALUED LESS THAN \$5,000 FOR FISCAL
YEARS 2004-05 TO 2010-11

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 Withdrawn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

Recommendations: That the Board:

1. Authorize the Fire Chief to refer to the Board of Review any or all pertinent documentation regarding \$9,394,661.60 in uncollectible emergency ambulance service accounts, each valued less than \$5,000 for Fiscal Years 2004-05 to 2010-11 for write-off authority. This recommendation is based on the summary findings, listed below.
2. Direct the Commission Executive Assistant II to forward three (3) sets of the attached letter and summary report to the Board of Review for consideration and approval.

Summary:

1. The 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 Board of Review for appropriate actions.
2. These uncollected emergency ambulance services for Fiscal Years 2004-05 to 2010-11 consist of 13,758 accounts, each valued less than \$5,000 amounting to \$9,394,661.60.
3. The 13,758 accounts for \$9,394,661.60, including those originating from Fiscal Years 2004-05 to 2007-08 (through August 2008) past the statute of limitations,

were referred to the City's outside collection agency, NCO Financial Systems, Inc. for collection and were deemed to be uncollectible.

4. The staff of Accounting Services, along with the recommendation of the Office of Finance, determined that the attached list of unpaid accounts amounting to \$9,394,661.60 should be written off.

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.

Conclusion: In view of the above findings, it is appropriate that these uncollectible Los Angeles Fire Department emergency ambulance service accounts, each valued less than \$5,000 for fiscal years 2005 through 2011, be referred for write-off authority to the Board of Review in compliance with the Los Angeles Municipal Code.

Upon your Board's approval, Board of Review consideration/approval will be initiated.

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

Attachments

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

September 7, 2012

TO: Shane Min, Chairperson I
Office of the Controller

FROM: Brian L. Cummings, Fire Chief
Los Angeles Fire Department

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE AMBULANCE SERVICE CHARGES
EACH VALUED LESS THAN \$5,000 FOR FISCAL YEARS 2004-05 TO
2010-11

BACKGROUND

The 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 Board of Review in accordance with the Los Angeles Municipal Code, Article 1, Section 11.04, for appropriate action. 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.

The Los Angeles Fire Department Ambulance Billing Unit performed exhaustive billing and collection efforts on these accounts. In general, the process performed were initial invoicing, sending past due notices after 30 days and researching missing information through the EMS Billing System database or hospitals. The unit made approximately 20,000 calls a year and received approximately 25,000 calls per year from the automatic call distribution system. The LAFD accepted a wide range of payments, including all major credit cards, checks, cash, and for Medicare, MediCal, and major insurance companies Electronic Fund Transfers (EFT). After exhaustive billing and collection efforts were made, a total of 340,923 delinquent accounts from the Emergency Medical Services System were referred for additional collection efforts to the City's contracted outside collection agency, NCO Financial Systems, Inc., pursuant to Section 5.181 of the Los Angeles Administrative Code.

Submitted for this write-off request are 13,758 accounts returned from May 2012 through August 2012 by NCO Financial Systems collection agency for uncollected ambulance service billings each valued less than \$5,000 amounting to \$9,394,661.60 for Fiscal Years 2004-05 to 2010-11.

RECOMMENDATION

It is recommended that the Honorable Board of Review approve the write-off of \$9,394,661.60 of 13,758 uncollected ambulance service accounts, each valued less than \$5,000 for Fiscal Years 2004-05 to 2010-11.

FINDINGS

1. The 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 Board of Review in accordance with Section 5.182 of the Los Angeles Administrative Code for appropriate action.
2. In addition to the original invoice, statements were sent to patients and, where applicable, to their identified insurance carriers. Research was also conducted at several receiving hospitals where the patient or insurance information was incorrect or incomplete. All of these 14,564 delinquent accounts were referred for additional collection efforts to the City's contracted outside collection agency, NCO Financial Systems, Inc., pursuant to Section 5.181 of the Los Angeles Administrative Code. Outside collection agency efforts continued up to one year from referral date. These accounts were determined to be uncollectible and were returned to the Department. These 14,564 accounts are less than \$5,000, including accounts originating from Fiscal Years 2004-05 to 2007-08 (through May 2008), which are now past the statute of limitations; therefore, the Department has no legal means of collecting these balances. The Department'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 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.

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

Attachment

RUN DATE: 09/06/2012

LOS ANGELES FIRE DEPARTMENT
ACCOUNTING SERVICES SECTION
EMSS - RESCUE AMBULANCE BILLING SYSTEM
REVENUE SOURCE 4091 - EMERGENCY AMBULANCE SERVICES
ALL ACCOUNTS IN THIS REPORT ARE LESS THAN \$5000
WRITE-OFF OF ACCOUNTS RETURNED FROM NCO AS UNCOLLECTIBLE
YEAR-BY-YEAR SUMMARY REPORT

EMSS SYSTEM

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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
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2004 JULY	6	2,927.25	-143.84	1,327.42	1,455.99
2004 AUGUST	29	15,634.75	-1,296.88	5,181.13	9,156.74
2004 SEPTEMBER	42	25,328.00	-1,943.19	8,058.98	15,325.83
2004 OCTOBER	33	20,122.75	-932.71	3,865.62	15,324.42
2004 NOVEMBER	32	19,893.00	-1,344.11	6,602.21	11,946.68
2004 DECEMBER	24	14,266.00	-1,470.33	3,599.63	9,196.04
2005 JANUARY	20	12,832.25	-740.73	3,041.93	9,049.59
2005 FEBRUARY	17	9,360.25	-371.50	1,172.64	7,816.11
2005 MARCH	20	11,692.50	-631.59	2,411.67	8,649.24
2005 APRIL	24	15,304.25	-1,187.62	2,583.99	11,532.64
2005 MAY	17	10,562.00	-1,222.48	2,234.35	7,105.17
2005 JUNE	22	14,446.00	-841.43	3,702.99	9,901.58
 FISCAL YEAR TOTAL:	 286	 172,369.00	 -12,126.41	 43,782.56	 116,460.03

RUN DATE: 09/06/2012

LOS ANGELES FIRE DEPARTMENT
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2005 JULY	19	11,380.50	-879.21	2,223.94	8,277.35
2005 AUGUST	27	15,984.00	-1,112.99	3,619.41	11,251.60
2005 SEPTEMBER	22	14,795.00	-714.69	4,154.64	9,925.67
2005 OCTOBER	17	10,928.75	-494.41	3,647.41	6,786.93
2005 NOVEMBER	14	9,312.25	-434.31	4,004.65	4,873.29
2005 DECEMBER	18	12,516.25	-453.51	2,864.04	9,198.70
2006 JANUARY	13	9,695.00	-1,152.30	3,420.39	5,122.31
2006 FEBRUARY	7	4,764.50	0.00	488.75	4,275.75
2006 MARCH	14	10,045.50	-115.33	3,052.89	6,877.28
2006 APRIL	12	8,690.00	-191.97	1,524.54	6,973.49
2006 MAY	15	10,588.00	-477.03	2,230.72	7,880.25
2006 JUNE	21	15,902.50	-1,604.07	3,922.77	10,375.66
FISCAL YEAR TOTAL:	199	134,602.25	-7,629.82	35,154.15	91,818.28

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2006 JULY	12	8,841.25	-593.15	2,308.65	5,939.45
2006 AUGUST	18	12,738.75	-2,003.86	4,039.69	6,695.20
2006 SEPTEMBER	26	19,529.00	-433.80	4,252.01	14,843.19
2006 OCTOBER	35	27,676.25	-3,108.97	6,617.27	17,950.01
2006 NOVEMBER	27	20,963.50	-1,739.15	2,935.36	16,288.99
2006 DECEMBER	32	25,598.25	-1,790.75	2,951.98	20,855.52
2007 JANUARY	28	21,910.50	-1,053.24	5,560.16	15,297.10
2007 FEBRUARY	20	16,665.00	-1,271.16	3,355.02	12,038.82
2007 MARCH	20	16,629.75	-829.31	4,853.55	10,946.89
2007 APRIL	33	27,608.25	-3,134.01	8,980.39	15,493.85
2007 MAY	30	25,272.25	-1,483.89	3,865.30	19,923.06
2007 JUNE	29	23,665.50	-1,475.82	3,851.09	18,338.59
 FISCAL YEAR TOTAL:	 310	 247,098.25	 -18,917.11	 53,570.47	 174,610.67

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2007 JULY	29	23,046.00	-1,022.52	3,942.48	18,081.00
2007 AUGUST	35	27,687.50	-1,189.76	3,536.82	22,960.92
2007 SEPTEMBER	35	29,674.00	-785.81	6,548.09	22,340.10
2007 OCTOBER	53	42,634.00	-2,406.15	5,934.63	34,293.22
2007 NOVEMBER	73	61,234.50	-2,201.84	8,225.39	50,807.27
2007 DECEMBER	43	37,227.00	-2,912.37	8,400.50	25,914.13
2008 JANUARY	68	54,976.00	-1,904.60	4,168.41	48,902.99
2008 FEBRUARY	76	60,360.50	-1,765.35	9,639.07	48,956.08
2008 MARCH	80	65,878.50	-3,685.02	7,423.71	54,769.77
2008 APRIL	123	103,583.00	-3,486.06	10,941.71	89,155.23
2008 MAY	131	113,063.00	-983.56	9,632.33	102,447.11
2008 JUNE	115	97,981.00	-6,609.40	9,618.04	81,753.56
 FISCAL YEAR TOTAL:	 861	 717,345.00	 -28,952.44	 88,011.18	 600,381.38

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2008 JULY	75	62,794.00	-1,581.00	7,388.06	53,824.94
2008 AUGUST	63	50,624.00	-391.15	4,459.97	45,772.88
2008 SEPTEMBER	120	99,048.00	-3,347.20	8,965.82	86,734.98
2008 OCTOBER	137	114,093.50	-4,076.68	11,118.44	98,898.38
2008 NOVEMBER	90	77,789.00	-2,614.62	7,855.84	67,318.54
2008 DECEMBER	100	84,328.00	-4,458.85	11,497.71	68,371.44
2009 JANUARY	71	58,475.50	-7,110.90	14,656.05	36,708.55
2009 FEBRUARY	67	56,637.50	-4,596.00	11,144.78	40,896.72
2009 MARCH	119	99,293.50	-7,505.38	26,712.38	65,075.74
2009 APRIL	150	123,980.75	-5,133.77	23,552.19	95,294.79
2009 MAY	134	118,811.75	-6,400.39	24,774.51	87,636.85
2009 JUNE	163	149,744.75	-12,666.29	29,896.84	107,181.62
 FISCAL YEAR TOTAL:	 1,289	 1,095,620.25	 -59,882.23	 182,022.59	 853,715.43

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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2009 JULY	181	170,022.00	-20,103.28	36,348.54	113,570.18
2009 AUGUST	122	116,818.25	-20,467.34	31,347.38	65,003.53
2009 SEPTEMBER	213	201,945.50	-35,065.52	54,132.48	112,747.50
2009 OCTOBER	178	169,995.75	-23,434.02	46,540.04	100,021.69
2009 NOVEMBER	144	134,632.50	-24,240.15	43,003.30	67,389.05
2009 DECEMBER	408	388,293.00	-30,131.96	58,044.62	300,116.42
2010 JANUARY	610	581,913.50	-36,724.41	57,469.19	487,719.90
2010 FEBRUARY	1,064	1,006,131.50	-64,811.27	72,121.11	869,199.12
2010 MARCH	1,758	1,660,129.00	-75,834.94	99,965.28	1,484,328.78
2010 APRIL	964	902,371.50	-67,892.74	114,259.54	720,219.22
2010 MAY	472	448,179.25	-76,220.00	104,669.82	267,289.43
2010 JUNE	462	437,073.25	-86,131.13	126,319.64	224,622.48
FISCAL YEAR TOTAL:	6,576	6,217,505.00	-561,056.76	844,220.94	4,812,227.30

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2010 JULY	1,589	1,494,591.50	-162,635.26	312,694.15	1,019,262.09
2010 AUGUST	1,068	1,015,193.75	-127,335.47	230,836.89	657,021.39
2010 SEPTEMBER	849	856,900.50	-114,910.79	198,325.36	543,664.35
2010 OCTOBER	695	775,367.50	-107,864.35	176,262.65	491,240.50
2010 NOVEMBER	25	25,152.75	-542.59	381.73	24,228.43
2010 DECEMBER	8	6,783.50	0.00	0.00	6,783.50
2011 JANUARY	0	0.00	0.00	0.00	0.00
2011 FEBRUARY	1	1,067.00	0.00	0.00	1,067.00
2011 MARCH	0	0.00	0.00	0.00	0.00
2011 APRIL	1	1,082.75	0.00	0.00	1,082.75
2011 MAY	0	0.00	0.00	0.00	0.00
2011 JUNE	1	1,098.50	0.00	0.00	1,098.50
 FISCAL YEAR TOTAL:	 4,237	 4,177,237.75	 -513,288.46	 918,500.78	 2,745,448.51

RUN DATE: 09/06/2012

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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
-----	-----	-----	-----	-----	-----
2011 JULY	0	0.00	0.00	0.00	0.00
2011 AUGUST	0	0.00	0.00	0.00	0.00
2011 SEPTEMBER	0	0.00	0.00	0.00	0.00
2011 OCTOBER	0	0.00	0.00	0.00	0.00
2011 NOVEMBER	0	0.00	0.00	0.00	0.00
2011 DECEMBER	0	0.00	0.00	0.00	0.00
2012 JANUARY	0	0.00	0.00	0.00	0.00
2012 FEBRUARY	0	0.00	0.00	0.00	0.00
2012 MARCH	0	0.00	0.00	0.00	0.00
2012 APRIL	0	0.00	0.00	0.00	0.00
2012 MAY	0	0.00	0.00	0.00	0.00
2012 JUNE	0	0.00	0.00	0.00	0.00
 FISCAL YEAR TOTAL:	 0	 0.00	 0.00	 0.00	 0.00

RUN DATE: 09/06/2012

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SUMMARY:

FISCAL YEAR -----	NBR OF INVOICE -----	TOTAL AMOUNT INVOICED -----	TOTAL ADJUSTMENT AMT -----	PAYMENT AMT -----	TOTAL BALANCE -----
FY2004-2005:	286	172,369.00	-12,126.41	43,782.56	116,460.03
FY2005-2006:	199	134,602.25	-7,629.82	35,154.15	91,818.28
FY2006-2007:	310	247,098.25	-18,917.11	53,570.47	174,610.67
FY2007-2008:	861	717,345.00	-28,952.44	88,011.18	600,381.38
FY2008-2009:	1,289	1,095,620.25	-59,882.23	182,022.59	853,715.43
FY2009-2010:	6,576	6,217,505.00	-561,056.76	844,220.94	4,812,227.30
FY2010-2011:	4,237	4,177,237.75	-513,288.46	918,500.78	2,745,448.51
FY2011-2012:	0	0.00	0.00	0.00	0.00
GRAND TOTAL:	13,758	12,761,777.50	-1,201,853.23	2,165,262.67	9,394,661.60