

# LOS ANGELES FIRE DEPARTMENT



November 6, 2012

BRIAN L. CUMMINGS  
FIRE CHIEF

October 10, 2012

BOARD OF FIRE COMMISSIONERS  
FILE NO. 12-177

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 2011-12

FINAL ACTION:  Approved  Approved w/Corrections  Withdrawn  
 Denied  Received & Filed  Other

**Recommendations:** That the Board:

1. Authorize the Fire Chief to refer to the Board of Review any or all pertinent documentation regarding \$10,625,778 in uncollectible emergency ambulance service accounts each valued less than \$5,000 for Fiscal Years 2004-05 to 2011-12 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 2011-12 consist of 13,443 accounts each valued less than \$5,000 amounting to \$10,625,778.
3. The 13,443 accounts for \$10,625,778, including those originating from Fiscal Years 2004-05 to 2008-09 (through September 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 \$10,625,778, 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 2012, 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, Departmental Chief Accountant,  
Administrative Services Bureau.

**Attachments**

- 1 - Write-off of uncollectible ambulance service charges each valued less than \$5,000 for fiscal years 2004-05 to 2011-12
- 2 - EMS write-off summary report

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

October 9, 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  
2011-12

**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 LAFD Ambulance Billing Unit performed exhaustive billing and collection efforts on these accounts. In general, the processes 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 13,443 accounts returned September 2012 by NCO Financial Systems collection agency for uncollected ambulance service billings each valued less than \$5,000 amounting to \$10,625,778 for Fiscal Years 2004-05 to 2011-12.

## RECOMMENDATION

It is recommended that the Honorable Board of Review approve the write-off of \$10,625,778 of 13,443 uncollected ambulance service accounts, each valued less than \$5,000 for Fiscal Years 2004-05 to 2011-12.

## 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 13,443 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 13,443 accounts are less than \$5,000, including accounts originating from Fiscal Years 2004-05 to 2008-09 (through September 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

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

INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	ADJUSTMENT AMT	TOTAL PAYMENT AMT	TOTAL BALANCE
2004 JULY	1	365.75	0.00	0.00	365.75
2004 AUGUST	3	1,386.50	0.00	0.00	1,386.50
2004 SEPTEMBER	11	6,606.75	0.00	0.00	6,606.75
2004 OCTOBER	4	2,224.50	0.00	0.00	2,224.50
2004 NOVEMBER	5	2,929.50	0.00	0.00	2,929.50
2004 DECEMBER	7	3,590.25	0.00	0.00	3,590.25
2005 JANUARY	3	1,788.75	0.00	220.40	1,568.35
2005 FEBRUARY	9	5,896.50	0.00	0.00	5,896.50
2005 MARCH	9	5,297.50	0.00	0.00	5,297.50
2005 APRIL	5	2,713.25	0.00	0.00	2,713.25
2005 MAY	5	2,890.00	0.00	0.00	2,890.00
2005 JUNE	16	9,759.50	0.00	0.00	9,759.50
<b>FISCAL YEAR TOTAL:</b>	<b>78</b>	<b>45,448.75</b>	<b>0.00</b>	<b>220.40</b>	<b>45,228.35</b>

EMSS - RESCUE AMBULANCE BILLING SYSTEM  
REVENUE SOURCE 4091 - EMERGENCY AMBULANCE SERVICES  
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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	ADJUSTMENT AMT	TOTAL PAYMENT AMT	TOTAL BALANCE
2005 JULY	7	4,406.50	-228.59	491.41	3,686.50
2005 AUGUST	5	2,607.25	0.00	0.00	2,607.25
2005 SEPTEMBER	10	5,808.00	0.00	0.00	5,808.00
2005 OCTOBER	9	5,332.50	0.00	0.00	5,332.50
2005 NOVEMBER	6	4,350.75	0.00	0.00	4,350.75
2005 DECEMBER	16	9,851.25	0.00	0.00	9,851.25
2006 JANUARY	6	4,390.50	0.00	0.00	4,390.50
2006 FEBRUARY	5	3,007.00	0.00	0.00	3,007.00
2006 MARCH	5	4,010.50	0.00	501.88	3,508.62
2006 APRIL	5	3,280.50	0.00	0.00	3,280.50
2006 MAY	5	3,274.75	0.00	0.00	3,274.75
2006 JUNE	10	6,590.00	-122.00	699.50	5,768.50
<b>FISCAL YEAR TOTAL:</b>	<b>89</b>	<b>56,909.50</b>	<b>-350.59</b>	<b>1,692.79</b>	<b>54,866.12</b>

EMSS - RESCUE AMBULANCE BILLING SYSTEM

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2006 JULY	30	23,313.25	0.00	0.00	0.00	23,313.25
2006 AUGUST	18	12,903.50	0.00	0.00	0.00	12,903.50
2006 SEPTEMBER	13	9,327.25	26.50	26.50	0.00	9,353.75
2006 OCTOBER	11	8,484.75	0.00	0.00	0.00	8,484.75
2006 NOVEMBER	6	4,907.25	-453.08	-453.08	383.54	4,070.63
2006 DECEMBER	4	3,434.00	0.00	0.00	400.00	3,034.00
2007 JANUARY	12	7,826.75	53.00	53.00	601.00	7,278.75
2007 FEBRUARY	13	9,707.75	0.00	0.00	0.00	9,707.75
2007 MARCH	16	12,312.75	0.00	0.00	647.19	11,665.56
2007 APRIL	32	23,145.00	0.00	0.00	0.00	23,145.00
2007 MAY	34	26,610.25	0.00	0.00	0.00	26,610.25
2007 JUNE	5	3,890.50	-472.14	-472.14	424.86	2,993.50
<b>FISCAL YEAR TOTAL:</b>	<b>194</b>	<b>145,863.00</b>	<b>-845.72</b>	<b>-845.72</b>	<b>2,456.59</b>	<b>142,560.69</b>

LOS ANGELES FIRE DEPARTMENT  
 ACCOUNTING SERVICES SECTION  
 EMSS - RESCUE AMBULANCE BILLING SYSTEM  
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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	ADJUSTMENT AMT	TOTAL PAYMENT AMT	TOTAL BALANCE
2007 JULY	27	21,327.25	-453.08	822.57	20,051.60
2007 AUGUST	20	15,889.25	0.00	1,323.33	14,565.92
2007 SEPTEMBER	27	21,121.25	0.00	0.00	21,121.25
2007 OCTOBER	23	18,518.75	0.00	0.00	18,518.75
2007 NOVEMBER	39	31,315.00	-283.92	360.58	30,670.50
2007 DECEMBER	39	30,441.25	-455.64	259.05	29,726.56
2008 JANUARY	38	30,797.00	0.00	100.00	30,697.00
2008 FEBRUARY	41	33,756.75	0.00	0.00	33,756.75
2008 MARCH	41	35,097.50	0.00	0.00	35,097.50
2008 APRIL	63	53,099.50	0.00	0.00	53,099.50
2008 MAY	34	29,982.50	-472.02	426.59	29,083.89
2008 JUNE	45	38,078.50	-739.50	0.00	37,339.00
FISCAL YEAR TOTAL:		359,424.50	-2,404.16	3,292.12	353,728.22

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INVOICE MONTH	NBR OF INVOICE	AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2008 JULY	27	21,735.25	-674.00	2,726.34	18,334.91
2008 AUGUST	29	23,818.00	0.00	0.00	23,818.00
2008 SEPTEMBER	42	32,774.00	1,067.00	1,742.00	32,099.00
2008 OCTOBER	48	39,923.75	0.00	0.00	39,923.75
2008 NOVEMBER	39	31,085.50	-1,127.35	1,543.52	28,414.63
2008 DECEMBER	78	66,102.50	-431.50	2,579.39	63,091.61
2009 JANUARY	54	45,667.50	1,151.15	2,887.27	43,931.38
2009 FEBRUARY	42	32,510.50	-1,071.16	888.87	30,550.47
2009 MARCH	134	111,020.50	-2,174.75	8,155.67	100,690.08
2009 APRIL	92	77,721.75	-2,921.58	12,493.01	62,307.16
2009 MAY	95	81,874.75	-1,379.66	5,756.65	74,738.44
2009 JUNE	100	94,462.50	-4,692.97	6,077.46	83,692.07
FISCAL YEAR TOTAL:				44,850.18	601,591.50

FISCAL YEAR TOTAL: 780 -12,254.82 658,696.50

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2009 JULY	103	91,409.25	-5,609.73	9,942.87	75,856.65
2009 AUGUST	72	67,374.00	-8,795.09	10,269.69	48,309.22
2009 SEPTEMBER	111	101,797.00	-10,575.63	14,480.19	76,741.18
2009 OCTOBER	132	124,477.00	-13,876.46	16,686.15	93,914.39
2009 NOVEMBER	97	93,215.75	-6,609.00	12,159.47	74,447.28
2009 DECEMBER	199	194,126.50	-24,072.71	27,796.91	142,256.88
2010 JANUARY	365	350,109.50	-59,713.81	65,098.00	225,297.69
2010 FEBRUARY	444	418,936.75	-50,940.43	52,374.61	315,621.71
2010 MARCH	1,115	1,054,689.25	-53,799.45	85,792.39	915,097.41
2010 APRIL	1,416	1,336,208.75	-50,669.78	97,208.41	1,188,330.56
2010 MAY	1,475	1,381,872.75	-35,584.77	88,630.99	1,257,656.99
2010 JUNE	1,362	1,267,920.25	-50,080.72	88,242.46	1,129,597.07
FISCAL YEAR TOTAL:	6,891	6,482,136.75	-370,327.58	568,682.14	5,543,127.03

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2010 JULY	872	824,707.75	-68,900.92	95,788.45	660,018.38
2010 AUGUST	878	828,373.75	-64,480.00	113,791.36	650,102.39
2010 SEPTEMBER	1,195	1,198,586.75	-116,913.05	202,510.06	879,163.64
2010 OCTOBER	920	1,006,803.25	-142,497.26	164,721.81	699,584.18
2010 NOVEMBER	17	16,292.50	0.00	0.00	16,292.50
2010 DECEMBER	6	4,243.75	0.00	609.25	3,634.50
2011 JANUARY	53	50,219.00	-960.08	2,925.49	46,333.43
2011 FEBRUARY	259	249,241.50	-2,375.13	4,733.31	242,133.06
2011 MARCH	248	233,602.50	-2,410.50	11,784.28	219,407.72
2011 APRIL	141	130,476.25	-2,667.70	2,578.40	125,230.15
2011 MAY	316	287,172.00	-894.07	1,656.04	284,621.89
2011 JUNE	18	16,009.75	0.00	0.00	16,009.75
<b>FISCAL YEAR TOTAL:</b>	<b>4,923</b>	<b>4,845,728.75</b>	<b>-402,098.71</b>	<b>601,098.45</b>	<b>3,842,531.59</b>

EMSS - RESCUE AMBULANCE BILLING SYSTEM  
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2011 JULY	46	37,685.50	0.00	0.00	37,685.50
2011 AUGUST	5	4,459.00	0.00	0.00	4,459.00
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
<b>FISCAL YEAR TOTAL:</b>	<b>51</b>	<b>42,144.50</b>	<b>0.00</b>	<b>0.00</b>	<b>42,144.50</b>

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FISCAL YEAR	NBR OF INVOICE	TOTAL AMOUNT INVOICED	ADJUSTMENT AMT	TOTAL PAYMENT AMT	TOTAL BALANCE
FY2004-2005:	78	45,448.75	0.00	220.40	45,228.35
FY2005-2006:	89	56,909.50	-350.59	1,692.79	54,866.12
FY2006-2007:	194	145,863.00	-845.72	2,456.59	142,560.69
FY2007-2008:	437	359,424.50	-2,404.16	3,292.12	353,728.22
FY2008-2009:	780	658,696.50	-12,254.82	44,850.18	601,591.50
FY2009-2010:	6,891	6,482,136.75	-370,327.58	568,682.14	5,543,127.03
FY2010-2011:	4,923	4,845,728.75	-402,098.71	601,098.45	3,842,531.59
FY2011-2012:	51	42,144.50	0.00	0.00	42,144.50
GRAND TOTAL:	13,443	12,636,352.25	-788,281.58	1,222,292.67	10,625,778.00