

March 19, 2013

# LOS ANGELES FIRE DEPARTMENT



BRIAN L. CUMMINGS  
FIRE CHIEF

March 19, 2013

BOARD OF FIRE COMMISSIONERS  
FILE NO. 13-036

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 2010-11 TO 2012-13 (FROM NOVEMBER 2010 THROUGH  
NOVEMBER 2012)

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 Withdrawn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 \$1,349,863.83 in uncollectible emergency ambulance service accounts each valued less than \$5,000 for Fiscal Years 2010-11 to 2012-13 (November 2010 through November 2012) 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 2010-11 to 2012-13 (November 2010 through November 2012) from the Advanced Data Processing, Inc. Emergency Medical Services billing and collection system consists of 1,476 accounts each valued less than \$5,000 amounting to \$1,349,863.83.

3. The 1,476 accounts for \$1,349,863.83 consists of 1,222 accounts for \$1,093,890.31 (for the period November 2010 to May 2012) that were referred to the City's outside collection agency, NCO Financial Systems, Inc. for collection and were deemed to be uncollectible, and 254 accounts for \$255,973.52 (for the period November 2010 to November 2012) that there discharge of court approved bankruptcy occurring prior to any collection agency referral.
4. The staff of Accounting Services, along with the recommendation of the Office of Finance, determined that the attached summary lists of unpaid accounts amounting to \$1,349,863.83 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 2010-11 through 2012-13 (November 2010 through November 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, Department Chief Accountant, Accounting Services Section, Administrative Services Bureau.

Attachments

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

March 19, 2013

TO: Shane Min, Chairperson I  
Office of the Controller

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

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE LAFD EMERGENCY AMBULANCE  
SERVICE CHARGES EACH VALUED LESS THAN \$5,000 FOR FISCAL  
YEARS 2010-11 TO 2012-13 (NOVEMBER 2010 THROUGH NOVEMBER  
2012)



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 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 write off of these unpaid accounts shall not preclude the City from collecting any sum that later proves to be collectible.

Since November 2010, Advanced Data Processing, Inc. (ADPI) has been providing contractual ambulance billing and collection services for the Department. The billing and collection process for the emergency medical service/from creation of the electronic patient care record through a field data capture system includes proper coding for claims processing, submitting claims to payers (Insurance companies, Medicare, Medi-Cal, etc.), and gathering/validating patient/payer/insurance information through improved hospital relationships, improved technology, and patient requests for insurance information. When insurance /payer information is not received, three patient invoices are sent out (initial/2<sup>nd</sup> if unpaid after 30 days, 3<sup>rd</sup> after 90 days from initial billing). All unpaid accounts aged over 200 days in the ADPI system from patient initial billing date are referred for additional collection efforts to the City's contracted outside collection agency.

Of the more than 445,000 accounts billed and processed to date through ADPI, a total of 100,409 delinquent accounts for \$109,680,932 from February 2012 through January 2013 from the ADPI 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 1,476 accounts each valued less than \$5,000 for a total of \$1,349,863.83. 254 accounts for \$255,973.52 are for billings where discharge of court approved bankruptcy has occurred for the period March 2011 to February 13, 2013 prior to any collection agency referral. 1,222 accounts for \$1,093,890.31 are for billings for the period November 2010 to May 2012 which were referred to NCO Financial Systems collection agency and returned from June 2012 to December 2012 as uncollectible.

## RECOMMENDATION

It is recommended that the Honorable Board of Review approve the write-off of \$1,349,863.83 of 1,476 uncollected emergency ambulance service accounts, each valued less than \$5,000 for Fiscal Years 2010-11 to 2012-13 (November 2010 to November 2012).

## 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. The Department performs exhaustive research to ensure that the patient and insurance information are accurate and complete. A patient receives at least 3 invoices for each account with an outstanding balance. Pursuant to Section 5.181 of the Los Angeles Administrative Code, accounts that are deemed to be delinquent and uncollectible must be referred for additional collection efforts to the City's contracted outside collection agencies for up to one year. 1,222 accounts referred to NCO Financial Systems, Inc. for additional collection efforts were returned to the Department as uncollectible and 254 accounts are with discharge of court approved bankruptcy prior to collection agency referral. These 1,476 uncollectible accounts are each valued less than \$5,000. 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 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.

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 NCO as uncollectible

Fiscal Year and Month Summary (Account Created Date)

Returned from June 2012 to Dec 2012

Run date:

2/7/2013

Fiscal Year -Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011-Nov 2010	56	69581.5	8825	12465.8	48,290.70
FY 2011-Dec 2010	160	199792.5	26878.19	15779.2	157,135.11
FY 2011-Jan 2011	171	223350.5	40723.29	33025.18	149,602.03
FY 2011-Feb 2011	102	136215.25	23806.09	18918	93,491.16
FY 2011-Mar 2011	97	130167.5	24887.48	22819.75	82,460.27
FY 2011-Apr 2011	84	112423.5	19730.84	11354.11	81,338.55
FY 2011-May 2011	93	116675.5	29170.87	17287.43	70,217.20
FY 2011-Jun 2011	79	99500	14616.93	9923.79	74,959.28
FY 2012-Jul 2011	64	82343.75	18166.16	12125.7	52,051.89
FY 2012-Aug 2011	61	79117.25	13345.41	10924.31	54,847.53
FY 2012-Sep 2011	45	55406.25	5152.09	5068.86	45,185.30
FY 2012-Oct 2011	50	63820	9605.94	9803.22	44,410.84
FY 2012-Nov 2011	38	49811.5	10020.48	5888.3	33,902.72
FY 2012-Dec 2011	35	44947	7501.05	6519.43	30,926.52
FY 2012-Jan 2012	29	37622.5	8491.48	5429.6	23,701.42
FY 2012-Feb 2012	30	39599.25	11669.43	4074.84	23,854.98
FY 2012-Mar 2012	13	17691.5	2759.3	3914.33	11,017.87
FY 2012-Apr 2012	14	17678.5	1213.08	1388.73	15,076.69
FY 2012-May 2012	1	1420.25	0	0	1,420.25
<b>Grand Total</b>	<b>1222</b>	<b>1577164</b>	<b>276563.11</b>	<b>206710.58</b>	<b>1,093,890.31</b>

<b>FY 2011</b>	<b>842</b>	<b>1,087,706.25</b>	<b>188,638.69</b>	<b>141,573.26</b>	<b>757,494.30</b>
<b>FY 2012</b>	<b>380</b>	<b>489,457.75</b>	<b>87,924.42</b>	<b>65,137.32</b>	<b>336,396.01</b>
<b>Grand Total</b>	<b>1222</b>	<b>1,577,164.00</b>	<b>276,563.11</b>	<b>206,710.58</b>	<b>1,093,890.31</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 that are uncollectible due to court approved bankruptcy

Fiscal Year and Month Summary (Account Created Date)

Intermedix Closed Accounts from March 1, 2011 to February 13, 2013

Run date:

2/14/2013

FY - Month Year	Data				
	Number of Accounts	Gross Charges	Payments	Adjustments	Remaining Balance
FY 2011 - Nov 2010	4	5696.75	0	0	5696.75
FY 2011 - Dec 2010	13	17319.5	2366.79	569.23	14383.48
FY 2011 - Jan 2011	31	40266.75	9109.58	0	31157.17
FY 2011 - Feb 2011	22	29261	9509.98	-693.6	20444.62
FY 2011 - Mar 2011	17	23083.75	2851.92	979.84	19251.99
FY 2011 - Apr 2011	9	12551.25	3295.51	459.15	8796.59
FY 2011 - May 2011	12	14213.25	3459.15	931.83	9822.27
FY 2011 - Jun 2011	12	15268.5	5579.05	-989.75	10679.2
FY 2012 - Jul 2011	11	14819.5	493.78	843.46	13482.26
FY 2012 - Aug 2011	9	11249.25	2438.75	0	8810.5
FY 2012 - Sep 2011	12	14743.5	1323.95	949.05	12470.5
FY 2012 - Oct 2011	6	7912.5	3326.74	-328.74	4914.5
FY 2012 - Nov 2011	7	8025.5	1438.16	0	6587.34
FY 2012 - Dec 2011	8	10196.5	1751.24	922.38	7522.88
FY 2012 - Jan 2012	12	15825	3150.05	708.24	11966.71
FY 2012 - Feb 2012	11	14536	3614.95	929.95	9991.1
FY 2012 - Mar 2012	9	11984.25	745.61	458.89	10779.75
FY 2012 - Apr 2012	10	11918.75	2487.81	0	9430.94
FY 2012 - May 2012	12	16497	5142.17	598.97	10755.86
FY 2012 - Jun 2012	12	15462.75	1663.02	1403.05	12396.68
FY 2013 - Jul 2012	5	6366.25	292.35	977.81	5096.09
FY 2013 - Aug 2012	4	5423.75	349.57	663.04	4411.14
FY 2013 - Oct 2012	3	4245	1028.8	0	3216.2
FY 2013 - Nov 2012	3	3909	0	0	3909
<b>Grand Total</b>	<b>254</b>	<b>330775.25</b>	<b>65418.93</b>	<b>9382.8</b>	<b>255973.52</b>

FY2011	120	157,660.75	36,171.98	1,256.70	120,232.07
FY2012	119	153,170.50	27,576.23	6,485.25	119,109.02
FY2013	15	19,944.00	1,670.72	1,640.85	16,632.43
	<b>254</b>	<b>330,775.25</b>	<b>65,418.93</b>	<b>9,382.80</b>	<b>255,973.52</b>