

LOS ANGELES FIRE DEPARTMENT



JAMES G. FEATHERSTONE
INTERIM FIRE CHIEF

November 18, 2013

BOARD OF FIRE COMMISSIONERS
FILE NO. 13-140

TO: Board of Fire Commissioners

FROM: James G. Featherstone, Interim 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 OCTOBER 2010 THROUGH OCTOBER 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 Withdrawn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

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 33,320 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2012-13 (October 2010 through October 2012) from the Advanced Data Processing, Inc. Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 33,320 accounts amounts to \$35,939,632.29.

The 33,320 accounts referred for collection to the City's contractor, NCO Financial Systems, Inc., were subsequently deemed to be uncollectible and were returned to the Fire Department between January 2013 and September 2013.

The staff of Accounting Services and the Office of Finance determined that the attached summary report of unpaid accounts amounting to \$35,939,632.29 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 \$35,939,632.29 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2012-13 (October 2010 through October 2012) for write-off authority.

2. Forward three (3) sets of the attached letter and summary report 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, Accounting Services Section, Administrative Services Bureau.

Attachment

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November 18, 2013

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 LAFD Emergency Ambulance Service Charges Each Valued
Less Than \$5,000 for Fiscal Years 2010-2011 to 2012-2013
(From October 2010 through October 2012)

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 Department 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, NCO Financial Systems, Inc.

Submitted for this write-off request are 33,320 accounts each valued less than \$5,000 for a total of \$35,939,632.29. These accounts were billed October 2010 to October 2012, referred to NCO Financial Systems collection agency, and returned to the Fire Department between January 2013 and September 2013 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$35,939,632.29 from 33,320 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2012-13 (October 2010 to October 2012), 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 Department performs exhaustive research to ensure that the patient and insurance information are accurate and complete. A patient receives at least 4 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 one year. For Fiscal Years 2010-11 to 2012-13, 33,320 accounts referred to NCO Financial Systems, Inc. for additional collection efforts were returned to the Department as uncollectible between January 2013 and September 2013. 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 discharge of bankruptcy has occurred, or due to difficult to collect reasons; and
 - e. The applicable statute of limitations for collection of debt has not expired. 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.

Sincerely,



JAMES G. FEATHERSTONE
Interim Fire Chief

Attachment

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 Jan 2013 to Sep 2013

Run date:
10/28/2013

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 -OCT 2010	2	2,220.00	-	-	2,220.00
FY 2011 -NOV 2010	221	274,291.25	40,194.94	24,251.55	209,844.76
FY 2011 -DEC 2010	944	1,137,767.50	99,105.05	51,286.97	987,375.48
FY 2011 -JAN 2011	2,524	3,243,003.25	297,380.14	189,120.72	2,756,502.39
FY 2011 -FEB 2011	1,628	2,137,724.75	235,328.67	155,590.00	1,746,806.08
FY 2011 -MAR 2011	1,701	2,233,663.25	271,254.45	163,079.21	1,799,329.59
FY 2011 -APR 2011	1,285	1,688,284.50	251,355.82	151,311.84	1,285,616.84
FY 2011 -MAY 2011	1,113	1,427,039.25	198,550.66	147,859.79	1,080,628.80
FY 2011 -JUN 2011	1,378	1,759,143.25	260,683.54	166,340.08	1,332,119.63
FY 2012 -JUL 2011	2,191	2,780,873.00	290,021.68	221,949.99	2,268,901.33
FY 2012 -AUG 2011	3,320	4,194,213.25	318,389.96	245,253.13	3,630,570.16
FY 2012 -SEP 2011	3,342	4,204,450.25	377,824.96	242,003.89	3,584,621.40
FY 2012 -OCT 2011	3,844	4,820,747.50	383,653.18	280,997.84	4,156,096.48
FY 2012 -NOV 2011	3,527	4,464,471.00	322,883.91	222,185.01	3,919,402.08
FY 2012 -DEC 2011	2,844	3,624,976.50	179,693.02	177,358.81	3,267,924.67
FY 2012 -JAN 2012	2,192	2,818,966.00	149,090.85	115,107.00	2,554,768.15
FY 2012 -FEB 2012	940	1,175,288.00	66,417.97	52,587.85	1,056,282.18
FY 2012 -MAR 2012	43	55,437.50	10,910.05	7,757.79	36,769.66
FY 2012 -APR 2012	45	58,015.50	12,327.46	3,570.87	42,117.17
FY 2012 -MAY 2012	42	53,676.00	4,963.82	2,753.17	45,959.01
FY 2012 -JUN 2012	44	58,154.50	7,311.86	8,114.83	42,727.81
FY 2013 -JUL 2012	48	63,819.75	11,377.25	6,825.16	45,617.34
FY 2013 -AUG 2012	39	50,496.75	9,112.44	8,590.04	32,794.27
FY 2013 -SEP 2012	54	72,876.75	15,444.84	11,535.15	45,896.76
FY 2013 -OCT 2012	9	11,023.50	649.43	1,633.82	8,740.25
Grand Total	33,320	42,410,622.75	3,813,925.95	2,657,064.51	35,939,632.29
FY 2011	10,796	13,903,137.00	1,653,853.27	1,048,840.16	11,200,443.57
FY 2012	22,374	28,309,269.00	2,123,488.72	1,579,640.18	24,606,140.10
FY 2013	150	198,216.75	36,583.96	28,584.17	133,048.62
Grand Total	33,320	42,410,622.75	3,813,925.95	2,657,064.51	35,939,632.29