



# LOS ANGELES FIRE DEPARTMENT

JAMES G. FEATHERSTONE  
INTERIM FIRE CHIEF

February 11, 2014

BOARD OF FIRE COMMISSIONERS  
FILE NO. 14-020

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 2013-14 (FROM NOVEMBER 2010 THROUGH  
JULY 2013)

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 Withdrawn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 14,896 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2013-14 (November 2010 through July 2013) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 14,896 accounts amounts to \$16,085,046.05.

The 14,855 accounts for \$16,044,395.94 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 October 2013 and December 2013. The 41 accounts for \$40,650.11 are for billings from November 2010 to July 2013 where court approved bankruptcy discharged that occurred between October 2013 and December 2013.

The staff of Accounting Services and the Office of Finance determined that the attached summary reports of unpaid accounts amounting to \$16,085,046.05 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 \$16,085,046.05 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2013-14 (November 2010 through July 2013) for write-off authority.
2. Forward three (3) sets of 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 Reports of Unpaid Accounts

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**FIRE DEPARTMENT**

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February 11, 2014

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 2010-11 to 2013-14  
(From November 2010 through July 2013)

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 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 14,896 accounts each valued less than \$5,000 for a total of \$16,085,046.05. The 14,855 accounts for \$16,044,395.94 were billed November 2010 to October 2012, referred to NCO Financial Systems collection agency, and returned to the LAFD between October 2013 and December 2013 as uncollectible. The 41 accounts for \$40,650.11 are for billings from November 2010 to July 2013 that are court approved bankruptcy discharges that occurred between October 2013 and December 2013.

It is recommended that the Collections Board of Review approve the write-off of \$16,085,046.05 from 14,896 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2012-13 (November 2010 to July 2013), 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 four 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, 14,855 accounts referred to NCO Financial Systems, Inc. for additional collection efforts were returned to the LAFD as uncollectible between October 2013 and December 2013. The 41 accounts for \$40,650.11 are for billings from November 2010 to July 2013 that are court approved bankruptcy discharges that occurred between October and December 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 Oct 2013 to Dec 2013

Run date:  
2/4/2014

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 - NOV 2010	3	3,939.00	1,134.12	920.47	1,884.41
FY 2011 - DEC 2010	19	23,353.50	2,065.53	1,560.59	19,727.38
FY 2011 - JAN 2011	54	69,015.75	10,704.66	4,691.15	53,619.94
FY 2011 - FEB 2011	28	36,610.25	6,952.11	2,912.24	26,745.90
FY 2011 - MAR 2011	26	35,667.00	8,308.81	3,796.13	23,562.06
FY 2011 - APR 2011	25	33,217.25	8,413.58	2,837.77	21,965.90
FY 2011 - MAY 2011	30	37,509.75	8,680.62	973.69	27,855.44
FY 2011 - JUN 2011	35	44,863.00	10,278.43	5,391.90	29,192.67
FY 2012 - JUL 2011	81	101,348.25	28,936.03	9,821.91	62,590.31
FY 2012 - AUG 2011	121	152,393.75	44,908.11	15,940.86	91,544.78
FY 2012 - SEP 2011	118	147,372.25	39,657.76	27,998.82	79,715.67
FY 2012 - OCT 2011	174	215,676.00	61,874.14	34,396.00	119,405.86
FY 2012 - NOV 2011	243	305,037.00	73,816.60	49,881.32	181,339.08
FY 2012 - DEC 2011	774	970,438.50	248,930.28	130,895.29	590,612.93
FY 2012 - JAN 2012	1,330	1,710,553.25	233,316.49	178,547.55	1,298,689.21
FY 2012 - FEB 2012	3,053	3,901,638.25	313,951.88	192,352.47	3,395,333.90
FY 2012 - MAR 2012	3,988	5,116,245.50	388,553.04	273,999.14	4,453,693.32
FY 2012 - APR 2012	3,256	4,151,534.75	176,561.89	141,606.22	3,833,366.64
FY 2012 - MAY 2012	1,377	1,756,866.75	75,473.62	59,576.09	1,621,817.04
FY 2012 - JUN 2012	27	31,815.75	5,335.00	2,162.12	24,318.63
FY 2013 - JUL 2012	27	34,566.75	3,554.90	2,903.75	28,108.10
FY 2013 - AUG 2012	31	36,362.75	4,557.46	2,785.56	29,019.73
FY 2013 - SEP 2012	26	33,314.50	5,289.44	4,465.41	23,559.65
FY 2013 - OCT 2012	9	11,648.25	2,085.47	2,835.39	6,727.39
	14,855	18,960,987.75	1,763,339.97	1,153,251.84	16,044,395.94

FY 2011	220	284,175.50	56,537.86	23,083.94	204,553.70
FY 2012	14,542	18,560,920.00	1,691,314.84	1,117,177.79	15,752,427.37
FY 2013	93	115,892.25	15,487.27	12,990.11	87,414.87
Grand Total	14,855	18,960,987.75	1,763,339.97	1,153,251.84	16,044,395.94

## 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 Oct 2013 to Dec 2013

Run date:

2/6/2014

Data						
Fiscal Year - Month Year	Number Count	Gross Charges	Payments	adjustments	Sum of Bankruptcy	
11/29/2010	1	1,035.50	-	-	1,035.50	
12/3/2010	1	1,067.00	-	-	1,067.00	
12/28/2010	1	1,067.00	-	-	1,067.00	
1/7/2011	2	1,842.00	-	-	1,842.00	
2/11/2011	1	1,067.00	-	-	1,067.00	
2/17/2011	1	1,193.00	-	-	1,193.00	
3/8/2012	1	1,388.75	125.00	-	1,263.75	
5/8/2012	1	1,388.75	-	-	1,388.75	
5/16/2012	1	989.75	200.00	-	789.75	
7/12/2012	1	1,420.25	-	-	1,420.25	
9/17/2012	1	1,037.00	-	-	1,037.00	
10/20/2012	1	1,037.00	937.00	-	100.00	
10/21/2012	1	1,131.50	1,031.50	-	100.00	
10/27/2012	1	1,404.50	-	-	1,404.50	
10/28/2012	1	1,388.75	-	-	1,388.75	
11/10/2012	1	1,467.50	-	-	1,467.50	
11/11/2012	1	1,005.50	-	-	1,005.50	
12/1/2012	1	1,436.00	-	-	1,436.00	
12/7/2012	1	1,021.25	-	-	1,021.25	
12/17/2012	1	1,005.50	-	-	1,005.50	
12/18/2012	1	1,514.75	-	-	1,514.75	
12/24/2012	2	2,809.00	-	-	2,809.00	
12/28/2012	1	1,420.25	-	-	1,420.25	
12/30/2012	1	1,420.25	-	-	1,420.25	
1/8/2013	1	1,404.50	-	-	1,404.50	
2/1/2013	1	1,019.75	-	-	1,019.75	
2/7/2013	1	1,436.00	1,286.00	-	150.00	
2/10/2013	1	1,021.25	212.12	609.13	200.00	
2/16/2013	1	1,451.75	-	-	1,451.75	
2/18/2013	1	1,436.00	391.36	944.92	99.72	
2/23/2013	1	1,021.25	212.12	-	809.13	
2/24/2013	1	1,052.75	-	-	1,052.75	
3/10/2013	1	1,404.50	901.10	-	503.40	
3/18/2013	1	1,436.00	393.43	944.21	98.36	
3/20/2013	1	1,037.00	330.27	624.16	82.57	
4/9/2013	1	1,404.50	-	-	1,404.50	
6/3/2013	1	1,052.75	1.57	-	1,051.18	
7/3/2013	2	2,058.25	-	-	2,058.25	
(blank)						
Grand Total	41	49,794.00	6,021.47	3,122.42	40,650.11	

2011	7	7,271.50	-	-	7,271.50
2012	3	3,767.25	325.00	-	3,442.25
2013	29	36,697.00	5,696.47	3,122.42	27,878.11
2014	2	2,058.25	-	-	2,058.25
Grand Total	41	49,794.00	6,021.47	3,122.42	40,650.11