

October 7, 2014

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

September 18, 2014

BOARD OF FIRE COMMISSIONERS
FILE NO. 14-099

TO: Board of Fire Commissioners

FROM: Ralph M. Terrazas, Fire Chief

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

FINAL ACTION: ☐ Approved ☐ Approved w/Corrections ☐ Withdrawn
☐ Denied ☐ Received & Filed ☐ 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 26,939 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2012-13 (November 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 26,939 accounts amounts to \$29,968,055.44.

The 26,939 accounts for \$29,968,055.44 referred for collection to the City's contractor, NCO Financial Systems, Inc., were subsequently deemed to be uncollectible and were returned to the Los Angeles Fire Department (Department) between March 2014 and September 2014.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$29,968,055.44 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 \$29,968,055.44 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2012-13 (November 2010 through October 2012) 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 Report by Month of Unpaid Accounts
- Attachment 3, Summary Report by Primary Financial Class

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FIRE DEPARTMENT

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September 18, 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 Los Angeles Fire Department
Emergency Ambulance Service Charges Each Valued Less Than \$5,000
for Fiscal Years 2010-11 to 2012-13 (From November 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 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 26,939 accounts each valued less than \$5,000 for a total of \$29,968,055.44. These accounts were billed November 2010 to October 2012, referred to NCO Financial Systems collection agency, and returned to the LAFD between March 2014 and September 2014 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$29,968,055.44 from 26,939 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2012-13 (November 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 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, 26,939 accounts referred to NCO Financial Systems, Inc. for additional collection efforts were returned to the LAFD as uncollectible between March 2014 and September 2014. 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 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,



RALPH M. TERRAZAS
Fire Chief

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 Mar 2014 to Sep 2014

Run date:

17-Sep-14

Fiscal Year - Month Year	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 - Nov 2010	459.00	541,842.50	23,346.64	15,577.52	502,918.34
FY 2011 - Dec 2010	1,690.00	2,011,626.25	93,386.79	67,903.59	1,850,335.87
FY 2011 - Jan 2011	1,371.00	1,730,634.25	92,980.09	74,376.04	1,563,278.12
FY 2011 - Feb 2011	480.00	610,031.00	41,164.58	16,340.85	552,525.57
FY 2011 - Mar 2011	316.00	405,858.50	26,554.07	14,768.56	364,535.87
FY 2011 - Apr 2011	171.00	211,948.75	19,074.92	10,176.63	182,697.20
FY 2011 - May 2011	120.00	154,119.50	13,425.06	7,589.54	133,104.90
FY 2011 - Jun 2011	163.00	196,199.75	11,757.42	10,452.11	173,990.22
FY 2012 - Jul 2011	127.00	157,685.75	16,500.60	8,730.36	132,454.79
FY 2012 - Aug 2011	137.00	171,975.25	11,470.74	9,503.92	151,000.59
FY 2012 - Sep 2011	145.00	182,151.75	23,684.42	10,255.22	148,212.11
FY 2012 - Oct 2011	159.00	196,076.00	16,914.25	10,934.21	168,227.54
FY 2012 - Nov 2011	145.00	183,034.25	18,931.65	17,210.25	146,892.35
FY 2012 - Dec 2011	253.00	321,119.00	30,079.77	17,669.76	273,369.47
FY 2012 - Jan 2012	301.00	382,823.00	33,323.88	35,680.08	313,819.04
FY 2012 - Feb 2012	390.00	472,743.00	48,267.36	30,923.49	393,552.16
FY 2012 - Mar 2012	355.00	443,262.50	40,050.98	32,360.37	370,851.15
FY 2012 - Apr 2012	416.00	512,263.00	53,817.48	35,818.14	422,627.38
FY 2012 - May 2012	397.00	493,652.00	48,836.08	30,439.60	414,376.32
FY 2012 - Jun 2012	1,594.00	2,035,367.00	177,696.30	112,147.84	1,745,522.86
FY 2013 - Jul 2012	5,296.00	6,769,686.50	493,989.92	309,309.71	5,966,386.87
FY 2013 - Aug 2012	5,636.00	7,139,150.50	470,250.90	306,227.74	6,362,671.86
FY 2013 - Sep 2012	4,824.00	6,157,314.75	429,332.45	286,032.48	5,441,949.82
FY 2013 - Oct 2012	1,994.00	2,545,438.75	201,173.93	151,509.78	2,192,755.04
(blank)	-	-	-	-	-
Grand Total	26,939	34,026,003.50	2,436,010.28	1,621,937.79	29,968,055.44

FY 2011	4,770	5,862,260.50	321,689.57	217,184.84	5,323,386.09
FY 2012	4,419	5,552,152.50	519,573.51	351,673.24	4,680,905.76
FY 2013	17,750	22,611,590.50	1,594,747.20	1,053,079.71	19,963,763.59
Grand Total	26,939	34,026,003.50	2,436,010.28	1,621,937.79	29,968,055.44

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
Summary by Primary Financial Class Type
Returned from Mar 2014 to Sep 2014

Run date:
17-Sep-14

Primary Financial Class Type	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
Commercial	2,433	3,112,656.50	1,645,584.00	25,712.66	1,441,359.84
Contract	4	5,266.25	1,063.75	-	4,202.50
Medicaid	91	113,141.00	-	-	113,141.00
Medicare	2,458	3,161,039.25	704,021.59	1,590,337.12	866,680.55
Self Pay	21,953	27,633,900.50	85,340.94	5,888.01	27,542,671.55
Grand Total	26,939	34,026,003.50	2,436,010.28	1,621,937.79	29,968,055.44

Type of Financial Class:

- Medicare: The primary payer of the account is federal health insurance programs, such as Medicare, Tricare, Railroad Medicare, and Medicare Health Plans.
- Medicaid: The primary payer of the account is state or local managed social healthcare programs for families and individuals with Examples are Medicaid, Medicaid managed care program, Healthy Families Program, Healthy Way LA.
- Contract: The primary payer of the account is Veterans Health Administration.
- Self Pay: The primary account payers are the patients or individuals other than Medicare, Medicaid, Contract and Commercial.
- Commercial: The primary account payers are commercial insurance organizations such as health insurance company, auto insurance company, workers compensation insurance company.