

# RALPH M. TERRAZAS

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BOARD OF FIRE COMMISSIONERS FILE NO. 15-102

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 2014-15 (FROM

DECEMBER 2010 THROUGH SEPTEMBER 2014)

FINAL ACTION: Approved Denied	Approved w/Corrections Received & Filed	Withdrawn Other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 68,439 uncollected emergency ambulance service accounts for Fiscal Years 2010-11 to 2014-15 (December 2010 through September 2014) from the Advanced Data Processing, Inc., Emergency Medical Services billing and collection system. Each account is valued less than \$5,000; the total for 68,439 accounts amounts to \$86,409,432.50.

The 68,439 accounts for \$86,409,432.50 referred for collection to the City's contractor, Harris & Harris, Ltd., were subsequently deemed to be uncollectible and were returned to the Los Angeles Fire Department (Department) between October 2014 and July 2015.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the attached summary reports of unpaid accounts amounting to \$86,409,432.50 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 \$86,409,432.50 in uncollectible emergency ambulance service accounts, each valued less than \$5,000, for Fiscal Years 2010-11 to 2014-15 (December 2010 through September 2014) 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

### **BOARD OF FIRE** COMMISSIONERS

CITY OF LOS ANGELES

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**FIRE DEPARTMENT** 

**RALPH M. TERRAZAS** FIRE CHIEF

**200 NORTH MAIN STREET ROOM 1635** LOS ANGELES, CA 90012

> (213) 978-3477 FAX: (213) 978-3414

HTTP://WWW.LAFD.ORG

August 24, 2015

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 2014-15 (From December 2010 through September 2014)

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, Harris and Harris, Ltd.

Submitted for this write-off request are 68,439 accounts each valued less than \$5,000 for a total of \$86,409,432.50. These accounts were billed December 2010 to September 2014, referred to Harris and Harris collection agency, and returned to the LAFD between October 2014 and July 2015 as uncollectible.

It is recommended that the Collections Board of Review approve the write-off of \$86,409,432.50 from 68,439 uncollected ambulance service accounts for Fiscal Years 2010-11 to 2014-15 (December 2010 to September 2014), each valued less than \$5,000.

- 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 nine months. For Fiscal Years 2010-11 to 2014-15, 68,439 accounts referred to Harris and Harris, Ltd. for additional collection efforts were returned to the LAFD as uncollectible between October 2014 and July 2015. 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 85 accounts for collection of debt has expired. The write-off of all 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** 

Returned from Oct 2014 to Jul 2015

**Grand Total** 

Run date:

19-Aug-15

Fiscal Year - Month Yea	Number of Accounts	Gross Charges	Payments	Adjustments	Balance
FY 2011 Dec 2010	3	3,867.50	-		3,867.50
FY 2011 Jan 2011	. 3	3,540.00	340.90	560.35	2,638.75
FY 2011 - Feb 2011		3,188.25	The state of the s	W 1 00 000 1 1 0	3,188.25
FY 2011 - Mar 2011	. 11	13,895.50			13,895.50
FY 2011 - Apr 2011	14	17,631.25	1,401.80		16,229.45
FY 2011 May 2011	. 15	18,605.25	Tree res of		18,605.25
FY 2011 Jun 2011	13	16,075.00			16,075.00
FY 2012 Jul 2011	13	17,387.00		(0)	17,387.00
FY 2012 Aug 2011	10	11,887.25	•		11,887.25
FY 2012 Sep 2011	15	19,335.00	-		19,335.00
FY 2012 - Oct 2011	14	18,256.00	454.50		17,801.50
FY 2012 Nov 2011	15	18,615.75	4		18,615.75
FY 2012 Dec 2011	40	49,397.00	271.06		49,125.94
FY 2012 Jan 2012	45	57,291.00			57,291.00
FY 2012 Feb 2012	30	37,026.75	2		37,026.75
FY 2012 Mar 2012	36	46,682.25	2,074.21		44,608.04
FY 2012 Apr 2012	45	55,537.50		_	55,537.50
FY 2012 May 2012	54	70,356.75	1,697.77		68,658.98
FY 2012 Jun 2012	63	78,335.25	1,709.59		76,625.66
FY 2013 Jul 2012	69	88,421.25	-	2	88,421.25
FY 2013 Aug 2012	153	189,368.25	2,330.77		187,037.48
FY 2013 Sep 2012	339	428,518.50	3,298.75	1,025.91	424,193.84
FY 2013 Oct 2012	3,018	3,827,023.50	12,750.84		3,814,272.66
FY 2013 Nov 2012	4,160	5,273,289.25	13,995.57	1,570.39	5,257,723.29
FY 2013 Dec 2012	4,357	5,532,908.00	15,538.71	3,119.46	5,514,249.83
FY 2013 Jan 2013	4,488	5,697,472.50	18,894.19	600.46	5,677,977.85
FY 2013 - Feb 2013	3,920	4,983,877.75	12,759.91	946.41	4,970,171.43
Y 2013 - Mar 2013	4,448	5,701,510.00	25,637.17	4,785.68	5,671,087.15
FY 2013 - Apr 2013	4,230	5,394,111.00	26,758.07	969.48	5,366,383.45
FY 2013 May 2013	4,738	6,008,335.25	25,287.78	3,738.39	5,979,309.08
FY 2013 Jun 2013	4,720	6,003,970.25	27,793.00	-	5,976,177.25
FY 2014 Jul 2013	4,508	5,725,520.50	28,942.03	2,415.24	5,694,163.23
FY 2014 Aug 2013	4,630	5,861,563.25	30,625.63	4,141.76	5,826,795.86
7Y 2014 Sep 2013	4,353	5,517,068.25	29,313.23	2,026.87	5,485,728.15
FY 2014 Oct 2013	4,291	5,431,637.75	23,620.67	4,450.71	5,403,566.37
Y 2014 Nov 2013	4,284	5,428,468.50	31,961.40	3,132.39	5,393,374.71
Y 2014 - Dec 2013	3,083	3,919,975.00	31,507.76	2,561.94	3,885,905.30
Y 2014 - Jan 2014	1,936	2,461,095.50	35,887.00	4,418.38	2,420,790.12
Y 2014 Feb 2014	1,643	2,099,068.75	27,182.96	4,718.17	2,067,167.62
Y 2014 Mar 2014	598	762,369.50	10,352.39	5,994.66	746,022.45
FY 2014 Apr 2014	25	33,422.00	8,890.90	14,818.48	9,712.62
Y 2014 May 2014	2	2,856,25	2,616.69		239.56
Y 2014 - Jun 2014	1	1,068.50	968.50	Man Samuel Man Andreas Andreas (Antreas Andreas Andrea	100.00
Y 2015 - Aug 2014	2 1	2,872.00	2,485.51	(8.74)	395.23
Y 2015 Sep 2014	1	1,388.75	403.43	918.67	66.65

FY 2011	62	76,802.75	1,742.70	560.35	74,499.70
FY 2012	380	480,107.50	6,207.13	14	473,900.37
FY 2013	38,640	49,128,805.50	185,044.76	16,756.18	48,927,004.56
FY 2014	29,354	37,244,113.75	261,869.16	48,678.60	36,933,565.99
FY 2015	3	4,260.75	2,888.94	909.93	461.88
Grand Total	68,439	86,934,090.25	457,752.69	66,905.06	86,409,432.50

457,752.69

66,905.06

86,409,432.50

86,934,090.25

68,439

Los Angeles Fire Department

Emergency Ambulance Services (Dept Revenue Source 4091) - ADPI All accounts in this report are less than \$5000

19-Aug-15

Run date:

Write off of accounts returned from H&H as uncollectible

Summary by Primary Financial Class Type

Returned from Oct 2014 to Jul 2015

REASON CODE COMMENTS	Number of Accounts	Gross Charges	Payments	Adjustments	Balance	%
Commercial	162	206,240.25	79,335.48	10.613.91	116 290 86	0 120
Contract	2	2,809.00	829.50	1 847 60	131 90	0.13%
Medicaid	00	9.934.00			007700	0.00%
Medicare	142	179 085 75	00 000 10	1 000	9,934,00	0.01%
2000	717		21,909,08	47,503.61	109,673.06	0.13%
Seir Pay	68,125	86,536,021.25	355,678.63	6,939.94	86,173,402.68	99.73%
Grand Total	68,439	86,934,090.25	457,752.69	66,905.06	86,409,432,50	100 00%
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# Type of Financial Class:

The primary payer of the account is federal health insurance programs, such as Medicare, Tricare, Railroad Medicare, and Medicare Health Plans. Medicare:

The primary payer of the account is state or local managed social healthcare programs for families and individuals with low income and resources. Medicaid:

Examples are Medicaid, Medicaid managed care program, Healthy Families Program, Healthy Way LA.

The primary payer of the account is Veterans Health Administration. Contract:

The primary account payers are the patients or individuals other than Medicare, Medicaid, Contract and Commercial. Self Pay:

Commercial: The primary account payers are commercial insurance organizations such as health insurance company, auto

insurance company, workers compensation insurance company.