



Office of the City Auditor

CONSENT CALENDAR

March 28, 2017

To: Honorable Mayor and Members of the City Council
From: Ann-Marie Hogan, City Auditor
Subject: Berkeley Fire Department Ambulance Billing Follow-Up Audit

RECOMMENDATION

Request that the City Manager report back by September 26, 2017, and every six months thereafter, regarding the status of recommendations until reported fully implemented.

FISCAL IMPACTS OF RECOMMENDATION

On a five-year average, \$2.6 million in ambulance fees, or almost half of total charges, go uncollected each year. Improving collection efforts and offering more payment options could increase revenue. As of June 30, 2016, \$23 million in uncollectible debt remained recorded to the City's financial system. Writing off this debt will not impact the City's financial position or prevent the City from accepting future payments, should they ever be submitted.

CURRENT SITUATION AND ITS EFFECTS

We completed a follow-up audit of our June 2007 report: [Fire Department Ambulance Billing](#).¹ We assessed the status of the 23 audit recommendations we made in that report to determine whether management's reported action plans are still in place, and, if not, to assist management and staff in understanding our intent, and to develop stronger recommendations.

Overall, management fully or partially addressed most of our prior audit recommendations. The Berkeley Fire Department made significant improvements in its ambulance billing efforts by implementing an electronic prehospital care report system. The department also made a number of updates to its procedures to clarify its practices. However, our recommendations regarding the management of millions in uncollectible debt remain unaddressed. The City has accumulated \$23 million in uncollected ambulance fees since 2006 and this debt remained recorded to the City's financial system though it was deemed uncollectible.

¹ Fire Department Ambulance Billing (6/12/07):

http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/FireAmbulanceBilling6-12-07.pdf

BACKGROUND

The Berkeley Fire Department (BFD) provides ambulance services to treat, stabilize, and transport patients to an appropriate medical facility. Unlike most other cities that contract out their ambulance services to private industry, Berkeley maintains its own ambulance services. Berkeley subsidizes these services with various property-based taxes but must still rely on ambulance fees to cover costs. Berkeley contracts with Intermedix to bill and collect fees for ambulance services. Intermedix sets up and manages patient accounts, invoices patients, and makes efforts to collect on delinquent accounts. Finance assists the BFD with very-low-income ambulance fee waiver requests, oversees the City's bad debt write-off process, and records the ambulance fee accounts receivable and related uncollectible debt balances to the City's financial system for reporting in the City's Comprehensive Annual Financial Report.

ENVIRONMENTAL SUSTAINABILITY

Our office manages and stores audit workpapers and other documents electronically to significantly reduce our use of paper and ink. Although many of the audits we issue do include information about specific environmental impacts, this particular report has no identifiable environmental effects or opportunities associated with it.

RATIONALE FOR RECOMMENDATION

Implementing our recommendations will assist the City with improving its ambulance fee collection efforts and managing its uncollectible ambulance fee accounts.

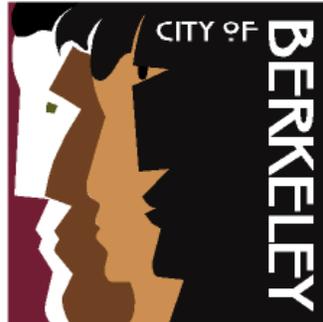
CONTACT PERSON

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Attachments:

1: Audit Report: Berkeley Fire Department Ambulance Billing Follow-Up Audit

City of Berkeley Office of the City Auditor



Berkeley Fire Department Ambulance Billing Follow-Up Audit

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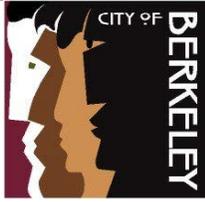
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Presented to City Council March 28, 2017

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City Of Berkeley - Office Of the City Auditor

Berkeley Fire Department Ambulance Billing Follow-Up Audit

March 28, 2017

Purpose of the Audit

We followed up on the status of our previous audit recommendations to determine whether management's reported action plans are still in place, and, if not, to assist management and staff in understanding our intent, and to develop stronger recommendations.

Executive Summary

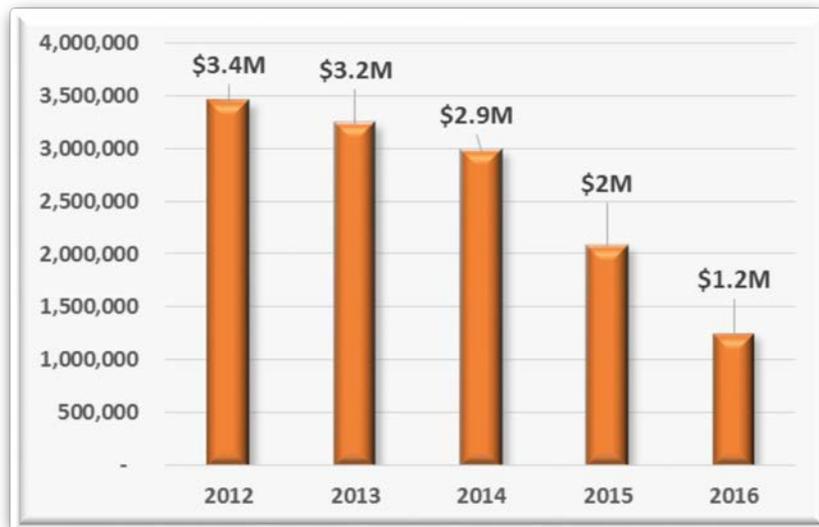
BFD fully or partially addressed most prior recommendations

The Berkeley Fire Department made significant improvements in its ambulance billing efforts by implementing an electronic prehospital care report system: the volume of incomplete patient records dropped and data are electronically sent to the billing contractor daily to begin collection efforts. The department also made a number of updates to its procedures to clarify its practices. Overall, the department fully or partially addressed most of our prior audit recommendations.

These efforts are commendable and are a marked improvement in the Fire Department's patient billing efforts. However, our previous concern regarding the millions that go uncollected every year remains:

Total Uncollected Ambulance Fees - Fiscal Years 2012 - 2016

Millions in ambulance fees go uncollected



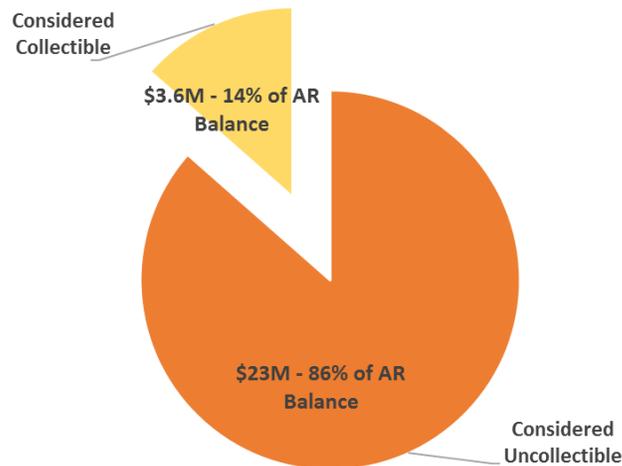
Note: Collection efforts are still in progress for fiscal years 2015 and 2016 and those balances are expected to change.

BFD concerned that its collection efforts could send the wrong message about its priority

Fire personnel are concerned that stronger collection efforts could send a message to the community that the Fire Department values revenue maximization above its mission of providing life-saving services. The two objectives may seem to conflict, but the above figures indicate some additional effort is needed to collect on unpaid bills to help fund the department's quality emergency services.

The majority of the ambulance fee accounts receivable balance, consisting of thousands of individual accounts going back as far as 2006, is considered uncollectible:

86% of ambulance fee accounts receivable balance considered uncollectible



\$23M in uncollectible balance not written off, contrary to best practice

Best practice is for an organization to write off accounts considered uncollectible. However, as of June 2016, the \$23 million in total bad debt for ambulance fee accounts remained recorded to the City's financial system. Finance and Fire are currently working together to write off the uncollectible debt.

Recommendations

By working with the Berkeley Fire Department to understand its challenges to balance community needs with increased collection efforts, and manage its growing uncollectible accounts receivable balance, we developed a set to recommendations to address the department's needs. Key recommendations include:

- Working with the billing contractor, Intermedix, to expand on current collection efforts; for example, increase the number of billing notices to patients and include information about installment plans on billing notices.
- Developing and proposing to City Council a sliding-fee scale pilot program that would allow patients to pay a discounted ambulance fee based on income levels within defined ranges.
- Implementing the sliding-fee scale pilot program, if approved, and continuing it, should it provide increased revenue with minimal increased cost.
- Performing an accounts receivable aging analysis to determine a cut-off point at which ambulance fee accounts are deemed uncollectible and writing off fee balances older than the cut-off period.

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Report available at: http://www.cityofberkeley.info/Auditor/Home/Audit_Reports.aspx

AUDIT OBJECTIVE

We asked the question: *Are the action plans that management put in place to address our recommendations still in use?* We included follow-up audits in our fiscal year [2016 Audit Plan](#)¹ because we have noticed that some of our audit recommendations become unimplemented over time. We wanted to understand why that happens so we could develop stronger recommendations and assist City management and staff in embracing the intent behind them.

BACKGROUND

Ambulance services a vital community need

Ambulance services are a vital community need. Given their importance and, by extension, the need to collect revenue to cover their associated costs, we determined that we should assess the current status of our original [Fire Department Ambulance Billing](#) audit recommendations.² Specifically, we wanted to understand whether improvements to billing, collection, and write-off efforts were still in place.

BFD provides ambulance services directly to the community

The Berkeley Fire Department provides ambulance services to treat, stabilize, and transport patients to an appropriate medical facility. The department staffs and maintains three ambulances around the clock with two trained paramedics to provide fast and superior care to patients. Under a current pilot program, the department also runs a fourth ambulance ten hours a day on weekdays. Unlike most other cities that contract out their emergency medical and ambulance services to private industry, the residents of Berkeley chose to provide these services directly to the community. This helps support the Fire Department's Emergency Medical Services (EMS) Division mission to deliver an effective prehospital care and treatment program to the Berkeley community in order to reduce personal loss suffered from unexpected injury or illness.

¹ City Auditor's Office Fiscal Year 2016 Audit Plan: [http://www.ci.berkeley.ca.us/uploadedFiles/Auditor/Level_3_-_General/RPT_City%20Auditor%20Fiscal%20Year%202016%20Audit%20Plan_102715\(1\).pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Auditor/Level_3_-_General/RPT_City%20Auditor%20Fiscal%20Year%202016%20Audit%20Plan_102715(1).pdf)

² Fire Department Ambulance Billing Audit, June 12, 2007: http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/FireAmbulanceBilling6-12-07.pdf

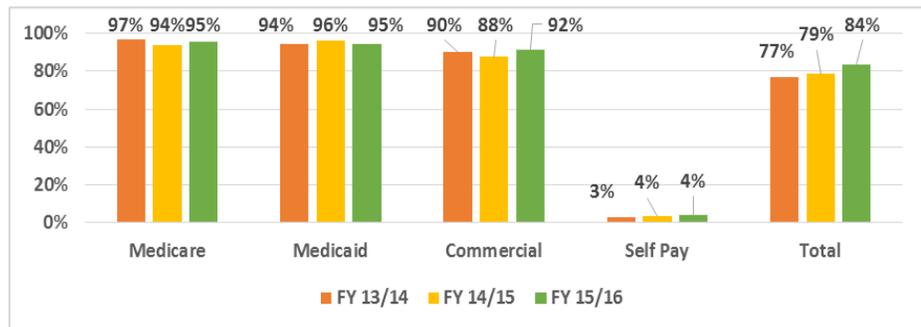
BFD EMS operates four paramedic rescue vehicles



Ambulance services not entirely funded by tax dollars

A common misconception is that ambulance services are entirely funded by tax dollars in same way as fire protection services. That is not the case. Much of Berkeley’s emergency medical service costs are covered by various property-related taxes. However, the City must still charge standard fees to cover ambulance transportation costs. Generally, Medicare, Medi-Cal, or private insurance cover at least some of these fees. They also assess medical necessity when determining reimbursement. If they determine the ambulance service was not needed, they reject the claim. This puts the burden of payment on the patient, which often leads to shock when patients receive a bill for the service.

**BFD Transports with Some Payment Made by Payer Source
Fiscal Years 2014 to 2016³**



Source: Intermedix Corporation November 7, 2016

³According to Intermedix, the organization is still pursuing accounts from fiscal years 2015 and 2016.

Alameda County sets ambulance service rates

Alameda County is the designated Local Emergency Medical Service Agency as defined by the California Health and Safety Code. The code gives the county the responsibility to approve and designate paramedic service providers within the jurisdiction. Accordingly, the City of Berkeley and Alameda County entered into an agreement allowing the Berkeley Fire Department to provide emergency medical and ambulance services and charge fees set by the Alameda County Board of Supervisors (Board). When the Board increases the fees to be consistent with cost of living changes, the Berkeley Fire Department may then recommend to City Council that it adjust the City’s ambulance user fee schedule to match Alameda County’s schedule. The last increase took place in June 2014.⁴

Alameda County Ambulance Service Rates	
Effective July 1, 2014	
▪ Base Rate	\$1,895.00
▪ Mileage	\$45.00
▪ Oxygen	\$149.00
▪ Treatment/Non-Transport.....	\$483.44

City contracts with Intermedix for ambulance billing and collection services

The Fire Department contracts with Intermedix for ambulance billing and collection services. Intermedix receives 4.75% of net collections up to a maximum of \$400,000 per two-year term for its services. The total not-to-exceed amount for the contract originally executed in March 2012 is \$1.2 million, which covers service through March 2018. Intermedix sets up and manages patient accounts, researches billing information, and sends invoices to patients, Medi-Cal, Medicare, or private insurance companies, whichever is appropriate based on patient medical coverage. The City contract includes provisions for Intermedix to make efforts to collect on debt, negotiate compromise settlements, set up payment schedules, and obtain and enforce court judgments on bad debts. Intermedix is required to observe debtors’ rights and comply with applicable Federal and State debt collection practices laws.

⁴ Resolution No. 66,597-N.S. available on Records Online: <http://www.ci.berkeley.ca.us/recordsonline/search.aspx>. The Berkeley Fire Department plans to go to City Council with a request to adjust the rates in fiscal year 2018 to be comparable with Alameda County’s current fee schedule.

BFD receives reports and statistics to monitor billing contractor's activity



To assist the BFD in monitoring activity, Intermedix provides the department with monthly reports and conducts performance presentations. This includes information on:

- Billing and collections
- Accounts receivable
- Non-billable accounts
- Transport statistics

Finance's involvement with ambulance fee collections is limited

The Finance Department's involvement with ambulance billing is limited. The department reviews and approves (or denies) very-low-income waiver requests; oversees the City's write-off policy; and manages the City's write-off process. Finance also obtains the total accounts receivable balance provided by Intermedix for recording to the City's financial system: Finance does not record individual account information to the City's financial system, and is not involved with ambulance fee collections.

FINDING AND RECOMMENDATIONS

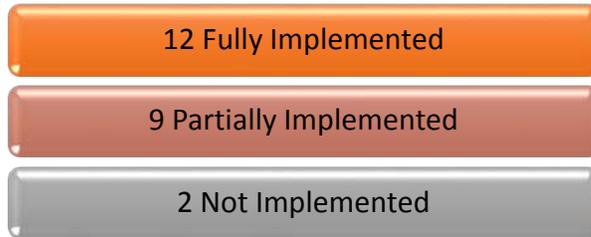
Finding 1: Billing efforts made more efficient but collection efforts and write-off practices remain concerns

The Berkeley Fire Department significantly improved its ambulance fee billing efforts. The department implemented an electronic prehospital care report system that interfaces with its computer aided dispatch system and the contractor's billing system. The department also made a number of updates to its procedures. While these improvements helped make billing operations more efficient, the department has struggled with balancing its mission to prioritize emergency services with its revenue collection efforts. The department is concerned that stronger, post-care collection efforts could send a message to the community that its priority is revenue maximization. It is not. Additionally, a break in interdepartmental communication kept millions in bad debt recorded to the City's financial system. As of June 2016, more than \$23 million in uncollectible debt for ambulance fee accounts remained recorded. However, the departments of Finance and Fire are currently working together to write off the accounts considered uncollectible.

Overall, most of our original recommendations have been fully or partly addressed, and the Fire Department demonstrated an understanding of the importance of each.

Status of Prior Audit Recommendations

See appendix C for full details



Audit focuses on post-care collection efforts

It is important to note before moving forward that our audit focuses on the collection efforts made once a patient has been cared for and received a bill. Our references to improving collection efforts do not refer to EMS personnel’s efforts during a crisis to obtain patient billing information.

Uncollectible Accounts

Fire personnel suggested that the majority of uncollectible debt is attributable to patients without a permanent place of residence. They believe that doing additional research to obtain missing billing information or using stronger collection methods for these accounts is unlikely to yield results and, therefore, is not an efficient or cost-effective use of staff time. Intermedix data tells a different story: In its November 2016 presentation to the Fire Department, Intermedix reported that patients with no permanent residence make up only a small portion of uncollectible accounts. The remainder, per Intermedix’s report, is attributed to bad addresses and bad debt.

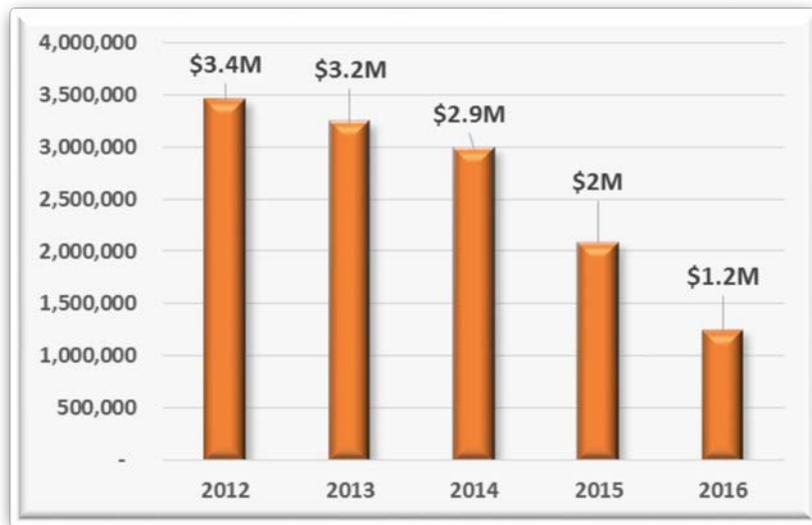
Uncollectible accounts attributable to persons without a residence is unknown

According to both Fire and Intermedix personnel, however, the data alone are misleading, as records identified as having a bad address could contain accounts for patients without a permanent residence. Intermedix personnel said that patients without a home address may give a false address at the time of service, which results in returned mail that Intermedix then uses to mark an account as a “bad address.”

Because EMS personnel must focus on providing care during the moment of crisis, they are not in a position to question the address a patient provides. While that may be reasonable, this suggests that the actual amount of uncollectible accounts attributable to persons without a permanent home address is unknown. Therefore, the Fire department does not have sufficient information to support that making some additional efforts to collect on outstanding debt that averages over \$2.6 million a year will not yield positive results.

Some effort needed to collect on unpaid ambulance fees

**Total Uncollected Ambulance Fees
Fiscal Year 2012 through 2016⁵**



Source: Intermedix Corporation November 7, 2016

Because the objective of our audit was to assess the status of our prior audit recommendations, we did not do an in-depth analysis of Intermedix’s data nor did we verify its accuracy. However, the above chart indicates that the level of uncollected debt warrants the Fire Department’s attention.

Fire personnel are committed to providing quality life-saving services. Their concern is that stronger collection efforts could have negative consequences as people may fear receiving a bill they cannot pay. Personnel believe this could result in patients refusing needed services, or discouraging people from calling for help the next time they may

⁵ According to Intermedix, the organization is still pursuing accounts from fiscal years 2015 and 2016 and, therefore, expects the total uncollected debt for those years to change.

**BFD's top priority:
Saving Lives**

need an ambulance. This is not a choice people should have to make and is not consistent with the department's mission. The department's first priority is people, not revenue. One of the City's fiscal objectives, however, is revenue maximization. For the Fire Department, these two priorities are at odds.

We appreciate the Fire Department's point of view. The risk is great that people would choose not to call for an ambulance or refuse transport to avoid getting bill. The large balance of uncollected accounts, however, indicates that some action is needed. We understand that strong debt collection efforts do not seem to reflect the spirit of the Berkeley Fire Department, yet there are some steps available to improve Intermedix's collection efforts:

- Amend the progressive language on billing notices for clarity, e.g., first notice, second notice
- Increase the number of billing notices sent to patients
- Include information about installment plan options on invoices
- Call patients to discuss payment options

Local hospitals
resistant to assisting
City in obtaining
billing information

Working with local hospitals to obtain billing information could also help improve collection efforts. According to Fire and Intermedix personnel, however, local hospitals have been unresponsive and uncooperative when it comes to providing billing information. Nonetheless, continuing with their efforts would be beneficial. Intermedix has developed working relationships with hospitals on the Peninsula, and in San Francisco and the Los Angeles area to obtain electronic downloads of patient billing information, thus making collection efforts more efficient.

Sliding scale could
help patients pay
fees their insurance
does not cover

In addition to Intermedix's efforts, a sliding-fee scale program could help increase collections. Even after Medicare, Medi-Cal, and private insurance coverage, patients are at times left with an ambulance bill that is difficult for them to pay. A sliding scale could help those patients by allowing them to pay a percentage of the fees their insurance does not cover, based on patient income levels within a City defined income range. Though similar, the sliding fee is not the same as the settlement agreements made by Intermedix.

To remain compliant with City contract provisions, Intermedix must first try to recover full payment before offering a settlement. A City-offered sliding-fee scale, however, could be made available as soon as the patient receives the first invoice. This could decrease payment delays and increase revenue.

Sliding-Fee Scale: Allows Patients to Pay within a Range



In meeting the challenge of balancing revenue maximization with providing a critical service, it is important to remember that the revenue collected helps further the Berkeley Fire Department’s ability to offer superior service. The dollars received for ambulance service help purchase and maintain equipment and medical supplies, and support paramedic services.

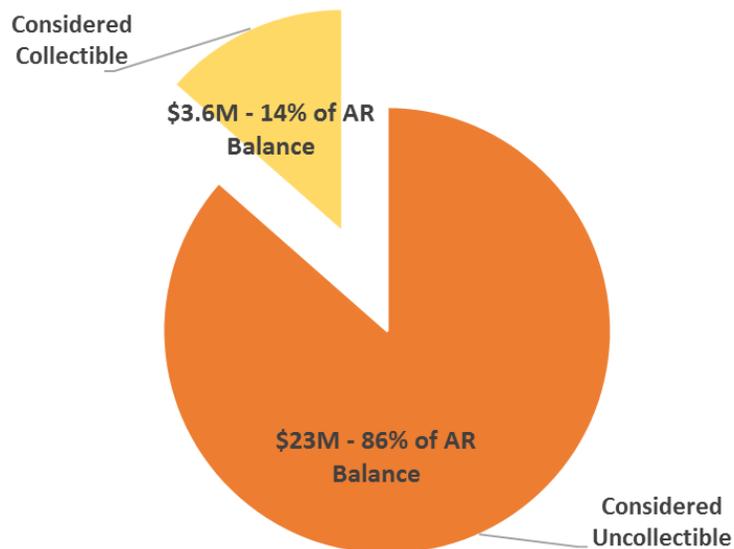
\$23 Million in Uncollectible Accounts

The majority of delinquent ambulance fee accounts are considered uncollectible. As of June 30, 2016, the combined uncollectible balance totaled over \$23 million and included thousands of individual patient accounts going back as far as 2006.

Fiscal Year 2016 Ambulance Fee Accounts Receivable Total \$26.6M

\$23M – Considered Uncollectible

\$23M in ambulance fees considered uncollectible



Source: City of Berkeley Financial System

Probability of collecting on delinquent accounts dramatically declines over time

The probability of collecting on an account declines dramatically over time. After six months, there is only a 52 percent chance of collecting. After one year, this drops to less than 23 percent. After two years, the chance of collection is less than 10 percent. Based on these probabilities and the age of most ambulance fee accounts, it is reasonable to estimate that the \$23 million is uncollectible.

City’s write-off policy in agreement with GAAP

The Government Finance Officers Association recommends that governments establish a revenue control and management policy that includes provisions for an allowance for bad debt and writing off bad debt. This type of policy is in agreement with Generally Accepted Accounting Principles. The City does have a write-off policy and, each year, Finance posts an allowance for uncollectible receivables to the ambulance fee account based on information provided by the Fire Department. This removes the amount of uncollectible debt from the government funds balance sheet in the City’s Comprehensive Annual Financial Report (CAFR), but does not permanently remove it from the City’s financial system, FUND\$. Finance repeats the process annually to account for the change in the uncollectible debt in the City’s CAFR.

**Total Ambulance Fee Uncollectible Allowances
Reflected in CAFR Fiscal Years 2011-2016**

Fiscal Year	Uncollectible Allowance	Change from Prior Year
2011	\$10,233,141	
2012	\$11,294,529	\$1,061,388
2013	\$8,867,439	\$(2,427,090)
2014	\$13,510,599	\$4,643,160
2015	\$21,111,189	\$7,600,591
2016	\$23,016,441	\$1,905,252

Source: City of Berkeley Financial System

City regulation allows for write offs

City A.R. 3.15: Write Offs of Uncollectible Receivables recognizes the need to account for bad debt. The regulation establishes the procedures for obtaining approval to write off doubtful accounts and remove the receivables from the City's financial records. It is under this policy that Finance removes bad debt from the City's CAFR each year. It is also under this policy that the Fire Department has requested to write off the bad debt from the City's financial system. According to Finance, however, Fire personnel did not submit sufficient information. Through a breakdown in interdepartmental communication, this was not clarified, leaving the bad debt recorded in the City's financial system.

Fire and Finance are working to write off the bad debt

The annual allowance for bad debt to remove the uncollectible accounts from the government funds balance sheet demonstrates that both the Fire and Finance Departments recognize that the City is not likely to receive payment. This suggests that it is in the City's best interest to permanently remove the uncollectible balance from the financial records. Indeed, if this is not written off, based on the annual uncollectible amount each year since 2011, Finance could be posting an allowance of \$46 million by fiscal year 2025. Recognizing that the debt is unlikely to be collected, both Fire and Finance are working together to write off the bad-debt accounts from the City's financial system.

Writing off bad debt does not prohibit accepting payment should it be received

According to a representative from the Government Financial Officers Association (GFOA), government agencies should develop a standard process for writing off bad debt after a reasonable period of time, e.g., two years. The City has such a process in A.R. 3.15. The Fire Department, however, did not have its own criteria for determining when to write off uncollectible ambulance accounts. The cut-off point for those should be based on an accounts receivable aging analysis. Given the length of time it takes to recover ambulance fees through insurance filings and other collection efforts, the cut off may need to be older than the minimum one-year aging requirement set by the City's A.R. The Fire Department is currently assessing its aged receivables to determine the appropriate criteria for ambulance fee account write offs. The GFOA representative did caution that Medicare and Medi-Cal are mandated to pay and, therefore, it may not be appropriate to write off those accounts. While the GFOA representative's statement reflects a best practice, writing off the accounts would not prohibit receiving subsequent payment from Medicare, Medi-Cal, or any other payer.

Intermedix would also like to write off the bad debt. However, the contractor must first obtain the Fire Department's approval. Fire personnel have said that they have not given Intermedix approval because they have not received approval to write off the accounts from the City's financial system. Writing off the uncollectible accounts would help Intermedix manage its information, but, in keeping with GFOA's concern, should Intermedix be granted write-off approval, it may be appropriate to exclude outstanding Medicare and Medi-Cal accounts from the write off.

Management took action to address gaps in procedures

BFD and Intermedix Reduced Fraud Risk

A long-standing practice was for an Intermedix representative to drive to Berkeley twice a week to collect the bills from a local mailbox and hand deliver them to the Fire Department. Not only was that an



inefficient practice, but also a fraud risk: A standard cash-handling procedure is to separate certain activities that, if completed by a single person, would allow him or her to cover up fraud. In this instance, a separation was needed between Intermedix, the billing agent that

controls the patient accounts, and the person that receives patient payments. During this audit, the Fire Department recognized the weakness in its procedures and took corrective action. Intermedix now uses a courier service.

Waiver Program

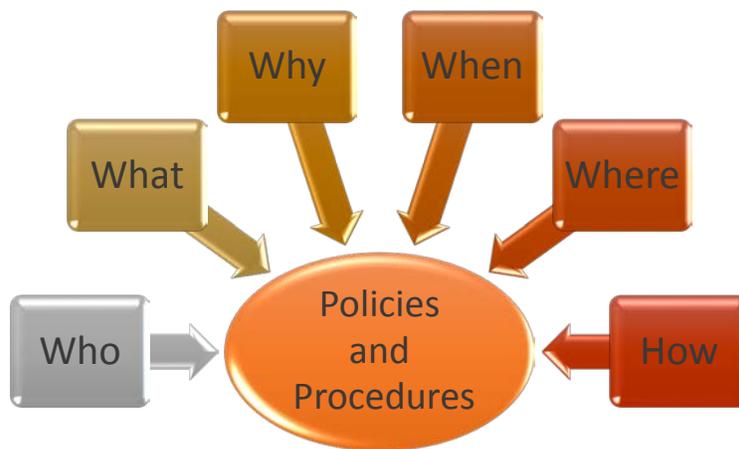
Finance uses existing Berkeley Municipal Codes that provide for very-low-income exemptions to allow for ambulance fee waivers. Finance implemented that method in response to our prior audit recommendation as a way to set guidelines for a practice lacking clear criteria at the time. A minor area requiring attention is Finance's waiver approval practices. The waiver request form includes an Official Use signature section for the reviewer and approver, but Finance does not routinely sign it. In some cases, the department documents its review and approval in only a cover memo. This is sufficient to demonstrate proper approval but it leads to some confusion and is a practice that is somewhat lacking in transparency.

Not all recommended updates added to procedures

Written Procedures

The Fire Department amended General Order 19.6 to address our original recommendations regarding procedural updates and to incorporate changes to its practices after implementing an electronic prehospital care report (ePCR) system. However, not all of our recommendations made it into the Fire Department’s General Order revision. The following guidance should be included:

- Procedures for completing ePCR reconciliations, and obtaining and documenting supervisor’s approval
- Practices for periodic reminders to EMS personnel on the ePCR requirements
- Practices for monitoring Intermedix bills and collections
- Procedures for following up on open ePCRs



Additional updates will strengthen BFD’s written procedures

Including the guidance discussed above in General Order 19.6 will assist the Fire Department in maintaining continued operations, particularly during staff transition. Procedures help staff and management understand what is expected, and keep track of the many tasks that need to be completed for a process. According to Fire personnel, the department is in the process of updating General Order 19.6 to include the additional information, as well as address recent changes to its practices and processes.

Recommendations
The Berkeley Fire Department should:

- | | |
|--|--|
| Expand collection methods | <p>1.1 Work with Intermedix to expand collection methods:</p> <ul style="list-style-type: none"> ▪ Amend the progressive language on billing notices for clarity, e.g., first notice, second notice ▪ Increase the number of billing notices sent to patients, e.g., four or five ▪ Add information to billing notices about installment plan options and, if approved, the sliding-fee scale program (see also recommendations 1.4 and 1.5) ▪ Call patients to discuss payment options ▪ Continue to make attempts to form working relationships with local hospitals to collect patient billing information |
| Request that Finance write off uncollectible debt | <p>1.2 Submit a request to the Finance Department to write off the uncollectible account balance that is, at a minimum, over two years old. Include documentation as required by City Administrative Regulation 3.15: Write Offs of Uncollectible Receivables. Continue this practice annually. See also recommendations 1.8 and 1.9.</p> |
| Inform Intermedix it may write off accounts; omit Medicare and Medi-Cal accounts, if necessary | <p>1.3 Once Finance approves and completes the ambulance fee uncollectible accounts write offs, inform Intermedix that the contractor may update its records accordingly. Instruct Intermedix to exclude from the write off Medicare and Medi-Cal accounts, if appropriate. Repeat this process each time write offs are completed.</p> |
| Propose sliding-fee scale pilot program to City Council | <p>1.4 In collaboration with the City Manager’s Office, develop and propose to City Council a sliding-fee scale pilot program that would allow patients to pay a discounted rate based on income levels within defined low-income ranges. This would apply to only the portion of the ambulance fee for which a patient is responsible after Medicare, Medi-Cal, or insurance coverage.</p> |

- Offer, promote, and monitor sliding-fee scale program; report results to City Council
- 1.5 If City Council approves the sliding-fee scale pilot program:
- Begin offering it to patients and monitor its success rate. If successful, i.e., if revenues increase with minimal additional costs, obtain City Council approval to continue the program. If not successful, cease the program and provide City Council with the cost-benefit analysis explaining why the program is not achieving the desired results.
 - Promote the sliding-fee scale pilot program using various methods, e.g., introduce the program on the Fire Department’s website; provide handouts to the Department of Health, Housing, and Community Services.
- Update General Order 19.6 (written procedures)
- 1.6 Update and reissue General Order 19.6. Include the following in the update:
- Procedures for completing ePCR reconciliations, and obtaining and documenting supervisor’s approval
 - Practices for periodic reminders to EMS personnel on the ePCR requirements
 - Practices for monitoring Intermedix bills and collections
 - Procedures for following up on open ePCRs
 - Collection methodologies implemented in response to recommendation 1.1
- Determine appropriate cut-off point for uncollectible accounts; establish write-off process
- 1.7 In collaboration with Intermedix, and with input as needed by Finance, perform an accounts receivable aging analysis to determine a cut-off point for which ambulance fee accounts are deemed uncollectible. Use the result of the analysis to establish a standard process for writing off the accounts when that period has elapsed.
- The Finance Department should:**
- Identify the support needed to write off uncollectible accounts
- 1.8 Work with the Berkeley Fire Department to identify, specifically, what information is required, in accordance with City Administrative Regulation 3.15: Write Offs of Uncollectible Receivables, to write off the uncollectible accounts. See also recommendations 1.2 and 1.9.

Write off uncollectible balance	1.9 Write off the ambulance fee uncollectible balance older than the cut-off period established as result of the Fire Department’s accounts receivable aging analysis. See also recommendations 1.2, 1.7, and 1.8. Exclude from the write off Medicare and Medi-Cal accounts, if appropriate.
Clarify waiver approval practices	1.10 Require staff to use the signature section on the waiver form to demonstrate review and approval.
City Manager’s Response	The City Manager agreed with the recommendations. The full response is at Appendix B.

FISCAL IMPACT

On average, \$2.6M in ambulance fees uncollected every fiscal year	On a five-year average, \$2.6 million in ambulance fees go uncollected each year. This is nearly half of total charges. Improving collection efforts and offering more payment options could increase revenue. Even a small change could make a difference. In fiscal year 2015, a five percent increase would have resulted in \$130,000 in additional revenue.
Incremental increases could boost revenues	Incremental increases can help the Berkeley Fire Department move in the right direction of collecting more on aged accounts. However, the cost of collection efforts must be balanced with that benefit. For example, requiring Finance and Fire personnel to conduct extensive collection efforts on accounts already beyond the period of time likely to result in payment would not be cost effective. Yet some effort must be made to help collect on the millions in unpaid debt.
Write off will <u>not</u> impact City’s financial position	Writing off the \$23 million in uncollectible accounts will not impact the City’s reported financial position or budget. This money is already removed from the government funds balance sheet every year. That is, the accounts are not included as an expected revenue in the City’s Comprehensive Annual Financial Report. Neither does the write off create a risk of accepting future payments. Accounting entries exist to record receipts for accounts already assumed lost.

CONCLUSION

BFD addressed majority of original audit recommendations

The Fire Department has made significant improvements by implementing an electronic prehospital care report system: The volume of incomplete records significantly declined and billing information is sent to Intermedix daily to begin collection efforts. Overall, the department fully or partially addressed most of our prior audit recommendations.

Revenue collection integral to providing quality ambulance services

Fire Department personnel have been very clear in their communications that their first priority is to provide life-saving services. They acknowledge, however, that revenue collection is integral to their ability to provide superior emergency medical services. The challenge is to find the balance so that community members will not fear calling for help or refusing service when they need it to avoid getting a bill. We did not design our audit to do the in-depth analysis needed to address that challenge. It was not the intent of our work. However, options exist to make incremental improvements to collection efforts.

Though a City policy exists to write off bad debt, uncollectible accounts are still recorded in the City's financial system. As of the end of fiscal year 2016, these doubtful accounts totaled \$23 million. However, Fire and Finance are working to resolve this outstanding issue.

We appreciate and thank staff and management for their consideration and assistance

We would like to thank Berkeley Fire Department personnel for their continued cooperation and assistance during this audit. Their time and efforts helped us gain an understanding of the department's challenges and its progress on implementing our original audit recommendations. We would also like to thank the Finance Department for helping us understand the department's role in ambulance billing and accounts receivable. We appreciate everyone's efforts and commitment to improving City services.

APPENDIX A:

Scope and Methodology

We focused on the actions that management took to implement our original audit recommendations. We reviewed management's audit status reports to City Council to identify the staff, documents, systems, and other resources management reportedly used to implement our recommendations. We followed up to see if those resources and systems are still in place, or if management has taken alternative action to address our original audit concerns. We reviewed our original audit reports and related records to gain an understanding of the concerns present at the time we completed our original audit. We assessed management's system of internal controls by looking for clearly established procedures, clearly defined roles and responsibilities, and an effective monitoring system. To gain an understanding of current ambulance billing, fee waiver, and collections processes and practices, we reviewed, interviewed, or examined:

- City Administrative Regulations 3.15: Write Off of Uncollectible Accounts and 3.20: Cash Handling Policy and Guidelines
- Berkeley Fire Department General Order 19.6 and ambulance billing procedures, and Finance Revenue Collection general collection procedures and ambulance fee waiver procedures and forms
- City contracts with Intermedix and the current contract with Alameda County
- Berkeley Fire Department and Finance Department staff; Intermedix personnel; a Government Finance Officers Association official; and the president of the City's independent financial auditing firm, Badawi and Associates
- City Resolutions and related staff reports regarding ambulance fees and the fee waiver program
- Various, very similar statistics regarding collection probabilities; we selected the Commercial Collection Agency Association Member Survey to agree with our prior communication regarding this subject
- Other local governments' and municipalities' billing programs available to uninsured ambulance patients, for example, sliding-fee programs
- Accounts Receivable information in the City's 2014 and 2015 Comprehensive Annual Financial Reports

We examined patient invoices to determine if Intermedix is billing patients accurately and in accordance with its contract provisions. We verified that the invoices did not contain protected patient information before performing our examination. We obtained an aging report from Intermedix with 4,510 records. We used a sample size calculator and input a confidence level of 90

percent and a confidence interval of 10 percent to determine a sample size of 67.⁶ We used a list randomizer to select the invoices to review. We performed a complete review of 34 invoices and determined that the rates charged agreed with allowable fees and Intermedix took some action to collect on the debt as required by the City contract. Based on the evidence presented in our review of the first 34, we determined that further testing would not change our conclusion and did not review the remaining 33 files.

We assessed the reliability of billing data to give us reasonable assurance that our auditee implemented our prior recommendations related to the use of Alameda County's ambulance billing fees and collection efforts. We interviewed knowledgeable data owners; performed limited data testing to assess that the third-party vendor, Intermedix, uses the Alameda County rates as required and sends a maximum of three invoices in attempts to collect on outstanding accounts; and observed the online billing system interface. We did not perform an extensive examination of the data system used to bill patients because our audit objective was not to assess the accuracy of billing. Our objective was only to confirm that our auditee implemented our prior audit recommendations.

We obtained accounts receivable balance data from the City's financial system, FUND\$. We used the data to provide context in our audit concerning the growing uncollectible balance for ambulance fee accounts. We did not consider the use of that data significant enough to perform a detailed data assessment as we are not commenting on the accuracy of the balance. We limited our discussion to demonstrating that the City is not writing off its uncollectible accounts and, instead, is repeating an annual bad-debt allowance each year to remove the uncollectible balance for ambulance fees from the government funds balance sheet in preparation for the City's Comprehensive Annual Financial Report. However, we did meet with knowledgeable data owners regarding the balance and compared the balance in the FUND\$ system to reports provided by Intermedix to give us reasonable assurance that the data are accurate.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁶ MaCorr Research Solutions – <http://www.macorr.com>

APPENDIX B

Audit Finding, Recommendations, and Management Response Summary

BFD accomplishments relevant to the audit finding and recommendations:

Saving minutes saves lives. The Berkeley Fire Department's ability to provide direct emergency medical and ambulance services reduces the time it takes to get on scene and provide immediate life-saving care. Berkeley Fire has an average response time of about five minutes. Private ambulance providers tend to take longer; sometimes as much as 10 minutes. Those minutes could mean the difference between life and death as it did for one Berkeley resident earlier this year: Meg Schwarzman nearly lost her life after she was hit by a car while cycling. Berkeley Fire was on scene within two minutes and, because each Berkeley firefighter is also a trained paramedic, was able to immediately start emergency medical care. Everyone involved with the scene that day is grateful to the Berkeley residents who chose to provide, and continue to support, the Berkeley Fire Department's Emergency Medical and Ambulance Services.

You may read more about the Meg Schwarzmann's harrowing experience and miraculous recovery in Berkeleyside's article:

<http://www.berkeleyside.com/2016/12/09/unstoppable-berkeley-cyclists-miraculous-recovery-after-crash-that-nearly-killed-her/>

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit

Findings and Recommendations	Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
Finding 1: Billing efforts made more efficient but collection efforts and write-off practices remain concerns				
1.1 Work with Intermedix to expand collection methods: <ul style="list-style-type: none"> ▪ Amend the progressive language on billing notices for clarity, e.g., first notice, second notice 	Fire Department	Agree	6/30/2017	Partially Implemented. <ul style="list-style-type: none"> • Berkeley Fire Department (BFD) will work with Intermedix to send a 4th notice with BFD's letterhead. If the City Council approves the

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit				
Findings and Recommendations	Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
<ul style="list-style-type: none"> ▪ Increase the number of billing notices sent to patients, e.g., four or five ▪ Add information to billing notices about installment plan options and, if approved, the sliding-fee scale program (see also recommendations 1.4 and 1.5) ▪ Call patients to discuss payment options ▪ Continue to make attempts to form working relationships with local hospitals to collect patient billing information 				<p>use of a collection agency, patients will be informed on the notice that the outstanding balance will be sent to a collection agency if a payment is not made within 15 days or within a timeframe recommended by the collection agency.</p> <ul style="list-style-type: none"> • Intermedix and BFD are in the process of executing a Data Provision Agreement with Dignity Health to gain limited access to patient information that may help to improve collections. The agreement is drafted and provided by Dignity Health. The City Attorney 's Office has reviewed and made changes to the agreement. The revised agreement was forwarded to Intermedix for review and processing on 1/26/2017.

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
					<ul style="list-style-type: none"> Currently, Intermedix offers payment options to patients by phone if the patients can be reached by phone.
1.2	Submit a request to the Finance Department to write off the uncollectible account balance that is, at a minimum, over two years old. Include documentation as required by City Administrative Regulation 3.15: Write Offs of Uncollectible Receivables. Continue this practice annually. See also recommendations 1.8 and 1.9.	Fire Department	Agree	11/18/16	<p>Implemented</p> <p>A request for write-off was submitted to Finance on 11/18/2016. The request has been approved by Finance. See Finance's response to Recommendation 1.8 below. A write-off request will be submitted to Finance annually in June as recommended.</p>
1.3	Once Finance approves and completes the ambulance fee uncollectible accounts write offs, inform Intermedix that the contractor may update its records accordingly. Instruct Intermedix to exclude from the write off Medicare and	Fire Department	Agree	4/4/17	<p>Not Implemented</p> <p>BFD will send Intermedix the list of written-off accounts by 4/4/2017 provided the write-off is approved by the City Council on 3/28/2017 as indicated in</p>

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
	Medi-Cal accounts, if appropriate. Repeat this process each time write offs are completed.				Finance's response to Recommendation 1.9 below.
1.4	In collaboration with the City Manager's Office, develop and propose to City Council a sliding-fee scale pilot program that would allow patients to pay a discounted rate based on income levels within defined low-income ranges. This would apply to only the portion of the ambulance fee for which a patient is responsible after Medicare, Medi-Cal, or insurance coverage.	Fire Department	Partially Agree	8/31/2017	<p>Alternative Will Be Implemented.</p> <p>Due to the uncertainty over the changes to the Affordable Care Act and the intensive efforts required from staff to implement a sliding-fee scale program, the costs will outweigh the benefits.</p> <p>As alternatives: 1) BFD will offer MediCare/MediCal patients, who have co-pay requirements, various payment plan options through Intermedix, and 2) will explore the feasibility of engaging a collection agency to pursue collection for receivables that are outstanding for 120 days to 3 years or as recommended by the collection agency.</p>

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
1.5	<p>If City Council approves the sliding-fee scale pilot program:</p> <ul style="list-style-type: none"> ▪ Begin offering it to patients and monitor its success rate. If successful, i.e., if revenues increase with minimal additional costs, obtain City Council approval to continue the program. If not successful, cease the program and provide City Council with the cost-benefit analysis explaining why the program is not achieving the desired results. ▪ Promote the sliding-fee scale pilot program using various methods, e.g., introduce program on the Fire Department’s website; provide handouts to the Department of Health, Housing, and Community Services. 	Fire Department	Disagree	8/31/2017	<p>Alternative Will Be Implemented</p> <p>Due to the uncertainty over the changes to the Affordable Care Act and the intensive efforts required from staff to implement a sliding-fee scale program, the costs will outweigh the benefits.</p> <p>As an alternative, BFD will explore the feasibility of engaging a collection agency to pursue collection for receivables that are outstanding for 120 days to 3 years or as recommended by the collection agency.</p>

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
1.6	<p>Update and reissue General Order 19.6. Include the following in the update:</p> <ul style="list-style-type: none"> ▪ Procedures for completing ePCR reconciliations, and obtaining and documenting supervisor’s approval ▪ Practices for periodic reminders to EMS personnel on the ePCR requirements ▪ Practices for monitoring Intermedix bills and collections ▪ Procedures for following up on open ePCRs ▪ Collection methodologies implemented in response to recommendation 1.1 	Fire Department	Agree	6/1/2017	<p>Partially implemented</p> <p>The General Order has been updated and is now going through the internal review processes. General order renamed to “Ambulance Billing Procedures.”</p>
1.7	In collaboration with Intermedix, and with input as needed by Finance, perform an accounts receivable aging analysis to determine a cut-off point for which	Fire Department	Agree	4/4/17	<p>Partially Implemented</p> <p>On a quarterly basis, Intermedix will send to BFD the accounts that are to be written off. Outstanding balances over 3</p>

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
	ambulance fee accounts are deemed uncollectible. Use the result of the analysis to establish a standard process for writing off the accounts when that period has elapsed.				years will be written off. A write-off less than 3 years has to be accompanied with a justification from Intermedix. The information will be reviewed by the Administrative and Fiscal Services Manager. A request to write off account balances will be submitted to Finance annually in June as recommended.
1.8	Work with the Berkeley Fire Department to identify, specifically, what information is required, in accordance with City Administrative Regulation 3.15: Write Offs of Uncollectible Receivables, to write off the uncollectible accounts. See also recommendations 1.2 and 1.9.	Finance Department	Agree	12/20/16	Implemented Finance already worked with Fire and obtained the necessary supporting documentation for the write off. The write off is going to City Council on March 28, 2017.
1.9	Write off the ambulance fee uncollectible balance older than the cut-off period established as result of the accounts receivable aging analysis. See also recommendation 1.2, 1.7, and 1.8.	Finance Department	Agree	3/29/17	Implemented Finance approved the write off request from Fire. Finance will be going to obtain Council approval (on the 3/28/17 Council

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Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
	Exclude from the write off Medicare and Medi-Cal accounts, if appropriate.				Meeting) for this write off since the total amount is material \$18.6M.
1.10	Require staff use the signature section on the waiver form to demonstrate review and approval.	Finance Department	Agree	1/30/17	Implemented

APPENDIX C

Summary of Current Original Fire Department Ambulance Billing Audit Recommendations

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
Implemented	1.2	<ul style="list-style-type: none"> ▪ Obtain monthly reports from billing contractor that show all the accounts that could not be billed because of missing or incorrect information. ▪ Review accounts and determine if reasonable in-house attempts can be made to collect the necessary billing information. 	<p>Process is now automated; significantly reduced number of missing and incomplete PCRs.</p> <ul style="list-style-type: none"> ▪ BFD implemented an ePCR system that is interfaced with CAD system. ▪ BFD hired OS III who performs reconciliation and reviews for duplicate, incomplete, and missing ePCRs.
Implemented	1.5	<ul style="list-style-type: none"> ▪ Continue training EMS personnel on the need and methods for collecting patient billing information. 	<ul style="list-style-type: none"> ▪ In coordination with the BFD, the billing contractor provides EMS staff training when there are legislative or regulatory changes affecting EMS billing information requirements. ▪ BFD trains EMS personnel on their responsibilities.
Implemented	2.1	<ul style="list-style-type: none"> ▪ Reconcile the CAD dispatches with PCRs to ensure there is a PCR for each CAD dispatch. 	<p>Process is now automated; significantly reduced number of missing and incomplete PCRs.</p> <ul style="list-style-type: none"> ▪ BFD implemented an ePCR system that is interfaced with CAD system. ▪ BFD hired OS III who performs reconciliation and reviews for duplicate, incomplete, and missing ePCRs.
Implemented	2.2	<ul style="list-style-type: none"> ▪ Obtain missing PCRs. ▪ Submit missing PCRs to the contractor for billing. 	<ul style="list-style-type: none"> ▪ BFD hired OS III who obtains and submits missing ePCRs to billing contractor.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
Implemented	2.3	<ul style="list-style-type: none"> ▪ Have supervisor approve monthly reconciliations and sign off on accuracy. ▪ Reconcile the total number of PCR's submitted to the billing contractor with the PCR's count in the contractor's billing report on a monthly basis. ▪ Follow up with the billing contractor for any variances. 	<ul style="list-style-type: none"> ▪ Supervisor reviews reconciliations. ▪ OS III submits missing ePCR's; missing records are rare with automated system. ▪ BFD implemented an ePCR system that is interfaced with billing contractor's billing system.
Implemented	2.4	<ul style="list-style-type: none"> ▪ Periodically reiterate to EMS staff the policy to always prepare a PCR when in contact with a patient. ▪ Properly file and retain the original PCR's and their copies. 	<ul style="list-style-type: none"> ▪ In coordination with the BFD, the billing contractor provides EMS staff training when there are legislative or regulatory changes affecting EMS billing information requirements. ▪ BFD trains EMS personnel on their responsibilities. ▪ Automated system with interfaces with CAD and billing system provide for retention of original ePCR's.
Implemented	3.2	<ul style="list-style-type: none"> ▪ Review waived billings for compliance. ▪ Require supervisor to approve waivers. ▪ Have low-income patients submit a waiver form with appropriate documentation. ▪ Apply Council approved criteria in waiving ambulance billings. 	<ul style="list-style-type: none"> ▪ City Council approved Reso. 64,134 establishing criteria to waive ambulance fees for patients who meet low-income criteria established by Finance. ▪ Finance uses existing Berkeley Municipal Codes that provide for very-low-income exemptions for various City taxes and fees. ▪ Finance reviews and determines waiver requests for eligibility. ▪ BFD staff communicate the eligibility determination to the billing contractor.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
			<ul style="list-style-type: none"> ▪ BFD staff follow up to ensure the credit is applied to the patient's account.
Implemented	3.3	<ul style="list-style-type: none"> ▪ Approve and document policies and procedures for waiving ambulance fees in writing. 	<ul style="list-style-type: none"> ▪ BFD updated the General Order 19.6 to include policies and procedures for processing eligible waivers.
Implemented	4	<ul style="list-style-type: none"> ▪ Update the City's write-off policy A.R. 3.15 or draft a new one to ensure Council is informed of the City's write offs made by a third party. 	<ul style="list-style-type: none"> ▪ Ambulance billings processed by a third party meet the eligibility guidelines to be included in the write-off procedures documented in A.R. 3.15.
Implemented	5.2	<ul style="list-style-type: none"> ▪ Monitor the collection efforts performed by the billing contractor. ▪ Follow up in a timely manner when a concern is identified. 	<ul style="list-style-type: none"> ▪ BFD performs trend and variance analyses to identify anomalies in collection patterns. ▪ BFD works with billing contractor monthly to resolve issues brought to their attention, and review refunds for reasonableness. ▪ BFD meets with the billing contractor at least twice a year for updates on billing and payment collections, and works to resolve issues, for example, receiving payments from hospitals.
Implemented	6.2	<ul style="list-style-type: none"> ▪ Determine if it is in the City's best interests to charge non-transport fees. ▪ Determine if a non-transport fee should be increased to more closely reflect similar fees charged by other jurisdictions. 	<ul style="list-style-type: none"> ▪ City Council authorized the BFD to charge a non-transport fee that matches the fees authorized by Alameda County. ▪ The non-transport fee is adjusted annually to reflect Alameda County's rates.
Implemented	6.3	<ul style="list-style-type: none"> ▪ Adjust ambulance service fees in schedule D of the City's contract with Alameda County by the CPI index 	<ul style="list-style-type: none"> ▪ City Council adjusted ambulance fees to match the fees set by Alameda County to reflect CPI increases.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
		<p>annually in accordance with the contract terms.</p>	<ul style="list-style-type: none"> ▪ BFD informs billing contractor of the new rates annually. ▪ Billing contractor uses updated rates. ▪ Contract needs clarification on the fee schedule requirements.
Partially Implemented	1.1	<ul style="list-style-type: none"> ▪ BFD should work with Finance to determine if additional pre-collection efforts could increase the ambulance revenue and report to City Council on their conclusions. 	<ul style="list-style-type: none"> ▪ BFD implemented automated ePCR system interfaced with CAD and the billing system to help with billing efforts. ▪ BFD determined it was impractical to administer a membership program. ▪ BFD reported back to City Council on its conclusions in September 2008. ▪ Opportunities exist and are worth exploring that could help increase collection efforts. ▪ Billing contractor reported data on accounts receivable balances for five-year period showing need to increase collection efforts (excludes indigent and homeless case files). <ul style="list-style-type: none"> ▫ Bad address: \$4,480,952 ▫ Bad debt: \$6,556,176 ▫ Total: \$11,037,128
Partially Implemented	1.3	<ul style="list-style-type: none"> ▪ Obtain monthly reports from the billing contractor for all ambulance accounts for which the contractor is no longer pursuing collections. ▪ Finance or an outside agency should perform Council approved collection efforts when cost effective to do so. 	<ul style="list-style-type: none"> ▪ BFD obtains monthly reports from the billing contractor on all uncollected ambulance accounts for patients with bad debt, bad address, and who are considered homeless or indigent. ▪ City does not use an outside collection agency for most of its accounts receivable accounts.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
			<ul style="list-style-type: none"> ▪ Neither BFD, nor Finance, perform any additional collection efforts on uncollected ambulance accounts with bad debt and bad address. ▪ The City has not written off over \$23M in uncollected ambulance bills most of which are not considered collectible because of the length of time that has passed since the initial incident occurred (accounts go back as far as 2000).
Partially Implemented	2.5	<ul style="list-style-type: none"> ▪ Incorporate recommendation 2.1-2.4 into the BFD's written and approved policies and procedures. 	<ul style="list-style-type: none"> ▪ BFD incorporated recommendations 2.1 and 2.2 into the General Order 19.6. ▪ BFD did not incorporate recommendations 2.3 and 2.4.
Partially Implemented	3.1	<ul style="list-style-type: none"> ▪ Obtain Council approval for ambulance billing waiver criteria. 	<ul style="list-style-type: none"> ▪ City Council approved Reso. 64,134 establishing criteria to waive ambulance fees for patients who meet low-income criteria established by Finance. ▪ Finance uses existing Berkeley Municipal Codes that provide for very-low-income exemptions for various City taxes and fees. ▪ Ambulance billing waiver criteria do not offer a way of waiving ambulance fees for homeless and indigent patients who are unable to obtain documentation to prove their income (or lack thereof).
Partially Implemented	5.1	<ul style="list-style-type: none"> ▪ Establish with the billing contractor agreed upon collection methods and document them in writing. ▪ Establish annual agreed upon collection targets. 	<ul style="list-style-type: none"> ▪ Agreed upon collection methods are described in the contract with the billing contractor. ▪ Contract requires billing contractor to observe debtors' rights. ▪ City (BFD) contract with billing contractor requires vendor to:

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
			<ul style="list-style-type: none"> ▫ Use approved City approved collection methods. ▫ Meet or exceed targets, but those are not specifically documented.
Partially Implemented	6.1	<ul style="list-style-type: none"> ▪ Require the billing contractor to only charge ambulance fees authorized by Alameda County and Council. ▪ Obtain written clarification from Alameda County when it is unclear whether a fee is allowable. 	<ul style="list-style-type: none"> ▪ City’s contract with the billing contractor does not explicitly require the contractor to charge authorized fees. ▪ Alameda County Board of Supervisors sets the allowable ambulance transport and non-transport fees for all EMS service provides in the County. ▪ Berkeley annually adopts the County’s approved and allowable fee scheduled. ▪ Billing contractor charges County allowable and approved fees.
Partially Implemented	6.4	<ul style="list-style-type: none"> ▪ Monitor the contractor’s billings for accuracy and completeness. ▪ Document the monitoring activity. ▪ Take timely corrective action as needed. 	<ul style="list-style-type: none"> ▪ BFD performs trend and variance analyses to identify anomalies in collection patterns. ▪ BFD works with billing contractor monthly to resolve issues brought to their attention, and review refunds for reasonableness. ▪ BFD meets with the billing contractor at least twice a year for updates on billing and payment collections, and works to resolve issues, for example, receiving payments from hospitals. ▪ BFD does not verify contractor is using approved fees, but is in the process of including the task in its monitoring procedures.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
Partially Implemented	6.5	<ul style="list-style-type: none"> ▪ Incorporate recommendations 6.1 - 6.4 into the BFD's written and approved policies and procedures. 	<ul style="list-style-type: none"> ▪ BFD incorporated recommendations 6.1 and 6.2 into General Order 19.6 ▪ BFD did not incorporate recommendations 6.3 and 6.4 into its billing and collections procedures.
Partially Implemented	7	<ul style="list-style-type: none"> ▪ Develop written policies and procedures identifying ambulance billing and payment processing tasks. ▪ Ensure these policies are approved in writing by management. ▪ Ensure these policies are sufficiently detailed. 	<ul style="list-style-type: none"> ▪ BFD incorporated ambulance billing and processing tasks into General Order 19.6. ▪ BFD does not include procedures for following up on open ePCRs in General Order 19.6.
Unimplemented	1.4	<ul style="list-style-type: none"> ▪ Research whether the City could generate more revenue by providing discounted ambulance fees to self-insured patients. ▪ Report results of the study to City Council. ▪ Obtain Council and Alameda County's approvals for discount programs, if they are determined to be the best course of action. 	<ul style="list-style-type: none"> ▪ BFD was unable to provide documentation that it had conducted any research on discounted fee programs for self-insured patients. ▪ BFD reported to City Council that Alameda County does not engage in discounts. ▪ BFD believes that it would have to offer the self-insured discount program, if it existed, to insurance companies. ▪ Billing contractor negotiates compromise settlements with patients (allowed by contract). ▪ Self-insureds make up a comparatively low percentage of patient accounts.

Current Status Arranged by status	#	Key Element(s) of Original Recommendation	Follow-Up Audit Conclusions
Unimplemented	1.6	<ul style="list-style-type: none"> ▪ Re-establish relationships with local hospitals on providing the billing contractor with patient billing information. 	<ul style="list-style-type: none"> ▪ Relationships with hospitals deteriorated somewhat after BFD originally reported back to City Council on recommendation status. ▪ BFD and its billing contractor are in the process of re-establishing relationships with local hospitals.