



Legislation Text

File #: 19-124, **Version:** 1

Report regarding a resolution authorizing the write-off of \$499,950.07 in uncollectable ambulance billing accounts receivable. (*Richard Walls, Emergency Medical Services Chief*)

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the write-off of \$499,950.07 in uncollectable ambulance billing accounts receivable.

BACKGROUND/DISCUSSION

The purpose of this staff report is to recommend that City Council write-off the balances of 476 uncollectable ambulance accounts, totaling \$499,950.07. Department staff last presented City Council with a write off on October 10, 2018. This write off today consists of any debt that has been found to be uncollectable since that last write off date, plus nearly \$350,000 in remaining debt from Novato Fire Protection District (Novato) and ADPI, the previous billing providers for the City's ambulance service. This write-off does not include \$37,245 of uncollected revenue from accounts that originated with Novato, but are still being pursued for reimbursement.

Efforts to Collect

The \$499,950.07 deemed uncollectable has gone through multiple layers of collection efforts. The majority of the uncollectable accounts were reviewed by the department's current ambulance billing contractor, Wittman Enterprises, LLC (Wittman). All of the accounts have then been further reviewed by Resolve Insurance Systems (Resolve), the department's secondary billing provider. The remainder of the uncollectable accounts originated with our previous billing contractors, Novato and ADPI, then went to Resolve. Wittman uses specialized software that identifies patient demographics and locates any insurance programs which a patient may be qualified and assigns a claim to those benefits. Wittman can usually complete this process within a few months and any claim that has had no activity after 90 days then gets transferred to Resolve for secondary review. Resolve then uses a proprietary process to validate findings by Wittman, identify or improve patient demographics, and appeal any benefit denials received without ever contacting the patient.

This "two tiered" approach to collections has proven more effective than prior processes, increasing the success of collection efforts. Once these processes have been completed, however, staff stops short of the formal collections process for ambulance billing.

Remaining Accounts Receivables

With this action, ambulance accounts receivable will become \$2,977,431.19 as of December 31, 2018, well below the goal of two times the annual revenue that the department has attempted to maintain. Included in the department's aged accounts amount of \$2,977,431.19 is \$1,576,527.59 of uncollected debt that is still being processed by Resolve and may eventually need some portion to be written off. Our current aged accounts represents mostly newer debt. Only 18 of the accounts are from March 2016 or earlier with a value of \$63,892.87. These accounts are still being processed by Resolve and are not ready to be removed from the department's accounts receivable at this time. Fire department staff has collected an additional \$385,371.12 by Wittman and \$283,627.60 by Resolve since implementing these secondary and sometimes tertiary collection levels. Any account listed for write off in this package has been through all collection levels utilized by the City

and has been determined to be uncollectable at every step in our revenue cycle.

It is the goal of the SSFFD to regularly report the status of these accounts. Accounts that have been vetted and no longer have recoverable revenue will be recommended for write off. With this regular reporting we are appreciating a more consistent number of write offs with reduced balances.

Attachment 1, Recommend Write-Off Summary, summarizes the accounts by year and by original billing contractor. While this write off contains 476 accounts, it finally closes the relationship between the City and ADPI, and also puts us significantly closer to closing all accounts originated with Novato.

RELATIONSHIP TO STRATEGIC PLAN

This Staff Report is related to Strategic Plan Initiative 3.1 in that it is pursuing financial stability to support City operations.

CONCLUSION

It is recommended that City Council adopt a resolution to write-off \$499,950.07 in uncollectable ambulance billing accounts receivable.

Attachment:

1. Recommended Write-Off Summary