TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke
Clerk of the Circuit Court
Ex Officio County Auditor

SUBJECT: Audit of EMS Ambulance Revenue

DATE: April 8, 2010

For your review and filing in the Official Records, I am enclosing a copy of the report dated April 8, 2010 on the above-referenced audit.

cc: Robert S. LaSala, County Administrator
Jim Bennett, County Attorney
James A. Dates, Assistant County Administrator
Dick Williams, Bureau Director, Emergency Communications/911
Jodie Schelker, Finance Manager, EMS/Fire Administration
Claretha N. Harris, Chief Deputy Director, Finance Division
Ernst & Young
AUDIT OF
EMS AMBULANCE REVENUE

Audit Services
Division of Inspector General

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Ex Officio County Auditor

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APRIL 8, 2010
REPORT NO. 2010-06

*Regulated by the State of Florida
April 8, 2010

The Honorable Chairman and Members
of the Board of County Commissioners

We have conducted an audit of the EMS Ambulance Revenue system. Our audit objectives were to determine if the EMS Billing Department is capturing complete information for billing Sunstar's ambulance transports and if such billings were performed accurately and timely, to evaluate delinquent account follow-up procedures and to determine the cost-effectiveness of Sunstar's "FirstCare Membership Program" and its non-emergency services.

At the request of EMS Billing Department Management, we performed additional analysis in two functional areas of the department process:

1. Evaluate the cost benefit of recording on the Customer "Billing Screen" the breakdown in the cost of the service provided into two segments, patient service and transport vehicle mileage fees.

2. Evaluate the factors governing the benefits that could be received by outsourcing the billing services to an independent contractor.

These items are included in the Opportunities for Improvement.

We conclude that the County's ambulance transport services billing practices are being done timely and accurately, and are compliant with applicable Medicare requirements, Florida Statutes and Pinellas County Codes. Delinquent account follow-up is performed routinely and consistently, with appropriate forwarding to collection agencies within a reasonable time period. Account information is clear and facilitates efficient patient problem-solving services.

The Sunstar FirstCare Membership Program and the County's decision to permit Sunstar to provide non-emergency ambulance transport services increase the gross and net cash flow to the County, and therefore, should be continued as currently in-place.

Outsourcing ambulance transport billing and collections to an independent contractor would not be financially beneficial to the County and could possibility result in unanticipated financial risks.
Opportunities for improvement are presented in this report.

We appreciate the cooperation shown by the staff of the Emergency Medical Services (EMS) Billing Department during the course of this review.

Respectfully Submitted,

Hector Collazo, Jr., Director
Audit Services, Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

*Regulated by the State of Florida
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EXECUTIVE SUMMARY

We have conducted an audit of the EMS Ambulance Revenue system. Our audit objectives were to determine if the EMS Billing Department is capturing complete information for billing Sunstar’s ambulance transports and if such billings were performed accurately and timely, to evaluate delinquent account follow-up procedures and to determine the cost-effectiveness of Sunstar’s “FirstCare Membership Program” and its non-emergency services. At the request of EMS Billing Department management, we performed additional analysis in two functional areas of the department’s processes.

We conclude that the County’s ambulance transport services billing practices are being done timely and accurately, and are compliant with applicable Medicare requirements, Florida Statutes and Pinellas County Codes. Delinquent account follow-up is performed routinely and consistently with appropriate forwarding to collection agencies within a reasonable time period. Account information is clear and facilitates efficient patient problem-solving services.

At the request of management, we performed an analysis of the factors governing the benefit of the EMS Billing Services being outsourced to an independent contractor. For Fiscal Year 2007/2008, the EMS Billing Department collected $35.1 million with an operating cost of $2.9 million, a rate of eight percent. For Fiscal Year 2008/2009, the amount collected was $42.2 million at a cost of $2.8 million, a rate of seven percent. Both rates are better than the contractor’s rate for other entities. We examined the various risks and exposures of outsourcing the billing function. We conclude that outsourcing the EMS billing function without a clearly defined long-term benefit, when the current County service meets or exceeds industry standards, is not in the best interest of the County and the public. Therefore, we recommend the EMS billing function remain a County operation with justified segments of the process to continue to be supported by contract.

Uncollectable accounts submitted to the County Administrator for removal from the County account records should exclude accounts with rates set by contract or legal requirements. For Fiscal Year 2008/2009, the EMS Billing Department requested approval to remove $3.1 million of delinquent accounts from the County accounting records that included $2 million that should not be included in this process.

At the request of EMS Billing Department Management, we performed additional analysis in a functional area of the department’s processes. The EMS Billing Department’s posting practices requires staff to enter into the billing application the total transport cost broken down into two elements. Management asked us to evaluate whether these two element postings should be continued or whether they should be combined into one. Based on our analysis and discussions with management of the two-element posting process and the service benefits, we concur with management that the service benefits outweigh the cost of the two-element posting process.

We also noted that additional analyses could be performed on data received from collection agencies which would be a good management tool.

In total, our report contains a total of four recommendations for improvement.
INTRODUCTION

Synopsis

The County's Emergency Medical Services (EMS) Billing Department is accurately billing, on a timely basis, ambulance transport services provided to the citizens and visitors to Pinellas County by Paramedic Plus, an independent contractor operating in the County under the County's trade name "Sunstar." Billings are compliant with applicable Medicare regulations, Florida Statutes and Pinellas County Ordinances. The EMS billing operation is pro-active in preventing billing rejects and collecting delinquent accounts. The EMS billing operation is cost-effective in delivering the County services. Confidentiality of the patient care information obtained by Sunstar to facilitate billings is compliant with the federal "Health Insurance Portability and Accountability Act" ("HIPAA").

Scope and Methodology

We conducted an audit of the EMS Billing Department of the Public Safety Services. Our scope covered the processes used by the Billing Department to bill and collect payments for medical transport services rendered to citizens and visitors to Pinellas County by Sunstar (ambulance provider). Our audit scope included the evaluation of internal controls, the compliance with regulations, assurance of actuate billing information and the proper collection of fees due to the County.

To meet the objectives of our audit, we interviewed EMS Billing Department staff and management, and reviewed supporting documentation to obtain a clear understanding of the processes and procedures for verifying the accuracy of billings and collections for patient transport services. We tested, on a sample basis, the procedures used for verifying the accuracy of the billings to Medicare, to the secondary insurance companies and to the patient related to revenue for the County. The adequacy of internal controls were evaluated and tested. We performed such other audit procedures, as we considered necessary in the circumstances.

The objectives of our audit were to determine:

- If the County's EMS Billing Department is capturing accurate and complete patient transport and related services information.
- If the County's EMS Billing Department's claims for patient transport and related services are being billed to Medicare, secondary insurance companies and the patient in an accurate and timely manner.
- If the County's EMS Billing Department is following up in a timely manner on corrections to claims rejected by Medicare and secondary insurance companies.

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• If the County’s EMS Billing Department’s removal of claims unpaid are supported by adequate and effective collection processes.
• If the County’s EMS Billing Department routinely monitors, evaluates and reports its billing and collection performances and results.
• Evaluate the cost effectiveness of Sunstar’s flat-rate “FirstCare Membership Program” for patient transport and related services.
• Evaluate the need and the cost-benefit of having a non-emergency, patient transport and other services program for citizens and visitors to the County.

At the request of EMS Billing Department Management, we performed additional analysis in two functional areas of the department’s processes. These items are included in the Opportunities for Improvement.

1. Evaluate the cost benefit of recording on the Customer “Billing Screen” the breakdown in the cost of the service provided into two segments, patient service and transport vehicle mileage fees.

2. The factors governing the benefits that could be received by outsourcing the billing services to an independent contractor (justified segments of the process already supported by contract).

Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Standards for Offices of Inspector General, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was November 1, 2008 to September 30, 2009. However, transactions and processes reviewed were not limited by the audit period.

**Overall Conclusion**

The County’s ambulance transport services billing practices:

• Are processed timely and accurately, and are compliant with applicable Medicare requirements, Florida Statutes and Pinellas County Codes.
• Provide account information that is clear and facilitates efficient patient problem-solving services.
• Ensure delinquent account follow-up is performed routinely and consistently.
• Minimize the uncollectable fees for the services rendered through effective collection efforts.
• Provide an effective monitoring and reporting process for the services being rendered.

The Sunstar “FirstCare Membership Program” that minimizes out of pocket expenses for all medically necessary trips increase the gross and net cash flow to the County.
The posting of the two types of fees to the customer record is cost justified based on the benefit received in the customer service area. Outsourcing ambulance transport billing and collections to an independent contractor would not be financially beneficial to the County and could possibly result in unanticipated financial risks.

**Background**

EMS ambulance transport service is provided by Pinellas County for the emergency medical needs of more than one million residents and visitors to the County via a contract with Paramedic Plus, operating in the County under the trade name "Sunstar." Sunstar employs a unique all paramedic, response system of Advanced Life Support emergency care. Victims of trauma must be transported to a specialized trauma center hospital for proper medical care as quickly as possible. When ground transportation could be delayed, patients are transported by air with an air transport medical helicopter.

Sunstar's services include responding to all emergency calls, providing basic and advanced life support services, and transporting patients to medical facilities. Sunstar will not refuse to provide non-emergency transport services for anyone; however, such services are billed to the patient. Approximately 30 percent of its transports are for non-emergency transport services. Sunstar also has special Critical Care Transport vehicles ("hospital intensive care unit on wheels") designed to transport critical care patients who require ventilators, numerous medicated IV drips and other forms of intensive medical attention. Sunstar also has Mental Health Transport vehicles to provide for special transport services.
When Sunstar arrives at a medical-needs scene, if the patient has a minor injury that, in the opinion of the paramedic, does not require medical treatment at a medical facility and the patient does not want to go to a medical facility, Sunstar's paramedics will provide the required medical aid as a non-transport service. This is not billable to the patient as a service. The County pays Sunstar approximately $35 million annually for its segment of the County over cost, to provide services that are totally funded by the fee collected for the County’s ambulance transport service.

Pinellas County does the billing for each Sunstar ambulance transport, for which it collected approximately $42 million in Fiscal Year 2008/2009 ($30.7 million for 2008-2009 billings and $11.3 million for prior year billings), for approximately 135,000 transports. The County bills Medicare, Medicaid, Medicare replacement insurers, a number of private insurers, other medical service providers and patients for the ambulance services provided to the patient.

County staff must follow federal government guidelines for the billing and coding of medical conditions of the ambulance service provided to patients. Billing staff use the information documented on the transport run report and Patient Care Report to determine the appropriate diagnosis and procedure codes that apply to the patient’s ambulance transport. Because Sunstar is a segment of Pinellas County government, no discounts are offered in its established rates.

Our test work performed on the initial Medicare billing shows a rejection rate of .35 percent, 22 rejections out of a total number of billings for our test period of 6,212. Over half of these rejections were successfully resubmitted within 10 days.

The County outsources its delinquent patient account collection services, patient estate claims services, lock-box payment collection services, Medicare/HIPAA* compliance certification services and some printing services.

* The Health Insurance Portability and Accountability Act ("HIPAA") was enacted by the U.S. Congress in 1996. Title II of HIPAA, known as the Administrative Simplification (AS) provisions, requires the establishment of national standards for electronic healthcare transactions and national identifiers for providers, health insurance plans, and employers. This requirement is intended to help people keep their medical information private.
Our audit disclosed certain policies, procedures and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. **Outsourcing The EMS Ambulance Billing Function To A Contractor Is Not Justified For The County And Is Not Beneficial To The Residents Using The Service.**

At the request of EMS management, we performed an analysis of benefits and/or risks involved in outsourcing EMS Billing Services to an independent contractor. We used the analysis performed by EMS issued on March 9, 2009 as a starting point and gathered additional data as needed for our analysis.

Based on our review, outsourcing the current EMS ambulance billing services:

1. Would not be a cost savings for the County Public Safety Service Department.
2. Could increase the risk exposure to the County.
3. Would not improve customer service.
4. Would provide no additional benefit gained by the taxpayers

In order for the County to consider outsourcing the EMS billing function and relinquishing direct control of the operations, there must be:
1. Clear financial benefit.
2. No reduction in productivity.
4. No impact on the customer service received by the users of the ambulance services.

Our analysis covers several areas of consideration:

A. Operational Cost for the EMS Billing Services

Since the cost of the services would have to be bid competitively based on Pinellas County’s EMS operational requirements, an accurate projection of the contract cost cannot be developed. However, if the expense segments of the billing operations are analyzed to see what areas the contractor could perform at a lower cost, therefore reducing the bid amount, the opportunity to gain a cost benefit for outsourcing may be identified.

Our analysis found no areas in which a contractor could perform the service at a lower cost other than reducing its staff salaries and benefits compared to County guidelines. Several of the current EMS billing department’s operational tasks have been outsourced to gain a cost and production benefit. If these already outsourced segments were included in a new bid process, the County would not be ensured they would be done as well or as cost-effective as they currently are performed. In addition, outsourcing related expenses for the County (“Contract Procurement and Oversight”) would increase the Department’s overall cost of operations, and coupled with the uncertain price obtained in the contract bid process, presents a cost exposure. That exposure added to the uncertainty of the contractor’s ability to meet current revenue projections, exposes the County to additional risk. (See “Operation Cost Areas Table” below.)

**OPERATION COST AREAS TABLE**

<table>
<thead>
<tr>
<th>Cost Segment</th>
<th>Opportunity</th>
<th>Risk</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Salary</td>
<td>Contractor pays personnel less than County scale.</td>
<td>Unable to obtain quality personnel/personnel turnover.</td>
<td>Low</td>
</tr>
<tr>
<td>Personnel Benefits</td>
<td>Contractor offers personnel a reduced benefit package.</td>
<td>Unable to obtain quality personnel/personnel turnover.</td>
<td>Moderate</td>
</tr>
<tr>
<td>Work Space</td>
<td>None - Contractor uses current County area.</td>
<td>None - County supplied area.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contractor uses their workspace that is off-site or out of the area.</td>
<td>County ability to oversee contractor not in the area.</td>
<td>Low</td>
</tr>
<tr>
<td>Work Equipment</td>
<td>None - Contractor uses County equipment.</td>
<td>None - County supplied equipment.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contractor uses their own equipment.</td>
<td>Contractor’s ability to obtain and maintain equipment.</td>
<td>None</td>
</tr>
<tr>
<td>Indirect Support</td>
<td>County allocation to EMS Department would not be effected by outsourcing the function. County attorney allocation may increase.</td>
<td>County support functions may not be available to support contractor requirements (i.e., County Attorney).</td>
<td>Negative Impact</td>
</tr>
</tbody>
</table>
### OPERATION COST AREAS TABLE

<table>
<thead>
<tr>
<th>Cost Segment</th>
<th>Opportunity</th>
<th>Risk</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing Application</td>
<td>None - Contractor would have to use Zoll application.</td>
<td>None - Contractor would use current application.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contractor uses own billing application.</td>
<td>Contractor software does not meet current software standard, new reports and interface issues.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>Billing Processes</td>
<td>None - Currently outsourced: Collection, Lock Box, Estate Claims and Notice Printing.</td>
<td>Contractor would use current County contracts, but interface risk present.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contractor does not use current outsource vendors.</td>
<td>County would pay a premium, as filing claims against estates is not common practice or common to other government ambulance billing operations. Membership program is also not standard practice, will pay premium for service.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>External Reviews</td>
<td>None - Currently outsourced: Medicare business consultant.</td>
<td>Contractor would use current County contracts, but interface risk present.</td>
<td>None</td>
</tr>
<tr>
<td>Office/Operation Supplies</td>
<td>None - Supplied by County.</td>
<td>Pricing obtained through County contract less.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>Network</td>
<td>None - Contractor would use County network.</td>
<td>None - Access to network would be controlled by BTS/EMS staff.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contractor does not use County network or is off-site using its own network.</td>
<td>Interface and current access to billing data could be an issue.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>County Oversight</td>
<td>None - County staff and management would have contract oversight responsibility.</td>
<td>In the current County process, this type of oversight is included in management's responsibility. There would be overlap in contractor/management function and County oversight.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>Contract Offering</td>
<td>None - No contract offering cost.</td>
<td>County cost not present when it is a County function.</td>
<td>Negative Impact</td>
</tr>
<tr>
<td>Contractor Profit</td>
<td>None - No contractor profit built into County cost.</td>
<td>Normal profit margin would be present in all contract bids.</td>
<td>Negative Impact</td>
</tr>
</tbody>
</table>

**B. Contract Oversight**

The County would have to use EMS Billing Department’s management and staff to:

1. Oversee the contractor’s performance.
2. Meet with the contractor and resolve issues found with the contractor.
The contractor would also have a management team in place to supervise the outsourced billing operations. This situation would create a duplication of effort not present in the current operations. The EMS Billing Department's oversight function is now performed as part of its supervision of operation. This duplication would be an additional cost for the County.

C. Performance Standards

The contractor would have to adhere to the same standards as the current operations. Based on the current performance of the EMS Billing Department's function, there is very little room to improve the delivery of the service being supplied. Our audit found:

1. An excellent information capture and billing process.
2. Timely follow-up on issues.
3. A strong performance monitoring process.
4. A well-controlled compliance process, which reduces risk exposure.
5. A high level of customer service.
6. A very low claim reject rate.

D. Risks and Exposures for Outsourcing

The risk in an area/function related to a problem might occur. The exposure is the chance that the problem may occur based on past performance in related operations. Outsourcing will create certain risks that are not present when the County performs the service with County employees. (See "Risk and Exposure Table" below.)

<table>
<thead>
<tr>
<th>Risk</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaction time to address a problem or a change in legal requirements is slower.</td>
<td>With a contract, the service is controlled by the Statement of Work. Changes may require an amendment and fee adjustment. However, to make any change, agreement between the County and the contractor is required to adjust contractor process; both take time.</td>
</tr>
<tr>
<td>The contractor cost is controlled by the bids, not the County effectiveness and efficiencies.</td>
<td>The competitive bid process does not produce the most cost-effective contract, just what the bidders are willing to accept for the provided service.</td>
</tr>
<tr>
<td>Outsourcing the billing function would create a “Billing Contractor” interfacing with the “Ambulance Contractor” in many areas.</td>
<td>The direct interface between two contractors causes oversight issues. The Billing and Ambulance process overlaps in the capture and billing process.</td>
</tr>
</tbody>
</table>
## RISK AND EXPOSURE TABLE

<table>
<thead>
<tr>
<th>Risk</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County has no direct control over the contractor staff and management performance.</td>
<td>Reduces County control over elements of performance.</td>
</tr>
<tr>
<td>Customer service interface would be with the contractor, not a County employee.</td>
<td>Customer service is more of a priority for County employees than contract employees.</td>
</tr>
<tr>
<td>The risk and exposure of compliance to legal regulations and HIPAA issues.</td>
<td>Delegation of the risk to a contractor through the terms of the contract may not be possible. The indemnification provisions put into a contract are not always enforceable.</td>
</tr>
<tr>
<td>Transition impact would be present at contract startup and if the billing contractor is changed.</td>
<td>Contractor startup and contractor change has a major impact on performance that can relate to significant cost.</td>
</tr>
</tbody>
</table>

The performance of contractors supplying the billing service to other entities shows that the County’s EMS Billing Department’s operation performance is equal or better than the other providers. For Fiscal Year 2007/2008, the EMS Billing Department collected $35.1 million with an operating cost of $2.9 million, a rate of eight percent. For Fiscal Year 2008/2009 the amount collected was $42.2 million at a cost of $2.8 million, a rate of seven percent. Both rates are better than the contractor’s rate for other entities. In addition, the County EMS Billing Department collects 69 percent of assessed fees, which ranks at the top when compared to other models. EMS Billing Department management also stated that from Fiscal Years 2000/2001 to 2007/2008, the Department was able to absorb a 22 percent increase in transports with minimal increase in staff.

Outsourcing the EMS billing function without a clearly defined long-term benefit, when the current County service meets or exceeds industry standards, is not in the best interest of the County and the public.

**We recommend** the EMS billing function remain a County operation with justified segments of the process to continue to be supported by contract.

**Management Response:** Agree.


At the request of EMS Billing Department Management, we performed additional analysis in two functional areas of the department’s processes. The EMS Billing Department’s posting practices requires staff to enter into the billing application the total transport cost broken down into two elements:

1. The cost of the transport vehicle used for the patient.
2. The cost of the mileage incurred to pick up and deliver the patient to or from a healthcare provider.

Management asked us to evaluate whether these two element postings should be continued or whether they should be combined into one. It should be noted that direct Medicare data, which represents approximately 43 percent of the Department's volume, is posted to the patients' accounts automatically. Our analysis, described below, only included the non-Medicare transports.

Based on our analysis, the cost of the two-element posting process for a typical year costs approximately $40,000 in additional staff time. It is management's opinion that the cost of implementing a combined posting practice, described below, would be more than offset by the service benefit received. The benefit of having the information available for Customer Service to view on the “RescueNet Dispatch - Billing” screen to respond to customer inquires exceeds the cost of a two-element posting practice. Accordingly, patients will be serviced faster and their inquiries will be answered more timely.

Management also stated if the posting of these two elements were combined, the EMS Billing Department staff dealing with patients' inquiries would not be able to give the patient the details of the medical and other insurers' payments by simply viewing the "RescueNet Dispatch–Billing" screen. The customer service clerk would have to make a handwritten note to follow up with the patient's inquiry at the end of the workday. The customer service clerk would then need to access the patient's “Explanation of Benefits” ("EOB") statement, and make a return phone call to the patient. Based on our analysis and discussions with management of the two-element posting process and the service benefits, we concur with management that the service benefits outweigh the cost of the two-element posting process.

We recommend management continue with the two-element posting process currently in place.

Management Response: Agree.

3. Collection Agencies Recovery Results May Be Used For Several Operational Indicators.

The analysis of the tracking data (tracking analyses) of collection agencies’ recoveries can be used in several areas as indicators of operational effectiveness for the respective collection agency contractor and the County’s Billing Operations.

We received an analysis used by management to support EMS billing department's collections and collection sources. It is currently used by the EMS Billing Department to:

1. Monitor the cash flow from the different collection agencies.

2. Keep a record of delinquent accounts placed with the collection agencies.
3. Support the collection fees paid to the agencies.

There are several different tracking analyses that may be performed that would produce the following indicators:

- The difference of the total recovery percentage between the two collection agencies may show performance differences with the contractors if the portfolio received is consistent.

- Changes in total percentage and/or select timeframe for recoveries can indicate that the EMS Billing Department's internal collection processes are not performing as designed. If this data is traced over several years, it may indicate an improvement or decline in the internal collection process.

- If the recovery rate is over five percent, it could indicate that additional collection efforts should be performed internally. (The industry standard for the normal percent of recovery by collection agencies is not available since very few medical billing functions use this function. The five percent rate is used by a major bank credit card operation as an indicator to judge the effectiveness of internal collection efforts for delinquent account portfolios turned over to external collection functions.)

Implementation of the above analyses will give management ongoing indicators for performance areas that do not entail additional time to obtain data.

We recommend management review alternate ways to use its account recovery data to monitor and improve collections from its delinquent accounts, and to consider the implementation of the tracking analyses described above.

Management Response: Agree.

4. **Uncollectable Accounts Submitted To The County Administrator For Removal From The County Account Records Should Exclude Accounts With Rates Set By Contract Or Legal Requirements.**

For Fiscal Year 2008/2009, the EMS Billing Department requested approval to remove $3.1 million of delinquent accounts from the County accounting records that included $2 million that should not be included in this process.

Accounts removed should represent amounts that:

1. Exceed the State of Florida's Statute of Limitations.
2. Are no longer enforceable due to bankruptcies and other legal actions.

3. Have no reasonable expectations of being collected.

Contractual and legal limit removals do not fall into these removal classifications. Due to "past practices," amounts submitted to the County Administrator for approval have included transport charges that were covered by legal requirements or contractual rates. As a result, the amounts approved for removal do not represent true delinquent accounts.

The first approval requested, submitted by EMS Billing Management to the County Administrator, included Medicare Replacement removals of $1.5 million. For the second half of the year's removals, management did not include the Medicare Replacement amounts. In addition, the combined fiscal year removals included approximately $474,000 for Sunstar's "FirstCare Membership Program" and other similar County-related functions that are subject to contractual rates for ambulance transport. As noted above, this type of account removal does not require the County Administrator's approval since the fee rate is set by Federal Law and County Contract.

Note: The removal of uncollectible accounts from the County's accounting system requires the BCC's approval. The BCC has delegated this responsibility to the County Administrator. Approvals are made twice during a fiscal year.

We recommend management continue not reporting Medicare Replacement reductions and exclude any accounts governed by contractual transport rate agreements from its request for removal approval by the County Administrator.

Management Response: We agree with not reporting Medicare Replacement contractual as they are governed by Law. We will review the Board approved write-off policy to determine if we are authorized to exclude write offs related to accounts governed by contract.