



Office of the City Manager

INFORMATION CALENDAR
April 23, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Dave Brannigan, Fire Chief, Fire Department

Subject: Ambulance Billing Follow-up Audit Status Report

INTRODUCTION

On March 28, 2017, the City Auditor submitted an [Ambulance Billing Follow-up](#) audit report¹ to the City Council with recommendations to improve the Berkeley Fire Department's ambulance billing and collection efforts and to write off receivables that were determined to be uncollectible. This information item updates City Council on the status of implementation of the audit report's recommendations. This is the second and final status report regarding this audit. The first status report was submitted on October 3, 2017.

CURRENT SITUATION AND ITS EFFECTS

The audit included ten recommendations. As of the writing of this report, all ten recommendations are implemented (7 "implemented", 3 "alternatively implemented.")

Please see Attachment 1 for a detailed table of audit report recommendations, corrective action plans, and implementation progress.

BACKGROUND

The Berkeley Fire Department responds to medical emergency calls, provides medical treatment, and transports Berkeley residents to appropriate medical facilities. The department staffed three ambulances around the clock with two trained paramedics on each ambulance to provide necessary medical care. Due to the surging demand for ambulance services, effective July 1, 2017, one ambulance was added to provide services twenty-four hours a day, seven days a week. The Berkeley Fire Department engaged a third party contractor (Intermedix) to bill for the service and to collect fees.

¹ Audit: Berkeley Fire Department Ambulance Billing Follow-Up (3/28/17):
https://www.cityofberkeley.info/Clerk/City_Council/2017/03_Mar/City_Council_03-28-2017_-_Regular_Meeting_Agenda.aspx

Ambulance Billing Follow-up Audit Status Report

Effective January 1, 2019, the billing services are provided by a new vendor, Wittman Enterprises, LLC.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental impacts associated with the subject of this report.

POSSIBLE FUTURE ACTION

The Berkeley Fire Department will continue to work with the existing ambulance billing contractor, Wittman Enterprises, LLC, to improve its billing and collection efforts.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

The collection on ambulance fees may be improved as a result of implementing the audit recommendations.

CONTACT PERSON

Dave Brannigan, Fire Chief, Fire Department, (510) 981-3473

Attachment:

1 Audit Report Form

**City of Berkeley City Auditor's Office
Audit Findings and Recommendations Response Form**

Attachment 1

Audit Title: Berkeley Fire Department Ambulance Billing Follow-Up Audit 2016				
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 ▪ 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 	Fire Department	Agree	<p>Initial Target Date: 6-30-2017</p> <p align="center">12-31-2017</p> <p><u>Initial Status 3-28-2017: Partially Implemented.</u></p> <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 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. • Intermedix and BFD is 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 Office has reviewed and made changes to the agreement. The revised agreement has been forwarded to Intermedix for review and processing on 1/26/2017. • Currently, Intermedix offers payment options to patients by phone if the patients can be reached by phone. <p><u>1st Status update 10-3-2017: Partially Implemented.</u> BFD met with representatives from Kaiser Permanente of Northern California to explore the possibility for Kaiser to</p>

Audit Findings and Recommendations Response Form

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			Actual Implementation Date: 3-1-2019	<p>provide Intermedix with essential billing information periodically. Kaiser will bring this proposal to their Legal & IT department and get back to us.</p> <p><u>2nd Status Update 4-23-2019: Alternative Implemented.</u></p> <p>The Fire Department selected a new billing service provider, Wittman Enterprises, LLC. The contract started on January 1, 2019 and the following processes have been implemented:</p> <ol style="list-style-type: none"> 3 invoices are sent. Patients are called 5 to 10 days after an invoice is sent if there is no responses from the patients: <ul style="list-style-type: none"> 1st Invoice stamped "INVOICE" Follow-up phone call if no response 2nd invoice stamped "PAST DUE" Follow-up phone call if no response 3rd Invoice stamped "FINAL DEMAND" <p>If there is no insurance information on file, an information letter with "Balance Due" is sent prior to the first invoice, followed by a phone call if there is no response.</p> <ol style="list-style-type: none"> A phone number for setting up a payment plan is printed on the invoices. Patients can determine a payment arrangement that best fits their needs. After a patient agrees to a payment arrangement, a "Promise to Pay" letter is sent to the patient. The patient signs the letter and returns it to Wittman. Upon request, Wittman also assists patients to set up recurring payments on their credit cards.

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					3. Wittman has relationships with Kaiser and Sutter (Nor Cal). It is currently receiving patient billing information via fax from both hospitals' systems. All parties are working to automate this process as either a "data dump" directly into Wittman's billing system or a VPN login where Wittman can retrieve data directly from the records database(s). The Fire Department will be working with Wittman to implement similar relationships with local hospitals.
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	Actual Implementation Date: 11-18-2016	<u>Initial Status 3-28-2017: Implemented.</u> 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.
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,	Fire Department	Agree	Initial Target Date: 3-21-2017	<u>Initial Status 3-28-2017: Not Implemented</u> BFD will send Intermedix the list of written-off accounts by 3/21/2017 provided the write-off is approved by the City Council on 3/14/2017 as indicated in Finance's response to Recommendation 1.9 below. <u>1st Status Update 10-3-2017: Implemented.</u>

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	if appropriate. Repeat this process each time write offs are completed.			Actual Implementation Date: 3-28-2017	<p>The list of accounts being written off, approved by Council Resolution 67,874 on March 28, 2017, was sent to Intermedix on April 6, 2017. The written off accounts were closed. Uncollectible receivables will be written off by August each year based on the following three criteria. A list of accounts being written off will be sent to Intermedix and Finance.</p> <ul style="list-style-type: none"> • 100% of Indigent/Homeless if Over 1 Year at year-end. • 100% of Bad Address if Over 2 Years at year-end • 100% of Outstanding Receivables If Over 3 Years at year-end
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	<p>Initial Target Date: 8-31-2017</p> <p>12-31-2017</p>	<p><u>Initial Status 3-28-2017: Alternative Will Be Implemented.</u></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>

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				Actual Implementation Date: 3-1-2019	<p><u>1st Status Update 10-3-2017: Alternative Will Be Implemented.</u> BFD is currently working with Intermedix to develop a protocol to offer MediCare/MediCal patients, who have co-pay requirements, various payment plan options through Intermedix. BFD will continue to 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> <p><u>2nd Status Update 4-23-2019: Alternative Implemented.</u> As an alternative to a sliding-fee scale program or engaging a collection agency, the new contractor Wittman will assess patients' ability to pay and offer payment extension, reduced payments, or payment plan option to patients who cannot not make a full payment on-time due to financial hardship (Also see responses to Finding 1.1).</p>
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 	Fire Department	Partially agree	Initial Target Date: 8-31-2017	<p><u>Initial Status 3-28-2017: Alternative Will Be Implemented.</u> 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. As an alternative, BFD will explore the feasibility of engaging a collection agency to pursue collection for</p>

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	<p>successful, cease the program and provide City Council with the cost-benefit analysis explaining why the program is not achieving the desired results.</p> <ul style="list-style-type: none"> 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. 			<p>12-31-2017</p> <p>Actual Implementation Date: 1-1-2019</p>	<p>receivables that are outstanding for 120 days to 3 years or as recommended by the collection agency.</p> <p><u>1st Status Update 10-3-2017: Alternative Will Be Implemented.</u></p> <p>BFD will continue to 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> <p><u>2nd Status Update 4-23-2019: Alternative Implemented</u></p> <p>As an alternative to a sliding-fee scale program or engaging a collection agency, the new contract requires Wittman to assess patients' ability to pay and to offer payment extension or reduced payments based on the patient's ability and/or payment plan options to the patients as necessary. In addition, Wittman will Provide annual report showing patient opting for payment plans & amount collected from payment plans during the year.</p>
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 	Fire Department	Agree	<p>Initial Target Date: 6-1-2017</p>	<p><u>Initial Status 3-28-2017: Partially implemented.</u></p> <p>The General Order has been updated and is now going through the internal review processes. General order is renamed to "Ambulance Billing Procedures"</p>

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	<p>documenting supervisor's approval</p> <ul style="list-style-type: none"> ▪ 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 			Actual Date: 7-1-2017	<u>1st Status Update 10-3-2017: Implemented.</u> The General Order has been updated and released.
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.	Fire Department	Agree	Initial Target Date: 4-1-2017	<u>Initial Status 3-28-2017: Partially Implemented.</u> On a quarterly basis, Intermedix will send to BFD the accounts that are to be written off. Outstanding balances over 3 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.

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				Actual Implementation Date: 8-1-2017	<u>1st Status Update 10-3-2017: Implemented.</u> Intermedix provides an aging report to BFD on a quarterly basis. At year end, BFD & Intermedix work together to identify uncollectible accounts to be written off based on pre-established criteria. Around the end of August each year, BFD sends a detailed write-off report, with account numbers, to Finance for recording the write-off.
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	Actual Implementation Date: 12/20/2017	<u>Initial Status 3-28-2017: Implemented.</u> 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 14, 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. Exclude from the write off Medicare and Medi-Cal accounts, if appropriate.	Finance Department	Agree	Actual Implementation Date: 3/15/2017	<u>Initial Status 3-28-2017: Implemented.</u> Finance approved the write off request from Fire. Finance will be going to obtain Council approval (on the 3/14/17 Council Meeting) for this write off since the total amount is material \$18.6M.

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1.10	Require staff use the signature section on the waiver form to demonstrate review and approval.	Finance Department	Agree	Actual Implementation Date: 1/30/2017	<u>Initial Status 3-28-2017: Implemented.</u>

