

Follow-Up of the Audit of Orange County Fire Rescue Department EMS Billing

**Report by the
Office of County Comptroller**

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**Report No. 424
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June 20, 2012

Teresa Jacobs, County Mayor
And
Board of County Commissioners

We have conducted a follow-up of the Audit of Orange County Fire Rescue Department EMS Billing (Report No. 398). Our original audit included the period of October 2006 to December 2007. Testing of the status of the previous Recommendations for Improvement was performed for the period August 2010 through August 2011.

We conducted this 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 objectives.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following each recommendation is a summary of the current status as determined in this review.

We appreciate the cooperation of the personnel of the Orange County Fire Rescue Department during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Linda Weinberg, Deputy County Administrator, Public Safety and Human Services
Interim Fire Chief James Fitzgerald, Orange County Fire Rescue Department

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT**

**FOLLOW-UP OF THE AUDIT OF ORANGE COUNTY FIRE RESCUE DEPARTMENT EMS BILLING
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend OCFRD performs the following:				
A)	Develops written procedures to ensure incident reports are completed and forwarded to Financial Services in a timely manner.	✓			
B)	Forwards the billing logs and incident reports to the billing company for the unbilled EMS transports.	✓			
C)	Reviews the current manual billing system to determine if the process could be enhanced by an automated incident report/billing system.	✓			
2.	We recommend OCFRD Financial Services perform the following:				
A)	Review the current reconciliation process and implement procedures to ensure accounting errors are detected.				✓
B)	Consider the use of batch totals to ensure the accuracy of billing log data.				✓
C)	Determine the reason for and correct the cumulative difference in the amount reported as forwarded to and received by the collection agency. We further recommend, in the future, a monthly reconciliation of the amounts reported by each company be performed.	✓			
D)	Implement procedures to ensure the timely receipt of monies owed to OCFRD by the collection agency.	✓			

**FOLLOW-UP OF THE AUDIT OF ORANGE COUNTY FIRE RESCUE DEPARTMENT EMS BILLING
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
3.	We recommend OCFRD considers entering into a written agreement with Health Central that includes reimbursement for assisting with patient transports.				✓
4.	We recommend OCFRD obtains approval from the Board for the "Home for the Holidays" program. We further recommend OCFRD develops and implements written policies and procedures for the program.				✓
5.	We recommend that since the County is separating from this agreement on October 1, 2008, OCFRD considers performing the following:				
A)	Invoicing the provider for the 24 previously unbilled assists identified during the audit. We further recommend OCFRD reviews the remaining population of possible assists and determine if the provider should be billed for any additional unbilled assists.	✓			
B)	Consulting with the County's Attorney's Office to determine if additional remedies are available for collecting the fees owed to the County for services rendered.		✓		

INTRODUCTION

INTRODUCTION



Follow-Up of the Audit of Orange County
Fire Rescue Department EMS Billing

Scope and Methodology

We have conducted a follow-up of the Audit of the Orange County Fire Rescue Department EMS Billing (Report No. 398). Our original audit included the period of October 2006 to December 2007. Testing of the status of the previous Recommendations for Improvement was performed for the period August 2010 through August 2011. Our follow-up audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

We interviewed personnel with the Orange County Fire Rescue Department (OCFRD hereafter). We also reviewed source documents and performed the tests necessary to determine the implementation status of the previous recommendations. We have described the specific methodologies utilized during our review in the implementation status of each recommendation in the Follow-Up to Previous Recommendations for Improvement section of this report.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
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Follow-Up of the Audit of Orange County
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1. Procedures for Billing Transports Should Be Improved

During the prior audit, we noted that the responding OCFRD personnel manually prepared an incident report that included details of the services provided after each response to a 911 call. Each incident report was forwarded to the Operations Division. For each written incident report, Operations printed a copy of the Patient Care Report (PCR), a detailed computer version of the written report, and compared the two reports for completeness before sending both reports to Financial Services for forwarding to the billing company. In regards to these procedures, we noted instances where incident reports were not submitted to Financial Services in a timely manner. Further, we determined that over \$60,000 of charges related to patient transports were never forwarded to the billing company for processing.

We Recommend OCFRD performs the following:

- A) Develops written procedures to ensure incident reports are completed and forwarded to Financial Services in a timely manner.
- B) Forwards the billing logs and incident reports to the billing company for the unbilled EMS transports.
- C) Reviews the current manual billing system to determine if the process could be enhanced by an automated incident report/billing system.

Status:

- A) Implemented. We reviewed the EMS billing process and noted that field personnel responding to a 911 call enter essential patient and incident information directly into electronic "tough pads" as the event occurs. Financial Services extracts the data and forwards the information electronically to the billing company. We verified that OCFRD Financial Services Guidelines, Processing EMS Transports

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(Billing Company) included step by step instructions on how to perform these tasks.

In addition, during our audit testing, we noted that only seven of the 40,052 patient transports performed during the audit period by OCFRD, with related charges totaling \$3,609, were not billed. After bringing these to the attention of OCFRD personnel, the unbilled transports were forwarded to the billing company for processing.

- B) Implemented. We confirmed that the previously unbilled patient transports were forwarded to the billing company.
- C) Implemented. As noted above in A), OCFRD utilizes an electronic reporting and billing system.

2. Billing Related Functions Should Be Enhanced

During the prior audit, we noted that OCFRD sent billing information to the billing company as charges were incurred and reconciled the total charges for new accounts at the end of the month in the Accounts Receivable Billing Reconciliation. Daily Transport Tracking Forms (billing logs), were used to transmit patient account information to the billing company and were used as support for the reconciliation. The billing company was responsible for collection of the accounts for one year, at which point the account was deemed “delinquent.” If an account became delinquent, it was forwarded to a collection agency. During our review of this process, we noted the following:

- Several of the billing logs and reconciliations contained mathematical errors that rendered the reconciliation ineffective.
- Charges reported as sent to the collection agency did not agree with the amounts the collection agency reported as received. The amount reported as sent

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was \$689,000 more than the amount reported as received by the collection agency for the period of April 2003 through December 2007.

- The subsequent remittances by the collection agency to OCFRD were not sent in timely manner. Remittances ranged from four to 58 days past due.

We Recommend OCFRD Financial Services perform the following:

- A) Review the current reconciliation process and implement procedures to ensure accounting errors are detected.
- B) Consider the use of batch totals to ensure the accuracy of billing log data.
- C) Determine the reason for and correct the cumulative difference in the amount reported as forwarded to and received by the collection agency. We further recommend, in the future, a monthly reconciliation of the amounts reported by each company be performed.
- D) Implement procedures to ensure the timely receipt of monies owed to OCFRD by the collection agency.

Status:

- A) Not Applicable. The manual system used during the prior audit was discontinued and an automated system is now utilized, rendering the previously performed reconciliation obsolete.
- B) Not Applicable. As noted above in A), the manual billing process has discontinued in May 2009.

However, during our follow-up procedures, we noted that the contract with the billing company does not clearly define ultimate responsibility for determining

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the level of service billed for each transport. The incident report, prepared by OCFRD personnel responding to a 911 call, includes the details regarding the level of service provided. The three levels of service include BLS (Basic Life Support) and ALS I and ALS II (Advanced Life Support). In some instances, the level of service provided by OCFRD personnel is changed by the billing company based on the narrative provided in the incident report. According to OCFRD personnel, the level of service designated by the billing company is considered definitive. However, the Scope of Work section of Orange County Contract Y9-179 states that "The vendor shall be responsible for the invoicing, collection, and generation of any and all insurance forms and filings, record maintenance and reports." Further, the Responsibilities of Orange County Fire Rescue Department section of the contract states that "The Orange County Fire Rescue Department will provide the necessary patient information for those patients that have been transported by Orange County Fire Rescue Department to the awarded vendor." There are no other sections of the contract addressing the authority to change or the responsibility for determining the level of service provided. As such, the County's risk of inaccurate or unauthorized billings is increased.

We Recommend OCFRD obtain a contract amendment to clearly define responsibility for determining the level of service and related transport charges in the billing company contract.

Management's Response:

Concur. We will be submitting language to clearly define the responsibility of determining the level of service between OCFRD and the EMS billing company.

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-
- C) Implemented. Our original audit reported a cumulative difference between the amount recorded in the Fire Rescue records as sent to the collection agency compared to the amount reported by the collection agency as received from the third party billing company. Fire Rescue analyzed these two amounts and a third amount, the amount reported by the third-party billing agency as sent to the collection agency. This analysis was able to specifically identify \$162,131 that was not sent to the collection agency that should have been sent. Fire Rescue notified the collection agency and confirmed that the identified amounts were subsequently processed. The remaining amount was identified by OCFRD as an error in the records of amounts to the collection agency and an adjusting entry was made to the accounts receivable to reflect the entry. This adjustment reconciled the amounts reported to within one percent of the total transferred.

We confirmed that a monthly reconciliation of the amounts reported by the billing and collection companies is now performed. In addition, we verified that the amounts included in the reconciliation agreed with the amounts reported by both companies for the months of April through June 2011.

- D) Implemented. We verified that OCFRD Financial Services Guidelines, Collection Process for OCFRD, addressed the timely receipt, within 10 working days after the end of the previous month, of monies collected on behalf of OCFRD by the collection agency.

In addition, we noted that Financial Services monitors all payments received for timeliness with the contract terms. Our analysis of the payments received found that although half (3 of 6) of the payments tested were submitted after the due date, none were later than three working days. Further, we noted that Financial Services promptly notifies the collection agency of

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delinquent payments. This is a noticeable improvement from the prior audit wherein all (15 of 15) of the remittances were past due from three to 58 days.

3. OCFRD Should Consider Requiring Reimbursement for Providing Field Personnel to Assist With Transports Performed by Health Central

During the prior audit, we noted that OCFRD field personnel assisted with patient hospital transports performed by Health Central without receiving any reimbursement of the cost to the County for providing the assists.

Based on data in the 911 reporting system, it appeared that OCFRD field personnel could have provided approximately 800 assists to Health Central during the prior audit period. By applying the rate of \$100.00 per assist (the reimbursement amount charged in OCFRD's ambulance service contract with a private provider) OCFRD could have received \$80,000 toward off-setting the cost of providing the assists.

We Recommend OCFRD considers entering into a written agreement with Health Central that includes reimbursement for assisting with patient transports.

Status:

Not Applicable. Interviews with management revealed that OCFRD assumed responsibility in August 2011 for EMS transports in the area previously serviced by Health Central.



4. OCFRD Should Obtain Approval From the Board of County Commissioners for the “Home for the Holidays” Program

During the prior audit, we were informed that OCFRD provided non-emergency transports over the Thanksgiving and Christmas Holidays at no cost to qualifying citizens in the OCFRD transport area under the “Home for the Holidays” program.

There was no evidence that formal approval of the program was obtained from the Board or that OCFRD had developed written policy and procedures for the program.

We Recommend OCFRD obtains approval from the Board for the “Home for the Holidays” program. We further recommend OCFRD develops and implements written policies and procedures for the program.

Status:

Non Applicable. Interviews with management revealed that the Home for the Holidays program was discontinued in 2009.

5. Unbilled and Past Due Fees Owed to the County From the Contracted Ambulance Service Provider Should Be Collected

During the prior audit, we noted that OCFRD paramedics provided assistance to a contracted ambulance service provider that transported patients to the hospital. We noted that 24 hospital transports in our sample were billable assists that were not billed. If the sample was representative of the entire population of 556 hospital transports, an additional \$25,000 should have been billed. In addition, OCFRD had not received outstanding billings totaling \$22,000 from the contracted ambulance service provider.

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We Recommend that since the County is separating from this agreement on October 1, 2008, OCFRD considers performing the following:

- A) Invoicing the provider for the 24 previously unbilled assists identified during the audit. We further recommend OCFRD reviews the remaining population of possible assists and determine if the provider should be billed for any additional unbilled assists.
- B) Consulting with the County's Attorney's Office to determine if additional remedies are available for collecting the fees owed to the County for services rendered.

Status:

- A) Implemented. We reviewed the invoice and related correspondence with the ambulance service provider requesting payment of the amounts owed. In addition, interviews with management revealed that after careful consideration, OCFRD determined that it would not have been cost effective to manually review the volume of reports necessary to determine if a billable assist occurred for the remaining population of assists.
- B) Partially Implemented. We reviewed correspondence wherein the County's Attorney's Office suggested a course of action for collecting the fees owed by the ambulance service provider. However, interviews with management revealed that OCFRD did not implement the recommended course of action.

We Recommend OCFRD implement the course of action recommended by the County's Attorney's Office for collecting the fees owed to the County for services rendered.

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Management's Response:

Concur. We will be sending a demand letter to Rural Metro requesting payment for the outstanding invoices outlined to Rural Metro on a memo sent on March 28, 2008.