

Municipality of Anchorage



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OFFICE OF THE INTERNAL AUDITOR

October 3, 1997

Internal Audit Report 97-16 Billing and Collecting For Emergency Medical Services Anchorage Fire Department and Finance Department

Introduction. The Anchorage Fire Department provides emergency medical services at the scene of an emergency, during transportation to a health care facility and while in the hospital emergency department until care responsibility is assumed by qualified hospital staff. Patients may or may not be transported by ambulance to a hospital. After each ambulance run, the paramedics complete a pre-hospital medical report that contains patient, billing and medical information.

In 1996, 59% of the emergency medical services calls resulted in a patient being transported to a hospital. Patients transported by ambulance are billed by the Municipality of Anchorage for the service. There are two types of ambulance transports, Basic Life Support (BLS) and Advanced Life Support (ALS). The delineation between the two services is dependent on the medical services provided by the paramedics. Fees charged for the ambulance transport are \$350 for BLS and \$400 for ALS plus \$6 per mile. The pre-hospital medical report identifies the type of service and the number of miles to be billed and is the source document for the bill for emergency medical services.

Finance Department, Treasury Division (Treasury) receives billing information from the Anchorage Fire Department and bills the patient through the Municipal Miscellaneous Accounts Receivable System. Treasury then tracks the bill through the collection process until the account is satisfied or determined to be uncollectible.

Scope. The objective of this audit was to determine whether emergency medical services were properly billed and collected. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we

considered necessary in the circumstances. The audit was performed during the period of May through July 1997. The audit was requested by the Administration.

Overall Evaluation. In general, emergency medical services were properly billed and collected. However, information on pre-hospital medical reports was not always complete. The Indian Health Service was not notified of the ambulance transport within the required time frame for applicable patients. Claims were not always filed with the Indian Health Service for applicable patients. In addition, current collection procedures did not always result in timely collection actions. Supplemental statistical information is found at Appendix A of this audit report. A complete copy of management's comments is found at Appendix B of this audit report.

FINDINGS AND RECOMMENDATIONS

1. Information on Pre-hospital Medical Reports Was Not Always Complete.

- a. **Finding.** A review of 60 pre-hospital medical reports for ambulance transports revealed that 40 were missing information. Some of the reports were missing more than one item and therefore appear more than once in the following table:

Information Missing on Paramedic Pre-hospital Medical Report	Number of Pre-hospital Medical Reports
Insurance	26
Phone Number	18
Social Security Number	13
Transport Designation	8
Ambulance Destination	4
Address	3
Mileage	1

Seventeen reports were missing one item, 16 reports were missing 2 items and 7 reports were missing 3 or more items. The Anchorage Fire Department requires the paramedics to obtain all patient information prior to submitting the report for billing. Because the pre-hospital medical report is the only source document for billing purposes, complete and accurate information is necessary to facilitate timely billing and subsequent collection for emergency medical services.

- b. **Recommendation.** The Anchorage Fire Department should ensure that the paramedics enter all required information on the pre-hospital medical reports.

- c. **Management Comments.** Management stated, "In general, the AFD concurs with the findings. However, we were surprised at the statistics, as they indicated a much higher percentage of missing items than was recently discovered during a pilot Continuous Quality Improvement (CQI) project. In that survey we reviewed a much larger sampling (128 reports), and identified missing information on a much smaller percentage of the reports than the 66% in the Internal Audit sampling. However, we do agree that missing information is a deficiency, and have taken interim measures to improve the completeness and accuracy of the reports (see attachment A). Our system is manual, hard copy and very labor intensive. The ultimate solution would be to automate the reporting system."

- d. **Evaluation of Management Comments.** Management comments were generally responsive to the audit finding and recommendation.

2. **The Indian Health Service Was Not Notified Timely of Ambulance Transport of Applicable Patients.**

- a. **Finding.** The Indian Health Service was not notified in the required 72 hours from time of ambulance transport of applicable patients. Current Municipal procedures

did not include notification of treatment but consisted of only billing for the service. Billing information was sent from the Anchorage Fire Department to Treasury where a bill for collection was generated and sent to the patient and other applicable payers. In general, the initial bill for collection was mailed two to four weeks after the date of the service. The Indian Health Service was generally not billed for a period of up to two to three months depending on the response received from the patient. Federal regulations governing the Indian Health Service require preauthorization for non-emergency cases and notification of the appropriate official within 72 hours of the treatment. The appropriate official for the Indian Health Service in Anchorage is Contract Health Services at the Alaska Native Medical Center. According to correspondence from the Indian Health Service, the lack of timely notification was the primary reason for denying many Municipal claims.

- b. **Recommendation.** The Anchorage Fire Department should implement procedures to notify Contract Health Services at the Alaska Native Medical Center within 72 hours of ambulance transport of applicable patients.

- c. **Management Comments.** Management stated, "This was certainly a surprise to current AFD Administration. We were unaware of the requirement. However, once we were made aware through documents discovered by the Auditor, we concur that the requirement exists as a beginning point to the billing process. I contacted Contract Health Services to determine the best method of contact, and the information needed. We have begun implementation of a procedure to notify Contract Health Services in a timely manner (see attachment B). This will be a labor and time intensive process, due to our manual reporting system. However, we will implement and monitor to measure results. Again, an automated reporting system would greatly facilitate this effort."

- d. **Evaluation of Management Comments.** Management comments were generally responsive to the audit finding and recommendation.

3. **Claims Not Always Filed With the Indian Health Service.**

- a. **Finding.** Treasury personnel did not always file claims with the Indian Health Service for ambulance transports involving applicable patients. Our review of 88 ambulance transports to the Alaska Native Medical Center selected from the period July 1996 through April 1997 revealed that 46 had not been submitted to the Indian Health Service. We were provided conflicting information as to why claims were not always filed. While all claims are not always paid by the Indian Health Service for a variety of reasons, the probability of receiving payment is much greater if a claim is submitted.
- b. **Recommendation.** Treasury personnel should file claims with the Indian Health Service for all ambulance transports involving applicable patients.
- c. **Management Comments.** Management stated, "Management agrees with the findings and recommendations. The Indian Health Service has refused to pay for transports for eligible patients because the transports were not preauthorized by their medical staff. Treasury has been advised that the Fire Department will be developing procedures to obtain the necessary authorizations from the Indian Health Service. Treasury staff will coordinate with the Fire Department and file claims with the appropriate agency for transports identified by AFD as having received the required authorization."
- d. **Evaluation of Management Comments.** Management comments were generally responsive to the audit finding and recommendation. Indian Health Services should be billed for all ambulance transports involving applicable patients. Federal law

requires preauthorization for non-emergency cases and notification within 72 hours for emergency cases. The Anchorage Fire Department is implementing procedures to provide for these requirements.

4. **Current Collection Procedures Did Not Always Result in Timely Collection Actions.**

- a. **Finding.** The current procedures for working delinquent emergency medical services accounts receivable did not always result in timely collection actions. Our review of the collection procedures revealed that delinquent emergency medical services accounts receivables were worked in alphabetical sequence on a rotational basis. This resulted in some accounts not receiving any collection or follow-up action for long periods of time. Our selective review of delinquent accounts revealed some had not received any collection action for over three months. The longer a delinquent account is allowed to go without any collection action, the greater the risk of losing the ability to collect payment.
- b. **Recommendation.** Delinquent collection procedures should be evaluated and revised by Treasury personnel to provide more timely and consistent collection efforts.
- c. **Management Comments.** Management stated, "Management agrees with the findings and recommendations. Monthly statements are sent automatically on outstanding EMS accounts. Reports have been requested from MISD which will enable the supervisor to prioritize collection efforts on the emergency medical services accounts receivable by age of the account. Written collection procedures are being revised to reflect this and results will be monitored."
- d. **Evaluation of Management Comments.** Management comments were generally responsive to the audit finding and recommendation. Although monthly statements

Internal Audit Report 97-16
Billing and Collecting For Emergency Medical Services
Anchorage Fire Department and Finance Department
October 3, 1997

are sent automatically on outstanding accounts, they are not part of the collection process. Collection actions should be initiated on delinquent accounts on an age sensitive basis to allow for the greatest chance of recovery.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on August 5, 1997, and August 25, 1997.

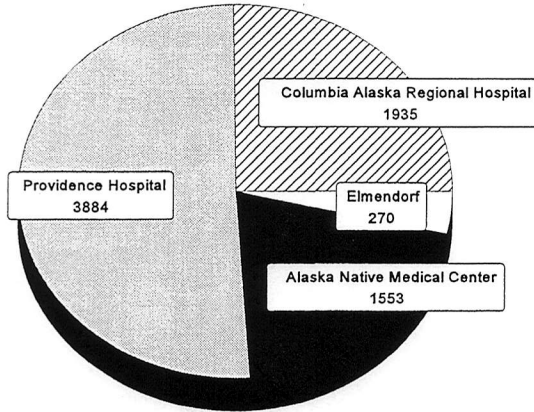
Audit Staff:
Brenda Applegate

Internal Audit Report 97-16
APPENDIX A

AMBULANCE TRANSPORTS BY DESTINATION

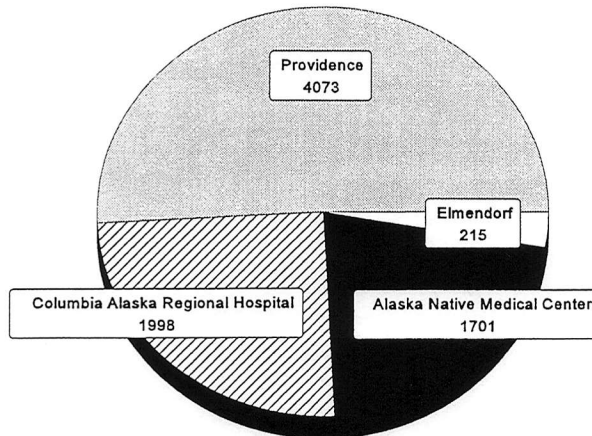
Number of Transports - 1995

Total: 7,642

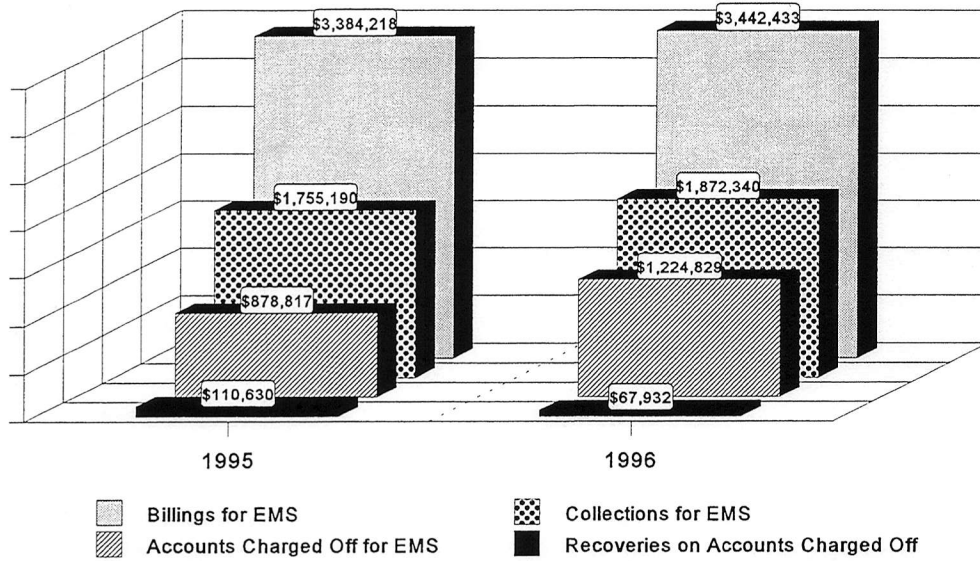


Number of Transports - 1996

Total: 7,987



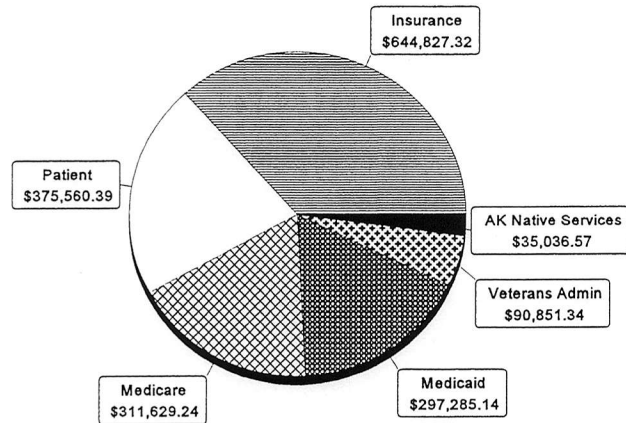
BILLINGS AND COLLECTIONS



(EMS = Emergency Medical Services)

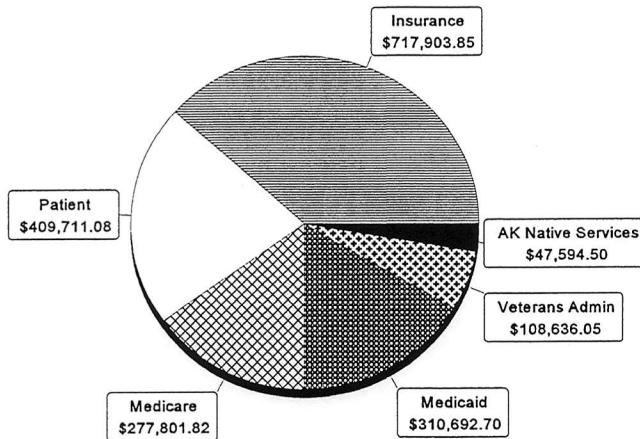
PAYMENTS BY PAYOR FOR EMERGENCY MEDICAL SERVICES

1995



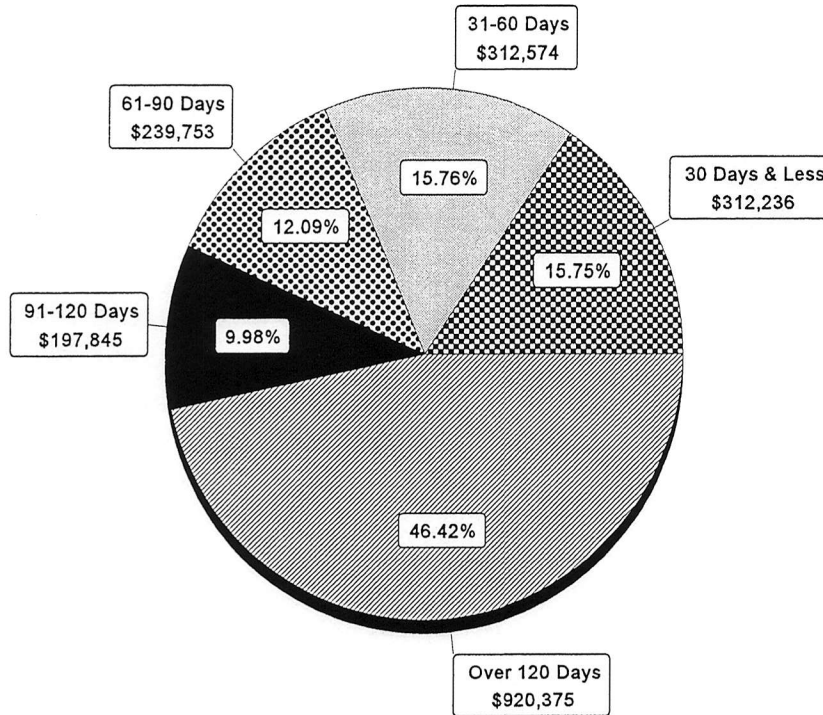
Total Payments: \$1,755,190.00

1996



Total Payments: \$1,872,340.00

ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 1996
FOR EMERGENCY MEDICAL SERVICES



TOTAL: \$1,982,783