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**SEMINOLE COUNTY  
DEPARTMENT OF PUBLIC SAFETY  
FIRE/RESCUE DIVISION**

**EMERGENCY MEDICAL SERVICES  
BILLING AND COLLECTIONS AUDIT**

**MAY 1999**

Prepared by:  
Internal Audit Division  
Clerk of the Circuit Court

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May 3, 1999

The Honorable Carlton Henley,  
Chairman  
The Board of County Commissioners  
Seminole County, Florida  
1101 East First Street  
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of EMS billings and collections.

The audit was performed from October 28, 1998 to December 11, 1998. We found that EMS/Fire/Rescue Division is complying with the terms of various resolutions; is providing necessary services to the citizens of Seminole County; and is demonstrating a commitment to continuously improving the program. As part of this commitment, the division will be publishing formal policies and procedures on or about July, 2000. The division is requesting that the Clerk's Office perform an annual audit to ensure compliance with these policies.

I would like to thank the EMS/Fire/Rescue management team for their cooperation and assistance throughout the course of the audit. Their assistance was deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse  
Clerk of the Circuit Court  
Seminole County

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**SEMINOLE COUNTY  
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**EMERGENCY MEDICAL SERVICES  
BILLING AND COLLECTIONS AUDIT**

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed a review of the Emergency Medical Services Division's patient billing process. The director of the Public Safety Department had requested this audit.

**PURPOSE**

The purpose of the review was to determine if the administrative controls over the billing and collection process are adequate and operating as intended in compliance with applicable laws, regulations, and other Seminole County policies and procedures. Specifically, the purpose of the review was to determine if patients being transported by ambulance were billed in accordance with Resolution No.97-R-147. In addition, the review assessed whether payments made by patients, or insurance companies, are recorded accurately and deposited in a timely manner.

**BACKGROUND**

In February 1997, the Board of County Commissioners directed the Purchasing Division of the Office of Fiscal Services to solicit bids for ambulance transport services. The Seminole County Fire Rescue Division was invited to bid the contract under the same rules that apply to the privately owned ambulance service companies.

Following a review of all proposals, and several public hearings, the Project Review Committee recommended to the BCC that the Seminole County Fire Rescue Division be awarded the ambulance service duties. To ensure that all contractors and bids were evaluated fairly, the BCC subsequently contracted with Deloitte & Touche, Certified Public Accountants, to analyze the costs associated with the Seminole County EMS/Fire Rescue Division.

On June 24, 1997, following a series of additional public hearings, the BCC signed Resolution No. 97-R-147, directing the Seminole County EMS Fire Rescue Division to begin providing ambulance transport services in the unincorporated areas of Seminole County and municipal areas in which a private provider had previously provided services. The BCC Resolution provided that patients would be charged a fee of \$280 per ambulance transport. In addition, a fee of \$6.00 per loaded mile was to be added to patients transported to facilities located outside of Seminole and Orange Counties.

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The Seminole County Public Safety Department in May 1997 proposed to the BCC that an outside billing contractor, with expertise in EMS billing practices, be retained to process all claims to third-party payers, private pay patients, special contracts and to entities or agencies requiring special payment arrangements.

On July 22, 1997, Seminole County contracted with Regional Emergency Services, a Delaware Limited Partnership, doing business in Mount Dora, Florida to provide these services; specifically to submit all claims, issue monthly reports to county management, and to process payments. The contract was for one-year period; the county opted not to renew the contract.

On July 8, 1998, the Purchasing Division agreed to "piggyback" Orange County's contract with Medical Claims Processors Group, Inc. until the BCC could award a formal contract to the company in October 1998. That contract stated that the Medical Claims Processors Group, Inc. was to be paid up to \$4.90 per case.

### **SCOPE**

The scope of this audit included a review of EMS billing and collection records from July 17, 1997 to September 30, 1998. During that time records indicate that the County transported approximately 6,700 patients to the hospital or medical facility; services with an estimated billing value of \$1.9 million. All source documents related to the billing and collection process were subject to review.

The audit included:

- Review of the procedures being used to ensure compliance with the BCC Resolution No. 97-R-147 and compliance with established purchasing policies and procedures, Florida State Statutes, and other applicable government regulations;
- Review of internal controls to ensure that all ambulance transport patients and customers are billed correctly, in the right amount and at the right rate, and in a timely manner;
- Review of billing records for accuracy and timeliness;
- Review of the terms and conditions of the contract issued to Regional Emergency Services, Inc.;
- Review of billing contractor records to ensure that contractor is complying with terms and conditions of the contract;
- Interviews of key personnel; and,
- Other such review procedures considered necessary in the circumstances.

The scope of this audit did not include those billing services performed by the new billing contractor, Medical Claims Processor Group, Inc. The director of Public Safety requested that an audit of this company be deferred. Fieldwork began October 28, 1998, and was completed on December 11, 1998. The audit was performed by Bill Carroll.

## OVERALL EVALUATION

It is our opinion that the EMS/Fire Rescue Division is complying with the terms and conditions of the various BCC resolutions; is providing adequate and necessary services; and has demonstrated a commitment to continuously improving the program. We found that administrative controls for the billing and collection process within the EMS/Fire Rescue Division are adequate and operating in accordance with applicable laws and regulations.

We found, however, that we could not rely, with any degree of assurance, upon the management reports furnished by Regional Emergency Services, Inc. The reports that we reviewed were inconsistent and incomplete. We were unable to follow the audit trail from one monthly report to the next. Also, no evidence exists to indicate that monthly reconciliation was ever performed to ensure that all information furnished by the County was being accounted for in accordance with generally accepted accounting procedures.

At the time we conducted this audit, the county was in the process of transferring billing responsibility from one billing contractor to another. In our opinion, the county should require this new billing company to physically locate a "claims processor" in the Public Safety's administration building. This will serve to expedite the billing process, save time in addressing problems, may eliminate some of the duplication in the record-keeping requirements, and secure patient billing files, management reports will be more readily available, and Public Safety will exercise more direct control over the program.

Policies and procedures should be published to ensure that the staff and the contractor perform their assignments consistently in accordance with management's wishes. Examples of where we believe policies should be adopted are included in the report that follows.

### FINDING NO. 1

**No written policies or procedures exist specifying how adjustments to account balances ("write offs") should be made.**

Specific actions to be taken by the billing company when writing off a bad debt. In transporting approximately 7,000 patients per year, the county has the potential of generating roughly \$2 million dollars in billings each year. The

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county concedes that some (forty percent to fifty percent) of the money might never be collected. In fact, some insurance policies (i.e. Medicare, Medicaid, and private insurance companies) only pay a certain portion of the amount owed; the balance becomes the patient's responsibility; some pay in full, some pay a little each week, some ignore the obligation. Making adjustments on a regular basis ensure that the county's books are accurate and complete. Without a policy, there is an opportunity for either writing accounts off prematurely or not writing accounts off in a timely and consistent manner.

### **Recommendation**

A policy and procedure should be developed that specifically defines the actions to be taken on accounts overdue or written off. (It is to management's advantage to determine as soon as possible what accounts are not collectible and what accounts should be referred to a collection agency.)

Staff and the billing company should include a memorandum in the files to support the decision for write-off. We do not recommend that the billing company be granted authority to write-off any account unilaterally. Also, if the county elects to transfer these balances to an outside collection agency, then, a procedure should address how the cash recoveries will be controlled.

### **Management Response**

Policies and procedures regarding the billing and collection process will be published on or about July 2000. In addition, to coincide with the published policies, the division is requesting that the Clerk's Office perform an annual audit to ensure compliance with these policies. The first audit should be scheduled for on or about July 2000.

## **FINDING NO. 2**

### **No policy exists specifying how long billing and collection records should be kept.**

The county does not define how long certain types of records should be maintained. Some reports are simply discarded after the staff has finished using them; others are filed away. The following two examples illustrate the need for a policy on record retention.

- At the end of each workday, the 911-shift supervisor prepares a listing (Transport Information Tracking Form) of all the telephone calls that resulted in transporting a citizen by ambulance. These calls are logged so that the County can bill for the ambulance service. Another employee then reviews the list to ensure that the list is all-inclusive. A third employee copies information from the list onto a spreadsheet. **The 911-**



**shift supervisor's listing is then discarded. Thus, part of the audit trail is lost; and,**

- We noted that the billing contractor no longer furnishes a monthly patient aging report as of April 1998. The purpose of this aging report is to furnish Public Safety management with information with respect to the amounts being collected or not collected and also to gauge the effectiveness of its collection efforts, and to provide a basis for establishing provisions for uncollectible accounts. A written policy will ensure that billing and collection records are maintained in a consistent manner.

**Recommendation**

Establish a policy that specifies retention of certain billing and collection records. It is our suggestion that the policy prescribes that no records or reports should be discard at least until an audit is performed.

**Management Response**

Refer to Management Response for Finding No. 1.

**FINDING NO. 3**

**No policy or procedure exist which specifies which management reports are required each month from the contractor and which are required from the staff; or how those reports are to be used.**

We could not rely on the management reports furnished by Regional Emergency Services, Inc., the billing company. The reports were not consistent from month to month, and therefore we were not able to follow the audit trail from one month to the next. We noted that the EMS/Fire Rescue Division was developing its own management reports. Some of the reports being created by the staff might already be available from the billing company's database. A procedure that requires a standard set of reports each month ensures that the monthly reports are easy to follow, understand, and evaluate.

**Recommendation**

Establish a policy and procedure that specifies which management reports are required each month; and includes procedures for how those reports are to be used.

**Management Response**

Refer to Management Response for Finding No. 1.

**FINDING NO. 4**

**No evidence exists to indicate that the billing contractor was performing a monthly reconciliation.**

To ensure that all information furnished by the County is being accounted for in accordance with generally accepted accounting procedures; it is necessary to perform reconciliation each month. We would expect the contractor to furnish on a monthly basis a report that would include opening balances from the previous month, new incident reports received from the current month, a total number of incident reports that are pending, account adjustments for the current month. This activity should be in balance with the County's records.

On more than one occasion the EMS/Fire/Rescue Division sent letters to the billing contractor asking for explanations as to why certain patients had not been billed. For example, on 13 July 1997, the Deputy Fire Chief wrote a letter to the billing contractor (RES) asking why certain patients were not included in the billing reports. Only after the contractor received this letter, were these charges billed.

Another reason the contractor was not always in balance with the County is timing. The contractor was recording the revenue based on the accrual method of accounting: posting the receivables based on the date of the incident. The County, on the other hand, is recording receivables based on when the incident was physically billed to the insurance company.

**Recommendation**

A policy should require the billing company to provide the County with a reconciliation each month that demonstrates that all incident reports, all payments, all credits, adjustments, and pending items are being accounted for in accordance with sound accounting procedures.

**Management Response**

Refer to Management Response for Finding No. 1.

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## FINDING NO. 5

### **Duties are not adequately segregated.**

The EMS/Fire/Rescue Division has one employee who performs a variety of tasks. That one employee maintains a record of all the incident reports, works with the supervisors to ensure that all incident reports are received in a timely and accurate manner, process requests for refunds, receives payments to be applied to customer accounts, interacts with the billing company and handles telephone calls from citizens. Duties are not segregated.

However, the records in the EMS/Fire Rescue Division provide for an adequate audit trail as each refund is clearly identified and recorded and in balance with the records maintained by County Finance.

### **Recommendation**

Establish a written procedure on how refunds are to be processed (approved), how receipts are to be issued; and to provide for segregation of those two duties. To further segregate duties, the duty of receiving payments from insurance companies and patients should be transferred to another employee.

### **Management Response**

Refer to Management Response for Finding No. 1.

## **OTHER RECOMMENDATIONS**

On several occasions the EMS/Fire Rescue Division has either sent letters or telephoned the billing contractor asking for explanations as to why certain patients had not been billed, or why some patients were not billed in a timely manner. Because the billing company was not in the same building, there were delays in getting answers to questions. There also were delays in billing because files had to be physically transported from one location to another.

When the County was ready to transfer responsibility to a new contractor, it had to formally request for its records in writing, and send an employee to pick up the records.

There are many reasons to require the billing company to physically locate a "claims processor" to Public Safety's administration building. Having the billing company representative in the same building as the Public Safety staff serves to expedite the billing process.

County management should either ask the new billing company to physically locate a "claims processor" to Public Safety's Administration Building or as an alternative action consider processing the claims in-house.

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**Management Response**

The report indicates a strong desire from the auditor's perspective to locate a private business entity/representative in the Public Safety Building. This does not seem feasible since we would be directing a private business on how to run their operation, which is located in South Florida, and we are only one of many clients serviced by this company. However, the auditor's recommendation does lend support to the concept of a dedicated position to addressing the claims processing functions.

In accordance with the findings of the audit, we are recommending a cost analysis be conducted focussed towards funds saved by having an in-house medical claims processor, as opposed to contracting with an outside source. We believe this would allow for enhanced tracking of trends and increase our overall assurance of collectibles.

**Auditor Comment**

Having a claims processor physically located in the same building as the Public Safety staff, in our opinion, is essential to the success of the program. In our view, the processor can be a county employee or a contracted employee.