

Emergency Medical Services Billing and Revenue Collection Audit

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**City Internal Auditor's Office
City of College Station**

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EMS Billing and Revenue Collection Audit

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Introduction

The Office of the City Internal Auditor conducted this performance audit of the College Station Emergency Medical Services (EMS) billing and revenue collection pursuant to Article III Section 30 of the College Station City Charter, which outlines the City Internal Auditor's primary duties.

A performance audit is an objective, systematic examination of evidence to assess independently the performance of an organization, program, activity, or function. The purpose of a performance audit is to provide information to improve public accountability and facilitate decision-making. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information. A performance audit of EMS billing and collection was added to the fiscal year 2020 audit plan based on approval given by the Audit Committee.

Why this audit was conducted

This audit was prompted by a College Station citizen submitting a complaint to the Internal Audit Office regarding alleged overbilling when the citizen received an unexpected ambulance bill because their insurance provider did not pay the full amount. The complaint referenced Texas Senate Bill 1264, which prohibits medical providers from balance billing¹ patients. Several issues that warranted investigation were identified, including the impact of 1) Senate Bill 1264 on ambulance billing, 2) potential overbilling of College Station residents, and 3) the City increasing ambulance-related fees without properly advertising those fee changes.

Audit Objectives and Scope

This audit addresses the effectiveness of the City's EMS billing and collections efforts, as well as the current agreement the City has with Emergicon, a contracted ambulance billing service. Audit fieldwork was conducted from September 2020 through December 2020. Contracts and support documentation with Emergicon from the previous ten fiscal years were reviewed, as well as transactional data from fiscal years 2018 to 2020. This report seeks to answer:

¹ Balance billing is when a medical provider bills the patient for the difference between the provider's charge and the amount paid by insurers.

- How has balance billing and raised fees for ambulance-related services impacted College Station residents and City revenue?
- Are proper policies in place to ensure that residents are consistently and accurately billed for ambulance-related services?
- Is the City effectively utilizing collection methods in accordance with best practices and receiving the appropriate amount of revenue?

Audit Methodology

We conducted this performance 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 methodology used to complete the audit objectives includes:

- Reviewing the work of auditors in other jurisdictions and professional literature to identify issues associated with EMS billing and collections, as well as the impact of balance billing
- Reviewing Texas Senate Bill 1264 and identifying other relevant federal, state, or local laws, including those regarding Truth in Advertising
- Obtaining legal opinions from the City Attorney's Office regarding an exemption to Senate Bill 1264 for ambulance services and areas where Emergicon may not have complied with the EMS billing and collections contract
- Interviewing College Station Fire Department officers, administrative personnel, and representatives from Emergicon
- Contacting regional EMS agencies and obtaining fee schedules for benchmarking analysis
- Identifying through analysis the percentage of the bill paid by the insurance company versus the amount paid by the customer
- Researching national, state, and regional data on ambulance refusals and potential causes
- Analyzing City of College Station ambulance refusal metrics to determine conversion rate and potential impact of fee changes
- Comparing City of College Station fee changes and EMS revenue from previous fiscal years
- Contacting the City Manager's Office to determine if any additional complaints regarding overbilling had been received
- Reconciling fees posted on City webpages to those stated in the approved fee ordinance
- Consulting with Fiscal Services, Public Communications, and the City Secretary's Office
- Reviewing relevant City purchasing policies and procedures
- Reviewing all relevant Emergicon contracts, support documentation, and transactional data
- Performing analytics on billing data to determine if customers are appropriately billed
- Reviewing the City's fiscal policies to identify collection and write-off policies

- Reconciling customer billings to collections and collections to remittances to determine if the City is receiving the correct amount of revenue
- Conducting research of other jurisdictions to determine reasonable EMS collection rates, best practices of EMS collection, and potential impacts of collection policies
- Performing ratio analysis to determine cost and revenue per EMS response

Audit Limitations

Customer Complaints: Emergicon issues about 4,700 ambulance transport bills each year. On every bill, a phone number is provided for customers to call if they have any issues with their bill. We have been contracting with Emergicon for 11 years, resulting in approximately 51,700 bills. When we requested customer complaint data, Emergicon could not provide us with this information, citing that they had not received a single complaint. When we said we were aware of at least one complaint, Emergicon altered their original statement by claiming that they had only received one complaint.

Contractual Allowances: Approximately 71% of what was billed in fiscal year 2020 was not collected. Emergicon claimed the majority of this amount was due to contractual allowances. A contractual allowance is the difference between the gross charge and the amount realized from the billing process that cannot either by law or by contractual agreement with the payer be collected on the bill either from the insurer or the patient. For example, Medicare allowable rates prevent ambulance services from collecting on the full amount of charges for patients with Medicare. Because the City's fees are between three to four times Medicare allowable rates, there are large uncollectable amounts for Medicare patients. However, Emergicon claimed nearly \$1 million in contractual allowances in fiscal year 2020 for commercial insurance providers. In addition, Emergicon claimed contractual allowance for patients without any insurance coverage. We were unable to verify the contractual allowances for commercial insurance providers and those without insurance due to lack of data and expertise required to make such determinations. For patients with Medicare and Medicaid, we found discrepancies in how contractual allowances were applied.

Reconciliations: A true reconciliation of the EMS billing and collection process would verify that the following independent documentation matches: service to billings, billings to collections, and collections to remittances. We were unable to perform a true reconciliation of the EMS billing and collection process for the following reasons:

- ***Service to billings.*** College Station EMS providers complete patient reports and submit these reports to Emergicon. Emergicon determines the service provided based on their evaluation of these reports. Two limitations arise due to City EMS personnel not recording the service they provided. First, the audit team lacked the medical expertise required to determine level of service. Second, the audit team lacked the time necessary to review the patient care documentation to independently determine the level of care provided. Therefore, we relied upon reasonability tests to determine if the level of service documented in billing data provided by

Emergicon fell within expected norms when compared to auditor observations made in the field.

- ***Billings to collections.*** Emergicon is not only the billing provider but also the collection agency for the City. As such, there are no independent sources to reconcile billings to collections.
- ***Collections to remittances.*** We were able to reconcile Emergicon collection data to the amount remitted and posted to the City's general fund. However, this is only if we accept that all contractual allowances and write-offs of accounts Emergicon deemed uncollectable were accurately recorded.

Due to this lack of segregation of duties between the record keeping of the service provided and the billing and collection process, there is a risk of unidentified maleficence. In addition, we had to rely on unsubstantiated Emergicon records. Therefore, any inconsistencies found in this report could be a result of inaccurate or incomplete records provided by Emergicon.

Criteria and Observations

This performance audit focused on reviewing the effectiveness of the City's EMS billing and collection efforts, as well as the agreement the City has with Emergicon, a contracted ambulance billing service. Significant analysis and research support each audit finding. Although this report does not provide these details, documentation supporting the audit findings may be provided to City officials upon request.

A Few Potential Billing Discrepancies Were Identified

Criteria: Citizens should be consistently and appropriately billed in accordance with the approved EMS fee schedule in Resolution No. 09-26-19-2d.

Potential Risk: Overbilling results in a loss of trust and credibility in the City, and the customer is unlikely to pay the bill resulting in decreased collections. Underbilling results in potential lost revenue to the City. Customers need to be able to compare the charges on their bills to the City's approved fees. If this information is not available, there is a risk of customers being overcharged without knowing, whether it is intentional or not. This risk is compounded when the City of College Station fees are significantly higher than insurance allowable amounts.

Scope: Billing data from fiscal years 2018 to 2020. City EMS fee schedules.

Observations:

1. Two known citizen complaints have been received by the City to date. Through reconciliation of billed amounts and mileage to approved fees, it was determined that neither of these citizens were overbilled. However, these citizens were unable to reconcile their bills themselves because the City's webpages were advertising incorrect fees at that time.
2. The City's EMS webpage was not updated by the department with the current fees in a timely manner, resulting in published misinformation and disgruntled citizens. The incorrect fees were posted for more than a year despite the update being requested by the City Manager.
3. We found it difficult to reconcile Emergicon billings to the City's approved fee schedule. The Fire Department has the capability within its information system to assign level of care – i.e., basic life support (BLS), advance life support (ALS), or advance life support 2 (ALS2) – before patient reports are sent to Emergicon, but this is currently not being used. Therefore, the audit team relied on Emergicon records to assess billing accuracy. However, Emergicon was not able to provide us with all the data we requested to easily reconcile their billing records to the approved fee schedule. Specifically, based on the records provided, determining how Emergicon billed for EMS related supplies, oxygen, and mileage charges proved challenging.

4. Despite the difficulties noted above, of the 14,094 transactions from fiscal years 2018 to 2020, we were able to reconcile all but 114 transactions to the City's fee schedule (less than 1% of transactions). Of these 114 transactions, we were mostly able to identify the mistakes which were made. In most cases, it appears that these mistakes were not intentional.
5. We found 62 instances where Emergicon appeared to bill lower than the lowest possible charge for ambulance transport – resulting in potential under billings of approximately \$19,000. We found 10 instances where Emergicon appeared to bill higher than the highest possible amount – resulting in potential overbillings of approximately \$3,000. Originally, our results for potential overbillings were much higher until we realized that most of these were explained by Emergicon's apparent practice of rounding up to the nearest mile when determining the mileage to charge customers. For example, a record which indicates a patient being transported 2.1 miles would be charged for a 3-mile transport. It is important to note that these tests were based on Emergicon's records. Therefore, it is possible that these individuals were appropriately billed, but there are errors in the records Emergicon provided us (see Appendix B for the results and detail description of the methodology).
6. Emergicon records appear to indicate that no supply or oxygen fees were charged for 65% of BLS transports, 65% of ALS transports, and 66% of ALS2 transports. These records also indicate that 4% of BLS transports were not charged any mileage fees.
7. The average ambulance trip mileage charged to College Station residents is 4.4 miles or \$83 per ambulance transport. Approximately 15% of ambulance calls are outside city limits. A 4.4-mile average seems reasonable based on distance of Fire stations to area medical facilities.
8. The costliest level of service is ALS2. In fiscal years 2018, 2019, and 2020, ALS2 made up only 2% of calls, which corresponds to field observations. If customers were being intentionally overbilled, we would expect a higher amount of ALS2 charges.
9. The billing file provided by Emergicon mostly reconciles to the ambulance calls serviced by the Fire Department. The number of transports recorded by the Fire Department is only slightly different from the patients billed for transport by Emergicon in fiscal years 2019 and 2020. This could be due to a timing difference – resulting in a difference in billings of just over \$73,000.

Risks Relating to Potential Improper Remittances Were Identified

Criteria: The City should receive the revenue collected from patients as stated in the contract with Emergicon. General Service Contract No. 18300157.

Potential Risk: Not adhering to the contractual stipulations regarding fee charges results in lost revenue for the City.

Scope: Contracts held with Emergicon from fiscal years 2010 to present. Billing, collection, and remittance data from fiscal years 2018 to 2020.

Observations:

1. Although records obtained from Emergicon appear to reconcile to the amount remitted to the City, there is a large difference between the amount billed and the amount remitted. While there was over \$16 million billed to customers between fiscal years 2018 and 2020, records indicate that Emergicon collected less than \$6 million.
2. Due to the amount Emergicon determines is uncollectible, only 36% of what has been billed over the last three fiscal years has been remitted to the City – or 41% in fiscal years 2018 and 2019, and 29% in 2020. Controls that would allow the City to verify the amount determined by Emergicon as being uncollectable or that proper procedures are being followed to minimize fraud risk could be improved.
3. Based on a review of available contract and bidding documentation compared to requirements outlined in the City's Purchasing Manual, it appears that City purchasing policies and procedures were followed regarding Emergicon contracts. However, when the City requested bids for ambulance billing and collection services, the City received 7 proposals in 2009, 10 in 2013, and 9 in 2018. Despite the City having several competitive options to choose from, Emergicon has continued to be selected as the City's third-party EMS billing and collections service.
4. In fiscal year 2020, we found at least 17 instances where the Medicare contractual allowances were more than they should be (approximately 1% of transactions). From fiscal years 2018 to 2020, Emergicon recorded nearly \$30,000 in contractual allowances for customers without insurance.
5. The City's previous contracts with Emergicon required SSAE 18 audits² be conducted by an independent CPA firm. These contracts stipulated that the resulting System and Organization Controls' (SOC) report produced by the independent CPA firm would be provided to City officials for their review. This requirement was removed from the City's current contract with Emergicon.

Emergicon is Not Complying with Some Contractual Stipulations

Criteria: Emergicon should comply with all contractual stipulations with the City to ensure that mutually agreed-upon billing, collection, remittance, and reporting practices are followed. These practices are defined in the City of College Station General Service Contract No. 18300157.

Potential Risks: If the contract between the City and Emergicon is not properly fulfilled, it could result in citizens being improperly billed, suffering collection rates, and lack of transparency and oversight of reporting and remittance to the City.

² SSAE 18 is a Generally Accepted Auditing Standard produced and published by the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board. SSAE 18 contains the rules for conducting an attestation of a service organization's internal controls and issuing a System and Organization Controls (SOC) report.

Scope: All relevant Emergicon contracts (fiscal year 2010 to present), support documentation, transactional data, and reports (fiscal years 2018 to 2020).

Observations:

1. Emergicon charges the City a 5% fee for each account collected. In previous EMS contracts, Emergicon was allowed to charge a 16% fee (in lieu of the 5% fee) for balances settled after 120 days or more. From fiscal year 2019 to 2020, we found 2,012 instances of Emergicon still charging a 16% fee on accounts more than 120 days delinquent, even though this is no longer stipulated in the City's current contract. This has resulted in the City being overcharged by approximately \$33,000.³
2. Emergicon representatives informed us on two separate occasions that customers who choose to settle their balance over the phone receive a 20% discount. This provision is not stipulated in the City's current contract.
3. The contract states that collection practices, such as skip tracing,⁴ will be followed. Emergicon representatives said that outstanding accounts are followed up on every 30 to 60 days, and if insurance providers do not pay balances within 30 days, they pay late fees as required under Texas Senate Bill 418.
4. The fiscal year 2020 payor aging report obtained from Emergicon shows that 44% of outstanding accounts are more than 180 days overdue. The same report from 2019 shows that 45% of outstanding accounts were more than 180 days overdue. The collection rate in fiscal years 2018, 2019, and 2020 was 41%, 41%, and 29%, respectively. According to Emergicon's own best practices, a billing company should incrementally increase collections over time.
5. The commercial insurance collection rate for fiscal years 2018, 2019, and 2020 was 52%, 51%, and 39% respectively. Excluding contractual allowances, the collection rate for commercial insurance in fiscal year 2020 was 58%. According to the fiscal year 2020 payor aging report, 31% of outstanding insurance accounts (includes patients with Medicare, Medicaid, or commercial insurance) are more than 60 days overdue and 46% of these accounts were more than 30 days overdue. According to Emergicon's own guidelines, "if the billing company has a lot of denials, they aren't being careful, and they are making preventable mistakes...if commercial insurance averages are more than 45 days, there is a problem in the follow up process."
6. Although there are some aspects of the contract that are not being followed, it does not appear that all these cases of noncompliance are intentional.

³ This is based on transaction date. There were 1,229 instances where the 16% fee was charged on accounts where the recorded date of service was after March 2018. These 1,229 instances result in potential over charges to the City of approximately \$25,000.

⁴ Skip tracing is the practice of locating people who have defaulted on a debt.

The City is Balance Billing Citizens for Ambulance Service

Criteria: Texas Senate Bill 1264 prohibits balance bills from Health Maintenance Organizations and Emergency Care facilities.

Potential There are public safety, fiscal, and political risks associated with balance billing.

Risk: Citizens may be discouraged from using ambulance transport even when they need it, collection rates suffer, and citizens are disgruntled. If fees result in substantial balance bills, citizens may refuse ambulance transport at a higher rate.

Scope: Professional literature regarding balance billing and its impact on citizens.

Observations:

1. The City of College Station balance bills citizens for emergency medical services. While the City provides emergency medical services, this is different from what is defined in Senate Bill 1264. The City is not a “provider,” nor does the City provide “health care” under Senate Bill 1264. Therefore, this law does not prohibit the City from balance billing for ambulance service.
2. College Station citizens are receiving bills for ambulance service that are often unexpected when their insurance provider does not cover the entire amount (i.e. balance billing). The City has received two known citizen complaints regarding these types of bills.
3. According to the Kaiser Foundation, 67% of Americans are either very worried or somewhat worried about unexpected medical bills (compared to 41% who are very or somewhat worried about paying their rent or mortgage).⁵
4. Emergicon representatives informed us that when fees are raised, more revenue collection comes from commercial insurance payors. Through our analysis, we found that not only are commercial insurance providers not responsible for increases in collections in fiscal 2020, but that almost the entire increase was due to citizens paying the bill balance their insurance provider did not cover.
5. It is not uncommon for City residents with commercial insurance to receive a balance bill of over \$800 for EMS transport.
6. The percentage of patients refusing transport and treatment was 28% in fiscal year 2020, with an increase of 3% over fiscal year 2019. These statistics fall within the national refusal rate norms. In addition, patients who were treated and released against medical advice have only increased by 0.18% during the same period. This indicates that the City’s fee schedule currently does not appear to be impacting refusal rates in the City.

⁵ The Kaiser Family Foundation is a nonprofit organization focusing on national health issues, as well as the U.S. role in global health policy.

The Process for Setting EMS Fees Could be Improved

Criteria: According to Emergicon’s own guidelines, billing companies should provide their clients with an annual recommendation to their EMS fee schedule to ensure that fees capture allowable Medicare amounts and maximize commercial insurance payments.

Potential Risk: Setting fees that are too high can negatively impact citizens and result in lower account collection rates. Patients are unlikely to pay more than what their insurance covers especially if fees are higher than insurance allowable amounts.

According to Emergicon, “stretching EMS fee structure to maximum levels is a shortsighted approach that leads to increased denial rates and political problems with residents who disagree with higher-than-market fees for ambulance transport.”

Scope: The City’s EMS fee schedule prior to and after September 2019 and fee schedules of surrounding EMS agencies. Contracts awarded to Emergicon on behalf of the Fire Department and billing and collection documentation.

Observations:

1. In September 2019, the City increased EMS transport fees for BLS, ALS, and ALS2 by 85%, 65%, and 74% respectively.⁶ Although these fee increases resulted in a 59% increase in ambulance charges, the collection rate decreased from 41% in fiscal year 2019 to 29% in fiscal year 2020. In this same period, ambulance trips decreased by just over 1%. Therefore, the substantial increase in EMS transport fees only resulted in a 14% increase in ambulance transport revenue.⁷
2. Management’s rationale for increasing the EMS fee schedule was to bring the fees “equal to market.” This is contrary to our findings. Fee schedules for seven EMS agencies associated with the Brazos Valley Regional Advisory Council were obtained, and only two had comparable fees to those of the City. The remaining five agencies more closely resembled the City’s previous fee schedule. The City’s current fees are most like those of CHI St. Joseph.
3. The City’s EMS fees were set based on a benchmarking analysis of the following municipal EMS service providers: Santa Fe, Bellaire, Bulverde, Travis County, Freeport, and Friendswood. These organizations are not demographically comparable to College Station nor are they within the same region. It is unclear why these organizations were selected based on the documentation provided. The methodology used to determine the City’s proposed fee increase did not appear to consider payor mix, collection rates, demographic profile, cost per transport, or other relevant factors. Instead, it appears the approach taken was to base the fee increase on the average fee schedules of these agencies.

⁶ Fees also increased for supplies, specialty care transport, and services provided to non-residents without transport.

⁷ Excludes Texas Ambulance Supplemental Payment (TASP) for comparison purposes.

4. The resolution containing the increased fees was not pulled from the consent agenda at the City council meeting when it was approved. Because of this, it is unknown what supporting analysis regarding this fee change was provided to the City Council prior to their approval.
5. Payments made by patients without insurance (i.e. private pay) made up about 27% of net patient charges but was less than 3% of collections from fiscal years 2018 to 2020. Private pay accounts also represented 65% of the accounts written off.
6. In fiscal year 2020, the City's cost per EMS transport was approximately \$1,100, while the City's revenue per EMS transport was \$461.
7. Emergicon representatives said they focus on Cash per Transport (CPT) instead of collection rate. Due to this, it is their assertion that the City is a healthy agency because the CPT for fiscal year 2020 is \$467 and, therefore, higher than Medicare allowable amounts.⁸ If the City's fee structure was close to insurance allowable amounts, we may agree that this is an indicator of a healthy agency. However, the City's fees are 3 to 4 times the Medicare allowable amounts, and the collection rate is 29% in fiscal year 2020. While the pandemic could be a factor in this lower collection rate, the effects of COVID in this matter are unknown.

⁸ The CPT figure provided by Emergicon is slightly higher than our calculations of revenue per transport based on (1) the billing and collection data provided by Emergicon and (2) actual remittances – resulting in the City's revenue per transport of \$461. Timing differences between collections and remittances could also account for some of the difference.

Recommendations

It is important to note that medical billing and collections is a highly specialized area – requiring expertise the City currently does not possess. Therefore, the City Auditor’s Office does not make any recommendations for the City to assume any aspect of this function. Indeed, doing so would likely come at substantial cost.

There are a few slight improvements the City could make to reduce risks related to EMS billing and collections. They are encompassed in the following audit recommendations:

1. Management could develop additional processes and controls to ensure compliance with future EMS billing and collections contracts and monitor the performance of these contracts in providing accurate billings and effective collections.
2. The Fire Department should consider requiring EMS personnel record (1) the miles transported and (2) the care they provided (i.e., indicate the service type and if supplies or oxygen were used) in the Fire Department’s information system database. This would facilitate periodic reconciliations to third-party billing data to verify that customers are appropriately charged according to the City’s approved EMS fee schedule. The purpose of requiring EMS personnel record this data would be to efficiently facilitate monitoring efforts – not to determine the amount customers should be billed.
3. The City should consider requiring future EMS billing and collection companies provide SSAE 18 audits conducted by an independent CPA firm. These audits, which were required in previous EMS billing and collection contracts, offer assurance that the company’s system of organization controls is functioning appropriately.
4. To ensure timely updates of posted fees on the City’s webpages, a procedure should be developed to ensure the Fire Department’s web authors are timely notified of necessary changes with verification from Public Communications that the appropriate changes were made.
5. Because delinquent accounts are not turned over to an independent collection agency, most of these bills are eventually written off – which not only reduces potential revenue but also increases the risk of fraud. Therefore, the City should consider engaging an independent collection agency in conjunction with the contracted billing agency.
6. We offer no opinion on whether the City’s EMS fees are too high or too low – only that the City’s process for setting these fees could be improved. In this regard, the City should maintain documented support for proposed EMS fee changes to ensure that the process used to set these fees is reasonable. Due to contractual allowances of insurance providers, large increases in fees that are substantially above insurance provider allowable amounts will

not result in equivalent increases in revenue. In addition, customers typically take on the burden of these charges in the form of balance bills, not insurance providers. Properly setting EMS fees typically requires a more complex procedure than other types of municipal fees where benchmarking to other regional or comparable organizations would be an acceptable approach. Therefore, a comprehensive methodology to setting these fees should be considered.

Appendix A: Management's Responses

The EMS Billing and Revenue Collection Audit conducted by the College Station City Internal Auditor from September through December 2020 with a draft audit report being provided to management on January 26, 2021. An exit conference was held on February 8, 2021, with a revised draft sent to management on February 12, 2021. This response was completed in conjunction and consultation with Finance Director and summaries both Fire and Finance responses.

Background

This audit originated from a citizen complaint to the City Auditor on August 16, 2020. The citizen simultaneously contacted Emergicon to inquire about possible overbilling and the application of TX SB 1264. Emergicon notified the College Station Fire Department (CSFD) of this citizen inquiry on August 17, 2020. CSFD instructed Emergicon to place a hold on this account until we could research TX SB 1264 and its possible implications. Internal research along with consultation with Emergicon indicated that TX SB 1264 did not apply to EMS providers, and thus, the hold on this account was removed on August 31, 2020 to resume collections. Further, it was learned that this misunderstanding of balance billing originated from a Blue Cross & Blue Shield notice to customers, dated June 5, 2020, just five days before the patient was transported on June 10, 2020.

Audit Findings and Discussions

1) ***Finding*** – A Few Potential Billing Discrepancies Were Identified

Discussion – As noted in the audit observations, there was a discrepancy between the City's posted EMS fee schedule and the department's webpage that had the pre-September 2019 fee schedule. The department had an internal administrative staff member trained in July 2020 to update and manage the department's webpage and this inaccurate fee schedule was removed in August 2020. The department assumes full responsibility for this confusion and has rectified this problem by referring all CSFD fee information to the City's fee schedule webpage. Finally, an observation noted is that Emergicon determines the level of billing based on the documented care given by EMS personnel. While the level of care could be selected by EMS personnel on the patient care report, this has the potential to be problematic. Definitions in level of care can change with legislation resulting in the need to re-train a large number of EMS personnel with each change. In addition, the risk of human error in billing increases with each additional person involved. If patient care records inaccurately were selected as higher level of care than the current legal definition allowed and subsequently billed, the City could be liable for reimbursements in an independent audit. For these reasons, we believe it is preferred to have our personnel accurately document the care and treatment given and allow the billing company

to determine which level of billing schedule that given care falls into based on the current applicable rules. This is their expertise.

2) ***Finding*** – Risk Related to Potential Improper Remittances Were Identified

Discussion – The department defers to Emergicon for its expertise in billing and does not have staff personnel or expertise to provide detailed oversight of Emergicon and thus relies on the professional merits of this company. As indicated, Emergicon has been the EMS billing contractor since August 2009. The observations indicate the City has opened the request for proposal process again in 2013 and 2018. Each RFP process has resulted in multiple competing proposals from competing vendors and yet, Emergicon has been selected each time. While current CSFD administrative staff were not directly involved with those RFP evaluations, we have no reason to doubt the validity of the CoCS procurement process to award the contract to the most appropriate vendor. It should also be noted that Emergicon is the EMS collection contractor for several regional EMS agencies, including St. Joseph's EMS and Robertson County EMS. We believe the utilization of Emergicon by multiple agencies in our region should serve to enhance the importance of integrity in the billing process by Emergicon to avoid the potential loss of several regional clients by impropriety.

3) ***Finding*** – Emergicon is Not Complying with Some Contractual Stipulations

Discussion – The CSFD has been using Emergicon since the initial contract in August 2009. The current contract was signed in March 2018. The contracted collection fee of a flat 5% is below industry standards, and the elimination of the previous contract rate of 16% fee for collections over 120 days old is beneficial for the City of College Station (CoCS), as it encourages earlier collection efforts by the billing company. Most billing companies increase fees for late collections due to the additional efforts taken to collect on those bills.

While we agree the contract does not specifically state Emergicon has the authority to negotiate a discounted rate with customers, it does allow for collection practices and industry best practices. Negotiating a discounted one-time payment rather than monitoring and tracking a lengthy payment plan most likely falls within the scope of these collection practices. As indicated in the observations, collections were down 12% in 2020. The department also internally noticed this observation early in 2020 and consulted with Emergicon. They were responsive to the department's request and provided an explanation which included the impacts of COVID resulting in transitioning to working from home by their staff as well as claims processing in the insurance industry, decrease in transport volume, and higher levels of unemployment resulting in a decrease in commercial insured.

Another COVID related decrease in billing was a result of the City accepting \$43,076 in CARES Act Provider Relief Funds on April 10, 2020. As a stipulation to accepting these funds, Emergicon notified the City that they would not be able to balance bill COVID patients greater than what the patient would have otherwise been required to pay if an in-network provider had provided the care.

Regarding the tracking of customer complaints, it should be noted there is a difference between a billing inquiry and a complaint. Emergicon gets many billing inquiries and the department's administrative offices also receive routine billing inquiries which are referred to Emergicon. The department was notified of this complaint by Emergicon the day after it was received. We are unaware of any other official complaints that have been received by Emergicon that were not reported to the department.

4) ***Finding*** – The City is Balance Billing Citizens for Ambulance Service

Discussion – As previously discussed, the initiation of this audit was due to a citizen complaint over a misunderstanding of the application of TX SB 1264. As the audit report indicates, TX SB 1264 does not apply to EMS as the CSFD EMS is not considered a “provider” per the definitions of the legislation. While citizens may receive an unexpected bill for the balance of what was not covered by insurance, the incident that precipitated the use of emergency medical services is equally unexpected.

5) ***Finding*** – The Process for Setting EMS Fees Could be Improved

Discussion – The current EMS fee structure was approved by City Council in September 2019 before COVID was even discovered. Unknown at that time was the dramatic increase in medical supply costs that would follow with the impact of COVID. In many respects, College Station is a leader and trend setter for emergency response agencies in the Brazos Valley Region. It should also be noted that the City of Bryan Fire Department has moved to align their fees with CSFD, but did not take action until well into the pandemic. Therefore, Bryan City Council has delayed council action for 90 days to avoid increasing fees during the pandemic, however, it is anticipated they will be requesting council action in the near future to align with our EMS fee structure. As noted earlier, it is believed the 12% collection reduction noted in the audit observations for 2020 is more closely tied to COVID than to the increases in fee structure.

Audit Recommendations and Responses

1) Management could develop additional processes and controls to ensure compliance with future EMS billing and collections contracts and monitor the performance of these contracts in providing accurate billings and effective collections.

Management Response – EMS billing expertise is a specific skill set that requires continual monitoring of the changing landscape of rules and regulations, and state and federal laws. The department does not currently have the internal staff or expertise for detailed oversight and performance monitoring of EMS billing. This would require one additional staff position to accomplish. The department agrees, if appropriately staffed with the applicable skill set, this would serve to provide administrative oversight of this important revenue source and monitor contractual compliance. This will need to be supported by the City Management Office and

budgeted accordingly. The department previously had an administrative staff member who was dedicated to EMS billing, but this position was lost approximately 20 years ago.

- 2) The Fire Department should consider requiring EMS personnel record (1) the miles transported and (2) the care they provided (i.e., indicate the service type and if supplies or oxygen were used) in the Fire Department's information system database. This would facilitate periodic reconciliations to third-party billing data to verify that customers are appropriately charged according to the City's approved EMS fee schedule. The purpose of requiring EMS personnel record this data would be to efficiently facilitate monitoring efforts – not to determine the amount customers should be billed.

Management Response – Management disagrees with EMS personnel selecting the level of billing for the reasons cited in the discussion. As mentioned above, we believe it is preferred to have our personnel accurately document the care and treatment given and allow the billing company to determine which level of billing schedule that given care falls into based on the current applicable rules.

- 3) The City should consider requiring future EMS billing and collection companies provide SSAE 18 audits conducted by an independent CPA firm. These audits, which were required in previous EMS billing and collection contracts, offer assurance that the company's system of organization controls is functioning appropriately.

Management Response – We agree that any City contractor should be held to the standards specified within the contract. If the professional reputation and performance of our EMS contractor needs to be closely monitored on a continual basis, an administrative position with the necessary skill set will need to be funded. The department also supports an independent audit by a CPA firm should the City choose to fund such an audit. Finance agrees that a scope of work can be revisited, and the EMS billing service contract can be re-bid rather than extended. As the report indicates, this has been done on three separate occasions with Emergicon emerging as the vendor of choice. There is a risk in the re-bid process, however, as our current contractor may again be selected as the vendor of choice but may revise the terms of the contract and collection fees for the new contract period.

- 4) To ensure timely updates of posted fees on the City's webpages, a procedure should be developed to ensure the Fire Department's web authors are timely notified of necessary changes with verification from Public Communications that the appropriate changes were made.

Management Response – Management agrees with the recommendation to assure a process is in place to keep webpages updated with accurate, timely information. These changes have been made and are now in place.

- 5) Because delinquent accounts are not turned over to an independent collection agency, most of these bills are eventually written off – which not only reduces potential revenue but also

increases the risk of fraud. Therefore, the City should consider engaging an independent collection agency in conjunction with the contracted billing agency.

Management Response – We agree that any City contractor should be held to the standards specified within the contract. The City should always be open to other contractors who may be able to provide a more effective and cost-efficient service. We can only assume these factors were considered each time the City evaluated multiple vendors and has continually chosen Emergicon as the preferred vendor, as have several regional EMS agencies. Finance disagrees with the recommendation to consider the use of standardized independent collection agencies. This requires additional vendor contracts and transfer of billing data between multiple agencies.

However, both Fire and Finance agree there may be opportunities to consider specialized medical collection agencies that target accessing missing medical data that would allow an outstanding debt to be processed by commercial insurance. These specialized agencies typically pick-up uncollected debt at a given point (for example on the 121st day) and use alternate databases and methods to facilitate the commercial billing payments. These agencies do have a much higher collection rate than currently being paid to Emergicon but may provide some incentive for earlier collections from Emergicon. As previously mentioned, additional efforts to provide oversight to the billing process will require additional staff personnel. In addition, Finance agrees there may be some opportunities to revise balance billing collections to a specified percentage of outstanding balance not paid by insurance rather than the entire amount for citizens who reside within College Station.

- 6) We offer no opinion on whether the City's EMS fees are too high or too low – only that the City's process for setting these fees could be improved. In this regard, the City should maintain documented support for proposed EMS fee changes to ensure that the process used to set these fees is reasonable. Due to contractual allowances of insurance providers, large increases in fees that are substantially above insurance provider allowable amounts will not result in equivalent increases in revenue. In addition, customers typically take on the burden of these charges in the form of balance bills, not insurance providers. Properly setting EMS fees typically requires a more complex procedure than other types of municipal fees where benchmarking to other regional or comparable organizations would be an acceptable approach. Therefore, a comprehensive methodology to setting these fees should be considered.

Management Response – We believe our EMS fee structure is in alignment with the region and the industry and supported by Emergicon as appropriate. We further believe that the process of governance and approval by City Council requires appropriate communication with Councilmembers and the opportunity to request additional clarification and justification if they believe it has not been provided in the request for council action. The department seeks to be as efficient as possible as a General-Funded department to provide the availability and access of Emergency Medical Services while passing on actual expenses for a specific transport to the end user through EMS billing. The goal of EMS fee structure should be to cover the cost of the individual response. Overall tax dollars should be used to provide for the EMS service system to exist and be available when needed. Lowering EMS fees to only bill what insurance will cover

will drastically reduce revenue resulting in tax dollars subsidizing a higher percentage of each response. This is a City Council decision in conjunction with CMO and Finance.

Conclusion

The department is appreciative of the work that has gone into creating this audit report. CSFD and Finance staff has equally spent a great deal of time to formulate valid, meaningful responses to the recommendations based on our working knowledge. As noted throughout the responses, the department does not have the internal expertise or staff to handle EMS billing and relies completely on the EMS billing and collection contractor. We believe these management responses have addressed the key issues that warranted this audit.

Appendix B: EMS Billing Reconciliation Methodology

In September 2019, the City Council approved Resolution No. 09-26-19-2d, which updated several fees throughout the City. Updated emergency medical service fees were included in this resolution. Table 1 below compares the City's previous EMS fees to the current fees from Resolution No. 09-26-19-2d – meaning the scope of these analyses ranges from FY18 to FY20.

Table 1: EMS Fee Schedule Comparison

EMS Service	City Limits	Prior to 10/1/19		Res. No. 09-26-19-2d	
		Base Fee	Fee/mile	Base Fee	Fee/mile
BLS	inside	\$650	\$15	\$1,200	\$19
BLS	outside	\$650	\$18	\$1,200	\$19
ALS1	inside	\$850	\$15	\$1,400	\$19
ALS1	outside	\$850	\$18	\$1,400	\$19
ALS2	inside	\$950	\$15	\$1,650	\$19
ALS2	outside	\$950	\$18	\$1,650	\$19
SCT				\$1,700	\$19
Non-Res. EMS		\$100		\$ 250	
Oxygen		\$ 85		\$ 130	
Supplies (BLS)		\$150		\$ 200	
Supplies (ALS)		\$300		\$ 400	

SCT = Specialty Care Transport from one medical facility to another medical facility
 Non-Res. EMS = Emergency medical service for non-residents without transportation
 Oxygen = Supply fee to cover oxygen costs for BLS, ALS1, or ALS2 during transport
 Supplies (BLS) = Supply fee charge to cover single patient use items for BLS transport
 Supplies (ALS) = Supply fee charge to cover single patient use items for ALS1 or ALS2 transport

We conducted upper and lower bounds tests to see if there were any instances where customers were charged above or beneath the allowable billable amounts. Results for the upper and lower bounds tests within this scope are different since there was an overall fee increase beginning in FY20. We chose to keep the fiscal years and service levels separate to portray the most accurate results. If we performed overall upper and lower bounds tests, the results would only reflect the highest and lowest charges of the fiscal years combined. In other words, the highest possible charge would be FY20's ALS2 fees, and the lowest possible charge would be FY18-19's BLS fee.

Below, Table 2 shows the highest possible charges broken down by fiscal year and service type. Note that these results include every fee that could be charged to a patient.

Table 2: Highest Possible CSFD EMS Fee Schedule

Fiscal Year	Service	Base Fee	Supplies	Oxygen	Mileage	Total
FY20	BLS	\$1,200	+\$200	+\$130	+\$19/mi	\$1,530 + \$19/mi
FY20	ALS	\$1,400	+\$400	+\$130	+\$19/mi	\$1,930 + \$19/mi
FY20	ALS2	\$1,650	+\$400	+\$130	+\$19/mi	\$2,180 + \$19/mi
FY18 -19	BLS	\$ 650	+\$150	+\$ 85	+\$18/mi	\$ 885 + \$18/mi
FY18 -19	ALS	\$ 850	+\$300	+\$ 85	+\$18/mi	\$1,235 + \$18/mi
FY18 -19	ALS2	\$ 950	+\$300	+\$ 85	+\$18/mi	\$1,335 + \$18/mi

Below, Table 3 shows 10 records that we discovered were charged higher than the highest possible amount – based on the upper bounds’ methodology described in Table 2.

Table 3: Maximum Bounds Test Results

#	Run Number	Date of Service	Service Type ⁹	Max Miles ¹⁰	Max Miles Rate	Max Miles Charge	Base Fee	Supply	Oxygen	Max Charges	Amt Billed ¹¹
1	005598:1	07.31.20	ALS	3	x 19	= 57	+ 1,400	+ 400	+ 130	= 1,987	2,257
2	007053:1	09.16.20	ALS	10	x 19	= 190	+ 1,400	+ 400	+ 130	= 2,120	3,180
3	007118:2	09.18.20	BLS	7	x 19	= 133	+ 1,200	+ 200	+ 130	= 1,663	1,733
4	010284:1	12.25.19	BLS	6	x 19	= 114	+ 1,200	+ 200	+ 130	= 1,644	1,914
5	008498:1	11.03.18	ALS	3	x 18	= 54	+ 850	+ 300	+ 85	= 1,289	1,314
6	008215:1	10.25.18	ALS	3	x 18	= 54	+ 850	+ 300	+ 85	= 1,289	1,495
7	005872:1	08.02.19	BLS	2	x 18	= 36	+ 650	+ 150	+ 85	= 921	1,180
8	008308:1	11.19.17	BLS	6	x 18	= 108	+ 650	+ 150	+ 85	= 993	1,240
9	009887:1	12.22.18	BLS	6	x 18	= 108	+ 650	+ 150	+ 85	= 993	1,240
10	005080:1	07.12.18	BLS	6	x 18	= 108	+ 650	+ 150	+ 85	= 993	1,258

Although the actual reasons for these charges being higher than the maximum billable amounts are unknown, we were able to deduce some likely explanations for most of these apparent mistakes. Below are possible explanations for these exceptions. They will be listed in numerical order as represented in the table above.

1. We have no explanation for this exception. We found that even if this instance was classified as an ALS2 service, the amount billed would still be higher than the maximum amount allowed. The difference between the amount billed and maximum charge is \$270.
2. We have no explanation for this exception. We calculated that even if this instance was considered an ALS2 service, the amount billed would still have exceeded the maximum amount. The amount potentially overcharged was \$1,060.
3. It appears that this patient was charged a BLS supply fee of \$200, coupled with an ALS base fee of \$1,400 and mileage charges of \$133.
4. Although categorized as a BLS service, ALS base and supplies fees of \$1,400 and \$400 appear to have been charged, with a mileage charges of \$114.
5. We have no explanation for this exception. The amount billed is \$25 more than the maximum billable amount to charge.
6. We have no explanation for this exception. The amount billed is \$206 more than the maximum billable amount to charge.
7. It seems ALS base and supplies fees of \$850 and \$300 were charged. It appears a mileage rate of \$15/mile, or \$30 was charged.
8. It seems ALS base and supplies fees of \$850 and \$300 were charged. It appears a mileage rate of \$15/mile, or \$90 was charged.
9. It seems ALS base and supplies fees of \$850 and \$300 were charged. It appears a mileage rate of \$15/mile, or \$90 was charged.
10. It seems ALS base and supplies fees of \$850 and \$300 were charged. It appears a mileage rate of \$18/mile, or \$108 was charged.

⁹ The service type indicated in Emergicon’s records.

¹⁰ The recorded mileage rate rounded up (i.e., if the recorded mileage was 2.1 miles, it was rounded up to 3 miles).

¹¹ The amount Emergicon recorded as charging patients for EMS transport.

Below, Table 4 represents the lowest possible fees. Note that there are no supplies or oxygen costs. As with the highest possible fees methodology, we kept the fiscal years and service types separate for consistency and portrayal of accurate results. If we combined the fiscal years, the lowest charge would be represented by FY18-19's BLS fee and the highest charge represented by FY20's ALS2 fee.

Table 4: Lowest Possible CSFD EMS Fee Schedule

Fiscal Year	Service	Base Fee	Supplies	Oxygen	Mileage	Total
FY20	BLS	\$1,200	+\$ 0	+\$ 0	+\$19/mi	\$1,200 + \$19/mi
FY20	ALS	\$1,400	+\$ 0	+\$ 0	+\$19/mi	\$1,400 + \$19/mi
FY20	ALS2	\$1,650	+\$ 0	+\$ 0	+\$19/mi	\$1,650 + \$19/mi
FY18 -19	BLS	\$ 650	+\$ 0	+\$ 0	+\$15/mi	\$ 650 + \$15/mi
FY18 -19	ALS	\$ 850	+\$ 0	+\$ 0	+\$15/mi	\$ 850 + \$15/mi
FY18 -19	ALS2	\$ 950	+\$ 0	+\$ 0	+\$15/mi	\$ 950 + \$15/mi

Below, Table 5 shows the 62 instances from the lower bounds test. These records indicate the charges that were lower than the lowest possible amount to be charged – based on the methodology explained above.

Table 5: Minimum Bounds Test Results

#	Run Number	Date of Service	Service Type	Miles ¹²	Min Mile Rate	Min Mile Charge	Base Fee	Min Charges	Amount Billed	Difference
1	009481:1	11/26/19	ALS	1 x 19 = 19	+\$ 19	+\$ 1,400	= 1,419	= 1,419	434	985.22
2	002696:1	04/06/20	ALS	1 x 19 = 19	+\$ 19	+\$ 1,400	= 1,419	= 1,419	441	978.48
3	010117:1	12/18/19	ALS	2 x 19 = 38	+\$ 38	+\$ 1,400	= 1,438	= 1,438	441	996.67
4	008404:1	10/24/19	BLS	1 x 19 = 19	+\$ 19	+\$ 1,200	= 1,219	= 1,219	366	852.52
5	007783:1	10/04/19	BLS	2 x 19 = 38	+\$ 38	+\$ 1,200	= 1,238	= 1,238	374	863.97
6	002077:1	03/17/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	417	448.32
7	008941:1	12/14/17	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	417	448.32
8	001296:1	02/14/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	424	440.99
9	001446:1	02/24/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	434	431.22
10	001920:1	03/13/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	434	431.22
11	002209:1	03/25/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	434	431.22
12	002459:1	04/03/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	434	431.22
13	003346:1	05/02/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	434	431.22
14	001132:1	02/08/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	440	425.38
15	006413:1	08/27/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	440	425.37
16	004564:1	06/16/19	ALS	2 x 15 = 30	+\$ 30	+\$ 850	= 880	= 880	441	438.97
17	004133:1	05/31/19	ALS	2 x 15 = 30	+\$ 30	+\$ 850	= 880	= 880	441	438.67
18	007191:1	09/14/19	ALS	2 x 15 = 30	+\$ 30	+\$ 850	= 880	= 880	441	438.67
19	001321:1	02/15/18	ALS	2 x 15 = 30	+\$ 30	+\$ 850	= 880	= 880	447	433.15
20	003652:1	05/18/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	447	417.94
21	000988:1	02/06/19	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	447	417.82
22	004872:1	07/03/18	ALS	1 x 15 = 15	+\$ 15	+\$ 850	= 865	= 865	447	417.82
23	000336:1	01/13/19	ALS	4 x 15 = 60	+\$ 60	+\$ 850	= 910	= 910	456	453.57
24	006326:1	08/25/18	ALS	5 x 15 = 75	+\$ 75	+\$ 850	= 925	= 925	469	456.46
25	009663:1	12/13/18	ALS	9 x 15 = 135	+\$ 135	+\$ 850	= 985	= 985	506	478.86
26	004332:1	06/08/19	BLS	1 x 15 = 15	+\$ 15	+\$ 650	= 665	= 665	366	298.52
27	003185:1	04/26/19	BLS	1 x 15 = 15	+\$ 15	+\$ 650	= 665	= 665	366	298.51
28	005179:1	07/09/19	BLS	1 x 15 = 15	+\$ 15	+\$ 650	= 665	= 665	366	298.51
29	005014:1	07/10/18	BLS	1 x 15 = 15	+\$ 15	+\$ 650	= 665	= 665	371	293.66
30	005464:1	07/19/19	BLS	2 x 15 = 30	+\$ 30	+\$ 650	= 680	= 680	374	305.98

¹² Recorded mileage rate rounded up (i.e., if the recorded mileage was 2.1 miles, it was rounded up to 3 miles).

31	002457:1	04/03/19	BLS	2	x	15	=	30	+	650	=	680	374	305.97
32	007210:1	09/15/19	BLS	2	x	15	=	30	+	650	=	680	374	305.96
33	007785:1	10/04/19	ALS	4	x	19	=	76	+	1,400	=	1,476	1,460	16.00
34	007757:1	10/03/19	ALS	5	x	19	=	95	+	1,400	=	1,495	1,475	20.00
35	007802:2	10/04/19	ALS	6	x	19	=	114	+	1,400	=	1,514	1,490	24.00
36	007745:1	10/03/19	ALS	7	x	19	=	133	+	1,400	=	1,533	1,505	28.00
37	007799:1	10/04/19	ALS	7	x	19	=	133	+	1,400	=	1,533	1,505	28.00
38	007716:1	10/02/19	ALS	1	x	19	=	19	+	1,400	=	1,419	1,415	4.00
39	007860:1	10/06/19	ALS	1	x	19	=	19	+	1,400	=	1,419	1,415	4.00
40	007742:1	10/02/19	ALS	2	x	19	=	38	+	1,400	=	1,438	1,430	8.00
41	007818:1	10/05/19	ALS	2	x	19	=	38	+	1,400	=	1,438	1,436	2.00
42	002062:1	03/11/20	ALS	15	x	19	=	285	+	1,400	=	1,685	1,485	200.00
43	002962:1	04/21/18	ALS	0	x	15	=	0	+	850	=	850	650	200.00
44	007602:1	10/26/17	ALS	2	x	15	=	30	+	850	=	880	680	200.00
45	002072:1	03/17/18	ALS	3	x	15	=	45	+	850	=	895	695	200.00
46	009144:1	12/20/17	ALS	6	x	15	=	90	+	850	=	940	740	200.00
47	008156:1	10/23/18	ALS	8	x	15	=	120	+	850	=	970	770	200.00
48	002463:1	04/01/18	ALS	2	x	15	=	30	+	850	=	880	830	50.00
49	000174:1	01/06/18	ALS	3	x	15	=	45	+	850	=	895	845	50.00
50	002320:1	03/29/19	ALS	5	x	15	=	75	+	850	=	925	850	75.00
51	004973:1	06/30/19	ALS	17	x	15	=	255	+	850	=	1,105	850	255.00
52	007074:1	10/07/17	ALS	6	x	15	=	90	+	850	=	940	850	90.00
53	003292:1	04/30/19	BLS	2	x	15	=	30	+	650	=	680	650	30.00
54	005417:1	07/23/20	ALS	10	x	19	=	190	+	1,400	=	1,590	1,567	23.00
55	005196:1	07/15/20	BLS	7	x	19	=	133	+	1,200	=	1,333	1,307.50	25.50
56	008016:1	11/08/17	ALS	12	x	15	=	180	+	850	=	1,030	1,016	14.00
57	000315:1	01/12/19	ALS-2	5	x	15	=	75	+	950	=	1,025	655	370.34
58	000191:1	01/07/18	BLS	1	x	15	=	15	+	650	=	665	227	438.34
59	006164:1	08/18/20	ALS	8	x	19	=	152	+	1,400	=	1,552	1,541.50	10.50
60	007792:1	10/11/18	ALS	5	x	15	=	75	+	850	=	925	865	60.00
61	009235:1	11/27/18	BLS	0	x	15	=	0	+	650	=	650	100	550.00
62	009042:1	12/17/17	ALS	99,999	x	15	=	NA	+	850	=	NA	955	0.00

Although the reasons for charging lower than the lowest possible amount is unknown, we were able to deduce some likely explanations for most of these apparent mistakes. Below are the possible explanations for these exceptions. They will be grouped together accordingly, as some explanations are the same for most of the records.

- 1-32. The recorded amount billed is higher than the non-resident EMS fee (\$100 in FY18-19 and \$250 in FY20) but below the minimum transport fee of \$650. Therefore, it is unknown why these customers appear to have been charged significantly lower than the bills they should have received.
- 33-40. It appears that the patients were billed the current ALS base rate of \$1,400 and the old mileage rate of \$15/mile.
- 41. It appears that the patient was billed the current ALS base rate of \$1,400 and the old out-of-city limits mileage rate of \$18/mile.
- 42. It appears that the patient was billed the current BLS base rate of \$1,200 instead of the ALS rate of \$1,400.
- 43-47. It appears that the patients were billed the BLS base fee of \$650 instead of the ALS base fee of \$850.
- 48-49. It appears that the patients were billed BLS base and supply fees of \$650 and \$150 instead of ALS base and supply fees of \$850 and \$300.

- 50-53. It appears that the patients were not charged mileage fees.
- 54-59. We have no explanations for these exceptions.
- 60. It appears that the patient was billed an ALS base fee of \$850 and mileage at \$15/mile for one (1) mile of transport, when the trip was recorded as being five (5) miles.
- 61. It appears the patient was billed for a non-resident EMS fee or \$100 when the service type was recorded as BLS, or \$650.
- 62. It appears the patient was billed an ALS base fee of \$850 and a seven (7) mile transport at a rate of \$15/mile, or \$105.

The records Emergicon provided us included the following fields: trip date, run number, mileage, patient name, type of service, date of birth, gender, primary payor, charges, contractual allowances, net charges, write-offs, refunds, payments, and balance. In some instances, Emergicon provided us with data fields we did not request (e.g. gender, date of birth). In other instances, Emergicon was not able to provide us with data fields we requested (e.g., oxygen charges).

The records provided did not detail the fees applied that made up the charges to patients – which would have facilitated a simple reconciliation of Emergicon billing records to the City's approved fee schedule. In other words, if these records indicated the base fee charged, the supply fee charged, the mileage fee charged, and the oxygen fee charged; reconciliation to the City's approved fee schedule would not have been difficult. Because the records we were working with did not provide this detail, we used specialized auditing software to calculate all the potential variables for each patient account between fiscal years 2018 to 2020. Table 6 below describes these results.

Table 6: EMS Billing to City Approved Fee Schedule Reconciliation Results

Category	ALS	ALS2	BLS	Non-Res ¹³	Totals	% of Total
Base Fee, Mileage, Supplies, Oxygen	309	54	65	0	428	3.0%
Base Fee, Mileage, Supplies	3,077	46	1,239	0	4,362	30.9%
Base Fee, Mileage, Oxygen	4	0	1	0	5	0.0%
Base Fee, Mileage	6,396	190	2,260	0	8,846	62.8%
Base Fee	0	0	130	0	130	0.9%
Non-Resident EMS	0	0	0	209	209	1.5%
Exceptions	77	2	34	1	114	0.8%
Total	9,863	292	3,729	210	14,094	100.0%
% of Total	70%	2%	26%	1%	100%	NA

¹³ Non-Res is the emergency medical service charges for non-residents without transportation.

Appendix C: Internal Control and Process Summary

Identified Internal Controls

1. CSFD conducts periodic trainings on reviewing and correctly completing ESO patient reports
2. Incomplete ESO patient reports are considered “unlocked” and are not uploaded to Emergicon until they are complete and “locked.”
3. Emergicon verifies that ESO patient reports are complete and accurate before beginning the prebilling process. Emergicon sends ESO patient reports back to CSFD to correct if incomplete.
4. Emergicon uses guidelines to code the level of care on the patient report.
5. Emergicon identifies the insurance provider before sending an invoice to the patient.
6. EMS fees are advertised on the CSFD’s webpage so that patients can verify their bills.
7. Emergicon investigates and appeals (if necessary) denied insurance claims.
8. Insurance providers that do not pay within 30 days are assigned late fees.
9. Emergicon sends the patient three separate copies of the invoice. Emergicon calls patients with outstanding balances if sent invoices have not been responded to.
10. Check payments are deposited into a lockbox. Emergicon and Fiscal Services authenticates the total amount before payment is remitted.
11. EFT and credit card payments are transferred through Automated Clearing House.
12. Emergicon provides the City with monthly reports to reconcile and review. Balance Summary, Charge Adjustments, Credit Summary, Payor Summary, and Payor Aging reports are included.
13. Emergicon provides the City with their yearly performance audit results.

EMS Billing and Collection Process Narrative

1. The patient calls 911.
2. The EMT’s and/or at least one paramedic responds to the 911 call.
3. Is there a patient? No: see step 4a.
4. Medics leave. End of process.
 - a. If there is not a patient on the scene, no report is completed, and the call is marked as “Cancelled on Scene/No Patient Found.”
 - b. If the patient is evaluated, and the attending paramedic agrees with the patient that no treatment and no transport is required, the patient is required to sign treatment/transport refusal documentation, and the call is marked “Patient Evaluated, No Treatment/Transport Required.”
 - c. If the patient is treated but refuses transport, the patient is required to sign treatment/transport refusal documentation, and the call is marked “Patient Treated, Released (AMA).”
5. Is treatment needed? No: see step 4b.
6. Yes: Medics treat the patient.
7. Is transportation needed? No: see step 4c.
8. Yes: Medics transport the patient to the nearest facility.

9. The EMT's return to the station to complete the ESO patient report and document administered treatment.
10. The patient report is uploaded to Emergicon through the ESO suite.
11. Emergicon validates the information on the report.
12. Is the patient report correct and complete? Yes: step 15.
13. No: Emergicon returns the report to the Fire Department.
14. The Business Services Specialist corrects and completes the report. See step 10.
15. Is the patient a city employee?
16. No: Emergicon codes the level of care and verifies the insurance information.
17. Yes: the patient is not billed. End of process.
18. Does the patient have insurance? No: see step 24.
19. Yes: Emergicon sends an invoice to the insurance company.
20. Does the insurance company deny the claim?
21. Yes: Emergicon's Accounts Receivable Department investigates the denial, calls the insurance provider, and appeals if necessary. End of process (as we know it).
22. No: Does the insurance company pay the full amount?
23. Yes: the patient's account balance is settled. See step 32.
24. No: Emergicon sends an invoice to the patient.
25. Does the patient pay the invoice in full?
26. Yes: the patient's account balance is settled. See step 32.
27. No: Emergicon's Patient Accounts Department sends the patient three additional statements every 30 days.
28. Does the patient pay the invoice in full? Yes: the patient's account balance is settled. See step 26.
29. No: Emergicon's Patient Accounts Department makes phone calls to the patient.
30. Does the patient pay the invoice? Yes: the patient receives a 20% discount for settling their balance over the phone. See step 26.
31. No: the account is eventually written off. See step 39.
32. Emergicon remits patient and insurance provider payment to the City.
33. Is the payment in the form of check, credit card, or EFT? Check: see step 36.
34. Credit card or EFT: Fiscal Services receives an Automated Clearing House payment from Emergicon through Frost Bank.
35. The ACH payment is deposited into the City's EMS Revenue.
36. Fiscal Services receives a weekly lockbox summary of the check totals from Emergicon.
37. The Accounting Department logs into Frost Bank and requests a payment from Emergicon in the amount on the lockbox summary.
38. Emergicon authenticates the payment and the payment is remitted to the City. End of process.
39. Fiscal Services receives a Payor Aging report from Emergicon every annually on 9/30.
40. Is the account more than 120 days overdue?
41. No: The City does nothing. End of process.
42. Yes: The City writes the account balance off as Bad Debt Expense.
43. The City credits the total written off balance to Allowance for Uncollectible Accounts during the end-of-year adjustment period.