



CITY OF SAN ANTONIO

P.O. BOX 839966
SAN ANTONIO, TEXAS 78283-3966

May 19, 2005

Roger Flores
Councilman, District 1

Joel Williams
Councilman, District 2

Ron Segovia
Councilman, District 3

Patti Radle
Councilwoman, District 5

Enrique Barrera
Councilman, District 6

Chip Haass
Councilman, District 10

Mrs. Radle and Gentlemen:

RE: Final Audit Report - The Emergency Medical Services Billing And Collections Services Contract

Today, this audit report was distributed and discussed with the Governance Committee. Attached for your review and information is a copy of the discussion presentation, the transmittal letter and the final report. The final report includes a short executive summary and table of contents which should prove helpful in obtaining a high level look at the scope and results of the review procedures and outcome. Attachment 1 with the report also shows opportunities that could be further pursued.

The audit team wants the Mayor and City Council to know that City Management and Staff as well as the Contractor, Business and Professional Service, Inc., cooperated fully on this project. The report includes their responses which were viewed as positive commitments to implement process changes and improvements. By doing so, the City should see the number and amount of billings issued and collected increase over time.

The Internal Audit Department is available to discuss the details of this report with you at your individual convenience. This project involved reviewing very complex processes that are critical financially and publicly to the City. We appreciated being able to perform this audit and to offer recommendations that can make a difference in the future.

Sincerely,

Patricia M. Major CPA, CIA, CTP, CGFM
City Internal Auditor
(210) 207-2853 office; (210) 215-9455 cell

cc: J Rolando Bono, Interim City Manager
Martha Sepeda, Interim City Attorney
Leticia Vacek, City Clerk
Christopher Brady, Assistant City Manager
Melissa Byrne Vossmer, Assistant City Manager
Erik Walsh, Assistant to the City Manager
Business and Professional Service, Inc. Mr. Thomas Benesch
Central Library Branch



CITY OF SAN ANTONIO
INTERNAL AUDIT DEPARTMENT

Fire Department
Review of EMS Billing and Collections Services Contract
Project No. AU05-005

Report Date: January 11, 2005
(Fieldwork Completion Date)

Release Date: May 19, 2005

Patricia M. Major CPA, CIA, CTP, CGFM
Jean Chen CPA, CIA, CISA
Theresa Cameron, CPA
Benjamin Lopez

**REVIEW OF EMERGENCE MEDICAL SERVICES
BILLING AND COLLECTIONS SERVICES CONTRACT**

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EXECUTIVE SUMMARY

REVIEW OF EMS BILLING AND COLLECTION SERVICES CONTRACT

Overview

A review of the Fire Department's Emergency Medical Service (EMS) Contract has been completed. One objective of this audit was to determine if the Business and Professional Services, Inc. (the Contractor) complied with significant provisions of the contract. Other objectives were to determine if internal controls were established in the Contractor's operations and in the various City departments involved. The project included the contract period of April 1999 through September 2002 and an extension period of October 2002 through September 2004. Fieldwork was conducted primarily from October 2004 through January 2005, with additional information obtained thereafter.

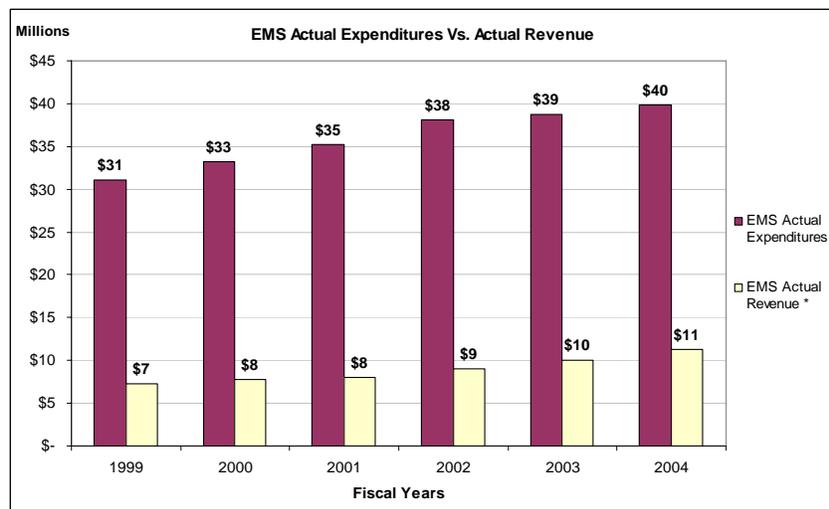
This review was designed to provide reasonable, but not absolute, assurance regarding the Contractor's compliance with contract provisions and whether internal controls were adequate. This audit included a study of internal controls that are considered relevant in assessing risks and the control environment as established by management. The study was based on discussions, review of selected documentation and site visits; however, it would not necessarily reveal all internal control weaknesses.

The audit report includes background information to assist the users in understanding the large transaction volume and values, and the complex processing by the Contractor. The Contractor has been awarded a new five-year contract, beginning October 1, 2004 through September 30, 2009.

Results in Brief

The report is divided into three sections: Fire Department, Finance Department and Contractor, as these parties need to work in unison to make the contracting process successful. Based on the work performed, significant issues were noted for each party. To improve accountability for the contract and to achieve the desired results, immediate action is necessary to address the issues identified in this report.

The Fire Department's EMS Division spent between \$31 million and \$40 million for fiscal years 1999 through 2004. Yet revenue was only \$7 million to \$11 million for these years. As result, EMS costs exceeded revenue by \$24 million to \$29 million each year. These deficits were made up through transfers from the General Fund. The review disclosed that uncollected account receivable balances for the audit period totaled nearly \$45 million as of September 30, 2004; and only \$14 million of this pursued amount is currently in an active status. The uncollected account balances are growing at a rate of \$5 to \$6 million a year.



Source: City of San Antonio Adopted Annual Operating Budgets various years
* EMS Revenue included Ambulance Service Fees, Interest on Time Deposits, Transfers from Other Agencies and Other Revenue.

Executive Summary

This EMS Contract was perhaps the largest and most complex of all City contracts. For this reason, contract monitoring was essential to scrutinize the outcomes based on measurable indicators on a regular basis. The plan should have enabled responsible personnel to determine if control activities occurred as designed. It would also have allowed City Management to decide if the desired results were obtained through the contracting process.

A Contracting Officer was necessary to be responsible for monitoring this Contractor's performance, identifying areas that needed improvement, and coordinating monitoring activities with the Finance Department. Currently, controls were not established within the Fire Department to ensure that the Contractor's data extraction of patient records was complete and that data inputted by EMS Paramedics was accurate and in its entirety. Additionally, City Ordinances concerning EMS Fees were subject to unilateral decisions by staff, and some fees were not charged to certain patients.

The Finance Department performed a limited review to ensure that the guaranteed collection rate was met and to verify monthly invoices were correct prior to the disbursement of the Contractor's Fee. It was crucial that the Finance and the Fire Department maintain a partnership to jointly monitor the contract. Occasions were noted in dealings with the Contractor where the City's interest could have been better protected. For example, terms were changed in favor of the Contractor when the contract was renewed in year 2002, corrective action was not taken when the Contractor under-performed, and effective penalty clauses were not included in the agreement. Additionally, idle cash in the City's EMS bank account could have been used to benefit the cash flow or for investment.

The Contractor was not in compliance with provisions in several areas, such as calculation of the collection rate, mailing of the first billing notices, prematurely closing Aid Only accounts, and insufficient insurance coverage. Through testing of data files provided by the Contractor, it was estimated that potential billing could have been increased by \$2.5 million if internal controls were in place to detect the weaknesses in the process during the audit period. See Attachment 1 on page 50 of the report.

Action Plan

1. The Fire Department should prepare a contracting monitoring plan and specify adequate performance measures. The City Department Staff should focus primarily on the major outputs of the contract.
2. The Fire and Finance Departments should coordinate monitoring tasks and share information. It is essential that the Fire Department, the Finance Department and the Contractor work as a team to achieve the required results.
3. The Fire Department should establish input controls for patient data to ensure that necessary, complete information is obtained in a timely manner and accurately entered into the patient and billing data bases.
4. Include penalty clauses in the future contracts for under-performance by vendors. The City can not simply demand performance without this right being specified in the contract. Enforce this penalty when under-performance occurs. Negotiate the contract terms in favor of the City.
5. Medicare and Medicaid claims represent approximately 50 percent of the gross amounts billed for the period under audit. Additionally, there were approximately \$21 million in Medicare/Medicaid adjustments related to these accounts. It is imperative that these adjustments be analyzed so that necessary action can be taken by the City and the Contractor to develop appropriate approaches to increase collections.

Introduction

The mission of San Antonio Emergency Medical Services (SAEMS) is to minimize the loss of life or serious injury by providing immediate and reliable response to medical emergencies and to assess, treat, stabilize, and transport patients until definitive medical care is available and initiated at an appropriate medical facility.

SAEMS has provided pre-hospital emergency service to the citizens of City of San Antonio and surrounding communities since 1974. In addition to the City of San Antonio, other municipalities or entities serviced by SAEMS include Balcones Heights, Castle Hills, Helotes, Windcrest, Kelly USA, and Brooks City Base. The approved budget for SAEMS was \$42.6 million with 336 full-time employees and 26 full-time and up to 9 peak period ambulances for fiscal year (FY) 2005.

Background

The financial objective of SAEMS is to “maximize net revenue from ambulance services by implementing policies and procedures that improve the quality and quantity of patient information obtained by Paramedics for billing purposes.” In keeping with the City’s policy of having special services self-sustaining, the services provided by the SAEMS are billed to the patients at a rate set by City Council Ordinances.

The billing and collection of service fees was handled by Business and Professional Service, a local small business Contractor. This Contractor has provided these services to the City since January 1992. The contract commenced April 1, 1999 through September 2002, (Original Contract) with a renewal extending the period to September 2004 (Renewal Contract). Recently, the Contractor was further awarded a new five-year contract, beginning October 1, 2004 through September 30, 2009.

In 1999 when the Contract began, patients were charged flat rate fees, \$265 for Transport and \$35 for Non-Transport. In FY 2000, the City began charging for specific items used, i.e. medications, bandaging, and splints, in addition to the flat rate. In FY 2003, the Aid Only Fee (assessment and non-transport patients) of \$35 per patient was implemented. In FY 2004, the fee for patients that were transported to a medical facility was at a base rate of \$375 - \$400 per patient plus \$9 per mile from the scene to the receiving hospital facility. Non-residents of San Antonio or suburban cities who received services from SAEMS were also charged a \$100 Non-Resident Fee. Exhibit A displays patient records and amounts billed for the period under review:

Exhibit A								
Summary by Type of Services								
For the period April 1, 1999 through September 30, 2004								
Fiscal Year	Transport		Aid Only		DOA		Totals	
	Amount Billed	# of Patient Records						
Part of 1999	\$ 6,171,566	21,634	\$ 453,075	12,945	\$ 31,780	646	\$ 6,656,421	35,225
2000	13,104,542	45,378	939,490	26,836	72,905	1,409	14,116,937	73,623
2001	14,770,516	44,839	907,970	25,942	75,075	1,378	15,753,561	72,159
2002	17,276,091	46,797	866,600	24,760	70,455	1,289	18,213,146	72,846
2003	22,034,895	49,624	924,770	26,422	74,655	1,363	23,034,320	77,409
2004	24,060,179	52,061	1,520,435	30,605	105,940	1,462	25,686,554	84,128
Totals	\$97,417,789	260,333	\$5,612,340	147,510	\$430,810	7,547	\$103,460,939	415,390

Definitions: Transport Patients taken to a medical facility
 Aid Only Aid administered at scene
 DOA Dead on Arrival

Source: Data files provided by the Contractor

Introduction

The public's demand for EMS has, in general, steadily increased over the last five years from 73,623 patient records in FY 2000 to 84,128 records in FY 2004. Each EMS run represented an event with a unique case number given by the City's Dispatching Center's Mainframe. Each case may involve a single patient or multiple patients, and a patient record was set up for each patient. Exhibit B shows the number of patient records for each fiscal year, and a total of 415,390 records were set up for the audit period. The City will not always collect the "Amount Billed" due to Medicare or private insurance adjustments.

Exhibit B					
Summary of Billed EMS Accounts					
For the period April 1, 1999 through September 30, 2004					
Fiscal Year	# of Patient Records	Amount Billed	Medicare Adjustments	Payments (1)	Account Balances (2)
Part of 1999	35,225	\$ 6,656,421	\$ 402,815	\$ 3,605,439	\$2,648,167
2000	73,623	14,116,937	876,791	7,683,711	5,556,435
2001	72,159	15,753,561	1,184,616	8,035,714	6,533,231
2002	72,846	18,213,146	2,177,562	8,733,169	7,302,415
2003	77,409	23,034,320	3,786,844	9,659,415	9,588,061
2004	84,128	25,686,554	3,739,100	8,722,075	13,225,379
Totals	415,390	\$103,460,939	\$12,167,728	\$46,439,523	\$44,853,688

Note: (1) Payments were calculated based on the date that services were provided.

(2) Account Balances included accounts denied by Medicaid totaling \$8,857,120.

Source: Data files provided by the Contractor

The Contractor provided a monthly statement, detailing collections, to the City's Finance Department for payment of the Contractor's Fee. The Contractor's Fee was 11.6% of the "Net Amount Collected" which reduced to 11.2% after the Fire Department fully and successfully implemented the Electronic Case Reporting System (CRS) in January 2001. Exhibit C shows the Contractor's Fee paid by the City for each of the Fiscal Years under audit. The Finance Department was responsible for monitoring the Contractor's performance to ensure that the guaranteed collection rate was met. To resolve patient billing and collection issues, the Contractor worked with the Fire Department on a regular basis.

Exhibit C				
EMS Division's Revenue and Expenditures				
For the period April 1, 1999 through September 30, 2004				
Fiscal Year	Amount Billed (1)	City's Receipts (2)	Total EMS Expenditures (3)	Contractor's Fee (4)
Part of 1999	\$ 6,656,421	\$ 3,685,917	\$ 31,061,523	\$ 427,566
2000	14,116,937	7,338,827	33,261,880	851,304
2001	15,753,561	7,634,118	35,212,675	872,483
2002	18,213,146	8,613,827	38,158,286	964,749
2003	23,034,320	9,540,243	38,774,985	1,068,507
2004	25,686,554	10,825,628	39,825,176	1,212,470
Totals	\$103,460,939	\$ 47,638,560	\$216,294,525	\$ 5,397,079

Source: (1) Data files provided by the Contractor.

(2) Receipts were calculated based on the data that payments were deposited into the City's bank account per the Contractor's monthly statements.

(3) Actual Expenditures per the City's Annual Adopted Budget.

(4) Contractor's monthly statements.

Billing and collection of emergency medical services (EMS) fees involves three different information system databases that were operated separately by the Communication Dispatching Center (Dispatching Center), the Fire Department, and the Contractor. Telephone calls from citizens requesting emergency services via the 911 Emergency Telephone System were routed to the Dispatching Center's Mainframe. The Fire Department's CRS allowed EMS Paramedics to record patient and billing information on a portable computer – a "Pen-Pad" System, which resembled a typical laptop or notebook computer. The Contractor retrieved billing information electronically via access to an EMS Structured Query Language (SQL) Server. The extracted billing information was then downloaded to the Contractor's AS400 (the Contractor's Computer System) for billing and collection. Attachment 2 at page 52 provides a graphical view of the EMS data flow.

Introduction

Objective and Scope

The objectives of the audit were to determine the following:

- Whether the Contractor complied with significant provisions of the contract;
- To evaluate the internal controls established by the Contractor for its operations;
- To evaluate the internal controls established by the Fire and Finance Departments as it related to the contract.

The scope of the audit focused on April 1999 through September 2002 and the renewal period of October 2002 through September 2004.

Criteria

The audit was performed in compliance with generally accepted government auditing standards (GAGAS) issued by the U.S. Government Accountability Office (GAO) and other criteria to conform with The Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing."

The last peer review of this office was conducted in July 2001, and another is anticipated in summer 2005. GAGAS requires that these reviews be performed every three years. The delay occurred as a result of realigning the department in 2003.

Methodology

The audit methodology consisted of the following:

- Gathering and reviewing information and documentation from the City, the Contractor, and other entities;
- Conducting risk and control analysis;
- Performing Interviews with the Contractor, EMS Division and Finance Department personnel;
- Touring the City's 911 Dispatching Center, accompanying ambulances to observe the use of CRS, and observing the Contractor's operations;
- Testing data files obtained from the EMS Division, the 911 Dispatching Center, and the Contractor; and
- Analyzing, comparing and evaluating test results.

Observations, Recommendations, and Responses For The Fire Department

1. Contract Administration

Observation

The EMS Contract is very large and complex in terms of the data volume, values and processing requirements. It has generated revenue of \$7 to \$10 million a year for the City, and paid \$.8 to \$1.2 million a year to the Contractor. However, a plan to monitor this contract was not in place, adequate performance measures for contract objectives were not specified, and a Contracting Officer was not assigned.

1.1. Contract Monitoring Plan

A structured monitoring method would have provided reasonable assurance to City Management that the required results from outsourcing these functions would be achieved and that the City would obtain the best value. It is also a prudent business practice that major activities, such as the ones listed below, be monitored on a periodic basis:

- Reconciliation of patient records in these three different databases; 911 Dispatch, CRS and Contractor's Computer System, to ensure that no records are missed for billing purposes;
- Billing and collection activities, including the timeliness of billings and the reconciliation of billable records with the Finance Department, to ensure the correctness of payments;
- Insurance fillings, including Medicare and Medicaid, and the basis for adjustments and denials; and
- Approval of payments to the Contractor.

1.2. Performance Measures

The financial objective of EMS is to maximize net revenue by improving the quality and quantity of patient information obtained by EMS Paramedics for billing purposes. The performance measure established for this objective is "number of billable records," which is not an adequate indicator for the increase or decrease in revenue. Rather, it correlates more to the population of San Antonio, instead of representing the endeavor to improve collection operations.

One appropriate measure to evaluate improvement in operations, and ultimately improve or maximize revenue, would be the collection rate. As both parties improve their operations, the realized collection rate for claim billings should steadily grow.

1.3. Relationship Between Departments

EMS is operated by the Fire Department while the financial matters are handled by the Finance Department. A joint partnership or relationship that allows the two departments to share information, communicate and work together on a routine basis could be enhanced. A partnership between the departments is essential to establishing and achieving the City's objectives when they are responsible for ensuring that the contracting process is successful.

1.4. Responsible Person/Contact at EMS

During the audit period, only one employee, a paramedic, was designated to devote one day a week to handle tasks related to the contract. This uniformed employee resolved discrepancies on the linkage of the Dispatching Center's Mainframe and the CRS, and corrected errors found by the Contractor such as run type or conflicting data.

It was noted during the testing of billing timeliness that records needing correction often required weeks to be resolved. Due to the limited resources allocated to this task, this caused significant delay in billing these accounts. This issue is further discussed in this report for the Contractor - Issue #2 Timeliness of the First Billing on page 41.

Fire Department

1.5. EMS Policy and Procedures for Run Sheets

EMS policy and procedures for run sheets were not reduced to writing. Documentation should be created because medical information recorded on paper or in automated data files is the only source for collection of services provided. The written policy should clearly state the responsibilities for documenting patient information, confidentiality and protection of such information, and database security and access. The procedures should provide specific details as to what information is to be documented, required accuracy and completeness of such information, authority to alter or change information, distribution, and supervisory review.

1.6. Outsourcing of Major Process by the Contractor

When evaluating proposals in the competitive procurement process, the locally headquartered business was awarded additional points for their local status.

It was noted that the Contractor outsourced certain core functions of billing and collection process to out-of-state vendors as cost saving measures. The more critical area of printing and mailing process was outsourced in April 2003 to a firm in Colorado. The telephone call follow-up was outsourced with a company in Texas as of June 2004. Billing and collection depends heavily on mailing notices and telephone contact with patients.

Even though the outsourcing was not specifically prohibited in the contract, the Contractor should have informed the City of these proposed changes in the business and requested concurrence. These actions put the City at additional risks such as, processing delay, inaccessibility to data by the City, adverse patient reaction, etc.

Risk

- 1.1. Without a monitoring plan, the City has not received the quality and quantity of service specified under the terms of the contract. As a result, the contracting objectives were not accomplished. Ultimately, the business objectives of outsourcing this contract were not achieved.
- 1.2. When performance results were missing or inadequately measured, City Management was not periodically informed whether business objectives were achieved.
- 1.3. Contract risks were not properly managed without a partnership of both departments that are closely involved in the contract. Information was not communicated and tasks were not shared to promote the maximum efficiency and effectiveness of contract management.
- 1.4. The contract was not correctly managed if a high risk, complex contract, such as EMS, was not assigned to an employee who must dedicate full time and effort to it. Consequently, the Fire Department's policies and procedures were not thoroughly implemented; the Contractor's needs were not met; and the Contractor's performance was not properly supervised.
- 1.5. Lacking a policy and related procedures meant that patients' medical information was not accurately, completely, timely or consistently captured to facilitate recordkeeping, insurance filing, and billing and collections. Information may also not properly protected under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- 1.6. The processing of billing and collection may be delayed, and part of the billing and collection functions was not accessible to the City.

Recommendation

- 1.1. Design a contract monitoring plan that specifies oversight approaches to evaluate service and revenue that the Contractor is required to render. The plan should focus on the major outcome and results of the service delivered by the Contractor.

Fire Department

- 1.2. Establish performance measures for the Fire Department. Examples include reduction of the number of patient records that have no name, no address or bad address, no insurance information, etc. Other examples include reduction of insurance denials, late billings, etc.
- 1.3. Make cooperative arrangements with the Finance Department by defining roles and responsibilities for each department, and list specific duties and tasks that each department will perform. Review Contractor's performance in collaborative efforts on a regular basis. Attachment 3, on page 53, provides a high level look at several ideas.
- 1.4. Designate a Contracting Officer to monitor the contract and to work with the Contractor on a daily basis and address their concerns regarding conflicting patient data. The Contracting Officer should also prepare management reports for City Management's review.
- 1.5. Establish a policy and related procedures that address the responsibilities for documenting patient information, confidentiality of such information, and database security and access. The procedures should include what information to document, accuracy and completeness of information, authority to alter or change information, distribution, and supervisory review.
- 1.6. Require the Contractor to inform the City of major changes in the contract so that the City had an opportunity to evaluate and approve the subcontracting.

Management Response

- 1.1 The San Antonio Fire Department (SAFD), in conjunction with the Finance Department and Department of Contract Services, has developed a Contract Administration Plan (CAP), which defines roles and responsibilities for the administration and monitoring of the "Billing and Collection" contract. As identified in the CAP, the Fire Department's Fiscal Division will assume the responsibilities of administering and monitoring the contract and as such, has hired a Management Analyst, assigned to the Fiscal Section, who will be tasked with direct oversight of the Billing and Collection Contract. Said Analyst reported for duty on Monday, April 18, 2005 and has begun the orientation and familiarization process toward assuming related duties and responsibilities.
- 1.2 The SAFD, in conjunction with Office of Management and Budget, will begin working on developing performance measures that more clearly reflect vendor performance. The measures will be prepared for and during the FY 2006 budget process.
- 1.3 The SAFD, in conjunction with the Finance Department and Department of Contract Services, has developed a Contract Administration Plan (CAP), which defines roles and responsibilities for the administration and monitoring of the "Billing and Collection" contract. As identified in the CAP, the Fire Department's Fiscal Division will assume the responsibilities of administering and monitoring the contract and as such, has hired a Management Analyst, which will be assigned to the Fiscal Section and will be tasked with direct oversight of the Billing and Collection Contract. Said Analyst reported for duty on Monday, April 18, 2005 and has begun the orientation and familiarization process toward assuming related duties and responsibilities.
- 1.4 These duties and responsibilities have been assigned to the Fire Department Fiscal Division and were initially assumed by the aforementioned Management Analyst beginning on Monday, April 18, 2005. The SAFD Fiscal Division utilizing the management analyst assigned to this area will coordinate with SAEMS, Finance, City Legal, and Office of Management & Budget by conducting administrative monitoring of this contract, while ensuring that the Contractor has exhausted all efforts related to the collection process.
- 1.5 In addition to related memorandums and policies disseminated since the implementation of the CRS, the process to draft more in-depth, detailed, related policies has been initiated with a targeted dissemination date of June 1, 2005. The development of a comprehensive Training Manual is addressed in Section 3.2 of this document.

Fire Department

- 1.6 The SAFD, in conjunction with Legal and Finance Department, has begun work to establish a tracking mechanism, which will insure that any changes in the contract will not be implemented until the changes are reported to the City of San Antonio.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

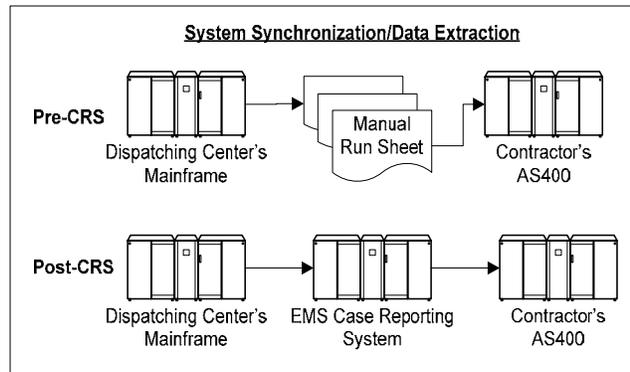
- A Management Analyst is hired by the Fire Department's Fiscal Division on April 18, 2005 to administer and monitor the contract, as well as working with the Finance Department and the Contractor.
- Performance measures will be prepared during the FY 2006 budget process.
- EMS policy and procedures for run sheets will be completed and disseminated by June 1, 2005.
- The Fire Department has begun working with Legal and Finance Department on a tracking mechanism for contract changes.

Fire Department

2. System Synchronization/Data Extraction

Observation

The EMS Server is set up to synchronize information in the Dispatching Center's Mainframe with the matching case/patient records in the CRS. At the end of the process, the case/patient information in both databases should be in agreement. Unmatched cases in the Dispatching Center's Mainframe indicate records missing from CRS. This represented potential billing opportunities missed because the Contractor was not able to extract those records from the CRS for billing.



The comparison and matching of databases, to determine if patient records were completely extracted for billing, noted the following:

2.1. Pre-CRS Period from April 1999 to December 2000:

Prior to the implementation of CRS, the Contractor picked up EMS ambulance patient records at the Fire Department's EMS Division daily and entered this data into the Contractor's Computer System.

The testing disclosed that 40,927 records in the Dispatching Center's Mainframe did not find a match in the Contractor's Computer System. A majority of these records were Cancels, Third Party Calls or False Alarms, which would not have resulted in billings anyway. However, a total of 5,527 records could be potentially billed. These records included 1,588 Transport, 895 Aid Only, and 3,044 Refusal with estimated gross billings of \$535,000¹.

2.2. Post-CRS Period from January 2001 to September 2004:

A comparison of the Dispatching Center's Mainframe with the CRS database disclosed that 4,585 records did not find a matching record, and as such, they were not uploaded. Among these, the Dispatching Center's Mainframe showed 1,069 Transports and 115 Aid Only cases. Thus, a total of 1,184 records with an estimated value of \$378,000² were potentially billable but were not processed.

The missing records occurred uniformly throughout all years. EMS personnel explained that the missing data may be due to the malfunction of the "Pen-Pad" System during the linking to the CRS, or due to the CRS System mis-matching cases. This issue has not been resolved and continues to exist. It should be addressed by EMS Management as soon as possible.

2.3. Post-CRS: Patient Records Flagged "0" Yet with MFPID :

During the sync-up processes, the Dispatching Center's Mainframe triggered the upload by moving matching case/patient records into the upload directory. The upload flag was then set to "1" which indicated that the case was in sync with the Mainframe. Later, the Contractor extracted all cases with flag "1" for the billing process.

¹ This estimate was based on the best information available, dispatch records, with the understanding that dispatch disposition code may not always agree with the CRS run type. The billing opportunities were estimated in accordance with dispatch records at \$265 per Transport and \$35 per Aid Only or Refusal.

² The estimate of billing opportunities were based on dispatch records at \$350 per Transport and \$35 per Aid Only.

Fire Department

The cases/patient records with an upload flag "0" were not updated by the Mainframe and hence should not have a MFPID. However, it was noted that 250 cases with flag "0" did have a MFPID and billable information such as a name, address, or social security number. A random sample of thirty such records was selected for further review. These results were verified with the EMS Paramedic that all sample items should have been updated by the Mainframe and flagged with "1." As in "1", the records would have been pulled by the Contractor for billing. The reason that these cases were not updated was not completely clear. The potential billing for 250 patient records was estimated to be \$52,000³.

2.4. Post-CRS: Non-billable Patient Records

Non-billable patient records were those records in the CRS database that found a match in the Dispatching Center's Mainframe so as to be flagged "1." However, they were not extracted by the Contractor's Computer System for billing because certain run types, coded by the EMS Paramedics, were not subject to extraction. These run type included False Alarm, Cancellation and No Treatment No Transport. Review of these non-billable records noted that 4,445 records contained a MFPID with identifiable names and addresses, which meant that these patients could have been billed for services.

Of these 4,445 records coded to the run types not subject to extraction, 551 records contained hospital description or medication information, and 3,894 records were Refusal or Aid Only. Further review by sampling indicated that some records were incorrectly coded by EMS Paramedics. The potential billing for miscoded records was estimated to be \$146,000⁴ if the sampling represented the general population.

Non-Billable Records with MFPID	Sample Size	Exception
551	30	22 of 30 records (73%) were actually Transport, Aid Only/ Refusal or DOA.
3,894	20	12 of 20 records (60%) were Aid Only or Refusal.
4,445	50	

Risk

Patient records not extracted by the Contractor were not billed, which represented potential loss of billing opportunities to the City.

Recommendation

- 2.1** Since the missing records occurred before the CRS was implemented in January 2001, it would require extensive resources to search for paper run sheets. No recommendation is made at this time to pursue these patient accounts further.
- 2.2** Discuss with the Contractor to determine if the 1,184 records could be processed for billing. Going forward, reconcile patient records in the Dispatching Center's Mainframe with those in the CRS database on a daily basis to determine if the systems are functioning as intended.
- 2.3** Discuss with the Contractor to determine if the 250 records could be processed for billing. Going forward, monitor the sync-up process on a daily basis and determine if the systems are functioning as intended. Review records with flag "0" and determine if they contain billable information.

³ The estimate of billing opportunities were based on CRS records at \$350 per Transport, \$70 per DOA and \$35 per Aid Only.

⁴ The estimate of billing opportunities were based on CRS records at \$300 per Transport, \$70 per DOA and \$35 per Aid Only or Refusal, assuming that 73 percent of 551 records and 60 percent of 3,894 records could have been billed.

Fire Department

- 2.4 Discuss with the Contractor to determine if the 4,445 records could be processed for billing. Going forward, reconcile patient records with Contractor's extraction to determine if all records that should be billed were extracted by the Contractor's Computer System.

Management Response

2.1 No response necessary.

2.2 The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to insure the proper administration and monitoring of this contract. Timeline for implementation is projected to be July 1, 2005.

2.3 The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to insure the proper administration and monitoring of this contract. Timeline for implementation is projected to be July 1, 2005.

2.4 The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to insure the proper administration and monitoring of this contract. Timeline for implementation is projected to be July 1, 2005.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

July 1, 2005

Fire Department

3. Data Input Control

Observation

The data input control is the first critical success factor for EMS billing and collection. The accuracy and completeness of input data greatly impacted how well fees were billed and collected. Patient information, including personal, medical assessment and treatment, was entered by EMS Paramedics into the "Pen-Pad" System. This information was the basis for the filing claims with Medicare, Medicaid or other insurance companies, or for direct billing to patients.

3.1. EMS Run Sheet

The audit team reviewed the EMS run sheet used by the San Antonio Fire Department (called "Emergency Medical Service Hospital Report Form") and those used by other cities. It was noted that certain information was not present on the run sheet to facilitate billing and insurance filing, as below:

- Response Mode: Emergency or Non Emergency;
- Necessity for Service: A listing of patient's condition upon arrival, e.g., patient unable to sit upright, stretcher used, patient vomiting, patient moved to stretcher via total lift, etc.;
- Insurance Information: Medicare, Medicaid, Workers Comp, self Pay or other; and
- Addresses for the patient, the incident, and billing. The San Antonio run sheet does not include a billing address. Patient address often was the same as billing address, but not always.

3.2. Accuracy of Data Input

During the review, audit staff came across several occasions where the run type was incorrectly entered by EMS Paramedics. One occasion was found in the audit testing of Non-billable Patient Records, as mentioned in paragraph 2.4.

There were 1,262 patient records that were found to be coded as Refusal yet with transport mileage recorded which indicated that patients were taken to hospitals. A random sample of thirty such records selected for review showed that seven records (23%) were in fact Transport. Fortunately, the Contractor captured all these errors during processing and billed patients for the correct amounts. However, it was not verified that the Contractor corrected all coding errors and that no losses were incurred by the City.

The EMS Paramedics indicated that they are required to review data entries in the "Pen-Pad" System for accuracy and completeness. However, the procedures were not always performed by the EMS Paramedics assigned to the EMS Unit.

3.3. Insurance Information

Based on interviews with several EMS Paramedics, it was indicated that some patients offered insurance information; however, the CRS was not equipped to capture this data.

This was a significant weakness in the business process. To efficiently and effectively manage billing and collection, obtaining critical information should be a front-end activity, prior to the processing of billing. The Contractor's performance depended heavily on how well the City was able to provide such information.

Fire Department

3.4. "Pen-Pad" System Touch Screen

Patient's signatures were required to authorize the release of medical information to file a claim and for the assignment of payment to the City. The audit team noted it was difficult to obtain a signature from a patient because the touch screen was not designed to be user-friendly. During the signature process, if a patient does not apply enough pressure to the screen, the signature would not appear. In addition, due to the position of the signature box on the screen, patients routinely placed their palm on the screen thus causing the patient to resign multiple times. After several failed attempts, patients often become frustrated and refused to sign.

Risk

- 3.1** Patient information not meeting certain criteria for insurance filing, were denied by insurance companies. It was not an efficient use of time and resources for the City and the Contractor to process such claims. It was also costly in labor to search for correct information after the fact and to appeal.
- 3.2** Patient records with incorrect run type would not be extracted by the Contractor's Computer System for billing.
- 3.3** Insurance information not taken when it is available often resulted in extensive time to obtain it after service was delivered.
- 3.4** If a patient's signature was not obtained while service was provided, an insurance form needed to be mailed to the patient by the Contractor during its billing process. In addition to this billing delay, it costs Contractor time, manpower and postage to obtain signatures at a later time.

Recommendation

- 3.1** Improve the design of the run sheet form used by the EMS Paramedics so that it can capture pertinent information required by the insurance companies in a timely and efficient manner to facilitate billing and collections.
- 3.2** To increase input data accuracy, enhance or implement the following controls:
- Supervisory review: Thoroughly implement the review of input data by EMS Paramedics for accuracy and completeness.
 - System validation/exception checks: Consider building a check in the "Pen-Pad" System to detect conflicting information entered and to generate a discrepancy report each day.
 - Paramedic's training: Enhance training on the proper use of the run type coding and the proficient use of the "Pen-Pad" System.
 - Training manual: Reduce the manual to writing and make it available for EMS Paramedics' reference.
- 3.3** Ensure that the new EMS Pro System will be capable of capturing insurance information. The system is expected to be implemented by the Fire Department in the near future.
- 3.4** Modify the existing notebook screen so that it can be rotated 180 degrees during the signature process; and thus, eliminating the awkwardness of having the keyboard in the way. Perform a cost analysis on modifying the existing systems versus purchasing new pen/pad devices.

Fire Department

Management Response

- 3.1 The SAFD remains hopeful that this issue will be addressed either via the implementation of the EMS Pro System or via necessary adjustments to the current system. Failing the utilization of a new software system designed specifically for this function, the SAFD will pursue necessary software adjustments implemented by COSA ITSD and/or the OSG Group relative to the current system.
- 3.2 The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to insure the proper administration and monitoring of this contract. 90 to 120 days are required to develop system validation/exception checks, enhance training on run type coding, reviewing of input data by EMS Paramedics and developing a written training manual for EMS Paramedics. Timeline for implementation is projected to be September 1, 2005.
- 3.3 The MIS Division of the SAFD has received and submitted confirmation that the EMS Pro System is already configured and capable of capturing the necessary insurance information.
- 3.4 While the purchase of new hardware may provide the capability of rotating the notebook screen 180 degrees, (possibly making the patient signing process somewhat easier), the EMS and SAFD MIS Divisions remain very concerned that these type of electronic notebooks will not stand-up to the rigors of field use. Thus, this type of "improvement" would be done with a great amount of reservation.

A cost/benefit analysis process to formalize previous findings substantiating the upgrade from the current system to the EMS Pro System, rather than modification of the current system, has been initiated and is optimistically targeted for completion the week of May 9, 2005 .

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

- 3.1 Run sheet will be improved in the implementation of EMS Pro System by fall, 2005.
- 3.2 Input data control will be implemented by September 1, 2005.
- 3.3 Insurance information has been captured by EMS Pro System already.
- 3.4 A cost/benefit analysis on the improvement of pen/pad devices will be completed the week of May 9, 2005.

Fire Department

4. Medicare/Medicaid

Observation

Medicare/Medicaid claims totaled approximately \$51 million, which was about 50 percent of the gross amount billed (\$103 million) for the sixty-six months under review. Given the amount of revenue at stake and the magnitude of resources provided by the City, it is a concern that detailed information about these claim adjustments and/or denials has not been submitted to either the Fire Department or the Finance Department for review.

Exhibit D					
Medicare/Medicaid Accounts					
For the period of April 1999 through September 2004					
Close Code Description	Amount Billed	Account Balance	% of Account Balance	# of Patient Records	% of Patient Records
Active Account	\$ 4,316,282	\$ 2,528,427	19.9%	9,813	6.5%
Paid	34,196,191	(30,076)	(0.2)%	92,954	61.5%
Medicaid Not Covered	9,298,834	8,857,120	69.5%	39,271	25.9%
"All Efforts Exhausted"	2,625,085	1,056,357	8.3%	7,652	5.1%
Bankruptcy	175,364	130,539	1.0%	665	0.4%
Deceased	238,427	87,265	0.7%	621	0.4%
Bad Address	30,487	20,550	0.2%	97	0.1%
Blank	737	141	0.0%	2	0.0%
Indigent/Homeless	76,015	75,649	0.6%	181	0.1%
Totals	\$ 50,957,422	\$ 12,725,972	100%	151,256	100%

Source: Data files provided by the Contractor

4.1. Medicare/Medicaid Denials and Adjustments

Medicaid denials amounted to \$8.9 million and Medicare adjustments \$12.1 million for the audit period. This information was presented on the Vendor Performance Analysis Report submitted to the Finance Department monthly. However, the City has not requested details concerning this information from the Contractor. The details would allow City Management to (a) properly monitor insurance claims, and (b) identify areas where either the City or the Contractor needed to improve in order to increase the collection rate.

Exhibit E					
Summary of Medicare/Medicaid Accounts					
For the period April 1, 1999 through September 30, 2004					
Fiscal Year	Amount Billed	Denied	Adjustment	Payments	Account Balance (See Note)
Part of 1999	\$ 2,628,828	\$ 456,096	\$ 402,815	\$ 1,680,267	\$ 89,650
2000	6,026,021	959,525	876,791	3,991,874	197,831
2001	7,062,551	1,374,278	1,184,616	4,219,444	284,213
2002	9,093,189	1,609,408	2,177,562	4,827,575	478,644
2003	12,687,476	2,458,938	3,786,844	5,783,111	658,583
2004	13,459,357	1,998,875	3,739,100	5,561,451	2,159,931
Totals	\$ 50,957,422	\$ 8,857,120	\$12,167,728	\$26,063,722	\$ 3,868,852

Note: The Account Balance does not include Medicaid denials of \$8,857,120. If included, the Account Balance would be \$12,725,972, equivalent to that in Exhibit D.

Source: Data files provided by the Contractor

Fire Department

The following were examples of how the explanation of Medicaid denials would be beneficial to the City:

- **Insufficient documentation to determine an emergency:** This could be an indicator that EMS Paramedics were not properly trained to enter complete, necessary or accurate data into the "Pen-Pad" System. The Contractor generally files claims based on information on the run sheet.
- **Claims submitted past the 95-day filing deadline:** This may imply that records submitted to the Fire Department for correction took an extensive length of time before they were returned to the Contractor for insurance filing.
- **Claims not meeting emergency criteria:** This could mean that the run sheet was not properly designed to capture useful, pertinent information in order to establish emergency.

4.2. Testing "Medicaid not Covered" Accounts

A total of 39,271 accounts were closed and designated as "Medicaid Not Covered." A random sample of thirty accounts was selected for review. Sampling results showed that fourteen denials (47%) were due to insufficient documentation to justify emergency or not meeting emergency criteria, and four denials (13%) were due to filing after 95 days. In addition, three denials (10%) were due to reasons of both insufficient documentation and late filing.

If this was a representative sample, it was projected that 47% of 39,271 accounts, which is approximately 18,000 accounts, might have been denied for insufficient documentation and approximately 5,100 accounts denied for late filing. Even though some denials were legitimate, given the extent of resources committed for filing, it is a significant issue in the processing of Medical and Medicaid claims.

4.3. Future Changes to Medicaid Program

The President's Budget, released on February 7, 2005, indicated reduced Medicaid spending. If the Administration shifts more responsibility onto the State, it may choose to reduce funding by delivering services more efficiently, cut benefits, or trim eligibility. This would put tremendous pressure on the City to operate EMS with less revenue, and would also require that the General Fund make up such differences. The City would eventually pick up the tab of uncollected balances as more residents lose coverage or eligibility.

Risk

The City lost a significant amount of revenue due to denials that were caused by lack of detailed information for Medicare/Medicaid claims. In addition, without detailed information, management may not be able to make informed decisions and develop appropriate approaches to increase collections.

If Medicaid funding is cut, many San Antonio residents may lose eligibility and coverage. As a result, the City would eventually bear the loss of uncollectible accounts.

Recommendation

- a. Request details of Medicare and Medicaid denials and adjustments from the Contractor. For example, number and dollar amount of patient records that were denied for insufficient documentation or late filing each month. By evaluating the increase or decrease of the denials and adjustments, the Fire or Finance Department can identify causes underlying the fluctuation and make necessary improvements in the departments or in the Contractor's operations.

Fire Department

- b. The Fire or Finance Department should conduct surprise checks on patient records on a periodic basis to evaluate the accuracy of denials and adjustments provided by the Contractor.
- c. Communicate to the Contractor and require that it should change its operating procedures to make phone attempts after the first billing notice to patients to meet the deadlines required by Medicare and Medicaid.
- d. The City should evaluate the proposed changes in the Medicaid program and determine its impact on the City's budget. Consider the resources and alternatives that City has to cope with the changes.

Management Response

- a. The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to ensure the proper administration and monitoring of this contract. Timeline for implementation is projected to be July 1, 2005.
- b. The SAFD Fiscal Division, utilizing the management analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to ensure the proper administration and monitoring of this contract. Surprise checks are scheduled to begin on or about June 1, 2005.
- c. The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to ensure the proper administration and monitoring of this contract. Timeline for implementation is projected to be July 1, 2005.
- d. The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to ensure the proper administration and monitoring of this contract. Implementation timeline for both issues is targeted for August 1, 2005.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

June 1 to August 1, 2005

Fire Department

5. EMS Fees Approved by City Ordinances

Observation

EMS Fees were approved by City Council through Ordinances on a yearly basis. During the audit, it was noted that fee changes were not carried out by the EMS Division as approved:

5.1. First Responder Fee

Ordinance #90493 approves the First Responder Fee of \$15 per response, effective October 1, 1999. It was projected in the FY 2000 forecast that revenue would be increased by \$84,000 a year. Testing disclosed that the fee was applied to Transport patients only and was not applied to Aid Only and Dead on Arrival (DOA) patients. The estimated billing impact was approximately \$354,000 during the period of October 1, 1999 through September 2004.

The Ordinance stated, "There is hereby established a fee of Fifteen and No/100 (\$15.00) per response by each Fire Department medical first responder unit." which does not distinguish charges for Transport and Non-Transport. To clarify the application of this fee, the Contractor held a meeting in September 1999 with the Fire Department. The decision made at the time by the City Staff was to apply this fee to Transport patients only. Consequently, the Ordinance was not carried out as approved.

5.2. Medical Supplies or Medications

Ordinance #92523, effective October 1, 2000, approved a listing of fees for medical supplies, medications and services. Again, the Ordinance does not indicate instances in which the fees would not be charged. After its approval, the fees were applied to Transport patients but were not applied to Aid Only cases until October 1, 2003, and are still not applied to DOA cases as of the end of this audit. It was estimated that a total of \$977,000 for medical supplies and medications provided were not charged to patients.

Risk

Ordinances were not followed by City Department staff as approved. The City funds were directly impacted by the billing opportunities missed. In this case, the estimated total billings were approximately \$1.3 million for not charging the First Responder Fee and medical supplies/medications. Such shortfalls were made up with transfers from the General Fund.

Recommendation

Establish controls to ensure that Ordinances approved by City Council are followed by City Department staff. Management and Budget Office should track the revenue and compare it to the forecast so that results from approved Ordinances would be monitored and reported. Going forward, the following is suggested:

- 5.1. Continue to charge the First Responder Fee to Aid Only and DOA cases if it has been applied already.
- 5.2. Continue to charge medical supplies/medications to Aid Only cases. The Fire Department should comply with City Ordinance and start applying this fee to DOA cases.

Fire Department

Management Response

The SAFD Fiscal Division, utilizing the Management Analyst assigned to this area, will coordinate with SAEMS, Finance, Legal and Office of Management & Budget to ensure the proper administration and monitoring of this contract. Quarterly reviews will commence by August 1, 2005.

- 5.1. Effective April 1, 2005, the assessment of the First Responder Fee to Aid Only and DOA cases was adjusted to comply with the City Ordinance.
- 5.2. On October 1, 2003, the SAFD complied with City Ordinance related to assessing itemized charges on DOA cases.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

By April 1, 2005. In addition, Quarterly reviews will commence by August 1, 2005.

Fire Department

6. Uncollected Balances

Observation

The uncollected, closed accounts remain in the Contractor's Computer System but no further activities are taken until additional information is received. For the sixty-six months under review, the uncollected balances, including active and closed, totaled nearly \$45 million and only \$14 million is being actively pursued. Exhibit F showed accounts that occurred between years 1999 and 2002; only \$1.6 million of \$22 million were active.

Exhibit F				
EMS Account Balance				
For the period April 1, 1999 through September 30, 2004				
Account Aging	All Accounts	Active Accounts	Closed Accounts	% of Closed Accounts
Part of FY1999	\$ 2,648,167	\$ 19,984	\$ 2,628,183	99 %
FY 2000	5,556,435	45,512	5,510,922	99 %
FY 2001	6,533,231	234,035	6,299,195	96 %
FY 2002	7,302,415	1,406,335	5,896,081	81 %
FY 2003	9,588,061	3,167,034	6,421,027	67 %
FY 2004	13,225,379	9,184,894	4,040,486	31 %
Totals	\$44,853,688	\$14,057,794	\$ 30,795,894	

The prevailing attitude for receivables in the City has been to passively accept payments as they are submitted by the Contractor. The contract included a provision stating, "The City may direct the Contractor to pursue legal action against any debtor or may pursue such action itself after notification of Contractor. Contractor shall not institute any legal action pursuant to collection services related to this contract without the express written direction of the City Attorney." The Contractor suggested, "Experience has shown that accounts handled by Attorneys often take more than a year to pay. ... One way to improve delinquent collections would be to begin listing these accounts with the credit bureaus. ... This is a service provide at no charge for clients" in its response to Request for Proposal (RFP) for the Original Contract.

Source: Data files provided by the Contractor

The City has never directed the Contractor to take legal action or to refer unpaid accounts to credit bureaus. The City's present practice for receivables in general has not included the reporting of delinquent accounts to credit agencies. A write-off policy is currently being developed by the Finance Department. For accounts that occurred in 2003 and 2004, assuming the same collection effort continued, the resulting collections would be no better than prior years.

Risk

Uncollected balances on patient accounts will remain very large if more serious collection actions are not taken by the Contractor.

Recommendations

- Establish a timetable for completing the City-wide collection and write-off policies, obtaining approval from City Manager and City Council. Implement the policies as approved.
- Direct the Contractor on the disposition of accounts, i.e., writing off, referring to credit bureaus, or taking legal actions based upon documented policies. For each disposition, the Fire Department needs to work closely with the Finance Department, the Contractor and the City Attorney.

Fire Department

Management Response

- The Citywide collection and write-off policy is being developed by the Compliance and Resolution Manager of the Finance Department. The SAFD Budget Analyst has been in contact with the Finance Department representative, who is working with a committee that is reviewing the policy and making recommendations. Targeted timeline is the end of September 2005.
- The Citywide collection and write-off policy is being developed by the Compliance and Resolution Manager of the Finance Department. The SAFD Budget Analyst has been in contact with the Finance Department representative, who is working with a committee that is reviewing the policy and making recommendations. Targeted timeline is the end of September 2005.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

End of September 2005

Fire Department

7. EMS Pro Systems

Observation

SAEMS has decided to adopt EMS Pro Case Reporting System through grant assistance of the South Texas Regional Advisory Council (STRAC). The main reason was that the existing Open Systems Group Case Reporting System application, know as CRS, has not functioned to meet the desired capabilities of SAEMS, and it continues to cost City for modifications. The audit team learned the pursuit of this replacement system at the beginning of the Project. Shortly after that, substantial progress occurred in the implementation of the new application. Based on limited documentation provided, a few issues were noted as below:

- **Billing Information:** The development of the system primarily focused on medical data and has not considered the aspect of billing. The Contractor submitted an "EMS Pro Wish List" at one of the meetings; however, there was no indication in documentation that these items were considered.
- **Cost Benefit Analysis:** It appeared that some analysis was performed to determine the costs of re-syncing patient record cases for \$13,000 and fixing CRS for \$75,000 not beneficial. A cost/benefit analysis was requested in November 2004; however, it has not been received so far.
- **Access to Data:** SAEMS will be utilizing the STRAC servers for patient contact information. These servers are owned and maintained by STRAC but currently housed at University of Texas Health Science Center (UTHSC) through a contract between STRAC and the UTHSC IT Division. How this change will interface with the Contractor's Computer System and how the data extraction will occur was not documented.
- **Funding:** Due to budgetary constraints, SAEMS was unable to purchase the hardware, server licenses, and the client licenses at one time. It was anticipated that within the next several budget cycles, COSA must purchase the server, server licenses, and implement the application in house instead of through STRAC. However, there was not a definite plan or evidence that the budget or funding will occur in the near future and City Council was not advised of this future commitment.

Risk

EMS Pro System may not be the resolution of, or may repeat, the issues that currently exist in the CRS if system analysis, cost/benefit analysis, or system testing was not properly conducted. In addition, the Fire Department may lack funds to pay for the system requirements in the near future.

Recommendation

Conduct system analysis and ensure that issues with the current CRS could be resolved by the EMS Pro System. Also prepare a plan for cost and funding to ensure that they would be under control. Work with the Contractor to ensure that the new system would facilitate data extraction, billing and insurance filing. Coordinate equipment and software needs with the City's Information and Technology Services Department.

Management Response

Issues and processes related to this recommendation have been initiated. They involve representatives from the EMS Pro System, SAFD MIS, South Texas Regional Advisory Council (STRAC), and COSA's ITSD.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

Immediately.

Fire Department

8. Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Observation

HIPAA provides protection on the privacy of health information created or maintained by health care providers who engage in certain electronic transactions, health plans, and health care clearinghouses. The Fire Department is covered under HIPAA as a result of providing emergency medical services to citizens. The City has designated a lawyer in the City Attorney's office as the HIPAA Compliance Officer.

To comply with HIPAA, this City Attorney prepared a Business Associate Agreement (BA) for third parties who need to obtain access to health information. To perform this project, the City's Internal Audit Department signed a BA prior to accessing any patient databases. As part of the audit test work, the available BA with the City and Contractor were examined.

In summer of 2004, the Finance Department contracted with a public accounting firm to perform an agreed-upon procedures engagement in connection with the contract. A report was issued in July 30, 2004. However, a BA Agreement was not signed between the Fire Department and the public accounting firm. This accounting firm reviewed fifty patient records without the execution of a BA Agreement. This event indicated a weakness in the HIPAA compliance by City Staff. While only one exception was noted, any are considered subjecting the City to unnecessary risk.

Risk

Patients' records that include medical information may not be properly protected in accordance with the law. This oversight exposed the City to several unacceptable risks.

Recommendation

Assign HIPAA compliance to be a specific duty of an employee who has access to the databases. Under the current situation this would appear to be an EMS Division Employee.

Management Response

HIPAA compliance duties and responsibilities are assigned to the Assistant Fire Chief over the Personnel Division of the SAFD. General oversight for HIPAA responsibilities will remain assigned to said Chief. However, the Management Analyst assigned to the Fiscal Division will possess and carry out delegated administrative monitoring and coordination duties specifically related EMS issues and concerns.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

April 18, 2005

Fire Department

9. Authorization Signatures on Refusals

Observation

When patients refused to be transported, EMS Paramedics did not obtain signatures from them for release of medical information. The signature is also required, when filing claims, and for the release of payment of government benefits or private insurance benefits to the City for services rendered. Approximately ten EMS Paramedics were interviewed and all were not aware of the requirement for obtaining signatures.

Risk

When a patient's signature was not obtained for services rendered, an insurance form was sent to the patient, unless the signature was already on file. This additional procedure caused delays in billing and insurance filing. The form may not even be returned by patients.

Lack of training and enforcement of this approval mechanism resulted in an unnecessary increase in the financial loss to the City.

Recommendation

Document this requirement in the EMS policy and related procedures manual. Communicate this requirement to the EMS Paramedics, and reinforce this communication frequently. Use system validation checks at the time of service, preferably through automation, to ensure this requirement is complied with.

Management Response

The drafting of this policy has been initiated, with implementation targeted for June 1, 2005.

Responsible Party for Implementation

Robert Ojeda, Fire Chief

Implementation Date

June 1, 2005

**Observations, Recommendations, and Responses
For The Finance Department**

1. Contract Monitoring

Observation

The Finance Department conducted limited reviews of information submitted by the Contractor prior to the disbursement of the monthly Contractor's Fee. The Tax Assessor in the Finance Department reviewed the accuracy of the analysis, statements and collection rate. However, the review was not documented to evidence details of monitoring activities that were conducted. Review of the Vendor Performance Analysis Report and monthly statements during the audit disclosed the following:

1.1. Review of Monthly Billing

The City Tax Assessor's review consisted only of recalculating the Contractor's Fee based on current month collections presented in the invoice package. Billing information was not reconciled to the statistical EMS data maintained by the Fire Department. Additionally, a substantial number of refund checks issued by the Contractor each month were not reviewed.

1.2. Verification of Vendor Performance Analysis

The Vendor Performance Analysis Report contained information such as billable records, adjustments for Medicare/Medicaid and Medicare replacement insurance, homeless, deceased, payments received and collection rates by transport month. Each category of adjustments ranges from thousands to millions of dollars. Information such as billable records was not reconciled to CRS records; insurance adjustments were not analyzed; and in general, supporting documentation did not exist to verify the accuracy of this report.

A request for this supporting documentation was made to the Contractor during the audit. However, the Contractor's Computer System could not generate the same information retroactively. At the present time, the City Staff could not reconstruct such significant adjustments and validate the analysis presented by the Contractor.

Risk

1.1. Monthly billing information may not be correct if it was not reconciled to operating information.

1.2. The Vendor Performance Analysis Report presents a summary of monthly information and collection rates. A general, high level review on adjustments or payments which involve millions of dollars does not normally provide reasonable assurance that the amounts presented are valid and accurate. Lacking a thorough review, the City may miss collection opportunities that could otherwise be detected in a timely manner and prevented.

Recommendation

1.1. Work with the Fire Department and define appropriate roles and responsibilities for each department to validate the Contractor's reports. Obtain EMS data from the Fire Department and reconcile financial data with operational information. Refund checks should be reviewed against supporting documentation. Inform the Fire Department and the Contractor of any discrepancies and ask for written explanation.

1.2. Request detailed information from the Contractor regarding adjustments and deductions presented on the Vendor Performance Analysis Report, and verify its validity and accuracy. More information related to Medicare/Medicaid adjustments is presented in the Section for the Fire Department, Issue #4 Medicare/Medicaid on page 17.

Finance Department

Management Response

With the assistance of the Contract Services Department, a Contract Administration Plan (CAP) has been established based on the terms and conditions of the new EMS billing and collection contract. The CAP defines contract requirements, time lines and departmental tasks in order to facilitate contract administration and compliance. An existing position (Management Analyst) in the Fire Department, EMS Division, will be solely dedicated to monitoring the terms and conditions of this contract. The Fire Department, EMS Division, will reconcile billing information to statistical EMS data maintained by the Fire Department to validate Contractor's reports pursuant to the CAP.

The Fire and Finance Departments will test Net Effective Collection Rate (NECR) each month from Contractor's performance reports prior to processing Contractor's invoice for payment pursuant to the CAP.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

June 2005

Finance Department

2. City's Interest

Observation

City's interest was not properly protected, as evidenced in the negotiation of a collection rate with the Contractor. Occasions noted are detailed as below:

2.1. "Net Amount Billed"

The Original Contract defined "Effective Collection Rate" as the "Net Amount Collected" divided by the "Net Amount Billed". The "Net Amount Billed" was the total revenue billed, net of adjustments for "rejected items". Since the "rejected items" were not clearly defined in the Original Contract, the Renewal Contract further defined them as "homeless patients, deceased patients ..., bankruptcy accounts, and undeliverable bills due to inadequate patient information despite extensive skip tracing."

The change in the definition of "rejected items" from the Original Contract to the Renewal Contract was not beneficial to the City. The "rejected items" were subtracted from the gross amount billed to reach the "Net Amount Billed" and thus, showed a higher collection rate. City Staff did not evaluate or test this quantifiable change to determine whether it was reasonable, quantified, and appropriate.

2.2. Impact of "Incomplete After Skip Trace" Accounts (IAST) on "Effective Collection Rate"

According to the definition in the Renewal Contract, undeliverable bills are deemed as "rejected items" which are allowed to be subtracted from the gross amount billed to reach the "Net Amount Billed" in the calculation of the "Effective Collection Rate". These items were classified as IAST accounts on the Vendor Performance Analysis. Further review disclosed that, due to the deduction of IAST from the gross amount billed, the "Effective Collection Rate" was increased by the Contractor's practices, as follows:

- Contractor's business process was to deduct accounts classified as IAST immediately after billing notices were returned to the Contractor, which was "prior to" any skip tracing efforts being performed. The Contractor guarantees an "Effective Collection Rate" of at least 62.5% from twelve months of the date of service. Even though this process does not affect the collection rate within one year from the date of service as per the contract, it would affect the future collection rate if skip trace was not performed. Further, once accounts were coded to this category, there were no incentives for the Contractor to perform skip trace.
- Exhibit G shows that a majority of the IAST accounts (97%) are either Active Accounts or "All Efforts Exhausted" accounts. Only 3% were truly "Bad Addresses" that skip trace efforts were supposedly made and no correct addresses could be found.

Exhibit G			
"Incomplete After Skip Trace" Accounts			
For the period April 1, 1999 through September 30, 2004			
Description	# Patient Records	Amount Billed	Account Balance
"All Efforts Exhausted"	33,490	\$ 6,479,691	\$ 6,172,527
Active Account	4,604	1,729,482	1,473,128
Bad Address	1,613	488,650	476,628
Paid	1,855	617,235	(586)
Totals	41,562	\$ 9,315,058	\$ 8,121,697

Source: Data files provided by the Contractor

Finance Department

The collection rate statistics submitted by the Contractor from April 1999 to November 2003 had been over 62.5% which appeared to outperform the rate required in the contract. If only accounts, that were found to be "Bad Address" after skip tracing, were subtracted from the gross amount billed, the Contractor's collection rate would be significantly lower, and in some months, it would not meet the required collection rate.

2.3. Under-Performance

The collection rates for the first twelve months of the contract did not achieve the "Effective Collection Rate" specified. Under the terms of the agreement, the City would have reduced the Contractor's Fee until the Contractor exceeded the specified rate. No fees were withheld by the Finance Department at the time. The City's Tax Assessor who monitored the contract did inform the previous Finance Director of the underperformance situation in April 2000. However, he suggested allowing the Contractor additional time to achieve the required rate instead of withholding fees. The former Finance Director agreed and instructed staff to continue to monitor for another twelve months. However, the approval was not formally documented, nor was it documented whether the monitoring continued and how much time was allowed for the Contractor to reach the "Effective Collection Rate."

2.4. No Penalty Clause for Under-Performance

As mentioned above, if the Contractor did not achieve the specified "Effective Collection Rate", the City may reduce the Contractor's Fee until the rate is achieved. At that time, the amount withheld shall be paid in whole or part to the Contractor. However, the contract was silent about the Contractor's Fee being permanently withheld in case the Contractor did not achieve the guaranteed collection rate within a certain period of time. The contract language did not protect the City's interest, and the recourse against the Contractor to include any financial consequences was inadequate.

Risk

The City's interest was not properly protected as evidenced on the following occasions, nor was it guarded by sound contract language:

- When the contract was renewed,
- When contract provisions needed clarification; and
- When the Contractor did not meet requirements.

Recommendation

- 2.1** Establish controls over changes in contract terms so that the City's interest is protected. Management should document the reasoning and considerations for changes and how the decisions were made. Especially in case such as this where the outcome could be significant.
- 2.2** Allow accounts to be classified as IAST only after skip trace efforts are performed. Clearly define under what circumstances an account can be classified to this category.
- 2.3** Perform a cost/benefit analysis of the under-performance, and formally document the reasoning action was not taken.
- 2.4** Include specific penalty clause in the contract, imposing consequences for a Contractor's under-performance based upon established performance measures.

Finance Department

Management Response

"Net Amount Billed" is clearly defined in the new contract and amendments to the contract are subject to approval by City Council through passage of an ordinance.

The Fire and Finance Departments will define criteria for EMS accounts falling in the category Incomplete After Skip-Tracing (IAST). The Fire Department will review Contractor's documentation to validate IAST status prior to allowing for a contractual adjustment on Contractor's financial reports pursuant to the CAP.

Since both the prior contracts (original and renewal) were silent on whether the Contractor's fee was to be permanently withheld in the case of under-performance, there was little benefit to the City to withhold Contractor fees. Withholding fees, however, may have impacted the Contractor's ability to effectively perform the services required by the contract which ultimately may have impacted EMS revenues negatively.

Under the new contract, Contractor agrees that if it has not achieved a NECR of 62.5% for a transport month after twelve months of collection efforts for that transport month, the City shall be entitled to deduct a sum from the performance deposit (\$100,000 certificate of deposit) and retain said sum.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

June 2005

Finance Department

3. Interest Loss on EMS Bank Account:

Observation

The collection of EMS Fees has been deposited into the City's depository bank lock box (Lock Box) bank account, which was a non-interest bearing account. Daily balances on this account ranged from \$100,000 at the beginning of the month to over \$1 million by the end of the month. On the first day of the following month, the total balance was transferred to the City's Money Market Mutual Fund which allowed the City to utilize a pooled cash and investment strategy with the funds to manage cash flow. Since the cash balance was only swept monthly, the City did not take advantage of the available funds to: (a) better manage the cash flow, and (b) improve interest earnings. Assuming an interest rate of 2.5% compounded daily, the balances could have generated interest of about \$50,000 during the audit period.

The City's Comprehensive Annual Financial Report (CAFR) for the fiscal years under this review indicated that collateral was required by the custodial bank for deposits at 100% of all deposits not covered by federal deposit insurance. It is assumed in this audit that the funds over \$100,000 were secured by collateral as described in the CAFR, and no further test work was performed.

Risk

Interest revenue could have been realized on the account balances. Funds that could have been used for cash flow or investment were not utilized.

Recommendation

Make an arrangement with the depository bank to transfer account balances to the City's Money Market Mutual Fund on a daily basis.

Management Response

The Finance Department will set up the EMS Lock Box bank account to be a Zero Balance Account with a zero dollar target balance. This account would be considered a secondary account and tied to the City of San Antonio Operating Account, which shall be considered the concentration account. At the close of each business day the bank will initiate a debit to equal the day's net balance in order to bring the balance back to zero and a corresponding credit is applied to the Operating Account. The available balance in the Operating account is invested the following business day.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

April 19, 2005

Finance Department

4. Recording of EMS Revenue

Observation

EMS Fees were recorded in FAMIS on a monthly basis. A review of FAMIS entries disclosed that only amounts received, net of refunds and returned checks, were recorded. Refunds and returned checks amounted to be \$981,000 and \$23,000, respectively, for the audit period. Controls could not be established and monitoring could not be exercised for refunds and returned checks that were netted with revenue.

It was also noted that the FAMIS entries recording cash receipts had discrepancies in 52 of 66 months that were under review for a net understatement of \$190,000. It appeared that a number of variances were timing differences. Audit Staff requested explanations for these differences from the Finance Department, but has not received any response.

Generally Accepted Accounting Principals (GAAP) dictates that revenue use proper accrual methods and any refunds and returned checks received or adjustments made subsequently to the recording of revenue should be separately recorded.

Risk

Controls and monitoring could not be established if refunds and returned checks were entered in the same account as gross revenue. The same concern still exists if only net amount of revenue is recorded on the financial/accounting books.

Recommendation

Record EMS revenue in accordance with GAAP. Unbundled the components and record them separately for each day.

Management Response

The Finance Department concurs with the recommendations of the City Auditor's Office regarding daily recording of cash receipts from the EMS Lock Box bank account. Finance Department staff has started to record these transactions daily versus at month end.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

April 18, 2005

Finance Department

5. Contractor's Fee

Observation

According to the Original Contract, the City shall implement an EMS Electronic CRS within the first year of the contract, which was March 2000. The CRS shall lower the data entry and courier costs associated with Contractor's responsibilities, as well as reduce processing times. When the CRS became operational, the Contractor agreed to reduce fees from 11.6% of the "Net Amount Collected" to 11.2% beginning on the 1st of the month following the implementation of the CRS.

Records showed that CRS was fully implemented on January 1, 2001, or approximately nine months after the anticipated date of March 2000. The City continued paying fees at 11.6% for this period of time, representing an overpayment of \$25,000. In addition, the reduction of fees to 11.2% did not occur until May 2001, resulting in an overpayment of \$8,000.

Risk

Delayed implementation of CRS resulted in overpayment of the Contractor's Fee. Reduced rate, when it was not applied in a timely manner after full implementation of the CRS, resulted in further unwarranted expenditures.

Recommendation

Request a refund from the Contractor for a total of \$8,000. Provide notice of the delays financial consequences to the Fire Department who should have had oversight responsibility for the timely implementation of the system.

Management Response

The Fire Department concurs with the Finance Department's decision of not reducing the Contractor's fee to 11.2% until May 2001 due to the following reasons: (1) slow data speed (utilization of Virtual Private Network or VPN connection) for building extracts and patient run sheets; (2) some manual cases not updating by the mainframe synchronization; (3) EMT's not closing casing properly by leaving required fields blank; (4) non-linked cases; and (5) hospitals not matching with actual transport locations. In late February 2001, the City's Information Technology Department (ITSD) determined that a change to the VPN connection was necessary. On April 20, 2001, Southwestern Bell installed a Digital Subscriber Line (DSL) connection between the City and the Contractor which reduced data extraction from 8 – 16 hours to approximately 5 minutes.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

Not Applicable

Finance Department

6. Exhibits to the Contract and the Renewal Contract

Observation

Both the Original Contract and the Renewal Contract indicated that three exhibits were attached to the contracts. However, the attachments were missing and could not be found in the Fire Department, Finance Department, Contract Services or City Clerk's office. These three exhibits are:

Exhibit I	Patient Form
Exhibit II	Minority and Women-owned Business Contracting Plan
Exhibit III	City's Small and Minority Business Advocacy Clause

Risk

Depending on the significance of missing documents, consequences may differ. If critical documents were missing, City may fail to meet obligations stated in the contract.

Recommendation

Establish controls over records retention to ensure that critical documents are properly retained. Locate the missing attachments. This would include designating the custody of original contract records.

Management Response

The Finance Department concurs of possible consequences of missing critical documents. Fortunately, the missing documents for both the original and renewal contracts are not considered critical exhibits. The new contract has all exhibits attached as well as the Business Associates Agreement. The City Clerk's Office and the Finance Department will retain the original copies of the new contract.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

October 1, 2004

Finance Department

7. Employee Benefit Issues Impact EMS Receipts from Medicare

Observation

During 1997, Medicare mistakenly made primary payments for services furnished to Medicare beneficiaries that should have been paid by the group health plan sponsored for City employees. In 1998, a letter from Medicare was sent to the City requesting the repayment; however the letter was sent to an incorrect address. As result, the payment of \$28,486 was never reimbursed to Medicare, and the monies owed began accruing interest. The unpaid balance accrued interest at an annual rate of 14.5%, or \$13,768 for the period of March 1998 to July 2001.

During 2002, Medicare took its own action to recoup the refund against funds that should have been paid to EMS for services provided to other Medicare clients. The audit team requested documentation from the Finance Department and the Contractor regarding how the issue was resolved. The Contractor provided substantial detail from its records. However, no response was received from the City's Finance Department.

Risk

The General Fund was improperly charged to make up this amount. An extraordinary amount of interest was incurred because of improper communication about the claims.

Recommendation

The City's group health plan should reimburse the General Fund for \$42,254 that was recouped from EMS.

Management Response

The Finance Department will consult with the City Attorney's Department to pursue legal avenues to obtain the funds from Benefit Planners.

Responsible Party for Implementation

Milo Nitschke, Director of Finance

Implementation Date

April 29, 2005

**Observations, Recommendations, and Responses
 For The Contractor**

1. Closed Accounts

Observation

Data files provided by the Contractor showed that 372,550 of 415,390 accounts, (90%) totaling \$31 million, for the sixty-six months under review are currently in a "closed" status. Various analyses were conducted on these accounts during the audit and results were as follows:

Exhibit H			
Closed Accounts			
For the period April 1, 1999 through September 30, 2004			
Close Code Description	# Billable Records	Amount Billed	Account Balance
All Efforts Exhausted (Note)	146,119	\$23,167,291	\$20,190,718
Bad Address	1,680	510,569	497,839
Bankruptcy	738	96,344	138,176
Deceased	1,810	505,515	329,841
Indigent/Homeless	2,501	808,822	808,456
Paid	180,431	52,211,306	(26,256)
Medicaid Not Covered	39,271	9,298,834	8,857,120
Totals	372,550	\$86,698,681	\$30,795,894

1.1 "All Efforts Exhausted" Accounts

The typical billing and collection process was to send at least three billing notices, one collection notice, and follow-up by phone calls. A total of 146,119 accounts with balances of \$23 million were closed as "All Efforts Exhausted." This meant that the Contractor was no longer actively going to pursue collection. Only \$3 million out of \$23 million billed was paid (including adjustments). Analysis of this category disclosed the following:

Source: Data files provided by the Contractor
 Note: Attachment 5 on page 56-57 displays uncollected patient accounts closed as "All Effort Exhausted" by geographic location.

- Review of 20 accounts randomly selected from Transport patients, indicated that letters or statements could be sent to a patient two to thirteen times. However, it could not be determined from data files whether phone calls were made because unsuccessful phone calls were not always documented, according to the Contractor. For accounts that are not responsive, continuous mailing does not appear to be strategically effective.
- The aging of "All Efforts Exhausted" accounts showed that patient accounts closed in this category within 180 days were primarily Aid Only, which charged \$35 per patient. See Attachment 4A on page 54 for additional information. A sample of accounts was randomly selected from those accounts closed within 85 days. Results revealed that only three notices in total were sent to Aid Only accounts: two for billing, one for collection, and no follow-up phone calls were made. This effort was far less than that required by the contract.

This was also much less effort than that made for Transport accounts. As a result, only 29% of all Aid Only account balances were collected while 58% of all Transport account balances were collected. Attachment 4 on page 54 provides more analysis on "All Efforts Exhausted" accounts.

1.2 Paid Accounts

Patient accounts closed as "Paid" should have zero balances. It was noted that some accounts had debit balances or credit balances remaining.

- **Accounts with Debit Balances** totaled 153 accounts for \$17,390. The Contractor explained that these accounts were originally paid in full. For various reasons, additional transactions such as refunds or reverse adjustments were posted to the accounts, which resulted in debit balances.

Contractor

The Contractor's Computer System did not automatically remove the "Paid" code status to allow these accounts to return to the regular billing and collection cycle. As a result of this testing, the Contractor proposed a plan to correct the program code and to generate a weekly edit report to identify such accounts.

- **Accounts with Credit Balances** totaled 287 accounts for \$43,646. Credit balances were due to payments made by multiple parties, such as insurance company and patients, causing duplicate payments posted to account. Credit balances were due to payments made by multiple parties, such as insurance company and patients, causing duplicate payments posted to account. A sample of twenty such accounts was selected for review, and the results showed that nine accounts were not detected by the Contractor's Computer System despite of a monthly routine to generate an overpayment report and to process refunds. As a result of this audit, the Contractor stated that these accounts have been added to the overpayment report.

Another nine accounts were paid by a company prior to its bankruptcy, and then paid again by its acquiring company. The Contractor attempted to refund the overpayments; however, the acquiring company did not accept them because the records of actual claims were missing from its system. They indicated that a settlement would eventually be made with the bankruptcy company. Consequently, 35 accounts were overpaid for a total of \$7,500. The Contractor already charged the City⁵ for these refunds and thus continued to hold the funds.

1.3 "Bad Addresses"

Patient accounts closed as "Bad Address" totaled 1,680 records for a total account balance of \$.5 million. A random sample of thirty such accounts was selected for review to determine if they were indeed bad addresses. By comparing to the Bexar County Appraisal District website and internet phone directory, five addresses (17%) were found to be good, and one account did not show evidence of mailing, phone calls or other collection efforts.

1.4 Homeless Patients

A review of 2,501 patient records for the Homeless indicated that one patient used EMS services more than thirty times for a total of \$13,000 during the audit period. Statistics show five zip codes, 78201, 78205, 78207, 78212 and 78299, with the highest dollar and number of patient records for the Homeless. Little was collected from these groups.

While the Homeless may not be eligible for Medicare B, there may be situations for them to be eligible for Medicaid through state programs, especially for repetitive patients. Presently, no one attempts to identify this opportunity for the Homeless.

Exhibit I				
Homeless by Major Zip Code				
For the period April 1, 1999 through September 30, 2004				
Zip Code	Amount Billed	Account Balance	Patient Records	% of Patient Records
78201	\$35,728	\$35,728	115	5%
78205	\$60,194	\$60,194	180	7%
78207	\$214,688	\$214,688	672	27%
78212	\$31,092	\$31,092	115	5%
78299	\$368,952	\$368,586	1,111	44%
Other	\$98,168	\$98,168	308	12%
Totals	\$808,822	\$808,456	2,501	100%

Source: Data files provided by the Contractor

⁵ On a monthly basis, the Contractor submitted to the Finance Department a detail of accounts that need to be refunded. Refund checks were issued by the Contractor and were then reimbursed by the City. Refund checks that have not been cashed should be reimbursed back to the City.

Contractor

Risk

- 1.1. Collection efforts are not being made as required in the contract and accounts may be closed prematurely as "All Efforts Exhausted." This appeared more likely to occur on low revenue items, such as Aid Only. The amount billed and closed in this category, approximately \$20 million, was uncollected.
- 1.2. Patient accounts, classified as "Paid" with debit balances, were not re-billed, which may be causing revenue to be lost. Patient accounts with credit balances were not refunded to the party who had overpaid.
- 1.3. "Bad Address" accounts could actually have good addresses because a good faith effort was not made to find them.
- 1.4. Homeless patients who were eligible for Medicaid were not identified so that City can coordinate and evaluating them for eligibility with that Program.

Recommendation

- 1.1. Obtain concurrence from the City when an interpretation and changes in the business process were made.
- 1.2. Correct the program code and generate a weekly edit report to identify accounts closed with debit balances and re-bill these patients if appropriate. The City should hold any disputed funds until the bankruptcies are settled. The Contractor should return funds of \$9,000 and any other refunds to the City immediately.
- 1.3. For "Bad Address" accounts, document skip-tracing efforts if performed. In the search for good address, work with area hospitals to obtain billing information. For those transports (Code 3 Transport)⁶ with a MRN-Medical Record Number assigned to them by hospitals, EMS Paramedics should record MRN in the CRS at the time of transport. The Contractor could then use the number to obtain patient information for billing purposes by calling the transport hospital.
- 1.4. Provide detailed information about Homeless patients to the Fire Department. The Fire Department should work with the Community Initiatives to establish an outreach program to determine if the Homeless are eligible for Medicaid benefits. This may develop into less expense for the City if these individuals qualify.

Management Response

- 1.1. The contract only sets minimum standards of work to be performed on accounts and is not inclusive of all efforts required to maximize collections. It is our job to adhere to the contract standards *at a minimum*, but as medical billing professionals we can best determine where to apply resources to effectively collect the most revenue. We feel we are not only in compliance with all contract provisions, but greatly exceed most minimum requirements.

In negotiating our contract, we would never agree to terms that would be counter productive in efficiently maximizing collections. However, we are certainly willing to discuss any areas of our procedures and processes that cause the City concern.

⁶ Code 3 Transport involved serious injuries or illnesses. Many times, the paramedic was unable to obtain patient-identifying information at the time of transport. University Health Systems indicated that all Code 3 Transports are assigned a MRN-Medical Record Number prior to arriving at the hospital.

Contractor

1.2. During the course of the audit, two problems were found that occurred on an infrequent basis and were corrected:

- Accounts with Debit Balances - After review and correction to the accounts, the final number of accounts was 75, with a current balance of \$9,732.31 (\$24,229.00 originally billed). When this problem was identified, we researched the problem, proposed our solution to the auditors as listed in the above recommendation, and fully implemented this in February, 2005.
- Accounts with Credit Balances - As described above in section 1.2, occasionally an account would not correctly show as needing a refund on the regular monthly report. A programming change has been made to ensure this does not happen again and all refunds are current.

Of the accounts that were paid twice by both the bankrupt and acquiring insurance companies, there is no pending settlement to resolve these. The money is unclaimed funds totaling \$7,473.37, which was returned to the City on December 28, 2004.

1.3. The "Bad Address" close code was eliminated from our procedures in August, 2002. However, a programming change was not made to prevent this close code from being applied. As a result, some accounts were incorrectly closed with this code. This has been corrected. This close code was never used for any reporting to the City.

In addition, we would look forward to being able to link transports to hospital records, as the hospital has more time to gather billing and insurance information compared to the EMS transport time. However, due to privacy concerns, the hospitals have been reluctant to release this information. We are currently working on strategies to improve hospital cooperation, and are hopeful in that regard. If the hospital(s) would be willing to share information based on a Medical Record Number obtained by the EMTs, this would greatly improve obtaining accurate billing data.

1.4. We are able to provide the City with any data needed, be it statistical or detailed, based on any information in our system. It should be noted that all homeless patients are searched for Medicaid eligibility, based on available information.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

December, 2004 forward

Contractor

2. Timeliness of the First Billing

Observation

The first billing notice should be sent to patients within three (3) to ten (10) days after patient forms were delivered to the Contractor or became available for extraction. It was noted that the date, when the patient records were ready for extraction, was not captured in the data files, which made it difficult to monitor the timeliness of billing. Since this date was not available, "Claim Date", the date that the first billing notice was sent, was used to evaluate the timeliness of billing.

Analysis of patient records indicated that 51,729 out of the 415,390 (13%) billable patient records were first billed over ten days after the "Claim Date." This volume of records represented delayed collection of \$5.1 million "Account Balances over 10 days", as below:

Exhibit J					
#Days for First Billing Notice					
For the period of April 1999 through September 2004					
# of Days to 1st Billing	# of Patient Records	% of Patient Records	Amount Billed	Account Balance	% Account Balance vs. Amount Billed
0 – 2	40,017	10%	\$ 10,768,516	\$ 4,589,191	43%
3 – 4	134,239	32%	34,580,951	15,234,859	44%
5 – 6	105,525	25%	26,692,076	11,605,214	43%
7 – 8	54,505	13%	13,254,793	5,443,333	41%
9 – 10	29,375	7%	6,806,768	2,806,338	41%
11 – 30	43,768	11%	9,521,757	4,047,386	43%
>30	7,961	2%	1,836,078	1,127,367	61%
Totals	415,390	100%	\$ 103,460,939	\$ 44,853,688	43%

Note: "# of Days to 1st Billing" was calculated from the Date of Service to the 1st Billing Date.
 Source: Data files provided by the Contractor

An analysis of thirty billings, delayed over thirty days, reflected the following causes for the delay:

- Nine records (30%) contained incorrect run type, had no mainframe hospital, mis-linked to another case, or included conflicting information such as refusal but with mileage information. As a result, the records were sent to the EMS Division for correction, which took extensive time.
- Nine records (30%) contained incorrect or missing name or address. As a result, the Contractor had to perform skip-trace to search for correct information.
- Six records (20%) indicated that the patients were deceased. It normally took two weeks for the Contractor to verify deceased information with the monthly reports received from Alamo City Mortuary.

Risk

Inefficient billing process reduced the chances of getting promptly paid at all. Slow cash collection may cause poor cash flow and increase the City's bad debts.

Recommendation

The Contractor should work with the Fire and Finance Departments to develop a strategy to expedite research of incorrect records. The Contractor should review internal operations and identify procedures that could accelerate its own skip tracing efforts.

Contractor

Management Response

If an EMS record is complete on the Case Reporting System (i.e. updated by the mainframe), we pull the information required for billing. This occurs on a daily basis. While the Case Reporting System does not maintain a date when the case is complete, our program records the date when each billing record is extracted.

At that point, the account is reviewed for completeness. If there is any missing or incomplete billing information, we place that individual account on "hold", load and bill all other accounts from the extract, and begin research on the missing information. These accounts remain on hold until complete, whether there is additional clarification needed from the City or for skip tracing/research. These are then released for billing (first notice mailed).

When questioned about these account during the audit, we were able to trace the reason for most delays in loading the accounts. However, some accounts had been put on hold, resolved, and then released for billing without any additional comments. As a result of the cases we were unable the explain, we have now incorporated a comment field for anything that is placed on hold.

However, beyond the desire to explain any delays, it is not in our interest to delay sending an initial statement as an account becomes less collectible as every day passes. We welcome the opportunity to work with the City in developing a strategy/plan to coordinate obtaining complete billing information, ideally with a goal of receiving complete information within a set time frame (i.e. within 30 days).

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

December, 2004

Contractor

3. "No-Bill" Records

Observation

3.1. "No-Bill" Records with Billable Information

The Contractor's Computer System extracted patient records daily from the CRS. These records were stored in a holding file where they were manually reviewed to determine if sufficient billing information, i.e., name and address, was available. Patient records lacking billing information were coded as "No-bill" and were not entered into the Contractor's billing system. For the audit period, a total of 4,439 records were coded to "No-Bill." A sample of thirty records was randomly selected for testing. The testing results showed that seventeen records (57%) appeared to have sufficient billing information. However, these records were not uploaded to the Contractor's system for billing.

3.2. "No-Bill" Records on Monthly Billing

The Contractor submitted monthly billing statements to the Finance Department for payment its fee. The statement lists number and dollar amount of cases completed for each run type, for example, Transport, Aid Only, and Refusal. "No-Bill" cases were also listed in the statement but no dollar value was given. These cases should be assigned a dollar amount so that statistics could be gathered for future analysis purposes.

Risk

3.1. "No-Bill" accounts represent potential financial loss to the City.

3.2. When historical data such as the value of "No-Bill" records in this case, is not captured, the City Management was not aware of the magnitude of the problem and thus, could not improve operating procedures. Additionally, the collection rate may be manipulated if no value was assigned to "No-Bill" records.

Recommendation

3.1. Eliminate the identification of the "No-Bill" process and allow records lacking billing information, i.e., name or address, to be uploaded to the billing system. Then, skip-trace should be performed for these records.

3.2. "No-Bill" records would be eliminated in the future if the above recommendation was implemented. Otherwise, maintain a value and count for "No-Bill" records in order for the City Management to understand the billing opportunities at risk.

Management Response

The "No-Bill" category was originally used for reconciliation purposes when the EMT's recorded non-billable cases on paper forms, such as false alarms, cancelled calls, etc. When the Case Reporting System (CRS) became active, there was no need to account for these as they were never pulled. (As evidenced by approximately 2,000 no-bill cases a month prior to the to CRS, and approximately 100 no-bill cases monthly after CRS inception.)

Internally in our office, there has been discussion of ending the "No-bill" category for most cases. Where there is insufficient or obviously false billing information to process an initial bill after skip tracing efforts, these were typically placed in the "No-Bill" category. We can see no harm with creating a charge for these accounts, even with no expectation of recovering revenue.

Contractor

However, there are also situations where billing information is obtained, but in fact, no services were provided. The patient information for these cases probably should not have been entered at all, or entered as "No Treatment, No Transport" No charge should be created for non-billable cases.

We will need guidance from the City on how best to handle these situations. We would recommend that a designated City employee change the account disposition in the Case Reporting System to accurately reflect the circumstances (i.e. Change from a "Transport" disposition to "No Treatment, No Transport" and these cases would not be loaded to our system.) Should the City desire to keep the No-Bill category, we can provide information for accurate reconciliation.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

To Be Determined after consultation with City.

Contractor

4. Payments Received by the Contractor

Observation

Payments of \$.5 million were directly received by the Contractor during the sixty-six months under review. The Contractor deposited these into the City's Lock Box. Cash and credit card payments received on the phone or in person by patients were first deposited into the Contractor's bank account, and then a check for a total amount was written and deposited into the City's Lock Box. Testing of thirty randomly selected payments amounting to \$3,600 showed that eighteen payments (57%) were deposited in the Lock Box seven days after receipt.

Exhibit K		
Payments		
For the period of April 1999 through September 2004		
Description	Transaction Amount	# of Records
Payment Made to Our Office	\$ 527,537	5,615
Payment Made to Lock Box	46,896,383	379,130
NSF Check	(21,191)	146
Reverse an 01 Pmt	(399)	15
Adjustment/Write Off	12,167,728	109,082
Reverse an 02 Pmt	(92,381)	2,466
Refund	870,426	5,858
Totals	\$ 60,348,104	502,312

Source: Data files provided by the Contractor

Risk

Delayed deposits are subject to being misplaced, lost or stolen. Opportunities for earning interest were also lost. In addition, these funds were subject to credit risk, such as tax liens or bankruptcy, if they were in the Contractor's possession.

Recommendation

Instruct the Contractor to deposit payments received into the City's Depository lock box daily.

Management Response

Our cash and credit card handling procedures were designed with multiple safeguards to ensure all money was properly accounted and deposited into the City's account. These have been somewhat streamlined in recent years

However, after further consideration we feel there are steps in this process that are redundant. These redundant processes offer no additional security and unnecessarily delay the posting of cash and credit card payments. We will propose our new procedures to the Contract Administrator, and upon acceptance, implement them.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

June 1, 2005

Contractor

5. Insurance Coverage

Observation

The Contractor was required to carry and maintain specific insurance coverage and limits, including worker's compensation, employer liability, commercial general liability, business automobile liability, errors and omissions, and commercial crime/fidelity bond. Review of the Contractor's insurance policies revealed the following non-compliance:

- The Contractor's coverage for Commercial General Liability was \$100,000 on premise/operations, \$1,000,000 on products/completed operations, and \$500,000 per occurrence. The contract required combined single limit for bodily injury and property damage of \$1,000,000 per occurrence.
- The Contractor's coverage for Business Auto Liability was \$500,000 per occurrence. The contract required combined single limit for bodily injury and property damage of \$1,000,000 per occurrence.

The Contractor indicated that an excess/umbrella liability policy for \$2,000,000 per occurrence and in aggregate provided additional liability coverage above the contract requirements. However, an advance notice in writing of such material changes had not been provided to the City, as required by the contract provisions. The umbrella liability coverage should be a layer of higher limits of liability insurance above the policy limits required of the Contractor, but should not replace any.

Risk

The City may be involved in litigation filed by third parties for negligence or damages for which the Contractor is legally responsible. Insufficient insurance coverage exposes the City to unnecessary economic risks that should have been assumed by the Contractor.

Recommendation

Comply with the Contract requirements for insurance coverage. For material changes, provide an advance notice in writing to the City within thirty days of such change.

Management Response

This interpretation of our insurance coverage is incorrect. Given that we have maintained the required coverage with these same type of policies (commercial liability, professional liability, and excess umbrella coverage) since 1992, we do not feel a material change has occurred. Specifically, the contract specifies what amounts of coverage is required and not what the policy must be titled. We have always maintained the proper coverage.

It is our understanding that the policies have been approved as sufficient by the City's Risk Management Department. However, if need be, they should be reviewed by Risk Management again.

Responsible Party for Implementation

Not Applicable

Implementation Date

Not Applicable

Auditor's Response

Upon auditor's request, Risk Management conducted a review of the current certificate issued by the Contractor's insurance agent. It then certified that the coverage is in compliance with the contract's insurance requirement and no amendment to the current contract is necessary.

Contractor

6. No Documentation of Skip Trace Efforts

Observation

Skip trace was a manual process in which the Contractor searched for good addresses from several databases. For the audit period, patient records classified as IAST totaled 43,866 records and amounted to \$8.4 million.

It was noted that skip trace efforts were not documented in data files so that it was impossible to determine whether these effort were indeed performed by the Contractor.

Risk

Skip trace efforts may not be made by the Contractor; City Management may not be aware of it due to lack of documentation.

Recommendation

Document skip trace efforts in patients' data files which should be made available for verification or checking by City Departments.

Management Response

In notating information on accounts, we attempt to do so in the most efficient and concise manner possible. We strive to avoid extraneous information that does not provide our collectors with information helpful in collecting the account. As a result, we've found it most beneficial to show the results of skip tracing only when new information has been updated. At the same time, we can understand the City's desire to ensure that appropriate skip tracing measures were performed.

We believe a balance between these two goals can be achieved. We propose developing a standard skip tracing process which is agreeable to the City. After all steps are performed, it will be duly noted on the account. We feel this will adequately show the City that the work is being performed while only adding one extra line of memos.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

To be determined after agreement by the City.

Contractor

7. Requirements by Small Business Economic Development Advocacy Program (SBEDA)

Observation

7.1. SBEDA Participation Goals

The contract required participation of small, women, handicapped and minority-owned business enterprises: 32.5% from Minority-Owned Business Enterprise (MBE), 13% from Women-owned Business Enterprise (WBE), 2.3% from African-American Owned Business Enterprise (AABE) 2.30%, and 45% from Small Business Enterprise (SBE). The Contractor fell short of the required percentages in two categories:

- For the first year of the contract, actual participation for the "MBE" was 31.1%, short of 1.4%. The Contractor met the goal for the remaining years of the contract.
- For all contract years, actual participation for AABE ranged from .9% to 1.10%, generally short of 1.2% to 1.4%.

7.2. Contractor's Service Expense

It was also noted that the percentages for WBE, MBE and SBE participation were overstated because the Contractor's payroll tax deposits were included in the fees paid to Adams Payroll Service. This subcontractor was a woman owned, minority owned and small business. Payroll tax deposits were not a service expense to the Contractor. Had the tax deposits not been included in the determination of the Contractor's participation percentages, it was probable that the goals would not have been achieved.

Risk

- 7.1. The Contract did not assist the City in meeting the contracting goals for small, women, handicapped, and minority owned businesses.
- 7.2. The Contractor overstated the expenses paid to a qualified subcontractor used to achieve the City's contracting goals.

Recommendation

- 7.1. Continue seeking qualified vendors to meet the required goals.
- 7.2. Do not include payroll tax deposits submitted in determining compliance with SBEDA goals.

Management Response

- 7.1. We continue to seek qualified vendors for all possible areas of subcontracting. However, as a labor intensive contract, our options are limited. In recent months we have added three AABE vendors and anticipate that we will meet all requirements by the end of the first year of our current contract, if not shortly thereafter.
- 7.2. We do not agree with this interpretation nor feel that any percentages were overstated. When we subcontract a service or purchase items from any given vendor, our expense is not just their amount of profit, but the total cost as a whole. As such, we apply the total amount paid to each company in calculating the SBEDA percentages, be it for supplies, insurance, or other items and services. We would be happy to discuss this further with the City's Economic Development department if need be.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

Not Applicable

Contractor

8. Data Security

Observation

8.1. Computer Location

HIPAA required that patient records containing individually identifiable health information be secured so that they are not readily available to those who do not need them. During fieldwork, a computer, used to gain access to the EMS Run Sheets was located in the Contractor's break room. The EMS data contains patient's medical information that was protected by HIPAA. The computer was not adequately protected from those without a logical need for EMS data.

8.2. Business Continuity

Patient records were backed up by the Contractor's Computer System on a daily basis and the back-up tapes were stored in a fire-proof vault in the Contractor's office. In addition, a weekly backup of the operational systems, applications, and data files was performed. The weekly backup generated two copies of tapes: one stored on site and the other stored at the personal residence of an Information Technician working for the Contractor as an off-site storage. It is not a good business practice to retain business tapes with HIPAA data at an employee's personal residence.

It was also noted that AS400 Server was located in a side office and the access to this side office was not controlled; several printers were also placed in the same office. Adequate measures should be taken for the room housing information system devices to prevent unnecessary exposure to employees, public traffic, vandalism, or combustible materials such as paper supplies due to the risk of fire.

Risk

Patient medical information governed by HIPAA was not properly protected, which exposed the City to unacceptable risks. Information systems not properly protected may be vandalized, causing business interruption to the Contractor, which in turn could delay the billing and collection of EMS Fees.

Recommendation

Store the back-up tapes in an off-site location such as a safety deposit box maintained by a bank. The City could also offer storage of the tapes. Protect information systems properly from unnecessary access by employees and the public by controlling access to the room housing it. Remove combustible materials from the computer room.

Management Response

Preventing unauthorized people from physically gaining access to all computers is the most important step in securing data. However as a result of this section's recommendations, we have implemented the following changes:

- All PC's accessing City EMS data are secured a password when not in use.
- We obtained a bank safe deposit box to store offsite weekly backups in addition to the daily backup stored in our fireproof vault. These will be exchanged every Friday and began April 15, 2005.

In addition, numeric combination locks were installed to secure the computer room. The printers accessed by employees will be moved outside of the computer room. General access will no longer be required nor permitted. Access to the computer room will be limited only to employees needing admittance for their job functions and to provide sufficient backup. (At this time 4 employees.) These changes should be completed by June 1, 2005.

Responsible Party for Implementation

Thomas R. Benesch, President of B&P

Implementation Date

April 15 through June 1, 2005

**Attachment 1
 (See Page 3)**

**Potential Billing and Other Revenue Opportunities Identified
 For the period of April 1, 1999 through September 30, 2004**

The dollar amounts listed below represent estimates for potential billing to patients. This does not mean that the collection of these dollars would be successful:

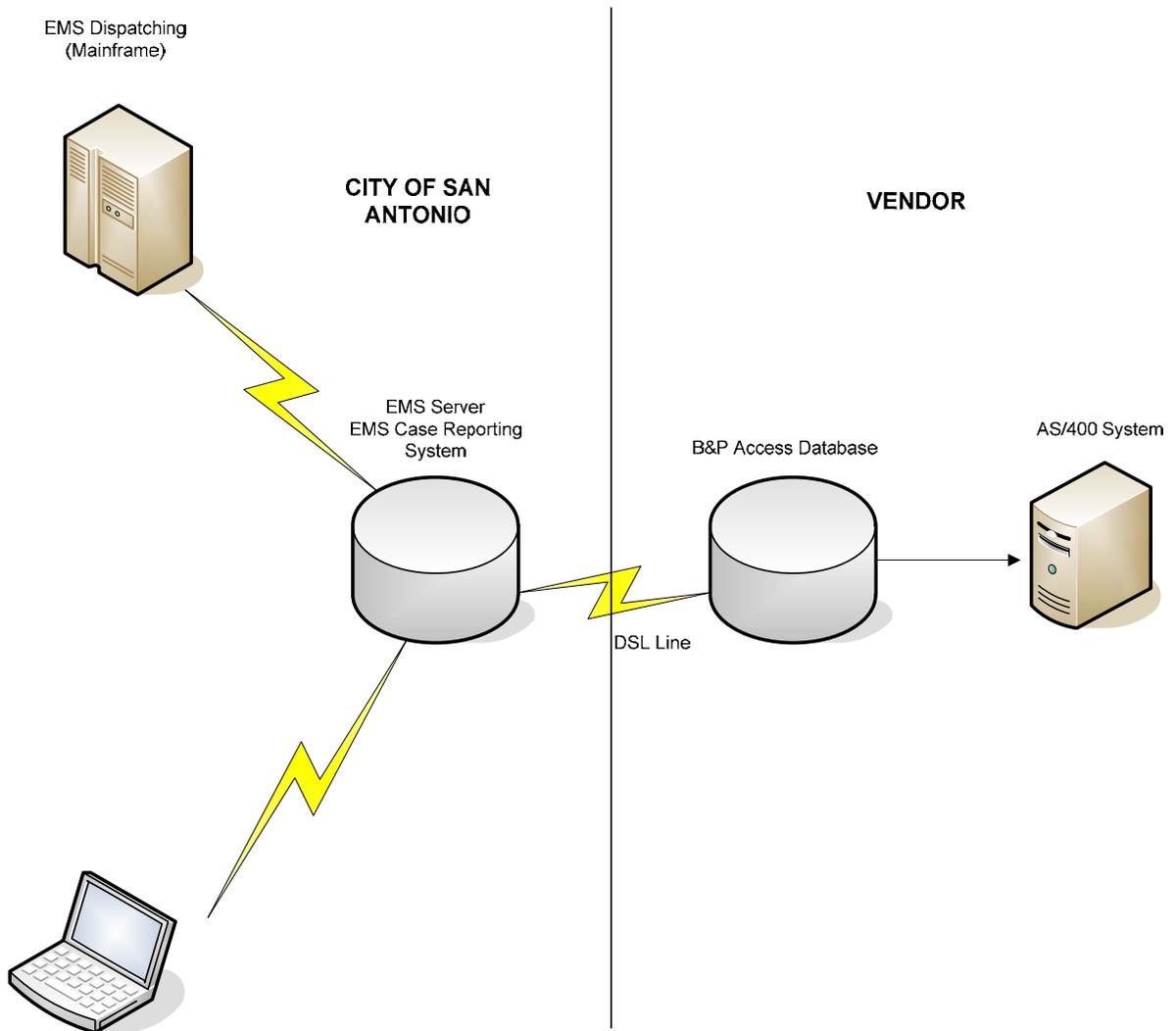
	Description	# of Patient Records)	Potential Revenue Opportunities
I. System Synchronization/Data Extraction Process			
	1. Patient records in the Dispatching Center's Mainframe did not find a match in the Contractor's Computer System for the period prior to the implementation of CRS in January 2001: 1,588 Hospital Transfers, 895 Aid Only, and 3,044 Refusals.	5,527 records	\$535,000
	2. Patient records in the Dispatching Center's Mainframe were not updated by CRS during the period of January 2001 through September 2004. This could have been caused by a malfunction of the "Pen-Pad" System: 1,069 Hospital Transfers and 115 Aid Only.	1,184 records	\$378,000
	3. Patient records were incorrectly flagged "0" yet did contain MFPIID, name and address. These records were not extracted by the Contractor's Computer System for billing: 136 Transports, 13 Deaths (DOA) and 101 Aid Only.	250 records	\$52,000
	4. Non-billable records were correctly flagged "1" with MFPIID, name and address. Yet these records were not extracted by the Contractor's Computer System for billing.	4,445 records	\$147,000
II. Fees Not Charged:			
	1. First Responder Fee of \$15 was not charged to Non-Transport Patients until November 2004. This fee was established by Ordinance 90493, effective October 1999.	Not Available	\$349,000
	2. Medical supplies and medications were not charged to Refusal and Aid Only Patients until October 2003 and are still not charged to DOA Patient accounts.	Not Available	\$977,000

Attachment 1 (Continued)

	Description	# of Patient Records)	Potential Revenue Opportunities
III. Other			
	1. The City's depository bank account balance was not swept to the Pool Fund on a daily basis for investment, which resulted in potential loss in interest.	Not Applicable	\$50,000
	2. CRS was not implemented by Fire Department by April 2000 so that the Contractor's Fee was not reduced from 11.6% to 11.2% as planned. Additionally, contractor continued to charge fees at 11.6% for four months even after CRS was in place in January 2001.	Not Applicable	\$8,000
	3. A total of 35 patient accounts were closed with credit balances. The balances should be returned to the City until they are resolved.	35 records	\$7,500
	4. The first billing to 50,000 patient accounts was delayed over 10 days. Interest lost was difficult to estimate.	Not Available	Not Available
	5. A total payment of \$.5 million received at the Contractor's location was deposited in the City's bank account seven or more days after receipt.	Not Available	Immaterial for this particular contract but may be material for City-wide delays
Total Potential billing and Other Revenue Opportunities			\$2,505,000

ATTACHMENT 2
(See page 5)

EMS Data Flow



**Attachment 3
 (See Page 9)**

High Level Ideas for City Contract Monitoring

The Fire Department has the responsibility for coordinating and monitoring Contractor's operations, and the Finance Department has the responsibility for reviewing financial data. The allocation of responsibilities between departments depends much on the roles that each assumes. The following is an example of monitoring responsibilities that can be shared by departments:

	Fire Department	Finance Department
Input Data Control	<p>Review run sheets prepared by EMS Paramedics daily for completeness and accuracy.</p> <p>Reconcile CRS data to the Dispatching Center's Mainframe on a daily basis. Investigate discrepancies for possible missing cases.</p>	
Monthly	<p>Review statistics for new accounts, accounts paid and accounts closed. The review should include reasonableness of statistics for new accounts, and accounts closed, in each category.</p> <p>Monitor Contractor's collection rate, and coordinate with the Finance Department for corrective actions if Contractor under-performs.</p> <p>Review insurance adjustments, denials and payments each month. The review should involve statistical analysis, investigation of reasons, or communication with appropriate parties to generate solutions for improvement.</p> <p>Meet with the Finance Department on a periodic basis to exchange ideas, including issues such as patient complaints, uncollectible accounts, etc.</p>	<p>Reconcile monthly billing, including billable records, to EMS data.</p> <p>Ensure the accuracy of journal entries recorded in the accounting system.</p> <p>Reconcile the City's depository bank lock box bank account.</p> <p>Monitor Contractor's collection rate, and coordinate with the Fire Department for corrective actions if Contractor under-performs.</p> <p>Share Vendor Performance Analysis with the Fire Department to verify the accuracy of the report. Also brainstorm ideas to raise collection rate.</p> <p>Meet with the Fire Department on a periodic basis to exchange ideas, including issues such as patient complaints, uncollectible accounts, etc.</p>

NOTE: This is not an all inclusive list.

Attachment 4
 (See Page 37)

Statistics for "All Efforts Exhausted" Accounts
 For the period of April 1999 through September 2004

Attachment 4A

Accounts Closed as "All Effort Exhausted"						
Number of Patient Records						
Aging (# of Days)	Transport	Aid Only	DOA	Total	Amount Billed	Account Balance
0 – 89	16	*12,834	24	12,874	\$629,959	\$629,570
90 – 179	1,454	*71,339	1,736	74,529	\$3,101,506	\$2,805,760
180 – 359	34,011	844	495	35,350	\$12,057,776	\$10,512,681
360 – 539	13,911	139	128	14,178	\$4,797,091	\$3,984,393
540 – 719	5,182	94	114	5,390	\$1,662,734	\$1,450,260
> 720	2,767	437	626	3,830	\$926,737	\$815,008
Total	57,341	85,687	3,123	146,151	\$23,175,803	\$20,197,672
Percentage	39%	59%	2%	100%		

Note: * These accounts appear to have been closed early. Insufficient efforts may have occurred.

Source: Data file provided by the Contractor.

Attachment 4B

Accounts Closed as "All Effort Exhausted"				
Account Balances				
Aging (#Days)	Transport	Aid Only	DOA	Total Account Balance
0 – 89	\$ 4,783	\$ * 623,247	\$ 1,540	\$ 629,570
90 – 179	318,439	* 2,404,554	82,767	2,805,760
180 – 359	10,451,482	27,067	34,132	10,512,681
360 – 539	3,972,664	3,189	8,540	3,984,393
540 – 719	1,441,101	1,548	7,609	1,450,260
> 720	764,936	8,225	41,849	815,008
Totals	\$ 16,953,405	\$ 3,067,830	\$ 176,437	\$ 20,197,672
%	84%	15%	1%	100%

Note: * These accounts appear to have been closed early. Insufficient efforts may have occurred.

Source: Data file provided by the Contractor.

Attachment 4 (Continued)

Attachment 4C

Aid Only Closed as "All Efforts Exhausted" by FY			
FY	Amount Billed	Account Balance	Count
Part 1999	\$ 268,310	\$ 253,959	7,666
2000	565,865	531,231	16,161
2001	568,015	533,623	16,229
2002	529,095	503,239	15,117
2003	555,660	534,878	15,876
2004	710,900	710,900	14,638
Totals	\$3,197,845	\$ 3,067,830	85,687

Source: Data files provided by the Contractor.

Attachment 4D

Aid Only Accounts Closed as "All Efforts Exhausted" by Aging			
Aging (# of Days)	# of Patient Accounts	Amount Billed	Account Balance
0 – 89	12,834	\$ 623,275	\$ * 623,247
90 – 179	71,339	2,520,400	* 2,404,554
180 – 359	844	30,720	27,067
360 – 539	139	4,865	3,189
540 – 719	94	3,325	1,548
> 720	437	15,260	8,225
Totals	85,687	\$ 3,197,845	\$ 3,067,830

Note: * These accounts appear to have been closed early. Insufficient efforts may have occurred.

Source: Data file provided by the Contractor.

Attachment 5
Uncollected Patient Accounts Closed as "All Effort Exhausted"
by Geographic Location
 (See Page 37)

Zip Code	Location	Amounts Billed	Account Balance	Number of Patient Records	Percent of Patient Records
78200		\$ 22,644	\$ 21,094	266	0%
78202	Northeast	\$ 590,867	\$ 528,043	3,931	3%
78203	Northeast	276,683	257,343	1,800	1%
78205	Northeast	130,959	118,614	664	0%
◇ 78208	Northeast	223,889	212,964	1,486	1%
78209	Northeast	418,577	366,759	2,510	2%
◇ 78210	Northeast	1,117,587	993,730	6,928	5%
78212	Northeast	610,529	539,387	3,900	3%
78215	Northeast	64,586	62,501	347	0%
78216	Northeast	586,897	512,970	3,517	2%
78217	Northeast	442,257	370,282	2,580	2%
78218	Northeast	516,836	453,220	3,443	2%
78219	Northeast	241,481	212,784	1,418	1%
78220	Northeast	580,289	510,383	3,698	3%
78232	Northeast	165,112	130,648	959	1%
78233	Northeast	310,238	260,094	1,858	1%
78234	Northeast	14,733	12,519	87	0%
78239	Northeast	192,930	170,859	1,023	1%
78244	Northeast	169,802	146,567	1,086	1%
78246	Northeast	4,956	4,673	22	0%
78247	Northeast	230,402	177,808	1,373	1%
78261	Northeast	1,792	1,558	14	0%
78265	Northeast	6,928	5,081	37	0%
78270	Northeast	4,654	4,043	19	0%
78275	Northeast	70	70	2	0%
78279	Northeast	3,687	2,132	19	0%
78283	Northeast	9,025	8,274	50	0%
78287	Northeast	499	499	3	0%
		\$ 6,916,265	\$ 6,063,805	42,774	30%
◇ 78201	Northwest	\$ 1,039,785	\$ 927,782	6,881	5%
78204	Northwest	312,640	280,848	1,994	2%
◇ 78207	Northwest	1,696,904	1,552,604	11,321	8%
78213	Northwest	601,574	516,800	3,903	3%
◇ 78228	Northwest	1,099,535	961,429	7,977	5%
78229	Northwest	419,436	362,147	2,551	2%
78230	Northwest	269,799	223,450	1,637	1%
78231	Northwest	31,335	23,909	215	0%
◇ 78237	Northwest	1,099,453	969,873	7,664	5%
78238	Northwest	225,817	192,913	1,583	1%
78240	Northwest	395,119	323,908	2,402	2%
78248	Northwest	37,863	30,103	202	0%
78249	Northwest	187,406	141,139	1,174	1%
78250	Northwest	441,599	336,855	2,849	2%
78251	Northwest	200,082	153,809	1,321	1%
78253	Northwest	39,295	33,028	183	0%
78254	Northwest	40,157	26,764	227	0%
78255	Northwest	9,998	7,539	54	0%
78256	Northwest	18,935	15,942	105	0%
78257	Northwest	10,089	8,710	61	0%
78258	Northwest	56,901	40,962	343	0%
78259	Northwest	19,007	15,422	110	0%
78260	Northwest	6,976	5,806	41	0%
78268	Northwest	4,487	3,295	28	0%
78269	Northwest	8,081	6,705	33	0%
78278	Northwest	4,655	2,865	24	0%
78280	Northwest	7,831	7,087	31	0%
78288	Northwest	529	529	4	0%
78266	Northwest	4,514	4,086	25	0%
		\$ 8,289,802	\$ 7,176,309	54,943	38%

Attachment 5 (Continued)

Zip Code	Location	Amounts Billed	Account Balance	Number of Patient Records	Percent of Patient Records
78214	Southeast	606,161	541,097	4,092	3%
78221	Southeast	683,284	592,612	4,808	3%
78222	Southeast	239,565	206,043	1,520	1%
◇ 78223	Southeast	726,618	648,497	5,044	3%
78225	Southeast	267,859	229,605	1,821	1%
78235	Southeast	6,627	5,818	34	0%
78262	Southeast	729	729	2	0%
78263	Southeast	14,267	12,234	79	0%
78264	Southeast	64,438	56,421	339	0%
78284	Southeast	1,230	1,230	5	0%
78285	Southeast	320	320	1	0%
78286	Southeast	281	281	1	0%
78291	Southeast	4,050	4,050	25	0%
78292	Southeast	2,388	2,318	14	0%
78293	Southeast	1,479	1,479	6	0%
78294	Southeast	3,357	2,089	17	0%
78295	Southeast	1,343	1,343	7	0%
78296	Southeast	1,395	1,395	11	0%
78297	Southeast	1,426	1,426	7	0%
78298	Southeast	2,301	2,301	17	0%
78299	Southeast	10,500	10,500	47	0%
		\$ 2,639,618	\$ 2,321,788	17,897	12%
◇ 78211	Southwest	\$ 778,124	\$ 690,592	5,243	4%
78224	Southwest	255,333	217,527	1,641	1%
78226	Southwest	163,291	148,605	1,191	1%
◇ 78227	Southwest	835,131	735,604	5,818	4%
78236	Southwest	9,718	9,013	59	0%
78241	Southwest	6,495	6,460	49	0%
◇ 78242	Southwest	574,251	507,252	4,103	3%
78245	Southwest	278,682	226,084	1,788	1%
78252	Southwest	20,657	18,596	108	0%
		\$ 2,921,682	\$ 2,559,733	20,000	14%
Non-San Antonio Zip Codes		\$ 2,385,792	\$ 2,054,943	10,271	7%
Totals		\$ 23,175,803	\$ 20,197,672	146,151	100%

Note: ◇ = Represent the top 9 zip codes with the highest rate of poverty as per the 2000 Census.