



# CITY OF SAN ANTONIO

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September 23, 2013

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Councilwoman, District 9

**Carlton Soules**  
Councilman, District 10

**SUBJECT: Audit Report of the San Antonio Fire Department – EMS Billing and Collections Contract**

Mayor and Council Members:

We are pleased to send you the final report of the Audit of the San Antonio Fire Department – Emergency Medical Service Billing and Collections Contract. This audit began in February 2013 and concluded with an exit meeting with department management in August 2013. Management's verbatim response is included in Appendix B of the report. The San Antonio Fire Department's management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
City of San Antonio

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**CITY OF SAN ANTONIO**  
**OFFICE OF THE CITY AUDITOR**



Audit of the San Antonio Fire Department –  
Emergency Medical Service Billing and Collections Contract

Project No. AU13-017

September 23, 2013

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, and as requested by the City's Executive Management Team, we conducted an audit of the San Antonio Fire Department (SAFD) Emergency Medical Service (EMS) Billing and Collections contract. The audit objectives, conclusions, and recommendations follow:

### **Is the Fire Department properly managing the EMS billing and collections contract?**

Yes, overall the SAFD is properly managing the EMS billing and collections contract. However, we observed several improvements SAFD could make, including having its business partners sign Business Associate Agreements that are compliant with the Health Insurance Portability and Accountability Act (HIPAA), implementing additional controls for its patient care reporting software (ePCR), and billing patients for all services rendered at the San Antonio Airport.

We recommend that the SAFD Chief:

- Execute a Business Associate Agreement with the Southwest Texas Regional Advisory Council (STRAC) that meets new HIPAA requirements.
- Work with the Office of the City Attorney to structure a new Business Associate Agreement with B&P (SAFD's billing partner) that embodies all requirements of the new HIPAA rules.
- Implement ePCR controls that prevent billable calls from being closed out as non-billable.
- Bill patients for all EMS services rendered, including "aid-only" services provided at the San Antonio Airport. Alternatively, the SAFD Chief should obtain approval from the City Council via ordinance to waive "aid only" fees for incidents occurring at the San Antonio Airport.

SAFD Management's verbatim responses are provided in Appendix B on page 9.

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## Background

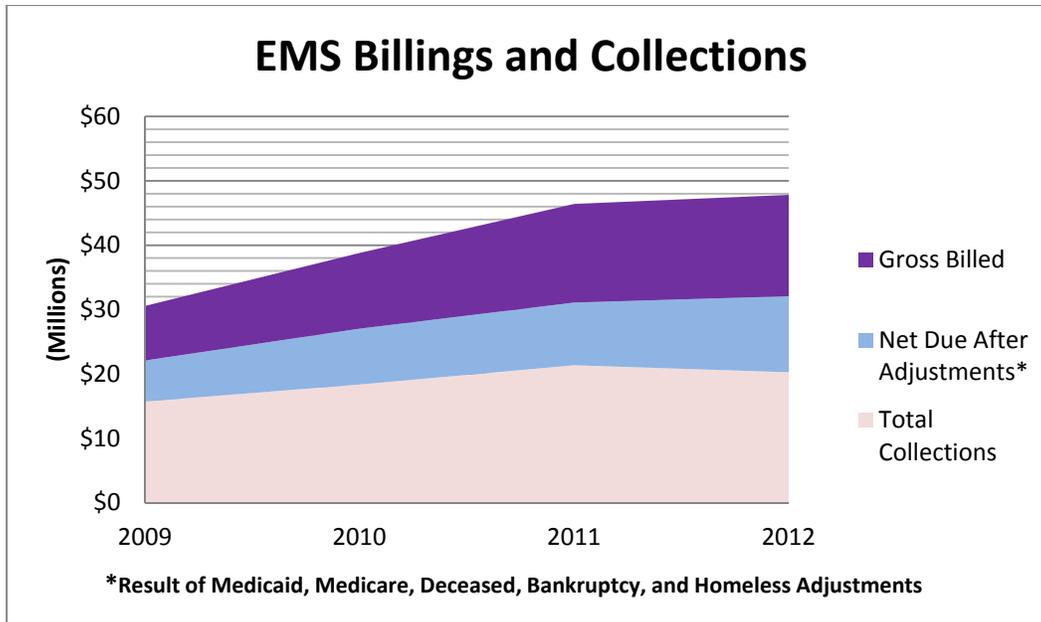
The San Antonio Fire Department (SAFD) is comprised of three main divisions: Administration, Operations, and Human Services. The function of Emergency Medical Services (EMS), which operates within the Operations Division, is to deliver life-saving interventions in the event of a trauma-related incident or serious medical condition. EMS responds by assessing, treating, stabilizing, and transporting patients to the appropriate medical facility.

The function of billing and collection of EMS services is outsourced to Medical-Dental-Hospital Bureau of San Antonio, Inc., d/b/a Business & Professional Services (B&P). B&P has provided EMS billing and collection services to the City for the past two decades. This contract is managed by the SAFD Fiscal Division and the City's Finance Department.

The current contract was approved by City Council on December 15, 2011, with a base contract term of five years and a renewal option of two years, commencing January 1, 2012. The City compensates B&P at a rate of 8.9% of all payments collected for EMS services rendered. For calendar year (CY) 2012, B&P billed over \$49 million for EMS services as shown in the table below.

<b>Summary of Charges Billed – CY 2012</b>			
<b>Charge Description</b>	<b>No. of EMS Incidents</b>	<b>Total Charges</b>	<b>Average Bill</b>
Advanced Life Support 1*	51,156	\$34,102,289	\$667
Advanced Life Support 2*	1,045	\$1,089,391	\$1,042
Aid Only	32,135	\$3,932,519	\$122
Basic Life Support*	16,313	\$10,323,376	\$633
Transport to Morgue	6	\$ 1,515	\$253
<b>Totals</b>	<b>100,655</b>	<b>\$49,449,090</b>	<b>\$491</b>
*Includes transport to a hospital or medical facility			

Over the last four years, the City has generated approximately \$76 million in total collections from EMS services on gross billings of \$163 million as shown in the graph below.



When responding to a call, SAFD Emergency Medical Technicians (EMTs) utilize a tablet computer with electronic patient care report (ePCR<sup>1</sup>) software to capture pertinent patient information for medical and billing purposes. EMTs upload this information to the Southwest Texas Regional Advisory Council (STRAC<sup>2</sup>) who then aggregates and formats the data into a file that is ultimately made available to B&P for billing purposes.

B&P downloads the file from STRAC and extracts patient billing information to generate invoices for EMS services provided. However, B&P subcontracts the actual printing and mailing of invoices to a local print shop, Laser Printers and Mailing Service.

The SAFD obtains, stores, and transmits patient information and consequently must comply with certain provisions of the Health Insurance Portability and Accountability Act (HIPAA). The HIPAA related Privacy and Security Rules require that a covered entity (e.g. SAFD) and all business associates have a signed business associate agreement (BAA) delineating each party's obligation to safeguard protected health information (PHI).

<sup>1</sup> A commercial off-the-shelf software application created by Zoll and used by EMS departments in the Southwest Texas Region.

<sup>2</sup> STRAC oversees the tablet computer/electronic EMS data collection project which includes 30 participating EMS agencies and over 22 counties in southern Texas. STRAC formats the data uploaded by SAFD EMTs into an Extensible Markup Language (XML) file to comply with National Emergency Medical Services Information System (NEMSIS) requirements for agencies that use and/or report EMS data.

## Audit Scope and Methodology

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The audit scope included EMS services provided from January 1, 2012 to December 2012. However, in the background section of this report, we have included historical data from fiscal years 2009 to 2011 to show trends in EMS billings and collections.

To obtain an understanding of the EMS billing and collection process, we interviewed EMS personnel, Dispatch personnel, and Fiscal/Finance personnel. We also interviewed personnel from STRAC, B&P, and Laser Printers and Mailing Service.

To establish testing criteria, we reviewed the following:

- 2012 Billing & Collections Contract between SAFD and B&P
- B&P Policies and Procedures
- B&P Monthly Reports
- City Council approved EMS rates for billable services
- Health Insurance Portability and Accountability Act (HIPAA)
- Health Information Technology for Economic and Clinical Health Act (HITECH)
- Business Associate Agreement between SAFD and B&P

We performed a 100% reconciliation of billable incidents between STRAC files and B&P files to verify that all data was accounted for in B&P's system and reports.

We recalculated charges and payments reported by B&P and reviewed internal controls associated with the execution and monitoring of this contract. We reviewed billings, insurance claims, and refunds B&P issued to patients or insurance companies. We also verified pertinent contractual requirements including contractor's comprehensive reports, certificate of deposit, and insurance requirements.

We tested the accuracy of records at STRAC by taking a sample of 21 records flagged as a non-billable and reviewed supporting EMS incident details to confirm the disposition.

We relied on computer-processed data from the City's Computer Automated Dispatch (CAD) system, STRAC, and B&P to perform data analysis and to verify completeness and accuracy between the separate systems. Additionally, we obtained data from the City's SAP financial system and reconciled it back to B&P's payment data to validate revenue from EMS services and compensation the City paid to B&P. We assessed the reliability and conducted sufficient tests of

the data and concluded the data to be sufficiently reliable. We do not believe that the absence of testing general and application controls for these systems had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Results and Recommendations

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### A. STRAC Business Associate Agreement

The SAFD does not have a Business Associate Agreement (BAA) with STRAC.

HIPAA requires covered entities to have a BAA with their business associates to ensure that the business associates will appropriately safeguard protected health information (PHI). The BAA also serves to clarify and limit, as appropriate, the permissible uses and disclosures of PHI by the business associate.

The U.S. Department of Health and Human Service's Office of Civil Rights (OCR) enforces HIPAA Rules and makes it clear that a BAA is required between covered entities and business associates. Failure to have a BAA when required could therefore be interpreted as a "willful neglect" violation resulting in civil penalties. Under the Health Information Technology for Economic and Clinical Health (HITECH) Act, these penalties can extend up to \$250,000, with repeat violations extending up to \$1.5 million.

#### **Recommendation:**

The SAFD Chief should execute a Business Associate Agreement with STRAC that meets the new HIPAA requirements.

### B. B&P Business Associate Agreement

The 2003 BAA between SAFD and B&P does not adequately address HIPAA Privacy Rule and Security Rule provisions required by the U.S. Department of Health & Human Services (HHS).

In March of 2013, the HIPAA and the HITECH Act were revised, resulting in an increase of the responsibilities of covered entities and business associates. The final rules move HIPAA enforcement away from the previous voluntary compliance framework and toward a penalty-based system. Additionally, business associates are now required to meet the obligations of the HIPAA Privacy Rule and Security Rule and are now directly liable and subject to civil penalties for failing to safeguard electronic protected health information.

The Privacy Rule requires appropriate safeguards to protect the privacy of personal health information, medical records, and applies to health care providers that conduct certain health care transactions electronically. The Security Rule requires appropriate administrative, physical, and technical safeguards to ensure the confidentiality, integrity, and security of electronic protected health information.

Without an effective BAA, covered entities as well as business associates are at risk of being non-compliant with HIPAA and its most recent provisions.

**Recommendation:**

The SAFD Chief should work with the Office of the City Attorney to structure a new Business Associate Agreement with B&P that embodies all requirements of the new HIPAA rules.

**C. Billable Calls Not Billed**

Not all billable EMS calls were being billed.

The tablet computer software (ePCR) used by EMS personnel does not have a control to ensure that billable EMS service records are actually closed out as billable. The ePCR software allows incidents (i.e. call records) to be closed out as non-billable even though certain fields are populated such as patient information, medication administered, destination, and miles driven.

Once an EMS call is initiated by an SAFD dispatcher, an incident number is assigned to the call. EMS arrives on the scene and a dispatcher stays on the call until she/he can assign a disposition or resolution in the Dispatch system. Since the dispatcher is not on the call for its entirety, the EMT on the scene can potentially assign a different disposition. Once the EMT assigns a disposition (i.e. billable or non-billable) to the call, the data is automatically sent to STRAC's database.

We performed a reconciliation of "billable" calls between the SAFD Dispatch database and STRAC's database. Auditors found that 4,810 calls were classified as billable in Dispatch's database and non-billable in STRAC's database for calendar year 2012. Of the 4,810 discrepant records, 226 were coded as either "Advanced Life Support" or "Basic Life Support," for which bills ranged between \$632 and \$1,042 for calendar year 2012. Of the 226, we randomly reviewed 21 calls to determine if STRAC's non-billable calls were coded correctly. Of the 21 calls reviewed, 5 (or 24%) were incorrectly coded as non-billable. If this 24% rate were representative of the population of 226 incidents, 54 (226 \* 24%) records would be in error at an average bill amount of \$837 ( $\$632 + \$1,042 \div 2$ ) for a total of \$45,198 in unbilled calls for CY 2012.

Absent a control for closing calls in ePCR, truly billable calls could potentially be closed out as non-billable resulting in missed revenue and inaccurate call statistics.

**Recommendations:**

The SAFD Chief should implement ePCR controls that prevent billable calls from being closed out as non-billable. Additionally, the SAFD should periodically reconcile the number of billable calls in the dispatch database with the number of billable calls in the STRAC database to identify calls that were erroneously closed out as non-billable. These calls should then be billed.

**D. Waiving of Fees for San Antonio Airport Patients**

Although EMS services provided at the San Antonio Airport that involved patient transportation were properly billed, the SAFD waived the billing of “aid only” patients.

We reconciled STRAC’s database to B&P’s database by incident number and EMS unit. Auditors found all incidents were accounted for and billed by B&P except for 229 aid-only incidents provided by the EMS unit located at the San Antonio Airport. The 229 incidents accounted for \$27,011 in waived EMS fees.

SAFD management indicated that they waived “aid only” fees as a courtesy to patrons at the San Antonio Airport. However, SAFD management could not provide supporting documentation (i.e. a City ordinance provision) authorizing the waiving of such fees.

Failure to bill all charges associated with EMS services results in loss of revenue to the City.

**Recommendation:**

The SAFD Chief should bill patients for all EMS services rendered, including “aid-only” services provided at the San Antonio Airport. Alternatively, the SAFD Chief should obtain approval from the City Council via ordinance to waive “aid only” fees for incidents occurring at the San Antonio Airport.

## **Appendix A – Staff Acknowledgement**

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Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager  
Rosalia Vielma, CFE, Auditor in Charge  
Gabriel Trevino, CISA, Auditor

## Appendix B – Management Response



# CITY OF SAN ANTONIO

P.O. Box 839966  
SAN ANTONIO TEXAS 78283-3966

September 17, 2013

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for SAFD EMS Billing and Collections Contract Audit

The Fire Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

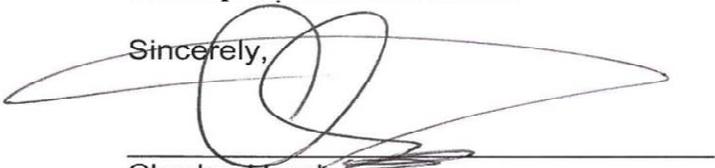
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	<p><b>STRAC Business Associate Agreement</b></p> <p><b>Recommendation:</b> The SAFD Chief should execute a Business Associate Agreement with STRAC that meets the new HIPAA requirements.</p>	5	Accept	Assistant Chief Yvette Granato	August 23, 2013
	<p><b>Action plan:</b> The San Antonio Fire Department agrees with this recommendation, and will work with the Southwest Texas Regional Advisory Council (STRAC) and the City Attorney's Office to develop and execute a Business Associate Agreement that complies with all requirements of the recently updated Health Insurance Portability and Accountability Act.</p>				

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
B	<p><b>B&amp;P Business Associate Agreement</b></p> <p><b>Recommendation:</b> The SAFD Chief should work with the Office of the City Attorney to structure a new Business Associate Agreement with B&amp;P that embodies all requirements of the new HIPAA rules.</p>	5-6	Accept	Assistant Chief Yvette Granato	October 1, 2013
<p><b>Action plan:</b> The San Antonio Fire Department agrees with this recommendation, and will work with Business and Professional Services (B&amp;P) and the City Attorney's Office to develop and execute a Business Associate Agreement that complies with all requirements of the recently updated Health Insurance Portability and Accountability Act.</p>					
C	<p><b>Billable Calls Not Billed</b></p> <p><b>Recommendation:</b> The SAFD Chief should implement ePCR controls that prevent billable calls from being closed out as non-billable. Additionally, the SAFD should periodically reconcile the number of billable calls in the dispatch database with the number of billable calls in the STRAC database to identify calls that were erroneously closed out as non-billable. These calls should then be billed.</p>	6-7	Accept	Assistant Chief Yvette Granato	October 1, 2013

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b>                      The San Antonio Fire Department agrees with this recommendation, and will implement a triggering notification system report created by First Watch (an existing software program) to determine when EMS personnel are closing their patient care records with a non-billable outcome with billable interventions.</p> <p>The trigger inspects all non-billable outcomes for a 12 hour window and checks for billable interventions. The dashboard shows Incident Number, Date/Time of call, Unit involved, Crew members, Non-Billable Outcomes and Interventions. The Incident Number, Date/Time of call, Unit involved and Crew Members come directly from CAD. The outcomes and interventions are pulled from the paramedics completed patient care records (ePCR).</p> <p>Monday through Friday the First Watch dash board is opened up early morning and reviewed for patient care records that have billable interventions. If a patient care record with billable interventions is noted, the record is then flagged for correction. Once a case is flagged for correction, another program is opened (WebPCR) to correct the miscoded outcome. Once all miscoded cases are corrected, all completed patient care records from the previous day are packaged and sent to Business and Professional Services (B&amp;P).</p>				
D	<p><b>Waiving of Fees for San Antonio Airport Patients</b></p> <p><b>Recommendation:</b>                      The SAFD Chief should bill patients for all EMS services rendered, including "aid-only" services provided at the San Antonio Airport. Alternatively, the SAFD Chief should obtain approval from the City Council via ordinance to waive "aid only" fees for incidents occurring at the San Antonio Airport.</p>	7	Accept	Deputy Chief Carl Wedige	December 1, 2013
	<p><b>Action plan:</b>                      The San Antonio Fire Department agrees with this recommendation, and will work with the City Attorney's Office and the Aviation Department to evaluate the continuance of this practice and potentially prepare an ordinance for City Council approval that will authorize limited exceptions to the EMS service fee schedule.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Charles Hood  
Fire Chief  
San Antonio Fire Department

9/17/13  
Date



Erik Walsh  
Deputy City Manager  
City Manager's Office

9/17/13  
Date