ACTION FORM
BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING:	September 24, 2013	**DATE SUBMITTED:**	September 10, 2013
DEPARTMENT OF ORIGIN:	Fiscal Services	**SUBMITTED BY:**	Joe Hegwood

MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:
☐ BCD	☐ PUBLIC HEARING	☐ 1ST READING	☐ PUBLIC SAFETY
☐ SPECIAL	☒ CONSENT	☐ 2ND READING	☒ SERVICE
☒ REGULAR	☐ STATUTORY		☐ ECONOMIC DEVELOP.
☐ WORKSHOP	☐ REGULAR		☐ INFRASTRUCTURE
			☐ QUALITY OF LIFE

AGENDA ITEM DESCRIPTION: Consider approving the write-off of uncollectible ambulance accounts receivable in the approximate amount of $1,612,421.

SUMMARY STATEMENT: Unpaid ambulance bills for the period of October 1, 2010, through September 30, 2011, total approximately $1,612,421. Based upon prior collection experience, this amount will not be collected, although collection efforts will continue and the delinquent accounts have been forwarded to the company that handles the City's delinquent accounts. All outstanding accounts prior to October 1, 2010, were written off in prior fiscal years.

In accordance with standard accounting procedures, the Finance Department sets aside a portion of revenue each month to cover uncollectible accounts. The Allowance for Uncollectible Ambulance Accounts is sufficient to cover this write-off, so no additional funding is required.

The write-off of $1,612,421 represents 41% of the total amount billed in Fiscal Year 2011. In comparing the most recent six year period, 41% is also the average write-off during that time span. The chart below shows how this amount compares to other recent prior years.

Year	Number of Runs	Total Billed	Write Offs Required by Medicare & Medicaid	Amount Written Off by Council Action	Write Off by Council as Percent of Total Billed
2006	4,599	2,211,272	343,396	977,966	44%
2007	5,009	2,407,917	514,460	888,134	37%
2008	5,152	3,552,465	686,592	1,629,345	46%
2009	5,650	3,892,780	887,572	1,806,768	46%
2010	5,283	3,623,950	861,373	1,089,126	30%
2011	5,745	3,939,026	793,815	1,612,421	41%

Health Insurance Portability and Accountability Act (HIPAA) regulations, which became effective April 14, 2003, prohibit the release of information regarding individual ambulance customers.

The write-off amount being brought before the City Council does not include adjustments required by law for Medicare and Medicaid, which are processed on a routine basis. Currently, Medicare pays approximately 48% of the amount billed for each run. The patient is then responsible for approximately 10% of the amount billed, which

may be paid by the patient directly or by their supplemental insurance and the City is required to write-off about 42% of each run billed to Medicare. On an average run billed to Medicaid (where they are the primary coverage), the City is paid an average of 40% of the total billed amount. The other 60% cannot legally be billed to the patient or other insurance companies and must be written off. Over the past six (6) years, Medicare and Medicaid have been attributable for approximately 21% of total billings to be written off. This Council action excludes the Medicare & Medicaid write-offs required by law.

STAFF ANALYSIS AND RECOMMENDATION: This write-off removes older uncollectible accounts from the City's financial statements so they are no longer shown as a receivable. This action ensures that the City's financials comply with Generally Accepted Accounting Principles.

The Finance Department respectfully requests that the City Council approve the write-off of uncollected accounts for the period of October 1, 2010, through September 30, 2011. Experience has proven that the probability of collecting accounts after twenty-four (24) months is highly unlikely. This write-off is for accounting purposes only and collection efforts will continue.

OPTIONS (In Suggested Order of Staff Preference):

1. Approve the write-off of the uncollectible ambulance accounts.
2. Do not approve the write-off of the uncollectible ambulance accounts.

ATTACHMENTS:

FUNDING SOURCE: Finance has conformed to standard accounting practices, which require a portion of revenue be set aside to allow for uncollectible accounts. No further funding source is required.

APPROVALS: Hugh R. Walker, 09/11/2013

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 09/16/2013

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 09/17/2013

Revised 05/2013