



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF EMS BILLING CONTROLS

Report Highlights

Why We Did This Audit

This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2020.

What We Found

Some EMS transports were not invoiced.

Fee waiver documentation can be improved.

Report Number: 2020-A-06

Date Issued: 11/25/2019

Council Members and County Executive Glassman:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of the County's Emergency Medical Services Billing. The results of that audit, our findings and recommendations for improvement are detailed in the attached report. We would like to thank the members of management for their cooperation during the audit.

The audit found EMS services are invoiced and collected correctly. However, in some cases, fee waivers were not documented. Additionally, some EMS transports were not billed. Most of the unbilled transports have been corrected.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks
County Auditor

cc: Mr. Edward Hopkins, Director, Emergency Services
Mr. Robert Sandlass, Treasurer

Audit Team:

Chrystal Brooks
CPA, CIA, CGAP, CISA, CGFM, CRMA
County Auditor

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REVIEW RESULTS

We have audited Harford County's Emergency Medical Services Billing Controls for the period of 01/01/2018 through 07/31/2019. Our opinion, based on the evidence obtained, is invoices are calculated and collected correctly; however, not all transports were invoiced. The audit approach focused on testing the key controls that address management's objectives for the process. Conclusions drawn are below.

Risk	Expected Control	Conclusion
Fees are calculated incorrectly	<ul style="list-style-type: none"> • Fees are based upon a standard fee schedule • A system calculates bills based on EMS report data • Report data is reviewed for quality and validity 	Satisfactory Satisfactory Satisfactory
Revenue is incomplete	<ul style="list-style-type: none"> • Each transport report is captured for invoicing after it has been reviewed • Management confirms that all transports have been invoiced 	Needs Improvement Needs Improvement
Fees are waived inappropriately	<ul style="list-style-type: none"> • The Treasurer approves the waiver of fees that cannot be collected 	Needs Improvement
Payments are not received timely	<ul style="list-style-type: none"> • The billing company forwards collections as soon practicable. • Receivables aging report is available for the County's review. 	Satisfactory Satisfactory

Areas for improvement are described in the Findings and Corrective Actions section of this report. Management has been provided an opportunity to respond to this report; the response provided follows the Findings and Corrective Actions.

FINDINGS AND CORRECTIVE ACTIONS

Finding Number: 2020-A-06.01 Some EMS Transports were not billed

Some EMS transports were not billed.

Analysis: Bills for ambulance transports are initiated after call reports are reviewed and approved in the Elite (formerly eMeds) reporting system. The Elite system is run by Maryland Institute for Emergency Medical Services Systems. In our sample of 50 transports, there were five items that were not billed.

Three of the exceptions were related to County Medic 3 (CM3). When CM3 was placed into service on May 30, 2019, it was not recognized as an ambulance in the Elite system. Accordingly, reviewed call reports for CM3 were not captured by the billing company for invoicing. There were 325 incidents for CM3 in our audit period; 208 resulted in transports. After these issues were identified, Management advised that this issue has been corrected and the backlog is being billed. Accordingly, we reviewed a larger sample of CM3 transports and were able to confirm that they now exist in the billing system.

The remaining two exceptions occurred just before the eMeds system was replaced by Elite. At the same time as the system implementation, responsibility for quality review was transitioned from a volunteer to a full time County employee. When we performed more analysis to determine the extent of the problem, we found additional transports that had not been billed. For 58 transports, the report was reviewed by Emergency Services, but not invoiced by the billing company. Some of these reports may not be billable, though, and some were billed by other fire companies. Emergency Services reviews all of the reports when they are complete; however, the Elite system does not have a mechanism to distinguish between Billable and Unbillable 'Reviewed' reports. We also found 4 transports that required additional information before they could be billed. There were 42 transports in the dispatch system report that did not appear in the lists of billed or quality reviewed calls.

Each of these unbilled transports represents revenue that the County has not recognized.

Recommendation: We recommend Emergency Services take steps to confirm that the unbilled items have been forwarded to the billing company by a specified deadline.

Management Response: As of October 2019, Emergency Services has assigned one person with oversight and responsibility of reviewing all documentation to ensure that all transports are appropriately billed and each report is capture for invoicing. Upon review of the 93 reports forwarded to us from the auditors: 14 reported not billed were found to have been billed; 22 were not billable for reasons such as refused transport, deceased at scene, lift assists, cancelled in route, etc.; 10 cannot be located (appear in CAD but never downloaded-MIEMSS is assisting in locating); and 47 were determined to not have been billed (13 were refused for lack of validation – under review by MIEMSS) the remaining 34 occurred in September/October 2018 and exceed the 12 month time period allowed to bill.

Expected Completion Date: 10/31/2019

Finding Number: 2020-A-06.02 EMS Fee Waiver Documentation

Uncollectible ambulance fees do not have documented waivers.

Analysis: The County Ambulance Rules and Regulations allows the County to accept an insurer's allowable rates for ambulance services. Any of the allowable amount that is not paid by the insurer will be billed to the patient. Additionally, for uninsured patients, the entire invoice will be sent to the patient. The County may waive amounts deemed uncollectible.

The County charges Medicare's allowable rates for services and the billing company is authorized to waive amounts not paid by Medicaid. For other reductions, the County Treasurer must approve the fee waiver in writing before it is entered into the billing system. Because the Treasurer's approval takes place outside of the billing system, the billing company could enter a waiver that had not been authorized by the Treasurer.

We found the waiver process works correctly when an insurance company requests their allowable rates to be accepted as payment in full. However, in our testing of 50 transports, we found 4 fee waivers of uncollectible balances that did not have a documented waiver from the County Treasurer. For each, the balance had been billed to the patient multiple times. For three of these items, a partial payment was received from an insurer. The fourth was assumed to be uninsured.

While the approved waivers would not have changed the County's revenue; the documentation does not meet the requirement of the Rules and Regulations.

Recommendation: We recommend the Treasurer's Office periodically review the billing company reports to confirm fee waivers entered by the billing company were approved.

Management Response: There was some misunderstanding with our billing company. Our instructions to them was to pursue collection efforts up to three attempts; however, the billing company was writing-off the amount after three unsuccessful collection attempts. As of October 2019 the County and the billing company have agreed that before any amount is to be written off it is to be authorized by the Treasurer.

Expected Completion Date: 10/31/2019

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

Harford County operates three ambulances. They were put into service in January and July of 2018 and May of 2019. The ambulances supplement the services provided by the various volunteer fire companies. When one of the medic vehicles transports a patient, the County charges for those services using the Medicare reimbursement rates. A billing company, QuickMed Claims (QMC), has been contracted to perform the invoicing and collections. QMC receives a 6% commission on all amounts collected on behalf of Harford County. The County has adopted Rules and Regulations related to billing rates and collection procedures.

The objective of this audit was to confirm that controls over EMS billing and collection controls are adequate to ensure that those receiving billable medical care are billed the correct amount and payment is received timely. The scope was limited to ensuring billings were proper, collections were timely, and adjustments were reviewed for propriety.

The audit focused on activity during the period of 01/01/2018 through 07/31/2019. Our audit procedures included interviewing personnel, observation and testing. Specifically, we recalculated invoices and confirmed that fee waivers were approved. We also searched for unbilled EMS transports. We performed data analysis to identify potential duplicate invoices and the reasonableness of the accounts receivable aging. Further, we compared QMC's collections with the dates those payments were received by Harford County.

QMC's system of controls has been reviewed and tested by an independent auditor. We relied on that audit report to reduce our testing. QMC expects users to have adequate monitoring controls in place. We reviewed Harford County's user controls, as described in QMC's controls report.

We did not review the adequacy or quality of the EMS services provided; such an analysis would have been beyond the scope of this review and our expertise.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

The audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient 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.