



Legislation Text

File #: 22-0638, **Version:** 1

Chief Administrative Office, Emergency Medical Services and Emergency Preparedness and Response Division, recommending the Board:

- 1) Discharge the Chief Administrative Office from further accountability to collect the debts identified on the attached Discharge of Accountability report pursuant to Government Code Sections 25257 through 25259, for the period 2013 through 2021 in the amount of \$1,740,418.81;
- 2) Approve a one-time discharge of accountability of ambulance fee debts older than 3.5 years due to a change in outside collections agencies, in the amount of \$5,912,166.96; and
- 3) Authorize the County Auditor-Controller to adjust the accounts receivable by a total of \$7,652,585.77 in the County Service Area (CSA) 3 & 7 funds accordingly.

FUNDING: N/A

DISCUSSION / BACKGROUND

Annual Discharge of Accountability

The Board's authority to discharge debts is based on California Government Code, Section 25257 to 25259, which states in part, the "Board of Supervisors may make an order discharging the department, officer or employee from further accountability and if appropriate may direct the County Auditor to adjust any change against the department, officer, or employee in a like amount."

When County debts are determined to be uncollectable for any of the following reasons, the accounts are presented to the Board annually for discharge from further accountability to collect the debts:

1. Bankruptcy
2. Death of the Debtor
3. Expiration of Statute of Limitations; and
4. Uncollectable Debts

Discharge for Bankruptcy and Death of Debtor require legal documentation. The County's previously contracted collection agency, Access Capital, obtained confirmation prior to recommending discharge of accountability. The statute of limitations for ambulance debt is 7 years from the date of service which is the time that the collection agency is allowed to legally collect on the debt. The accounts in this category have passed their statute of limitations. The uncollectable accounts are accounts for which rules or regulation prohibit additional collections, generally related to Medi-Cal and Medicare. There are circumstances in which an account payment appeal is denied by Medi-Cal or Medicare, but regulations prohibit billing the patient, and the account must be discharged. The County's contracted billing agency, Wittman Enterprises, confirms these accounts cannot be collected on prior to designating them uncollectable. uncollectable debts may also refer to accounts with a small amount owing which would not economically justify further efforts, or other billing issues.

The County department responsible for Emergency Medical Services (EMS) brings an item to the Board annually to discharge debt as described above. The EMS function transferred to the Chief

Administrative Office in July, 2019 and the ambulance billing function transitioned in January, 2020, at which point a new billing vendor was contracted. This is the second annual report of uncollectable debts under the new vendor. The annual amount for 2021 was \$1,846,929.43. The annual amount for 2022 is \$1,740,418.81.

One-Time Discharge of Accountability due to Change in Collections Agency

Once our primary billing contractor, Wittman Enterprises, has exhausted efforts to collect the debt, the debt is referred to a collections agency. The County received notice that the outside collections agency that had been utilized since 2013, Access Capital Services, went out of business effective February 28, 2022. As of that date, the County's EMS Division had an \$11,926,848.48 balance on accounts referred to Access Capital. The Division reviewed potential new providers for these services and entered into a new agreement with Grant Mercantile Agency.

Of the total debt on accounts as of September 30, 2022, approximately \$5.9 million is older than 3.5 years. Because these debts have been worked by a prior collections agency without receiving payment in full, the new collection agency was unwilling to accept accounts older than 3.5 years. Additionally, legal restrictions go into effect when a debt reaches 4 years, further decreasing the willingness for a new agency to accept older accounts. Additionally, the collections rate of debts of this age are historically very low.

For the preceding reasons, the Division is recommending the Board discharge accountability for the collections of all ambulance fee debts older than 3.5 years, in the amount of \$5,912,166.96. Included in this amount is a small portion of accounts that the new collection agency would not accept due to the account holders being minors, attorney represented accounts with missing information, and unknown account holders.

Historically, the Division has recommended the Board discharge all accounts as they reach 7 years, due to statutory limitations, along with accounts deemed uncollectable for other reasons, such as bankruptcy or death. If the current recommendation is approved, the Division anticipates that for the next 3.5 years, the total amounts recommended for the Board to discharge will be significantly reduced, as there will be no accounts reaching 7 years of age.

All debts recommended for discharge are considered uncollectable by the Division and have not been factored into any fund balance or revenue projections for the program.

ALTERNATIVES

Should the Board decline to discharge accountability of the Chief Administrative Office for the aforementioned accounts, the uncollectable accounts would remain an obligation of the Office to pursue. However, based on current resources and expertise, successful collection of the debts would not be anticipated.

PRIOR BOARD ACTION

1. December 14, 2021, File ID: 21-0877 Discharge of Debt
2. December 8, 2020, File ID: 20-1442 Discharge of Debt
3. October 8, 2019, File ID: 19-1248 Discharge of Debt
4. June 25, 2019, File ID: 19-0930 Discharge of Debt

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

There is no Net County Cost associated with the discharge of these accounts. These debts are considered uncollectable and have not been factored into fund balance or projected revenues for the program.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

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