

## REQUEST FOR BOARD ACTION

### HENDERSON COUNTY BOARD OF COMMISSIONERS

**MEETING DATE:** February 21, 2007

**SUBJECT:** EMS Billing and Collections

**ATTACHMENTS:**

1. In-House vs. Outsourcing Cost Comparison for EMS Billing
2. EMS Accounts Receivable Report

**SUMMARY OF REQUEST:**

This agenda item is being presented to update the Board on specific issues related to the EMS billing and collections functions. Last month, staff informed the Board of Commissioners that EMS transport billing was behind schedule due to billing staffs' attempts to collect unbilled charges from the past. Fortunately, this backlog of unbilled transport charges does not cause the County to lose revenue, nor will it require the County to "write off" charges. The backlog only impacts the timing in which we receive the revenue.

Since the last meeting, one of our EMS billing employees has again left on medical leave. Due to this medical leave and the additional backlog that it could affect, we have hired 2 temporary employees, one with medical billing background to fulfill the billing and collections function in place of the employee who is out on medical leave. In addition and most recently, we have hired an additional temporary employee who will field phone and office inquiries, thus freeing up the billing clerks to process additional bills. We expect that having an experienced billing clerk coupled with a temporary assistant to manage phone and office inquiries, we should be able to increase our processing of billing charges from 2 per hour to 3 per hour, at least. We feel that the billing and collections function requires only 2 positions as a standard; therefore we will not need the temporary positions once this backlog has been eliminated. Again, these efforts will not provide additional revenues for the County, but we will be able to capture the revenues in a more timely manner.

To further our efforts in maximizing efficiency in our EMS transport billing and collections, staff has analyzed the cost-benefit of contracting with an outside company to perform the EMS billing and collections functions versus continued in-house provision of these services. Two companies have provided quotes for performing this function on the County's behalf. These quotes range from \$131,250 to \$178,904. The County's current cost for performing these functions in-house is approximately \$75,880 annually. Therefore, contracting with either of these 2 companies would cost the County between \$55,370 and \$103,024 more than the current in-house cost. Staff recommends that the EMS transport billing and collections functions remain in-house.

The attached EMS Accounts Receivable Report is being provided as information at the Board's request.

**BOARD ACTION REQUESTED:**

Staff recommends continued in-house billing and collections for EMS transports, with a goal of having billings up-to-date prior to the end of the current fiscal year. We will keep the Board updated as to our progress going forward. Staff also requests that the Board approve the attached EMS Accounts Receivable Report as presented.

**Suggested Motion:**

*I move that the EMS billing and collections functions remain in-house with the goal of bringing the billing current sooner, but not later than the current fiscal year end. I further move the approval of the attached EMS Accounts Receivable Report as presented.*

# EMS BILLING & COLLECTIONS COST COMPARISONS

## Inhouse vs Outsourcing

### 1. Inhouse (currently)

2 Full-time employees:	Salaries	\$ 57,861
	Benefits	8,419
Postage		7,500
Office supplies		<u>2,100</u>
<b>Total inhouse expenses</b>		<b>\$ 75,880</b>

### 2. Outsource (based on 7,500 billable transports)

#### A. Medical Business Resources – Asheville

Fee Option 1: 7% of projected monthly collections:	<b>\$147,333</b>
Fee Option 2: \$17.50 per billable transport:	<b>\$131,250</b>

#### B. EMS Management and Consultants – Winston Salem

Fee: 8.5% of projected monthly collections:	<b>\$178,904</b>
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**EMS ACCOUNTS RECEIVABLE  
BALANCE REPORT  
Period Ending 2/9/07**

<b>A/R Balance @ 12/20/06</b>	<b>\$ 827,641.12</b>
<b>Add: New charges (1)</b>	<b>334,496.45</b>
<b>Less: Payments (2)</b>	<b>( 244,098.83)</b>
<b>Insurance contractual adjustments (3)</b>	<b>( 61,057.74)</b>
<b>Uncollectible charge-offs (4)</b>	<b><u>        664.34</u></b>
 <b>A/R Balance @ 2/9/07</b>	 <b>\$ 856,316.66</b>

**(1) – new patient charges from 12/20/06 through 2/9/07**

**(2) – payments/credits received from 12/20/06 through 2/9/07**

**(3) – actual Medicare, Medicaid and other insurance contractual adjustments for charges not owed by patients**

**(4) – small account balances charged off as uncollectible**