

**FREDERICK COUNTY, MARYLAND
Frederick County Government -
Ambulance Billing Services
Frederick, Maryland**

**PERFORMANCE AUDIT REPORT
For the period July 1, 2016 through June 30, 2018
Report #18-06**

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES
TABLE OF CONTENTS**

INDEPENDENT AUDITORS' REPORT AND EXECUTIVE SUMMARY	1
BACKGROUND	3
OBJECTIVES, SCOPE, AND METHODOLOGY	5
FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES	7



INDEPENDENT AUDITORS' REPORT AND EXECUTIVE SUMMARY

Interagency Internal Audit Authority
Frederick County, Maryland

CliftonLarsonAllen LLP (CLA) was engaged by Frederick County, Maryland (the County) to conduct a performance audit of Frederick County ambulance billing services. The purpose of this report is to provide findings and recommendations regarding this audit. Our audit scope covered the period of July 1, 2016 through June 30, 2018. Our audit was conducted in accordance with *Governmental Auditing Standards* issued by the Comptroller General of the United States.

We noted the Frederick County Fire and Rescue Services contracts with Ambulance Medical Billings to bill patients for ambulance transport services. Since Ambulance Medical Billing (AMB) performs part of management function related to ambulance billings, we reviewed obtained the system and organization controls report (SOC report). We noted that prior to this engagement, management was not aware of the purpose of the SOC report and was not reviewing the report to ensure controls at the County were adequate.

During our visit at various EMS Companies, we obtained an understanding of the procedures performed by the emergency medical services providers to obtain information from patients related to ambulance billings. We noted that all reports are uploaded to the Maryland eMeds State Bridge Patient Care Reporting System by the end of the EMS providers shifts. The providers noted that within two weeks from the date of the transport they would be notified by the ambulance billing department if any information in their reports were missing. The Companies informal policies require they get back to the ambulance billing department by the end of their next shift which can be 3 days later.

The information obtained by the EMS providers is a critical part of the process in billing insurance companies or patient for the transport. The quality and completeness of the information collected is the most important variable in the process that ensure timely, efficient, and accurate billing, collection and payment to each Company.

On a daily basis, the Ambulance Billing Department downloaded completed forms from the eMeds State system. Once it is deemed the reports have all necessary information, they are sent to AMB for billing. AMB then bills the patient and/or insurance company and follows up on any incorrect information obtained from the patients. We noted there were several instances where transports were not billed or followed-up in a timely manner resulting in potential lost revenue for the County and Companies. We also noted some lapse on the part of AMB in following up on late billings.

Monthly and quarterly reconciliations are performed between the amounts collected by AMB to the amounts that are owed to each Company. The reconciliations are performed manually and take information from various reports provided by AMB and other County departments. It was noted due to these reports being completed manually, several errors were noted in the calculation of the amounts owed to the Companies. Quarterly, payments are sent to the Companies based on the quarterly reconciliations performed. We noted instances where the timeliness of the payments sent to the Companies were more than considered reasonable (45 days).

A summary of findings is as follows:

Finding #	Finding
Management's Review, Documentation and Follow-up on Systems Organization Controls Report	Management was not aware of the Ambulance Medical Billing (AMB) system and organization control report (SOC report) and its purpose. Subsequently, management did not evaluate the results in the report and the internal control they needed in place to complete the Departments internal control system.
Recordkeeping and Billing Errors	There were several errors noted in the monthly and quarterly reconciliations that resulted in incorrect amounts being disbursed to the Companies.
Monthly and Quarterly Reconciliations and Adjustments	Adjustments are made to reconciliations with little to no explanations as why the adjustment was needed.
Timeliness of Payments to Companies	Payments are not submitted to Companies within a reasonable amount of time.
Missing Patient Information for Billing	Bills are not processed due to inaccurate or missing information from the patient. Follow up is not performed timely on bills with missing or inaccurate information. Instances of late follow up from AMB was also found.
Outdated Communications	Communication between the Department and Companies in the ambulance billing process could be improved.
Challenges with Technology Used in Collecting Patient and Encounter Data	Technology used to report transports data has had significant challenges for the Companies including issues with the physical equipment and connectivity issues.

The responses from Frederick County Fire and Rescue Services are included after each finding in the findings, recommendations, and management's responses section.



CliftonLarsonAllen LLP

Baltimore, Maryland
 March 20, 2019

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

BACKGROUND

In January 2003, the Frederick County Fire and Rescue Services (the Division) began billing patient's medical insurance for ambulance transport services. These billings began in an effort to offset the rising costs of providing emergency medical services (EMS). A portion of the billings collected is provided to the Fire and Rescue Companies (Companies) to assist with operating costs of providing emergency medical services. The remaining portion collected is used by the County's General Fund to offer some relief to the taxpayers of the County.

When a call is dispatched from the 911 dispatch center a local ambulance is dispatched to the scene of the incident. Upon arriving at the scene of the incident, the EMS provider provides services to the patient. While providing emergency medical services, the provider obtains information from the patient to complete a report in the Maryland eMeds State Bridge Patient Care Reporting System (the State system). Information obtained includes information regarding the incident, vitals, patient name, date of birth, social security number, address, insurance information, and patient signature to provide services. All of the information is put into a report on the State system and then accessed by the Ambulance Billing Department.

The reports from the EMS providers are accessed by the Ambulance Billing Department (the Department), via the State system daily. The reports are reviewed by the Department to ensure all information that is needed to bill is included in the report (patient name, date of birth, social security number, insurance information and signature). If all information is not provided, an email is sent back to the provider to complete. The Department reconciles the State system with a report from the dispatch center to ensure a report was obtained for all EMS calls. Once the reports have all relevant information, they are sent to the external service provider, Ambulance Medical Billing (AMB).

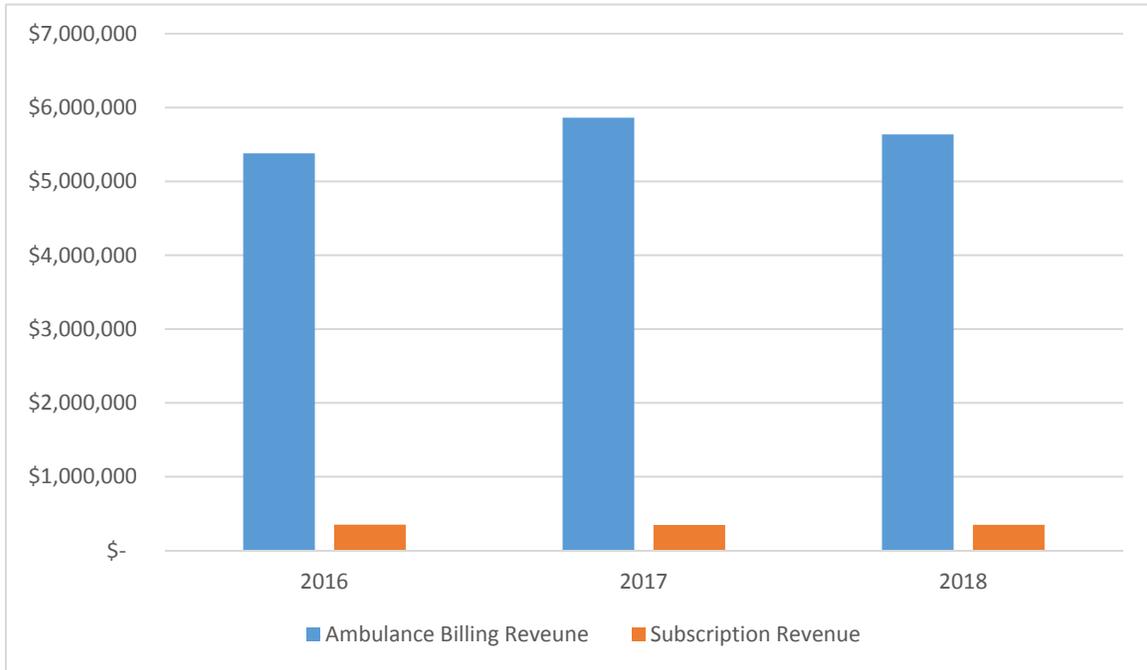
AMB is an EMS billing company that provides ambulance billing services. The Department switched to AMB as their ambulance billing provider in October of 2017 through a competitive bid process. When AMB receives the upload of calls ready to process they ensure all information in the report is accurate and bills the patient and/or insurance for the trip provided. AMB has access to the County payment portal to review payments for services as well as rebills for payments not received. AMB tracks bills issued and payments received by Company number and creates reports on a monthly basis to provide to the Department.

The EMS Billing Coordinator receives the monthly reports from AMB that shows the amounts billed each month and the amount of revenue collected for each Company. From this information, the EMS Billing Coordinator creates a monthly reconciliation for each Company showing the amount of billings, collections and refunds. The reconciliations also include the Companies portion of operating cost (salaries, postage, etc.). These monthly reconciliation are sent to each Company for their records.

Additionally, the EMS Billing Coordinator performs a quarterly reconciliation that supports the amounts paid by to each Company. These reconciliations are the support for the check request sent to the County's Finance Department. These reconciliations are sent to each Company.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

The ambulance billing and subscription revenue activity for the 2016, 2017 and 2018 is below.



**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

OBJECTIVES, SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) established by the U.S. Government Accountability Office (GAO). 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 conclusion based on the audit objectives. Because of the inherent limitations, a performance audit made for the limited purposes of our review would not necessarily disclose all weaknesses related to the department's compliance.

The objectives of the audit were to understand the ambulance billing services, its policies and procedures as well as internal controls surrounding the program as a whole including patient billing, reconciliations, collection procedures, allocations to volunteer companies and oversight and review functions. The scope of the audit covers the period July 1, 2016 through June 30, 2018.

Objective 1 - Gain an understanding of the internal controls as it relates to billing charges and patient billings including biller functions and reporting duties with and amongst the billing vendor.

- 1) Based on risk assessment performed, select a sample of 8 Companies including both volunteer and career companies.
- 2) For each of the 8 Companies selected:
 - a) Select a sample of 5 transports/bills during the period July 1, 2016 – June 30, 2018.
 - b) Review the transports/bills for timely submission to the Ambulance Billing Department.
 - c) Ensure the transports/bills selected were charged the proper rates based on the services provided.
 - d) Review the transports/bills for timely submission from the Ambulance Billing Department to the billing vendor, Ambulance Medical Billing (AMB).
 - e) Ensure the correct Company was credited with the payment received.

Objective 2 - Determine that the monthly calculations and reconciliations are completed timely and accurately.

- 1) Review procedures for monthly reconciliations including departmental oversight and review function controls.
- 2) Based on the results of the risk assessment, select 25 monthly reconciliation from across all Companies during the 24 month period July 2016 - June 2018.
- 3) For each month selected for testing -
 - a) Obtain the reports received from the billing vendors.
 - b) Recalculate the monthly calculation based on:
 - i) Amount of revenue collected.
 - ii) Agreed upon commission rate (6.5% - MED 3000 through September 30, 2016, 4.25% - MED 3000 through June 30, 2017, 17.00% after July 1, 2017 and 3.98% - AMB).
 - iii) Operational and overhead costs.
 - c) Ensure all amounts included on the reconciliation are applicable to the Company.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

Objective 3 - Determine that the quarterly calculations and reconciliations are completed timely and accurately. Ensure all amounts collected and disbursed are allocated to the appropriate company.

- 1) Review procedures for quarterly reconciliations including departmental oversight and review function controls.
- 2) Based on the results of the risk assessment, select 25 quarterly reconciliations over all companies during the period July 2016 - June 2018.
- 3) For each quarter selected for testing -
 - a) Obtain the reports received from the billing vendors.
 - b) Recalculate the monthly calculation based on:
 - i) Amount of revenue collected.
 - ii) Agreed upon commission rate (6.5% - MED 3000 through September 30, 2016, 4.25% - MED 3000 through June 30, 2017, 17.00% after July 1, 2017 and 3.98% - AMB).
 - iii) Operational and overhead costs.
 - c) Ensure collections are properly allocated to the appropriate Company.
 - d) Ensure amount remitted to the Companies agreed to the reconciliations performed.
 - e) Ensure supervisory review procedures occurred in a timely manner.

As part of the ambulance billing audit, we:

- Selected eight Companies which included both career and volunteer to perform an interview and site visit. For each of the Companies visited, we:
 - Reviewed their procedures for ensuring all required information is obtained from patients and how follow up information is provided to the Ambulance Billing Department.
 - Selected 5 transports from each Company selected during the period July 1, 2016 – March 31, 2018. For each transport selected CLA tested:
 - Patient information submitted to AMB agreed to the patient information reported on the Comprehensive Report on the State system.
 - Transports were subsequently billed by AMB in a timely manner.
 - Payments were collected or follow-up procedures were performed in accordance with policy.
 - The proper Company was credited with the bill and payment.
- Selected 25 monthly reconciliations from across the all Companies during the period of July 1, 2017 – June 30, 2018. For each monthly reconciliation selected CLA tested:
 - Information reported on the reconciliation agreed to the reports provided by AMB and Med 3000, when applicable.
 - Calculations of the fees paid to AMB and Med 3000 were calculated accurately using the correct rates and collections/refunds.
 - Operating costs included on the reconciliations agreed to supporting documentation and were properly allocated to all Companies.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

- Selected 25 quarterly reconciliations from across all Companies during the period of July 1, 2017 – June 30, 2018. For each quarterly reconciliation selected CLA tested:
 - Information reported on the reconciliation agreed to the reports provided by AMB and Med 3000, when applicable.
 - Calculations of the fees paid to AMB and Med 3000 were calculated accurately using the correct rates and collections/refunds.
 - Operating costs included on the reconciliations agreed to supporting documentation and was properly allocated to all Companies.
 - Checks issued to Companies were issued in a timely manner (within 45 days of the end of the quarter).

FINDINGS, RECOMMENDATIONS AND MANAGEMENT’S RESPONSES

We identified several areas where exceptions to current policies and procedures were noted or controls could be improved. These items are discussed below and include our findings and recommendations, together with the Department’s responses to our findings.

Management’s Review, Documentation and Follow-Up on System Organization Controls Report

The Department contracts with a third party processor for ambulance billing. The third party processor, Ambulance Medical Billing (AMB), contracts with an independent certified public accountant to provide its customers and other auditors a system and organization controls report (SOC report). That report is designed to provide information on the design, implementation, and effectiveness of the internal controls at AMB. Additionally, the report details the internal controls the Department should have in place to integrate AMB processes with the Department’s ambulance billing processes. We noted management was not aware of this report and its purpose. Management requested the report from AMB during our audit process. The report noted one issue on terminated employees at AMB and the timeliness of removing their access in the system. We recommend the Department obtain the SOC report annually, document their evaluation of the issues noted and ensure the Department’s internal controls cover the user considerations documented in the SOC report. Additionally, the contract allows for a site visit at AMB. A periodic site visit involving the County Compliance Officer who has responsibility over compliance of the contract would allow the Department management to discuss issues and solutions to issues identified throughout the contract. We also recommend the County Compliance Officer continue to perform periodic reviews of the contract, the internal controls surrounding the contract and the performance of AMB.

Management’s Response

Concur: Management agrees with auditor’s findings and recommendation. The following action will be taken to improve the situation. The Compliance Officer will request a SOC report from AMB on an annual basis and will conduct site visits at a minimum of once a year or more frequent depending on findings. In addition, the Compliance Officer will continue all periodic reviews to ensure internal controls are being carried out in compliance with contract.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

Recordkeeping and Billing Errors

The Department uses a spreadsheet to calculate the amounts due to the Companies based on the reports received from AMB. The spreadsheet is a template that was created by the Department to facilitate the calculation and processing of payments to the Companies. The data is input manually into the spreadsheet. We noted errors in 8 of the 25 monthly reconciliations tested and 12 of the 25 quarterly reconciliations tested that ultimately resulted in payment errors to the Companies. The noted errors were:

- Refunds not being included on the reconciliation.
- Fees were calculated using the wrong revenue base.
- Fees were double counted.
- Fees were applied when not appropriate.
- Revenue and refunds in the spreadsheet did not agree to data from AMB.
- Salary information did not agree to support.

These calculations are complex and difficult to understand. Prior to this audit, management recognized the need and implemented a management review procedure. However, this review procedure did not appear to identify all errors listed above. These errors or omissions resulted in incorrect amounts paid to the Companies. The incorrect amounts were not significant individually or in the aggregate for any Company. We recommend management update the spreadsheet tool and strengthen management's review. The spreadsheet tool can be modified to control the editing of formulas and other cells that should be modified during the normal course of processing a payment. In order to strengthen the management review procedure, the procedure should be documented and indicate the purpose and key items to be reviewed. Management should also document the review of the reconciliations.

Management's Response

Partially Concur: In December 2017, management implemented a fiscal oversight review procedure to review spreadsheets for accuracy. Management believes the necessary controls over the review of manual data entries is operating effectively to detect manual entries and that they are applied to appropriate companies. The Fiscal Specialist will continue to work closely with appropriate personnel to ensure the controls are working as effectively as intended to further ensure effective application of the current controls, the spreadsheet tool has been updated to eliminate manipulation of cells and formulas. Management has noted some errors still occurring, however will work to increase the level of review, update review procedures and work to tighten controls on the spreadsheet.

Monthly and Quarterly Reconciliations and Adjustments

The Department performs monthly and quarterly reconciliations between amounts collected by AMB to the amounts due to the Companies. The reconciliations verify the amounts paid to the Companies are accurate based on the amounts collected by AMB. Based on our discussions with Companies and review of reconciliations, we noted adjustments in the reconciliations that were not well documented as to why the adjustments were made. Adjustments were made with little to no explanation as to why. Incomplete documentation for adjustments results in an inadequate audit trail when payments are questioned. We recommend adjustments be supported with who made the adjustment, why the adjustment was made and when the adjustment was made.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

Management's Response

Concur: Management agrees with auditors finding and will take the following action. To meet this objective, controls will be put in place to accomplish the following functions: controls will ensure that financial statements and reconciliations are properly compiled and reported in the account and funds to which they apply; controls will also ensure correct presentation of financial statements, reconciliations and necessary adjustments to result in accurate reporting. Controls and processes should generate adequate documentation to demonstrate achievement of objectives. This is not only important for audit oversight and public record purposes, but also to enable effective monitoring of controls over financial reporting by management.

Timeliness of Payment to Companies

After the quarterly reconciliations are completed and the amounts due the Companies is determined, a payment is made to the Company. The Department does not have a policy on how quickly these payments are made after the end of the quarter. Companies receiving payments are not sure when to expect their funds. We noted payments as long as 74 days after quarter end. We recommend the department set a timeline on payment processing so Companies can better manage their funding.

Management's Response

Management partially concurs with the finding and recommendation. Payments are generally disbursed within 45 days after the end of the quarter. However, factors beyond our control can influence the timeliness of payments making a hard deadline problematic. Stated as a goal, management believes that the 45 days is a reasonable target and the goal that staff work to achieve.

Missing Patient Information for Billing

In order to appropriately bill patients or insurance carriers, the information collected from the patient is critical. The EMS providers, and AMB collect the necessary information, however, information can be inaccurate or missing at the time the bill is being created. We noted:

- Eligible transports were not billed due to missing information.
- Date of billing was significantly after the date of the transport.
- Providers did not obtain the necessary information from the patient.
- AMB follow-up on missing information could be months after the date of the transport.

The longer it takes to bill a patient or insurance carrier, the less likely a payment will be collected. Timely follow-up on missing information is essential to the billing process. We recommend developing additional controls to ensure all transports are followed-up on and problem billings do not age beyond a certain date after a transport.

Management's Response

Concurs: Management agrees with auditor's recommendation. We will continue to aggressively work with EMS command staff and company officers to address personnel performance issues related to obtaining the necessary patient information and to include disciplinary action as necessary. Compliance Officer will continue all periodic reviews to ensure internal controls are being carried out in compliance with contract and based upon a pattern of continuance, Compliance Officer and billing staff will conduct a follow up with AMB.

**FREDERICK COUNTY, MARYLAND
FREDERICK COUNTY GOVERNMENT –
AMBULANCE BILLING SERVICES**

Outdated Communications

The Department and Companies have an established agreement outlining the roles and responsibilities over the billing process. However, there appears to be no established processes in place for communication between the Department and Companies to provide an ambulance billing overview. Additionally, Companies have indicated that it is difficult to understand how, when and what they are being paid. We recommend the Department and Companies review the agreement periodically to reflect the current understanding and make expectations and calculations clear between both parties. We also recommend that the billing department attend at least one volunteer association meeting a year to keep communication open and transparent. Additionally, we recommend the Department hold an annual training for both the volunteer and career companies. The training should include, but not be limited to:

- Updates to the billing process and recognized concerns in the process (career and volunteer)
- How to read and verify the monthly and quarterly reports provided to the companies from the Department (volunteers).
- Stressing the importance of obtaining complete and accurate patient data at the time of transport and how that effects payments to the Companies (career and volunteer).
- Supervisory roles and management of poor performance should be reviewed annually (career and volunteer)

The training would allow a free exchange of ideas and concerns improving transparency in the ambulance billing process encouraging two-way communication.

Management's Response

Concur: Management agrees with auditors' recommendation. Management will take the following action to address these concerns. Staff will bring together Company president, treasurer and chiefs to communicate billing processes.

Challenges with Technology Used in Collecting Patient and Encounter Data

Both career and volunteer staffing were concerned about the technology used to collect and transmit patient and encounter data at the time of transport. Several individuals interviewed during testing sited issues with both the physical equipment and connectivity to the network. The handheld tablets used often did not connect to the WiFi and synchronize with the network. Additionally, if the synchronization did not upload to the network, the individual syncing the information is not notified the information was not transmitted until the reconciliation between the call center and transports is performed. At that time, the information needed to be recalled from notes and memory. These tablets use WiFi connections and within a few of the companies the WiFi connectivity is less than desirable given the geographic location and the service available in the area. The tablets were also noted by most all individuals interviewed as hard to type up reports on, causing reports to be submitted later from the station at a desktop. We recommend the Departments communicate with each Company and determine the best solution and strategy to increase the accuracy and timelines of the patient and encounter data in order to complete the billing cycle timely. We also recommend the Department look to other, more manageable options aside from the tablets as requested by staffing.

Management's Response

Management agrees with recommendation and currently has CIP project funding for the replacement of the ePCR patient reporting. Currently management is field testing various computers for this purpose.