Ambulance Services Follow-Up Audit
June 2013

Patrice Randle, City Auditor
Craig Terrell, Assistant City Auditor

Ambulance Services Follow-Up Audit
Table of Contents

Ambulance Services Follow-Up Audit

Office of the City Auditor

Patrice Randle, CPA
City Auditor

Executive Summary

Four of eight prior audit recommendations were fully implemented

Fully Implemented

Subscription plan receipts and breakdown

Non-closure of EMS calls in-progress during changes in ambulatory response

Vendor's patient billing quality assurance

Verification of priority code changes

Partially Implemented

AMR website

Not Implemented

City review of contractor billing data to identify systemic billing issues

Reconciliation between CAD and AMR's patient transport data

Customer surveys

As part of the Fiscal Year 2013 Annual Audit Plan, the City Auditor's Office has completed a follow-up audit of the Ambulance Services Audit released in September 2012. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. 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 conclusions based on our audit objectives. The audit objective was to determine the implementation status of prior audit recommendations.
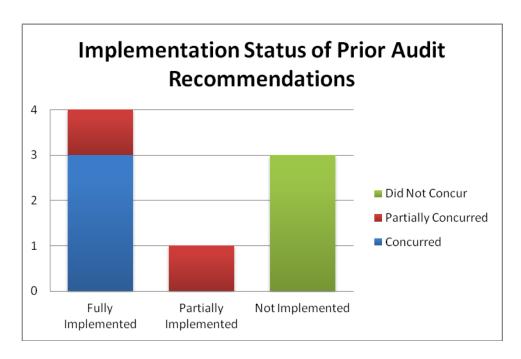
The initial Ambulance Services Audit report included eight recommendations. Management concurred with three of those audit recommendations, partially concurred with two and did not concur with the remaining three. The audit recommendations to which management did not concur related to: 1) periodic reviews of contractor billing data; 2) routine reconciliations between CAD and AMR patient transports; and 3) conducting routine, statistically-valid customer surveys of ambulance patients.

Audit follow-up indicates that AFD enforced the contract requirement for annual financial statements with a breakdown by service type. Also, the ability to change the destination of a transport without showing the current transport "complete" was included in the newly-acquired CAD system. To help decrease the risk for incorrect billing, AMR implemented a monthly quality assurance review of its patient billings. Also, management currently documents the reason for changes in priority codes, which are used to calculate liquidated damages.

AMR's website was updated to reflect CPR course offerings, but still does not allow on-line registration as required by the contract. AFD did not review contractor billing data to iden-

1

tify systemic billing issues. Instead, their review was limited to information reported by the vendor.

Since management's position regarding the need to reconcile CAD and AMR patient transport figures and the need for additional customer surveys did not change, management chose not to implement audit recommendations related to the two findings.

The following table depicts management's response to the audit findings/recommendations and the implementation status.

Audit Scope and Methodology

The City Auditor's Office reviewed ambulance services operations from October 2012 through April 2013. The following methodology was used in completing the audit.

- Reviewed audited financial statements for audit years 2011 and 2012
- Observed AMR website
- Reviewed monthly quality assurance review summaries prepared by AMR
- Observed transport feature within the new CAD system

Status of Prior Audit Recommendations

Prior Audit Finding
AMR has not complied with financial reporting requirements noted within the contract.

Recommendation: The Fire Chief should require that American Medical Response (AMR) comply with the contract (and thus allow AFD to ensure compliance with approved rates) by providing subscription plan receipts and a breakdown by service type, including all emergency and non-emergency transports, annual subscription program, public education activities and any other operations.

Management's Response: *Concur. The 2009 and 2010 ambulance contract audit reports reflected a standard industry reporting format which was reviewed and approved by the City's Finance Department. All future AMR financial reports will reflect detailed contract requirements.*

> *Target Date: 2011 was in this requested format.*
> *Responsibility: Medical Operations will ensure this requirement is met.*
> *David Stapp, Battalion Chief*

Implementation Status: **Fully Implemented**.

Section 20.A.2. of the contract with AMR requires (within the annual audited financial statements) a breakdown by service type, including all emergency and non-emergency transports, annual subscription program, public education activities and any other operation.

For the years ended 12/31/2011 and 12/31/2012, AMR's financial statement included a breakdown as required by the contract.

Prior Audit Finding
Component used to calculate maximum average billing (MAB) is not reconciled.

Recommendation: In reference to the new system that is planned to replace CAD, the Fire Chief should consider including features within the specifications that would not require closure of an EMS call in-progress when changes occur during ambulatory response.

Management's Response: *Concur. The new Intergraph CAD will allow for "transport updates" which the current Tiburon CAD does not.*

     Target Date: December 2012
     Responsibility: Brian Riley, Assistant Chief

Implementation Status: **Fully Implemented.**

The current system allows the destination of a transport to be changed without showing the current transport as "complete".

Prior Audit Finding
Ambulance billings contained mileage overcharges.

Recommendation: The Fire Chief should require AMR to implement a quality assurance methodology in its patient billing processes in order to detect possible mileage overcharges.

Management's Response: Concur. New electronic patient care reporting technology provides AMR with audit capability of transport mileage per call. AMR will conduct random audits and provide the AFD's Medical Operations section with mileage audit reports.

> *Target Date: In process*
> *Responsibility: David Stapp, Battalion Chief*

Implementation Status: **Fully Implemented.**

The City Auditor's Office observed monthly reports from September 2012 – April 2013 that were submitted by AMR. The monthly reports summarized AMR's mileage review which is noted to have consisted of all transports greater than 10 miles from within Arlington to an Arlington destination; and a random audit of 50 transports.

From Nov 2012 – April 2013, AMR identified 42 billing errors, of which 23 were corrected prior to patient billing. The remaining 19 were corrected or were to be corrected subsequent to patient billing. Of the 42 errors noted, 41 were patient over-billings.

Prior Audit Finding
Reasons for priority code changes, used to calculate liquidated damages, are not documented.

Recommendation:

The Fire Chief should require routine managerial reviews (during the liquidated damages estimation process) to verify that priority code changes are valid and that the reasons for making priority code changes have been properly documented.

Management's Response:

Partially Concur. This effort occurs today. Medical Operations staff review EMS calls to ensure that EMD protocols are followed. Emergency Medical Dispatch protocols allow for the changes in priority. These priority changes are verified by staff now. Based on Audit's recommendation, an additional documentation category has been added as an internal control tool.

> *Target Date: Completed*
> *Responsibility: David Carroll, Assistant Chief*

Implementation Status: **Fully Implemented.**

AFD currently researches priority codes used to calculate liquidated damages and documents the reasons for which the priority codes were changed.

Prior Audit Finding
The vendor website does not list public education classes or allow on-line registration.

Recommendation: The Fire Chief should require AMR to list courses offered to the public on the AMR website and enable online registration to Arlington residents, as required contractually.

Management's Response:

Partially Concur. The City of Arlington Fire Department ensures that AMR is providing sufficient support in community education efforts. We use AMR to provide support in a much broader community education/training effort in Arlington. The AFD directs this effort through multiple methods which exceed the requirements listed in the contract. The AMR website now reflects CPR course offerings, but registration is done by phone. We believe that direct communications with customers is much more effective than "online" registration. In this case, we manage this issue in the "spirit" of the contract because actual efforts exceed contact limits.

> *Target Date: Completed*
> *Responsibility: David Stapp, Battalion Chief*

Implementation Status: **Partially Implemented.**

AMR's website now reflects CPR course offerings, but does not allow on-line registration.

Prior Audit Finding
Ambulance billings contained mileage overcharges.

Recommendation: The Fire Chief should consider periodic review of contractor billing data by the City's EMS consultant to identify systemic billing issues.

Management's Response: Do Not Concur. This is an AMR business liability concern. The City is not responsible for validation of mileage data entered into AMR billing records. The City immediately responds to citizen complaints about AMR billing issues and pursues the resolution of billing issues on a case by case basis. To interject the City into mileage verification will put the City into a liability concern – this is not the intent of the contract. The contract is intended to assign the billing liability issue to the contractor - who is responsible for accurate patient billing.

   Target Date: Not Applicable
   Responsibility: Not Applicable

Prior Audit Comment: The City Auditor's Office agrees that AMR is responsible for all billings rendered under the terms of the ambulance contract. However, the City Auditor's Office concluded that contract oversight, via a periodic review of contractor billing data, would help demonstrate adherence to the contract requirement to bill at the appropriate rate. While ambulance services and billings are being provided by AMR, citizens may consider erroneous billings to be reflective of the City of Arlington.

Implementation Status: **Not Implemented.**

AFD does not review contractor billing data to identify systemic billing issues. Instead, the extent of AFD's review is limited to what has been/is reported by the vendor.

Prior Audit Finding
Component used to calculate maximum average billing (MAB) is not reconciled.

Recommendation: The Fire Chief should require a routine reconciliation between CAD's patient transport data report and AMR patient transport figures.

Management's Response: Do Not Concur. The CAD and AMR billing systems have completely different purposes and are not meant to be compared to each other as a method of patient validation. The CAD system is a call dispatching and response tracking system. The billing system used by AMR is separate and meant for patient billing for the services provided. This is not a contract requirement.

      Target Date: *Not Applicable*
      Responsibility: *Not Applicable*

Prior Audit Comment: The City Auditor's Office agrees that CAD data is not used for patient billing. However, since CAD includes the number of transports and is an informational source used for AMR billings, reconciliations would identify any discrepancies which could impact the maximum average bill chargeable to the public.

Implementation Status: **Not Implemented.**

Management's position regarding this prior audit recommendation did not change. Management therefore chose not to implement the audit recommendation.

Prior Audit Finding
The AFD has not requested customer service surveys as provided for in the ambulance services contract.

Recommendation: The Fire Chief should consider obtaining and/or conducting on a routine basis statistically valid customer surveys of ambulance patients.

Management's Response: *Do Not Concur.* **Ambulance/Emergency Medical Services.** Among users in the past 12 months, ambulance and emergency medical services continue to be rated very high (95%+ top two box) on quality of service and timeliness of service. The City survey is a sufficient customer satisfaction survey tool. *See latest City survey*

http://www.arlingtontx.gov/cityservicessatisfactionsurveys/FY2012_CitizenSurveyFinalReport.pdf.

> Target Date: Not Applicable
> Responsibility: Not Applicable

Audit Comment: The City Auditor's Office agrees that ambulance/emergency medical services continue to be rated high, based on city-wide citizen survey results. However, as previously noted, survey results may be more effective if additional information is obtained, especially since the City's ambulance/emergency medical services are being conducted by a third party contractor. If citizens responding to the City Services Satisfaction Survey had noted poor ambulance/EMS quality, management would be unaware of the reason for the low rating (e.g., lack of professionalism, condition of equipment, etc.).

While the City Auditor's Office was unable to determine the statistical validity of surveys administered by AMR, AMR surveys are more frequent (quarterly versus annually), are targeted to those who are known to have utilized ambulance/EMS during that referenced period, and include more detailed information than that provided in the citizens' survey.

AFD's request for, and review of, more detailed surveys could help identify and resolve performance deficiencies in a timely manner. Detailed survey results could also be used to help support future performance contracting requirements.

Implementation Status: **Not Implemented.**

Management's position regarding this prior audit recommendation did not change. In addition to surveys conducted by AMR, AFD feels connected to the medical community and AMR's performance (via routine Emergency Physicians' Advisory Board meetings and AFD firefighters' direct interaction with AMR). Management therefore chose not to implement the audit recommendation.