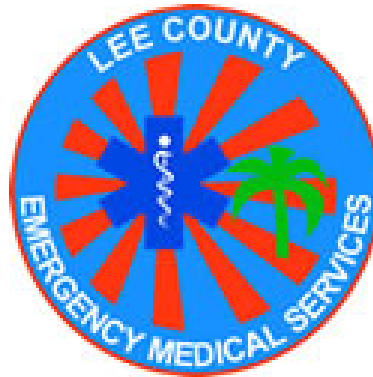


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Lee County Government



Public Safety Division's EMS Helicopter Ambulance

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CHARLIE GREEN: CLERK OF COURT

Internal Audit Department
2009.10
October 2009

October 5, 2009

The Honorable Charlie Green Clerk, Lee County

Re: Audit of Public Safety Division's EMS Helicopter Ambulance

Dear Mr. Green:

The Internal Audit Department has conducted an audit of Public Safety Division's EMS Helicopter Ambulance Lawrence Haut, CGAP, CFE, has completed this review.

The response to the auditor's conclusions, issues and recommendations is attached to this report. The auditors wish to thank the Lee County employees for their assistance and cooperation during the review.

This Report has been posted to the Clerk of Courts website www.leeclerk.org under Internal Audit, Audit Reports. The [hyperlink](#) to the report has been sent to the Lee County Board of County Commissioners and appropriate parties.

Sincerely,



Chuck Short, Director
Internal Audit Department

CTS/mjr

Table of Contents

Public Safety Division's EMS Helicopter Ambulance

Introduction	1
Conclusion	1
Background	2
Issues	2
General Financial Finding	3
Patient Categories, Billings and Payments	3
Billing Errors LCEMS/Lee Memorial Hospital	4
Findings by Patient Category	6
Operational	9
Exhibit 1 – Audit Scope	14
Exhibit 2a – Helicopter Ambulance Fees	15
Exhibit 2b – Analysis of Fees Billed by County	15
Exhibit 2c – Billings by Percentage – by Category – EMS Helicopter	16
Exhibit 3a – LCEMS Operating and Per Patient Cost Detail – Helicopter Program	17
Exhibit 3b – EMS Helicopter Program – Major Non-Personnel Related Costs	18
Exhibit 3c – Revenue Comparison – Ambulance	18
Exhibit 4a – Total Gross and Net Billings Comparison by Patient Category (4/05-5/09)	19
Exhibit 4b – Analysis of Billings and Payments Received by Category of Patient (4/05-3/09)	19
Exhibit 4c – Gross Billings and Collections – EMS Helicopter Last 3 Completed Fiscal Years	20
Exhibit 5 – Collection Agency Policy and Practices	21
Exhibit 6a – Analyses of Billings, Monies Received and Referred for Collection	22
Exhibit 6b – Breakdown on Unpaid Bills by Patient Category (4/05 – 3/09)	22
Exhibit 6c – Monies Collected thru Collection Agency	23
Exhibit 7 – Non-billable Flights by County (from Oct 1, 2007 to June 30, 2009)	24
Exhibit 8 – Analyses of Reasons for Non-billable Flights (On-scene responses only)	25
Exhibit 9a – Public Safety – Process Flow Chart	26
Exhibit 9b – Systems Data Flow	27
Internal Audit Response to Public Safety	28
Response from Public Safety	36

Public Safety Division's EMS Helicopter Ambulance



Introduction

This audit reviewed the Lee County Public Safety Division's Emergency Medical Services (LCEMS), helicopter ambulance program's financial information. The audit concentrated on the billing and collection processes.

The audit was performed in accordance with general auditing standards for the professional practice of Internal Auditing. The cost and scope of the audit is reflected in Exhibit 1. Audit work paper files contain details supporting the findings, conclusions and recommendations in this report.

Conclusions

LCEMS performs a crucial and valuable service for the Community. Employees are highly trained and dedicated to this service.

Helicopter ambulance service fees billed in fiscal year 2008 were \$3,139,170 while collections were only \$1,422,683 (45%). Operating expenditures for the helicopter ambulance program in 2008 were \$3,914,685.

Approximately, \$2.5 million dollars in unpaid bills for claims from October 1, 2006 to September 30, 2008 were referred to a collection agency. Collections amounted to \$450,748 (18%). After retention of the collection fee, \$90,150 (20%), the County received \$360,598 (14%) of the money referred.

Only 6% of the fees billed for Self-Pay patients had been paid. LCEMS does not verify or reconcile payments received by and deposited at the bank with billing and payment records of the service provider. This control will be improved with implementation of the "Inter-medics Window" system now under review.

LCEMS has transported a significant number of patients from out-of-county on helicopters. From October 1, 2007 to June 30, 2009, over 40% of the flights involved out-of-county requests. Responsibility for all payments due to Lee County, for use of the helicopters on these flights, is placed totally upon the individual patient. Many of these bills have not been paid. Exhibit 6-B

LCEMS has signed a Mutual Aid or Inter-local agreement with Charlotte County, Hendry County, and the Sanibel Fire and Rescue District to provide each other with a wide-range of Emergency Medical Services, when needed. There are no written agreements in effect for Collier, De Soto, Sarasota, Manatee and Glades Counties. Cost of operating and administrative expenses for helicopter ambulance services requested then cancelled en-route by out-of County governments' is not billed to the other governments and reimbursed to LCEMS. The average operational cost

per trip for fiscal year 2008, of \$5290 times 72 out-of-county en-route cancellations, not billed for 2008 and 2009 trips, resulted in an estimated unreimbursed extra cost to Lee County of \$380,880.

The helicopter ambulance program received \$60,000 in grant money in 2004 for night vision equipment. The County added an additional \$20,000 in matching funds. The equipment has not been utilized.

Background

Only LCEMS and Collier County EMS have a government operated helicopter ambulance program in Southwest Florida. The two LCEMS helicopters are, on occasion, also used for non-emergency situations.

LCEMS personnel assigned to the helicopter ambulance program include five pilots, critical care paramedics and certified mechanics. Beginning in January 2008, the pilots, air transport paramedics and staff started to work 12 hour shifts and their schedule is normally 7 days on and 7 days off.

Certain trips that are initiated by the helicopters can also become non-billable trips. There are a variety of reasons. Most of these trips are in the category of "Cancelled En-route". A lesser amount of flights are also cancelled due to causes such as, mechanical and weather conditions or patient refuses transport. Percentage-wise, from October 1, 2007 to present, over twice as many out-of-county flights were non-billable, when compared to the percentage for Lee County flights. Exhibits 7 and 8

In November 2003, the Lee County BOCC approved the County's EMS ambulance fee schedule. In March 2005, the BOCC also approved several fee schedule increases to capture additional revenues that could be obtained from Medicare Part B and some insurance providers having increased reimbursement rates for EMS Services.

In April 2009, LCEMS passed an unannounced State of Florida compliance inspection, relating to meeting medical equipment guidelines, with very positive ratings. The Inspector stated in his report that "The citizen's and visitors of Lee County can be proud of the excellent service you provide". The FAA had also recently inspected operations. LCEMS did not receive any written notification of deficiencies based upon that review.

There is also a special external audit scheduled to be performed, by an outside accounting firm, as authorized by the BOCC in March 2009. The audit will consider processes and issues involving patient billing and collection services for all LCEMS ambulance services.

Issues

General Financial Finding:

County expenditures for the EMS helicopter program greatly exceed revenue received.

LCEMS expenditures for the operation of the helicopter program exceeded the patient billing fees received by the County.

The percentage of program costs captured, when compared to billing revenues received, sharply decreased in fiscal years 2007 and 2008.

Revenue received and program expenditures in fiscal years 2006, 2007 and 2008 reflect the following.

The largest category of expenditure was for personnel related costs, which nearly doubled from fiscal year 2006 to fiscal year 2008.

The average operating cost per patient trip was \$5,290 in fiscal year 2008, \$4,068 in fiscal year 2007 and \$3,055 in fiscal year 2006.

The average revenue received per patient trip was \$1,923 in Fiscal year 2008, \$1,499 in fiscal year 2007 and \$1,870 in Fiscal year 2006. Exhibit 3

Several additional positions were staffed since 2006. In addition, as negotiated with the EMS union contract, beginning in 2008, changing the work shift from a 24 hour shift to a 12 hour shift for the helicopter operations employees increased personnel costs, as well.

Other larger categories of non-personal related cost expenditures include helicopter parts, maintenance and fuel costs stayed relatively constant. Exhibit 3

Recommendation: Study other possible sources of funding and revenue, as well as, the current fee schedule.

Patient Categories, Billings and Payments

The following findings are based upon a review of records covering April 2005 thru March 2009:

Patient billings, coverage and Payments

On or about December 21, 2004, The Lee County Board of County Commissioners (BOCC) approved the piggybacking of a contract negotiated by the City of Tamarac, Florida for LCEMS to contract for medical billing services. The contract term was approved for 5 years from 12/2/03-12/31/2008.

Patient statistics for helicopter services:

There was a total of 3,058 helicopter trips billed. An average of 765 per year. The average amount billed per patient trip was \$3,771.

The average amount received per patient trip was \$1,732.

Exhibit 4

There are wide variations in the levels of coverage and allowable fees for the

*Patient
billings,
coverage and
Payments*

four patient categories when compared to the Gross Fees charged by the County. Exhibit 2B

Billings for helicopter services significantly exceed payments received and deposited by the County. This is largely attributable to the following:

- Self-Pay patients have only been paying a small fraction of the fees billed.
- The Medicaid allowable fee is substantially less and most monies billed, have not been received. The current Medicaid allowable for air transport is \$1,000 for the base fee and \$4 per air mile.
- Payment has not been received for 58% of the Medicaid patients net billing amounts. Exhibit 4

Recommendations:

- Review all billing and collection practices and how they compare with industry benchmarks.
- Coordinate all data processing systems of LCEMS and service providers to best coordinate joint efforts to recognize common goals and efforts to obtain monies due.

Billing Errors LCEMS/Lee Memorial Hospital

Specific problems were recently discovered relating to inter-facility patient transfer billings involving Lee Memorial Hospital patients. Most of these billings involved ground transportation, but the claims also included a limited amount of helicopter billings. In recent months, LCEMS has already returned over \$200,000 in monies to Lee Memorial Hospital caused by billing errors.

*Patient Billing
Issues- Special
Audit- Lee
Memorial
Hospital*

Lee Memorial Hospital's Internal Audit department, the outside billing company and LCEMS documented duplicate and multiple billings instances.

A special external audit, by an outside accounting firm, was authorized by the BOCC in March 2009 to more comprehensively consider the issues uncovered.

The audit had still not commenced as of August 2009.

Negotiations involving LCEMS, Lee Memorial Hospital, the billing company and the County Attorney's office pertaining to the specifics of the external audit have been ongoing.

Recommendation:

Monitor external audit efforts and findings. Consider and implement necessary changes that are recommended.

Employees of the billing service provider and LCEMS, both actively participate in the bill data entry steps and processing phases prior to bill payment.
Exhibit 9

All patient and insurance payments are instructed to be sent to a bank lock box in Tampa.

LCEMS and the billing service provider must both rely on the accuracy of the records and processes prepared by the bank pertaining to the reporting of and depositing of all ambulance patient revenue.

Billing processes

LCEMS employees do not have a formal process of reviewing and verifying that all monies received at the lock box are being properly received by the County and credited to a specific claim in the LCEMS records.

On limited occasions, if a patient calls LCEMS with a billing question, than a more specific request for documentation or clarification may be made by an LCEMS employee.

LCEMS has not performed, or hired any third party to perform, any on-site visit or periodic review or sample verification involving the bank lock box process, to better insure full crediting of all monies received.

Recommendation:

Consider added verifications and controls to better insure full and accurate crediting of all monies and patient payments due and received.

*Prior Audit
issues- Current
Findings- Billings
and Collections*

Internal Audit previously reviewed the full EMS operations in 2005. A follow-up audit was performed in 2006. Major issues in the 2005 audit included the following:

- LCEMS was not reaching full potential for revenue collections for all Self-Pay and Medicaid patients.
- Relative to billing and collections, the 2005 audit recommended that Lee County EMS enter into its own agreement with the Service provider and no longer piggyback the City of Tamarac Agreement.

Current Findings:

- LCEMS appears to still not be reaching full potential for revenue collections for Self-Pay and Medicaid helicopter ambulance patients.
- Relative to billing and collections, the prior audit recommended that, Lee County EMS enter into its own agreement with the service provider and no longer piggyback the City of Tamarac Agreement. This prior recommendation has not been implemented by LCEMS.

Recommendations:

Consider setting mutually agreed upon specific written plans and benchmark standard goals for billing and collection percentages. Particularly for those categories, such as Self-Pay and Medicaid, where monies collected appear to have been lagging since 2005.

Consider all possible alternative means of securing payments due.

Findings by Patient Category:

Self- Pay Patients

Self-Pay patients have been the largest of the four categories of individuals serviced by the EMS helicopter program. 44% of all net billings were for Self Pay patients.

The rate of payment for this category of patients has been exceedingly low: Only 10% of these patients have paid some, or all, of the bill.

Only 6% of the Self Pay monies billed were paid to the County.

There have been 1212 patients. Only 125 have paid on some, or all, of their bill.

In addition:

- 49% of the unpaid Self Pay billings are referred to Collections.
- 90% of all billings referred for collections agency handling are for Self Pay claims.
- An additional 45% of unpaid Self-Pay billings are classified as Net Balance due. Exhibit 6B

*Self-Pay Patients
(con't)*

Recommendations:

Pursue strategies to raise collections percentages for Self Pay claims.

Evaluate all reasons for such a low payment rate.

Determine what industry wide standards and benchmarks exist for billing and collection agency performance in the Self-Pay categories and varied demographics.

Evaluate all processes from start to finish pertaining to identifying patients and data input on Self-Pay patients.

Evaluate any and all alternative, secondary sources that might be able to contribute toward paying some, if not all, of these claims.

Research what other County and State governments have tried to do to improve their performance in this category.

*Patients with
Insurance*

Insurance patients, as a whole, receive coverage for a large proportion of the County's Gross fees. These bills have been substantially paid

Patients with insurance coverage have been the second largest of the four categories of individuals serviced by the EMS helicopter program.

Approximately 76% of monies billed for these patients were paid.

84% of these patients have had some, or all, of their bill paid.

- There have been 922 patients. 778 have paid toward their bill.
- \$3,827,066 in gross billings were processed
- \$3,718,588 in net charges, after adjustments, was established.
- \$2,838,315 in payments has been received.

Exhibits 4 and 6

*Medicare
Patients*

The Medicare allowable base fee is higher than the base fee actually billed by the County, but the County mileage fee is higher than the Medicare allowable. Most Medicare money billed has been paid

Patients with Medicare coverage have been the third largest of the four categories of individuals serviced by the EMS helicopter program.

The current Medicare allowable for a helicopter transport is:

Non-Rural Counties- \$3,337.66 base fee and \$21.53 per air mile.

Rural Counties- \$5,006.49 base fee and \$32.30 per air mile.

Lee County currently bills at:

Non-Rural Counties - \$3,200 base fee and \$35 per air mile.

Rural Counties- \$4,050 base fee and \$50 per air mile.

86% of net moneys billed for these patients had been paid.

94% of the net bills have been paid in whole or part.

- There have been 684 patients. 642 have paid on their bill.
- \$2,701,935 in gross billings were processed
- \$2,279,358 in net charges, after adjustments, was established.
- \$1,951,825 in payments has been received.

Exhibits 4 and 6

*Medicaid
patients*

Patients with Medicaid coverage have been the smallest of the four categories of individuals serviced by the EMS helicopter program.

There have been 240 patients. 78% or 186 patients have had some or all of their bills paid. But only 42% of monies billed for these patients have been paid.

This included the following: \$423,014 in billing charges was established. Just \$177,042 in payments has been received. Thus many bills were only partially paid. In addition,

- The allowable amounts being billed for Medicaid patients (net billing amounts) are significantly lower than the gross fee(s) established by the County.
- The current Medicaid allowable fee for air transport is \$1,000 for the base trip and \$4 per air mile.

Exhibits 4 and 6

Recommendation:

Explore methods to improve collections on Medicaid patients.

Operational

Collections Performance

LCEMS has retained a collection agency to collect unpaid monies since 2004. The agency charges a 20% fee for their services.

The contract is part of a 'piggyback" agreement originally signed by Okaloosa County and the Service provider in 2000. Lee County recently renewed its agreement and agreed to an additional two year extension of its original agreement according to the engagement letter language. However, it should be noted that the letter also lists the dates covered would be commencing in October 1, 2008 and ending in September 2011.

This is a three year period. EMS states that the period agreed to, is 3 years. [Exhibit](#)

LCEMS collection agency records reflect that:

- 90% of billings referred for collection agency action were for Self-Pay claims.
- Approximately \$2.5 million dollars in unpaid bills was referred for collection for claims incurred for fiscal years 2006 thru 2008.
- After collection fees were paid, the County received \$360,598 or 14% of the money referred.

Exhibits 6B and 6C

Recommendations:

Work with the collection agency to improve collections.

Clarify in writing that the recent agreement is for three years.

Set written benchmark standards and performance goals.

LCEMS has signed, either a Mutual Aid or Inter-local agreement, to provide a wide-range of Emergency Medical Services with the following other governmental entities:

- Charlotte County
- Hendry County
- Sanibel fire and Rescue District

There are no written agreements for other surrounding locales such as Collier, De Soto, Sarasota, Manatee and Glades Counties.

A specific protocol for use of the Lee County EMS helicopters, by the above entities, is also contained within attachments to the written agreements. Only Lee County and Collier County EMS have a governmental helicopter ambulance capability in the immediate five County areas in Southwest Florida.

*Inter-County –
Mutual aid
agreements*

No compensation for operating or administrative related costs, related to the services it renders, is reimbursed to Lee County or LCEMS by the five Counties with no written agreement.

The written agreements place all payments due to Lee County, for use of the helicopters and Med- Star ground units, totally upon the individual patient.

Recommendations:

Consult with the County Attorney's office to accomplish the negotiation of written Inter-local agreements with each of the other surrounding Counties which have residents serviced by Lee County EMS helicopter transport.

Consider issues of fair compensation for Lee County for EMS helicopter operational and overhead costs, as well as, multiple out-of- county patient's non-payment of bills in development of the agreements.

Lee County has transported a significant number of patients from out-of-county on its' EMS helicopters and Medstar special ground units.

- During the period from October 1, 2007 to June 30, 2009, there were 1853 responses. 1510 were air calls. 343 were on ground.
- 41%- (617 out of 1510) of the total air calls were out-of-county responses.
- 43%- (535 out of 1242) of the on-scene air calls were out of county responses
- 31%- (82 out of 268) of the Inter-facility air flights were out of county trips.

*Out-Of-County
Trips*

The out-of- county requests for assistance breakdown as follows:

County	# of Transports	Helicopter on Scene	Helicopter Inter-facility	On Ground
Charlotte	248	239	9	
Hendry	177	145	32	
Collier	102	62	34	6
Sarasota	27	27	0	
Glades	23	22	1	
DeSoto	21	18	3	
Manatee	10	10	0	
County-Not listed	10	5	1	4
Highlands	5	5	0	
Broward	1	1	0	
Hardee	1	0	1	
Miami-Dade	1	0	1	
Okeechobee	1	1	0	
Total	627	535	82	10

Exhibits 7 and 8

Certain trips that are initiated by helicopter can become non-billable trips. There are a variety of reasons for that. Most of these trips are in the category of "Cancelled En-route". A lesser amount of flights are also cancelled due to causes such as, mechanical and weather conditions or patient refuses transport.

Cancelled En-route normally occurs when the initial on-scene medical diagnosis changes and it is determined that the helicopter, which is already on the way, is no longer required.

In sum, If the patient is not transported to a medical facility, it is a non-billable trip.

Even patients treated on scene by EMS personnel, but not transported to a medical facility, are not billed.

A review of LESCO helicopter responses was undertaken for the period from October 1, 2007 to June 30, 2009.

*Out-Of County-
Non-billable
trips*

Percentage wise, over twice as many Out-Of-County flights were non-billable when compared to the percentage for Lee County flights. The percentage was 16% compared to 7.5%.

In particular, Charlotte County requests, for on-scene assistance, involved 52 non-billable flights in total and 21% overall non-billable flights. 47 of these flights were "Cancelled En-route".

Charlotte also had the highest percentage for all Counties: 47 out of 96 total flights" Cancelled En-route"
Exhibits 7 and 8

Recommendations:

Explore reasons for large differences in Out-Of County non-billable flights compared to Lee County.

Explore procedures followed in Charlotte County, in particular, and other Counties with higher cancellation rates, to ascertain if any differences in protocol or practice exist in their requests for helicopter ambulance aid and if there is any relationship to their much higher en-route flight cancellation rate.

There are situations where non-critical/non-emergency patients are transported by helicopter.

Reasons for transporting patients that may not ultimately meet the criteria for helicopter medical transport include the following:

- Patients conditions can sometimes change rapidly such that a patient that presents as critically injured on the scene may be found to be non-critical when he/she arrives at the hospital.
- Diagnostic equipment that is available at hospitals is not available on scenes. Paramedic judgment must be used to determine whether a patient is, for instance, bleeding internally.
- Mechanism of injury is another criterion that is used to help determine the relative criticality of a patient. This is not infallible and causes some patients to be flown that could have been transported by ground without suffering adversely.
- The insurance companies review each flight retrospectively and have benefit of the hospital diagnosis when making their determination of whether helicopter medical transport was justified or not.
- Lee County has also chosen to use the helicopter to transport non-critical patients when certain situations such as staffing, traffic, etc. make providing ground transport difficult or lengthy. These incidents are not common.

*Non Critical
Patients*

Recommendation:

Review data to establish if any common patterns may exist, where fewer non-emergency flights can be made, without jeopardizing patient care, thus saving operational costs for the County.

The helicopter ambulance program received \$60,000 in grant money in 2004 for night vision equipment. The County paid an additional \$20,000 in matching funds. The equipment has not been yet utilized. The non-use of this equipment has been a subject of recent television media reports. It may also be reviewed in the investigation of the helicopter crash by federal authorities

*Grant Money-
Night Vision
Equipment*

Exhibit 1

<i>Audit Scope</i>	<i>Hyperlink</i>
Reviewing the Lee County EMS air ambulance program's mission, organization chart, staffing and resources.	<u>STEP A</u>
Reviewing applicable laws, regulations, policies, and procedures which relate to the program.	<u>STEP B</u>
Reviewing the program's financial data, primarily revenue and billing information. Also categorized, but did not individually analyze, general expenditure categories, from 2005 to the present.	<u>STEP C</u>
Reviewing operational information, including use of resources within and outside Lee County.	<u>STEP D</u>
Reviewing operational information including patient categories, methods used to collect monies and protocols relating to patient transportation decisions.	<u>STEP E</u>
Review prior audits and other agency compliance reviews. Compare with current circumstances, issues and findings.	<u>STEP F</u>

Cost of audit- 649 hours- \$40.32 an hour- \$26,168

2A- HELICOPTER AMBULANCE FEES- MAXIMUM BILLABLE

Rules and Manual Excerpts:

This information is reflected in Administrative Code AC-3-10- External Fees and Charges Manual, External Fee #22-1 Ambulance Service Fees.

AMBULANCE SERVICE TRANSPORT FEES:

Non-Rural Helicopter-Transport- \$3,200
 Rural Helicopter Transport- \$4,050

MILEAGE FEES:

Helicopter Transport Mileage Charge (Non-Rural) - \$35 per air mile
 Helicopter Transport Mileage Charge (Rural) - \$50 per air mile

DEFINITIONS:

Non-Rural Helicopter Transport- Helicopter response and transport in Lee County or other Counties not considered rural under State designation.

Rural Helicopter Transport- Helicopter response and transport in Counties designated as rural (Desoto, Glades and Hendry).

2B. Analysis of Fees Billed by County:

<u>County Fee</u>	<u>Patient Category- Allowable Coverages</u>			
<u>Schedule Maximums</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Insurance</u>	<u>Self Pay</u>
Base- Non-Rural- \$3200	\$3,337.66	\$1,000	Varied	County Fee
Base- Rural- \$4050	Base-All	Base All	coverage's:	Rates billed:
Per Mile- Non-Rural- \$35	\$21.53	\$4		
Per Mile- Rural- \$50	per mile-all	per mile-all	Varied	County fee billed

FINDINGS:

Bills Paid/Not Paid	Bills usually paid	Some paid many not.	Bills normally paid.	Bills rarely paid.
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2C. BILLINGS BY PERCENTAGE- BY CATEGORY-EMS/HELICOPTER

<u>Category</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09-Part</u>
Self-Pay	41%	52%	31%	43%
Insurance	31%	24%	31%	25%
Medicare	23%	17%	26%	27%
Medicaid	5%	7%	12%	5%

3A- LCEMS OPERATING AND PER PATIENT COST DETAIL- HELICOPTER PROGRAM

<u>Category</u>	<u>FYE 08</u>	<u>FYE 07</u>	<u>FYE 06</u>
Total personnel related costs	\$2,460,327	\$1,758,636	\$1,285,089
Personnel- Percentage of costs	63%	54%	49%
Total- Non-personnel related costs	\$1,454,358	\$1,491,956	\$1,354,385
* Total- All Categories	\$3,914,685	\$3,250,592	\$2,639,474
Total Patient Billing Revenue	\$1,422,683	\$1,197,940	\$1,615,736
Difference- cost not reimbursed	\$2,492,002	\$2,052,652	\$1,023,738
Percentage of cost received from Billings	36%	37%	61%
Number of Patients	740	799	864
* Average operating cost per patient	\$5,290	\$4,068	\$3,055
Average revenue-received per patient	\$1,923	\$1,499	\$1,870
**Average Billed per patient	\$3,771	\$3,909	\$3,596

*(Prorated additional costs- not significant amount- for air portion of LCEMS claims processing is not included in the cost figures above).

** (Additional detail in Exhibit 4)

3B- EMS- Helicopter Program- Major Non- Personnel Related Costs:

<u>Category</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Airplane, Helicopter, Testers And airframe maintenance	\$378,759	\$375,536	\$206,355
Helicopter parts, services, equipment and accessories	\$276,666	\$423,149	\$192,904
Fuel- Aviation Gasoline	\$265,493	\$213,616	\$201,268
Insurance-Aircraft	\$159,174	\$190,750	\$267,367
Office Space rental	\$98,028	\$88,207	\$75,001
Turbomeca- parts, services	x	x	\$205,901

3C REVENUE COMPARISON- AMBULANCE

<u>Revenue</u>	<u>FYE 2006</u>	<u>FYE 2007</u>	<u>FYE 2008</u>
<u>All Ambulance</u>	\$15,428,511	\$14,955,468	\$16,933,983
<u>Air Ambulance portion</u>	\$1,615,736	\$1,197, 940	\$1,422,683
<u>Air Ambulance Percentage</u>	10.5%	8%	8.4%

Yearly average for Total Revenue- \$15.8 million per year

Yearly average for Air Revenue- \$1.4 million per year

Yearly average- Percentage- Air- 9%

4A- Total- Gross and Net Billings Comparison by Patient Category (For Period from 4/05 to 3/09)

Category Patient	Gross Charges Billed	Net Charges Billed	Net Billed % of Gross Charge
Self-Pay	\$5,128,570	\$5,109,627	99.7%
Medicaid	\$1,129,820	\$423,014	37.4%
Medicare	\$2,701,935	\$2,279,358	84.4%
Insurance	\$3,827,066	\$3,718,588	97.2%
Totals	\$12,787,391	\$11,530,587	90.2%

4B- ANALYSES OF BILLINGS AND PAYMENTS RECEIVED BY CATEGORY OF PATIENT: (For Period from 4/05 to 3/09)

Category	Total Patients	Total Net Billed	Average Billed per patient	Total Paid	Average Paid per patient
Self-Pay	1212	\$5,109,627	\$4,216	\$328,824	\$271
Insurance	922	\$3,718,588	\$4,033	\$2,838,315	\$3,078
Medicare	684	\$2,279,358	\$3,332	\$1,951,825	\$2,854
Medicaid	240	\$423,014	\$1,763	\$177,042	\$738
Total	3,058	\$11,530,587	\$3,771	\$5,296,006	\$1,732

Finding- 46% of charges actually billed have been paid.

4C- GROSS BILLINGS AND COLLECTIONS- EMS/HELICOPTER LAST 3 COMPLETED FISCAL YEARS:

<u>Fiscal year</u>	<u># Patients</u>	<u>Gross billed</u>	<u>Amt Received</u>	<u>Average received per patent</u>
2006	864	\$3,510,235	\$1,615,736	\$1,870
2007	799	\$3,441,075	\$1,197,940	\$1,499
2008	740	\$3,139,170	\$1,422,683	\$1,923
Totals	2403	\$10,090,480	\$4,236,359	\$1,763
Average Per FY	801	\$3,363,493	\$1,412,120	\$1,763

Percentage received- Gross charged- 42% paid

Collection Agency Policy and Practices:

The following process is followed by LCEMS, prior to claims being sent to the Collections Agency for action:

- First statement is mailed 14 days after the account is entered into the EMS system.
- Second statement is mailed at 45 days (59th day)
- Pre-collection statement is mailed 45 days later (104th day)
- Accounts are eligible to go to Collections Agency at 149 days.
- Bad address accounts are eligible to be sent to Collections Agency sooner.

Accounts eligible for referral to the Collections Agency have been identified as follows:

- Self-Pay with no reimbursement activity
- Insurance claims have been denied
- Patient co-pay not received after 90 days
- Efforts to contact patient have been exhausted

All contractual account balances involving the billing company and the collections agency, that are seven years or older, are submitted annually to the BOCC for approval to be removed from the County's Accounts receivable.

6A- Analyses of Billings, Monies Received and Referred for Collection

Fiscal Year	Net Billings	Monies Received	Balance Due	Sent to Collection
2006	\$3,107,372	\$1,615,736	\$533,452	\$958,184
2007	\$3,123,611	\$1,197,940	\$817,282	\$1,108,389
2008	\$2,790,822	\$1,422,683	\$909,256	\$458,883
Totals-	\$9,021,085	\$ 4,236,359	\$2,259,990	\$2,525,456
Percentages	100%	47%	25%	28%

6B- Breakdown on Unpaid Bills by Patient Category ((For Period from 4/05 to 3/09:

Category Patient	Net Charges Billed	Payments Received	Net Balance Due	Sent to Collections
Self-Pay	\$5,109,627	\$328,824	\$2,277,254	\$2,503,549
Medicaid	\$423,014	\$177,042	\$218,651	\$27,320
Medicare	\$2, 279,358	\$1,951,825	\$277,589	\$49,945
Insurance	\$3,718,588	\$2,838,315	\$683,661	\$196,612
*Totals	\$11,530,587	\$5,296,006	\$3,457,155	\$2,777,426

*** Note- Exhibit 6B numbers include partial fiscal years in 2005 and 2009 and thus slightly differ from those in Exhibit #6A:**

Monies Collected thru Collection Agency:

Fiscal Year	Sent to Collection	Successfully Collected	Fee paid	County Received
2006	\$958,184	\$158,235	\$31,647	\$126,588
2007	\$1,108,389	\$256,969	\$51,394	\$205,575
2008	\$458,883	\$35,544	\$7,109	\$28,435
Totals	\$2,525,456	\$450,748	\$90,150	\$360,598

Findings include:

1. 49% of unpaid Self-Pay billings are referred to Collections
2. An additional 45% of unpaid Self-Pay billings are classified as Net Balance due and the County continues to pursue payment or writes them off.
3. Only 6% of Self Pay billings are received and deposited by the County.
4. 90% of billings referred for collections are from Self-Pay claims
5. 14% of monies referred to Collection Agency(after fees) are received by County

Non-billable flights by County

(From Oct 1, 2007 to June 30, 2009)

<u>County</u>	<u>On Scene Flights</u>	<u>Non-billable</u>	<u>Percentage</u>	<u>Interfacility</u>	<u>Non-billable</u>
Lee	676	55	8%	233	13- 6%
<u>Out-Of-County</u>					
*Charlotte	239	51	21%	9	1
Unlisted	5	3	60%	1	1
De Soto	18	6	33%	3	1
Sarasota	27	6	22%	0	0
Manatee	10	2	20%	0	0
Glades	22	4	18%	1	0
Collier	62	10	16%	34	1
Hendry	145	10	7%	32	3
Highlands	5	0	0%	0	0
Broward	1	0	0%	0	0
Okeechobee	1	0	0%	0	0
Hardee	0	0	0%	1	1
Miami-Dade	0	0	0%	1	0
Total	535	92	17%	82	8- 10%

Total Flights analyzed- 1526

Non-billable- Lee County- 68/909- 7.5%

Non-billable- Other Counties- 100/617- 16%

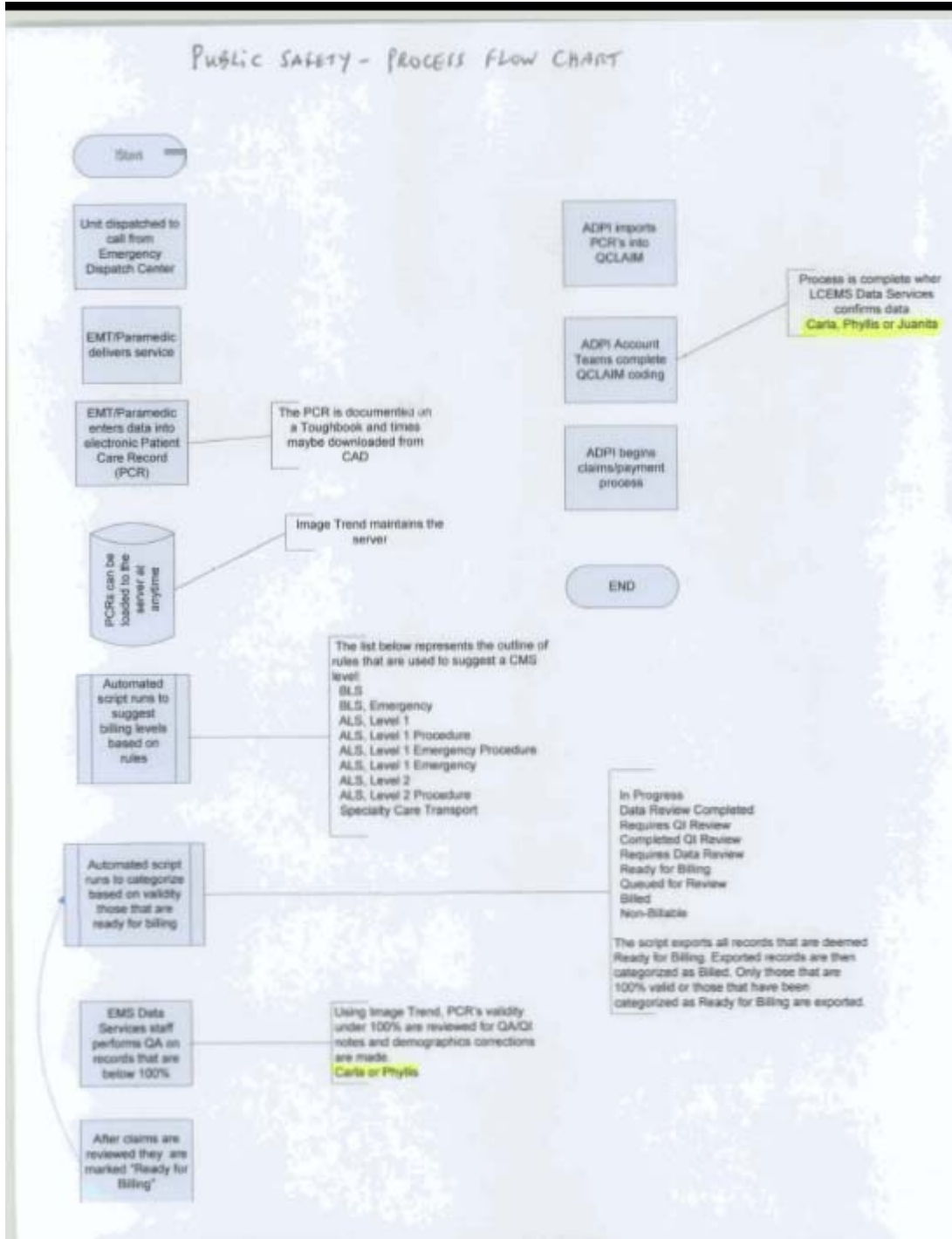
Analyses of Reasons for Non-billable Flights:
(On-Scene responses only)

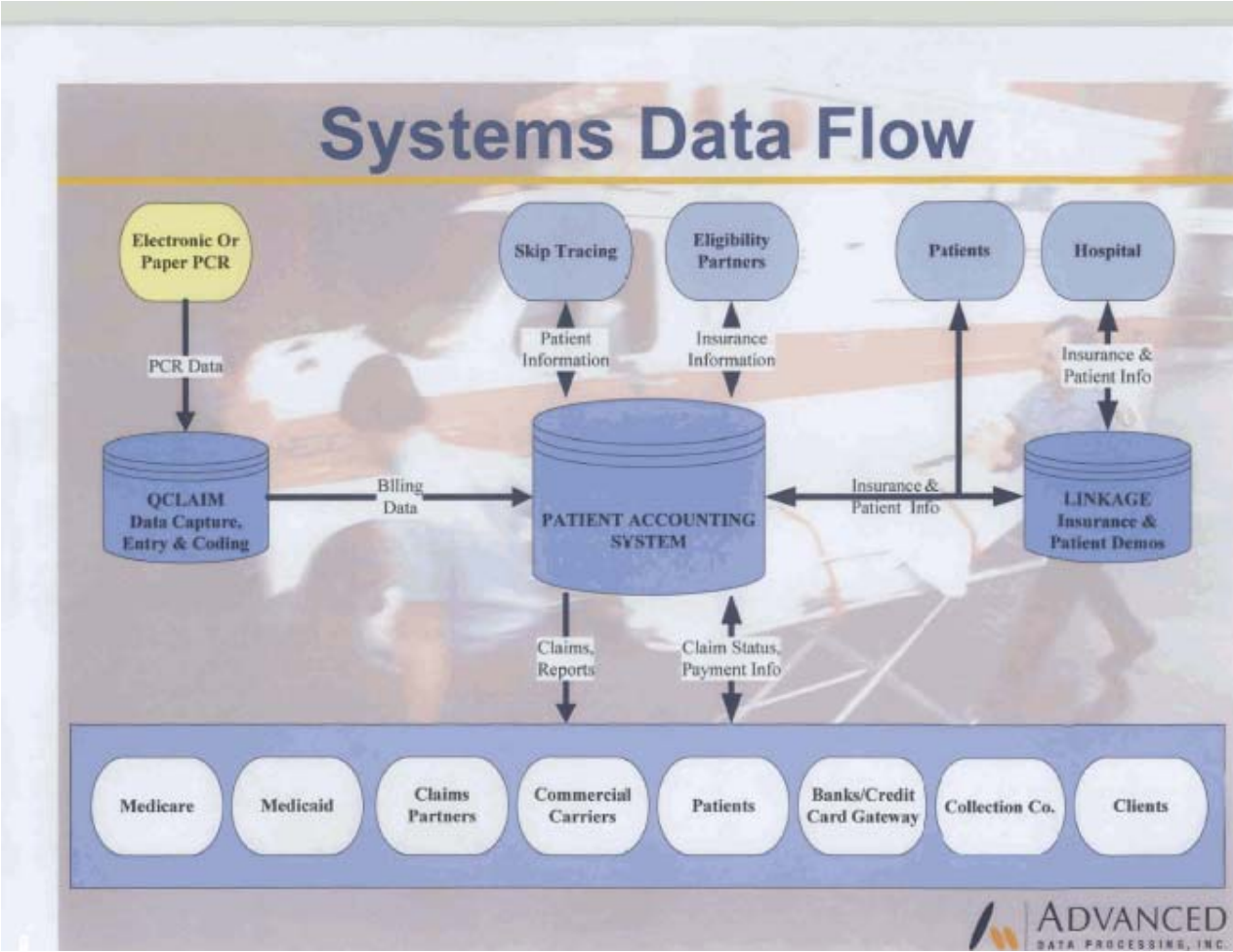
County	Cancelled Enroute	Mechanical Problem	Weather	Treated no Transport	Cancel on-Scene	Other	Total
Lee	24	5	9	6	3	8	55
Charlotte	47		2	1	1		51
Hendry	4	2	3	1			10
Collier	7		1	1	1		10
Sarasota	5		1				6
De Soto	2	1	2	1			6
Glades	4						4
Unlisted	1		1	1			3
Manatee	2						2
Total	96	8	19	11	5	8	147

Findings:

47 out of 96 “Cancelled Flights Enroute” were from Charlotte County.

Charlotte County requests, for on-scene assistance, involved 52 non-billable flights- (51 on- scene and 1 inter- facility) out of a total of 248- which is 21%- were non-billable flights.





Internal Audit Response to Public Safety Divisions Comments:

1A. Public Safety Comment- Conclusions (pg 1, last paragraph): The operational cost of the stated 72 cancelled flights is overstated significantly, as much as 10 times the actual cost. The resultant estimate of unreimbursed extra cost to County is overstated by a similar amount. In a review of 33 of those cancelled flights we found an average flight time of 18 minutes. Four of the 33 cancelled requests resulted in no flight time. To suggest that these cancelled flights have the same operational costs as a patient transport is disputable. The costs to the County for cancelled flights are the variable costs of fuel and aircraft operations which includes engine and airframe parts. In 2008 the contracted engine maintenance costs were \$242.20 per flight hour, the airframe costs were \$372.61 per flight hour, and the average fuel costs were \$360.00 per flight hour. Additional maintenance costs not covered by contract were approximately \$300.00 per hour for a total hourly cost of \$1274.81 or \$21.25 per minute. Therefore, the average cost of a cancelled flight request to Charlotte County during the period stated in the audit was \$382.44. Based on these figures, the total estimated cost to the County for all 72 cancelled requests was \$27,535.00, not \$380,880.00

1B- Internal Audit Response- The overall estimated cost of the cancelled flights is not overstated. The audit report documents that none of the cost of operating the helicopter ambulance, for flights cancelled en-route by Out-of-County governments, is billed to the other governments nor reimbursed to Lee County EMS.

It should also be strongly noted that, contrary to Comment 1A, the total cost to the County, for each helicopter flight, is not just confined to the specific operational variables in the comment above. If the word “operational” in the audit report causes confusion- our position is that the total cost to operate the helicopter flight program, approximately \$3.9 million dollars in fiscal year 2008, also includes other overhead, administrative and personnel costs, as well: The position proffered in Comment 1A, seems to advance the proposition that the total estimated cost to the County should only be limited to fuel and engine operation/parts costs and otherwise exclude the more costly other variables.

It is also important to better understand the broader picture relating to Out-Of County flights. Pertaining to this category of flights, the audit report reflects the following for the limited sample period of October 1, 2007 to June 30, 2009:

- Over 40% of all Lee County EMS helicopter flights involved Out-of-County requests.
- For multiple Out-Of-County flights that were operated and not cancelled, particularly for Self-Pay patients, Lee County was not paid for the flight.
- For all Out-Of- County flights that were cancelled, Lee County was not paid anything for the flight.

- Using a broader measuring yardstick, the total non-payment percentages, for all flights, (Lee County and Out-Of County), averaged out to approximately 54% (computed over an extended period of April 2005 thru March 2009).
- Thus, in addition to the cancelled flights, the unreimbursed cost to Lee County also included a significant amount of additional monies for other Out-Of-County flights that were not cancelled, but still not paid for.
- Management personnel reviewing the audit report should be aware that if you extrapolate similar statistics back to the past and, if uncorrected, to the future, the unreimbursed expense to Lee County for Out-Of County flights, would continue to be **much greater** than the amount of \$300,000-\$400,000 estimated for just the cancelled flights component during the 21 month sample period reviewed.

It should also be mentioned that although a review by the EMS commenter that 33 of the 76 flights found an average flight time of 18 minutes, many Lee County flights were also of a short duration. The financial statistics reviewed by Internal Audit for revenues and expenditures associated with all flights, short and long, lead to an overall average amount of cost per flight. Thus we are estimating the total unreimbursed cost, as we make clear in the report. It should be noted that some Out-of-County flights, that are cancelled, were also destined for Hendry, Collier and even to further points.

Bottom line is- The County received no money for many Out-Of County flights. These amounts of unreimbursed costs to Lee County have been and will continue to be significant. Our recommendation is that this situation should be addressed.

2A- Public Safety Comment- **Conclusions** (pg 2, 1st paragraph): The statement that the helicopter ambulance program received \$60,000.00 in grant money for night vision equipment and has not yet utilized it is incorrect. The County installed the night vision equipment right after receiving the grant money and has been using the night vision equipment for years. This statement is repeated in the body of the audit under the heading of Grant Money- Night Vision Equipment.

2B- Internal Audit Comment- During an interview at EMS, a Public Safety Manager offered the information to Internal Audit that the Night Goggles purchased with grant monies, had not been installed in the helicopters. On or about April 8, 2009, NBC-2 News initially reported that Lee County EMS spent \$59,000 on night vision goggles that experts say reduce crashes and save lives, but NBC2 discovered despite purchasing the goggles four years ago, they were still sitting on a shelf unused. The NBC-2 report contains the following quotes from the EMS Flight Operations Chief Pilot/ Manager.

“NBC2- You’re still not using them. What has taken so long?
EMS Manager- It hasn’t taken so long; it’s a matter of perspective”.

When asked why it waited years to outfit the helicopter, the EMS Manager stated “The County had a hard time finding a company that could do the work. “ When we bought the goggles there was no one in the nation that could modify our aircraft, so we knew we’d be waiting”.

According to the EMS Manager, MEDSTAR has a night vision enhancement system which is similar to night goggles, except the camera and screen are fixed.

The overwhelming evidence is that the report is accurate when it states that the specific night vision equipment **obtained from the grant money- Night goggles, has not been utilized.**

3A. Public Safety Comment- Background (pg 2): The last sentence in the last paragraph is incorrect. The external audit pertains only to inter-facility transport billing and revenue collected, and does not cover LCEMS helicopter ambulance services provided.

4A. Public Safety Comment- Billing Errors LCEMS / Lee Memorial Hospital (pg 5): In the first paragraph, the statement that some of the inter-facility patient transfer billings under review are helicopter billings statement is incorrect. There are no helicopter inter-facility transport billings either in question or being reviewed by the outside vendor.

The audit also states in this section that as of August 2009, that audit “still” had not commenced. Prior to August, four conference calls took place with between all parties as well as written communications. Lee County, ADPI (billing vendor) and E&Y staff met on August 12, 2009, in Ft. Lauderdale to discuss the records review process. The auditor writing this report was extended an invitation to attend the meeting.

3B and 4B. Internal Audit Comment- The Minutes of the BOCC and related documentation, including the Scope of Services Agreement approved by the BOCC with the External Auditing firm, does not contain such a scope limitation. The billing systems and processes used to process all kinds of ambulance billings by ADPI are similar. The large majority of billings involving Lee Memorial Hospital, did and will continue to, involve ground services. However, Lee Memorial Hospital has also been and will continue to be using Lee County EMS helicopter services involving ADPI billing services. The scope of the agreement authorized by the BOCC does not exclude helicopter bill processing from its review. Scope information for the External Audit engagement follows at the end of this written response.

The Internal Auditor was extended several invitations to accompany EMS personnel to visit the billing service provider. On each occasion, discussion was held and the position enunciated that the BOCC had already authorized an External Auditor to review the processes, procedures and operations of the billing service provider. That is the scope of their engagement. It is normally not well thought out to encroach on the responsibilities of others already retained to perform that task. The EMS Manager and the Internal Auditor discussed this on each occasion the invitation was extended.

Whether there were prior conferences or not, the Internal Auditor does not properly play a role in expediting the beginning of an external audit. The statement that the external audit had not commenced yet, as of August 2009, is accurate.

Lee Memorial Hospital provided Internal Audit with information, that there were a limited number of helicopter flights that were included within the billing issue, involving Lee Memorial Hospital, intra-facility transports, the Lee County EMS Helicopter Service and ADPI billing processes. These included flights utilized through the Transfer Station.

The Scope of the External Auditors' engagement follows;

EXHIBIT A

Scope of Services, Limitations, Specific Additional Understandings

Under the direction of the County, EY will review the facts in this matter, as provided to EY by the County, and consult with the County in areas where it requires our assistance. You will provide suitable oversight of our services and take responsibility for the adequacy and results of our service.

The County may disclose EY Reports to Lee Memorial Health System with notice to EY.

If the County desires to retain EY as an expert witness in connection with the Action, such services may be the subject of a separate agreement. If the County requests our report or opinion on a matter, EY will perform, in addition, those procedures that it considers necessary to express a professional conclusion.

Our preliminary scope of work is comprised of the following 3 phases.

Phase 1

We understand that you would like EY's assistance in investigating potential improprieties related to billing services provided to Lee Memorial Health System (LMHS) by Advanced Data Processing Inc. (ADPI) in connection with ambulance transportation and ancillary services. Specifically, allegations have been raised that Lee County was potentially overbilled by ADPI for such services that were either already paid by other entities (e.g., Medicare, Medicaid, insurance carriers) or not billed to other entities as they should have been before seeking reimbursement from Lee County. We understand that there are approximately 18,000 claims from 2004 through 2009 that you would like us to analyze.

Our preliminary Phase 1 procedures include the following tasks:

- Prepare and submit initial information request list
- Obtain and review ADPI contract and applicable billing guideline information
- Interview LMHS and ADPI contacts to better understand the billing process and available electronic and hard copy documentation
- Obtain and upload billing data into relational database for analysis
- Understand billing data field contents and troubleshoot any anomalies or import issues
- Develop proposed detailed approach and fee estimate for Phase 2 procedures
- Preliminary fee estimate to complete the tasks enumerated in Phase 1 is approximately \$20,000 to \$25,000.

Phase 2

Phase 2 procedures and fee estimate will be developed by the end of Phase 1 and will be discussed, refined, and agreed upon by the County prior to commencing.

5A. Public Safety Comment-Billing Processes (pg 6): The audit discusses the need for LCEMS to perform or hire a third party to perform an on-site visit; or periodic review; or sample verification of the bank lock box process, in order to better insure full crediting of all monies received by the bank. The bank is selected by the Lee County Clerk-of-Courts and since budget monies and travel are limited, we recommend that the County Internal Audit Department staff be part of the review or audit of the bank lock processes. The internal auditors, trained and experienced professionals in review processes, are well suited to conduct the recommended audit.

5B. Internal Audit Response- We discussed this issue at the exit conference. Public Safety was told that it could talk to the Director of Internal Audit about requesting that a member of Internal Audit might accompany their employee(s) and perhaps a Finance employee to the bank. The thrust of our discussion however was that, the primary responsibility for insuring that all revenue is received and properly credited is that of the agency that is responsible for the program. The audit raised questions about the controls and safeguards. Which Department selects the bank is of less importance than establishing the responsible agency processes and procedures to insure that the agency is properly receiving all the revenue generated by its program.

6A. Public Safety Comment- **Prior Audit Issues (pg #7):** The audit notes that revenue collection for both “self-pay” and “Medicaid” patients are “lagging” behind since 2005. Before April 2005, LCEMS used the same user fee for both the helicopter and the ground ambulances. When the new fee schedule for the helicopter increased 700%, EMS expected to experience a decrease revenue collection from patients having no insurance. Medicaid, when the air transport is approved, reimburses air providers only a flat \$1,000.00 per transport. By law, EMS providers cannot balance bill patients on Medicaid and are expected to write-off remaining balances.

When approximately 40% of patients transported by helicopter have no insurance and another 8 % are covered by Medicaid, it is not unreasonable to expect to see a lower return on revenue recovery. LCEMS primary concern is patient treatment and rapid transport to a medical facility with the patient’s ability to pay or not pay for services rendered taking a significant but less importance. EMS is not a profit generating business; and industry-wide, providers accept there will be revenue loss. The loss of revenue maybe more pronounced due to the current poor economic conditions.

On a positive note, LCEMS is actively engaged with the billing vendor in developing a new billing option for self-pay patients. Once approved, EMS will authorize the vendor to implement the process. Roll-out time frame is the beginning of 2010, if not sooner. We expect that revenue from self-pay patients will increase by a minimum.

6B. Internal Audit Comment- The audit findings, pertaining to allowable billing and payment rates, alluded to in the above comments, clearly differentiated between Gross Billing rates and Net Billing rates. The audit report takes into account the allowable pay rates and billing deductions to gross billing rates that are applied. These findings are accurately reflected in Exhibits 4 and 4B. Medicaid pays both a \$1,000 base fee **and a small mileage fee**, for trips. It is statistically proven, that Lee County EMS appears to still not be reaching full potential for revenue collections for Self-Pay and Medicaid patients. The audit also strongly recommends setting mutually agreed upon WRITTEN-benchmark goals for billings and collections.

7A. Public Safety Comment- **Out of County Non Billable Trips (pg 14)**: The audit notes that there was a disproportionately large number of Charlotte County cancelled flights compared with Lee and other Counties. This was by design. LCEMS management discussed and approved of “flying standby” for Charlotte County in prior years. Recent data reflects a much smaller percentage of cancelled flights for Charlotte County.

7B. Internal Audit Comment- If, in fact, Public Safety has made a “designed” management decision to fly standby for Charlotte County, it appears to have caused a disproportionate number of uncompensated flights to be provided to another County. One can only hope that this largess will never be at the expense of Lee County patients who may not have a helicopter available, if needed. The data on cancelled flights for Out-of-County was quite recent- From October 2007 to June 30, 2009. During that 21 month period, Charlotte County had a total of 51 cancelled flights. An average of 2.4 cancelled flights per month. Charlotte County had 3 cancelled flights in June 2009 and 3 cancelled flights in May 2009.

8A. Public Safety Comment- **Exhibit 3 (pg 19-20)**: No mention is made of the addition of a ground critical care unit to the MEDSTAR budget when discussing the increase in personnel costs. The Critical Care Ground unit’s personnel costs amount to approximately \$450,000.00 per year. Developing average operating cost, average revenue-received per patient and average billed per patient figures should account for this cost in the calculations. For example, the average operating cost per patient in exhibit 3 divides the entire ground and air operating budget by air patient transports and not the combined total of air and ground patients transported. To be more accurate the total operating costs should be divided by the total transports, air plus ground or the ground operating costs should be separated from the operating total.

8B. Internal Audit Response- This audit focused on the revenue collected for helicopter flights and the total cost to operate a helicopter ambulance program, which was just under \$4 million dollars for fiscal year 2008. Revenue collected for ground trips was not within the scope of the audit. Ground unit calls were also not included.

Exhibit 3 statistics were obtained directly from financial reports generated by Lee County EMS and provided to Internal Audit to reflect the total component and program costs attributed by Lee County EMS to the "Air Ops" program- Subsidiary account #71. The reports are titled- "Expenditure Detail Reports" for "Air Ops". If Lee County EMS includes ancillary ground support services as a cost center component of the air program, then the overall expense of operating an air program would appear to include those costs.

However, even if a reduction of \$450,000 is applied to the overall air program expenditure of \$3.9 million dollars, the average estimated overall cost for each cancelled flight, would only be affected by about an 11.5 % deduction down to \$4,682 per flight. 72 cancelled flights times \$4682 would represent an estimated unreimbursed cost of \$337,104 instead of \$380,880, for the limited 21 month period, and only the cancelled flights component alone.

From: Wilson, John [WILSONJD@leegov.com]
Sent: Thursday, October 01, 2009 11:37 AM
To: Chuck Short; Lawrence Haut
Cc: David Kainrad; Oneal, Richard; Winton, Peter; Dickerson, Kim (Mary)
Subject: Response to Audit of Public Safety Division's EMS Helicopter Ambulance Program

Attachments: EMS Helicopter Ambulance Review Comments.doc

Chuck,

As always, thank you for allowing us the opportunity to review and comment on the draft of this audit. We appreciate the due diligence that your staff continues to exhibit when reviewing our programs, and we will follow up on the recommendations presented in the audit.

Attached are our comments regarding the audit's findings and conclusions, and a suggestion on how to implement a recommendation presented regarding Billing Processes.

Please let me know if you have any questions regarding our response.

John D. Wilson, Director
Lee County Public Safety
(239) **533-3911**, Fax: (239) **482-2605**
Cell: (239) 229-1117
wilsonjd@leegov.com

Mission: To provide help to those needing it, and the means by which to communicate that need.

NOTE: New Telephone and Fax Number

Public Safety Division's EMS Helicopter Ambulance Review Response Comments

Conclusions (pg 1, last paragraph): The operational cost of the stated 72 cancelled flights is overstated significantly, as much as 10 times the actual cost. The resultant estimate of unreimbursed extra cost to County is overstated by a similar amount. In a review of 33 of those cancelled flights we found an average flight time of 18 minutes. Four of the 33 cancelled requests resulted in no flight time. To suggest that these cancelled flights have the same operational costs as a patient transport is disputable. The costs to the County for cancelled flights are the variable costs of fuel and aircraft operations which includes engine and airframe parts. In 2008 the contracted engine maintenance costs were \$242.20 per flight hour, the airframe costs were \$372.61 per flight hour, and the average fuel costs were \$360.00 per flight hour. Additional maintenance costs not covered by contract were approximately \$300.00 per hour for a total hourly cost of \$1274.81 or \$21.25 per minute. Therefore, the average cost of a cancelled flight request to Charlotte County during the period stated in the audit was \$382.44. Based on these figures, the total estimated cost to the County for all 72 cancelled requests was \$27,535.00, not \$380,880.00

Conclusions (pg 2, 1st paragraph): The statement that the helicopter ambulance program received \$60,000.00 in grant money for night vision equipment and has not yet utilized it is incorrect. The County installed the night vision equipment right after receiving the grant money and has been using the night vision equipment for years. This statement is repeated in the body of the audit under the heading of Grant Money- Night Vision Equipment.

Background (pg 2): The last sentence in the last paragraph is incorrect. The external audit pertains only to interfacility transport billing and revenue collected, and does not cover LCEMS helicopter ambulance services provided.

Issues (pg 3, 5th paragraph): A discussion of the relative safety of 24 hour shifts for aviation personnel should be included in the paragraph describing the change from 24 hour to 12 hour shifts. Aviation crew members are not allowed by federal statute to be assigned to work more than 14 hours in any 24 hour period. This is a safety requirement. Much of the EMS helicopter air ambulance industry defines flight medics as crew members. Although we do not define our flight medics as crew members we do require an equal level of safety.

Patient Categories, Billings and Payments Section (pg 3 -4): This section could use a discussion of industry allowable fees. The audit noted that there are only two government run EMS Air ambulances in the area. Other commercial air ambulances provide service to this area. Government services and other government ambulance services, such as our ground ambulance service, compare their rates to industry (commercial) rates. A survey of the fees charged by the largest air medical helicopter provider in Florida (over 20 aircraft operating in Florida) shows lift-off fees of \$9,500.00 to \$11,500.00 and mileage fees of \$95.00 to \$120.00 per loaded mile.

Billing Errors LCEMS / Lee Memorial Hospital (pg 5): In the first paragraph, the statement that some of the interfacility patient transfer billings under review are helicopter billings statement is incorrect. There are no helicopter interfacility transport billings either in question or being reviewed by the outside vendor.

The audit also states in this section that as of August 2009, that audit “still” had not commenced. Prior to August, four conference calls took place with between all parties as well as written communications. Lee County, ADPI (billing vendor) and E&Y staff met on August 12, 2009, in Ft. Lauderdale to discuss the records review process. The auditor writing this report was extended an invitation to attend the meeting.

Billing Processes (pg 6): The audit discusses the need for LCEMS to perform or hire a third party to perform an on-site visit; or periodic review; or sample verification of the bank lock box process, in order to better insure full crediting of all monies received by the bank. The bank is selected by the Lee County Clerk-of-Courts and since budget monies and travel are limited, we recommend that the County Internal Audit Department staff be part of the review or audit of the bank lock processes. The internal auditors, trained and experienced professionals in review processes, are well suited to conduct the recommended audit.

Prior Audit Issues (pg #7): The audit notes that revenue collection for both “self-pay” and “Medicaid” patients are “lagging” behind since 2005. Before April 2005, LCEMS used the same user fee for both the helicopter and the ground ambulances. When the new fee schedule for the helicopter increased 700%, EMS expected to experience a decrease revenue collection from patients having no insurance. Medicaid, when the air transport is approved, reimburses air providers only a flat \$1,000.00 per transport. By law, EMS providers cannot balance bill patients on Medicaid and are expected to write-off remaining balances.

When approximately 40% of patients transported by helicopter have no insurance and another 8 % are covered by Medicaid, it is not unreasonable to expect to see a lower return on revenue recovery. LCEMS primary concern is patient treatment and rapid transport to a medical facility with the patient’s ability to pay or not pay for services rendered taking a significant but less importance. EMS is not a profit generating business; and industry-wide, providers accept there will be revenue loss. The loss of revenue maybe more pronounced due to the current poor economic conditions.

On a positive note, LCEMS is actively engaged with the billing vendor in developing a new billing option for self-pay patients. Once approved, EMS will authorize the vendor to implement the process. Roll-out time frame is the beginning of 2010, if not sooner. We expect that revenue from self-pay patients will increase by a minimum of 5%.

Out of County Non Billable Trips (pg 14): The audit notes that there were a disproportionately large number of Charlotte County cancelled flights compared with Lee and other counties. This was by design. LCEMS management discussed and approved

of “flying standby” for Charlotte County in prior years. Recent data reflects a much smaller percentage of cancelled flights for Charlotte County.

Grant Money (pg #15): The report omitted the Medstar Program receiving \$43,320.00 in grant monies in 2008 for the purchase of 24 Gallet Flight Helmets for the pilots and medical crew.

Exhibit 3 (pg 19-20): No mention is made of the addition of a ground critical care unit to the MEDSTAR budget when discussing the increase in personnel costs. The Critical Care Ground unit’s personnel costs amount to approximately \$450,000.00 per year. Developing average operating cost, average revenue-received per patient and average billed per patient figures should account for this cost in the calculations. For example, the average operating cost per patient in exhibit 3 divides the entire ground and air operating budget by air patient transports and not the combined total of air and ground patients transported. To be more accurate the total operating costs should be divided by the total transports, air plus ground or the ground operating costs should be separated from the operating total.