



PRINCE WILLIAM COUNTY

Prince William County, Virginia Internal Audit Report – Emergency Medical Services Billing

October 14, 2019



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TRANSMITTAL LETTER



October 14, 2019

The Board Audit Committee of
Prince William County, Virginia
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Pursuant to the internal audit plan for calendar year ending (“CY”) 2019 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BOCS”), we hereby present the internal audit of the emergency medical services (“EMS”) billing program. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on November 19, 2019.

Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in this internal audit, as well the respective risk ratings.
Background	This provides an overview of the County's EMS billing program, as well as relevant background information.
Objectives and Approach	The objectives of this internal audit are expanded upon in this section, as well as the various phases of our approach.
Observations Matrix	This section gives a description of the observations noted during this internal audit and recommended actions, as well as Management's response including responsible party, and estimated completion date.
Process Maps	This section illustrates process maps related to the EMS billing program.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

Internal Auditors



EXECUTIVE SUMMARY

Background

The Emergency Medical Service (“EMS”) Operations Division within the County’s Fire and Rescue System is responsible for the management, oversight, and development of the Fire and Rescue System’s more than 1,000 certified EMS providers. EMS provides high quality medical care to County residents and visitors, ranging from basic to advanced life support, on a 24/7 basis. On July 1, 2011 in order to support these operations, the Board of County Supervisors implemented the EMS billing program as a revenue initiative for emergency medical incidents that result in the transport of a patient to a hospital. The patient’s health insurance company is billed for services rendered similar to the process utilized by hospitals or doctor’s offices. Other jurisdictions have similar programs including the Counties of Arlington and Fairfax, as well as Cities of Alexandria, Manassas and Manassas Park.

EMS fees include \$400 for basic life support (“BLS”), \$500 for advanced life support one (“ALS1”), \$700 for advanced life support two (“ALS2”), and \$10 per mile travelled. To lessen the burden on County taxpayers, the PWC EMS billing program waives fees incurred by County residents in excess of their insurance coverage.

Since May 2016, the County has contracted with Change Healthcare Technology as a third-party provider of EMS billing services. The third-party provider is responsible for coordinating invoicing and collections of EMS fees from insurance providers and non-County patients. During fiscal year (“FY”) 2019, the EMS billing program generated \$10,027,492 in gross charges, \$8,887,712 of net charges, with \$5,837,203 in net collections corresponding to 19,721 transports.

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or ‘brand’ risk’.

Objectives and Scope

The primary objective of this internal audit was to perform a review of the County’s patient billings in an effort to identify gaps in internal control design, operating effectiveness of internal controls, and opportunities for improvement. The scope of this internal audit encompassed all emergency medical services transports from July 1, 2018 through June 30, 2019.

Procedures included:

- Reviewed the process that the County and vendor use to collect, store and transmit patient information during and after medical incidents involving an ambulance;
- Obtained and tested data relating to completeness of EMS billing;
- Assessed the current process for evaluating vendor performance;
- Assessed reasonableness of contract terms regarding compensation structure;
- Assessed process of debt collection, including denied claims and outstanding billings;
- Reviewed the accuracy and application of credits/refunds and discounts to billed services;
- Analyze policies and procedures to determine effectiveness;
- Perform comparative analysis to neighboring jurisdictions, where possible, of the following:
 - EMS fee structure;
 - Gross fees;
 - Net fees;
 - EMS utilization (e.g. total transports/incidents);
 - Other topics disclosed in budget documentation; and,
- Provide recommendations for process improvements.

Fieldwork was performed in July 2019 through September 2019.

Summary of Observations Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
EMS Billing Program	-	3	2

We would like to thank all County team members who assisted us throughout this audit.



EXECUTIVE SUMMARY – CONTINUED

Observations Summary

Following is a summary of the observations noted in the areas reviewed. The detailed observations are included in the observations matrix section of the report. Process improvement opportunities have been provided following the detailed observations section. Definitions of the rating scale are included below.

Summary of Observations	
Observations	Rating
1. Monthly Reconciliations	Moderate
2. SafetyPAD Pre-Hospital Patient Care Report – Quality Care Review	Moderate
3. Change Healthcare Technology Enabled Services, LLC and ESO Solutions, Inc. System and Organization Controls Report	Moderate
4. Review of Monthly Reports provided by Change Healthcare	Low
5. Contract Language	Low

Provided below is the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.



BACKGROUND

Overview

The Emergency Medical Service (“EMS”) Operations Division within the County’s Fire and Rescue System is responsible for the management, oversight, and development of more than 1,000 certified EMS providers. EMS provides high quality medical care to County residents and visitors, ranging from basic to advanced life support, on a 24/7 basis. On July 1, 2011 in order to support these operations, the Board of County Supervisors implemented the EMS billing program as a revenue initiative for emergency medical incidents, which results in the transport of a patient to a hospital. The patient’s health insurance company is billed for services rendered similar to the process utilized by hospitals or doctor’s offices. Other jurisdictions have similar programs including the Counties of Arlington and Fairfax, as well as Cities of Alexandria, Manassas and Manassas Park.

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EMS fees and service descriptions are detailed below. These fees have been in effect since 2011.

Service Type	Fee	Service Description
Advanced Life Support, Level 1 (“ALS1”)	\$500	ALS1 is the transportation by ground ambulance vehicle and the provision of medically necessary supplies and services including the provision of an ALS assessment or at least one ALS intervention to support the airway, breathing and/or circulation.
Advanced Life Support, Level 2 (“ALS2”)	\$700	ALS2 is the transportation by ground ambulance vehicle and the provision of medically necessary supplies and services including 1) at least three separate administrations of one or more medications by intravenous push/bolus or by continuous infusion (excluding crystalloid fluids) or 2) a ground ambulance transport, medically necessary supplies and services, and the provision of at least one ALS2 procedure.
Basic Life Support (“BLS”)	\$400	BLS is transportation by ground ambulance vehicle and the provision of medically necessary supplies and services, including BLS ambulance services as defined by the State. The ambulance must be staffed by an individual who is qualified in accordance with State and local laws as an emergency medical technician-basic (“EMT-Basic”).
Mileage	\$10/mile	Mileage between incident location and the subsequent hospital location.



BACKGROUND - CONTINUED

Overview – Continued

In addition to coordinating invoicing and collections of EMS fees, Change Healthcare is required to appeal any claims denied by insurance companies, issue notices for past due amounts, and provide periodic reporting to the County including:

Performance Reports

- Collection rates (gross versus net)
- Collection rates applying “In-District Policy”
- Compliance with applicable billing regulations
- Weekly data interface performance

Financial Reports

- Collections by financial class
- Account status
- Billing activity
- Aged accounts receivable
- Write-offs
- Overpayment invoices
- Follow-up efforts

Each of the above reports is generated from information captured within Change Healthcare’s Lyra system. Lyra maintains all activity for each EMS transport including adjustments, requests for information (“RFI”), payments, billing notices, etc. County personnel responsible for the EMS billing program have access to Lyra and can generate ad hoc reports and query accounts as needed.

Billing and Collection Process

When a medical emergency occurs in the County and a call is placed to 911, it is received by a dispatch agent who gathers information of the incident through the Motorola Premiere One Computer Aided Dispatch (“CAD”) system, which interfaces with SafetyPAD, the incident reporting system. The responding EMS crew will be notified via SafetyPAD as well as over the radio that they need to dispatch to the scene. Based upon the events described by the caller, dispatch will prioritize the incident and suggest basic (“BLS”) or advanced life support (“ALS1 or ALS2”) taking into consideration severity, location, and condition of the person requiring medical attention. Upon arrival, the EMS crew will determine whether they can provide medical attention on-site or if the patient needs transport to a hospital. At this time, the crew is gathering information to prepare a Pre-Hospital Patient Care Report (“PPCR”) within SafetyPAD, which details the events, medical support provided, patient insurance information, and other necessary details. All completed reports are uploaded in a daily batch to a secure file transfer site accessible by Change Healthcare.

If the patient is transported, there will be a billing for the services provided. Change Healthcare utilizes the information provided from the PPCR to code the service and prepare the patient’s billing account. If additional information is required, a RFI will be applied to the account and the request will be submitted to the County. Once all information is provided, based on the information in the report, the patient, Medicare, Medicaid, and / or other insurance provider are billed for the service. If the bill goes unpaid for 120 days, it is turned over to the EMS billing team for collections. If the County so chooses, they have the option to place a lien on the patient’s state tax refund until payment is received.

Payment is remitted to a dedicated County lockbox through Wells Fargo or SunTrust to which Change Healthcare and the EMS Billing Program Manager have read access. Change Healthcare records the payment in the daily lockbox activity report and closes the account within the Lyra system, if full payment is received (*Note: If the patient is a resident of Prince William County, they are not responsible for any out of pocket expenses in excess of insurance coverage*). Concurrently, the EMS Program Manager reviews daily lockbox activity reports, which are reconciled monthly against Change Healthcare’s summary reports. The Chief Accountant within the Finance Department approves the revenue journal entries, and account receivables are updated based upon information provided by Change Healthcare.



BACKGROUND - CONTINUED

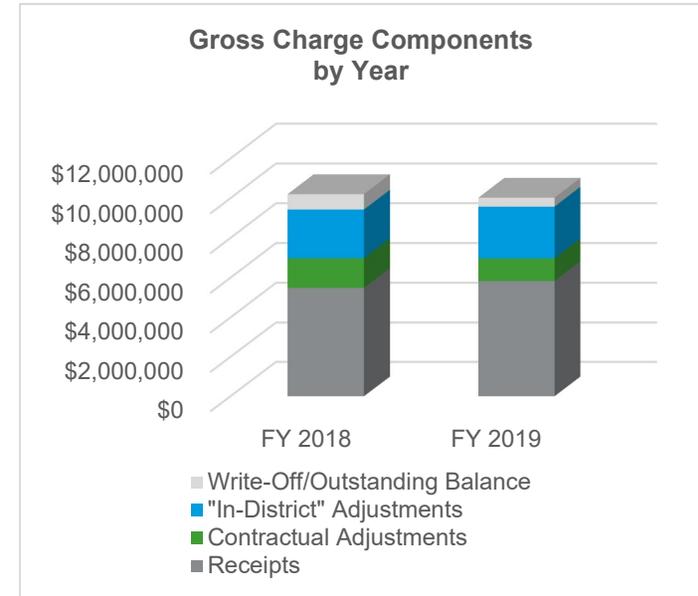
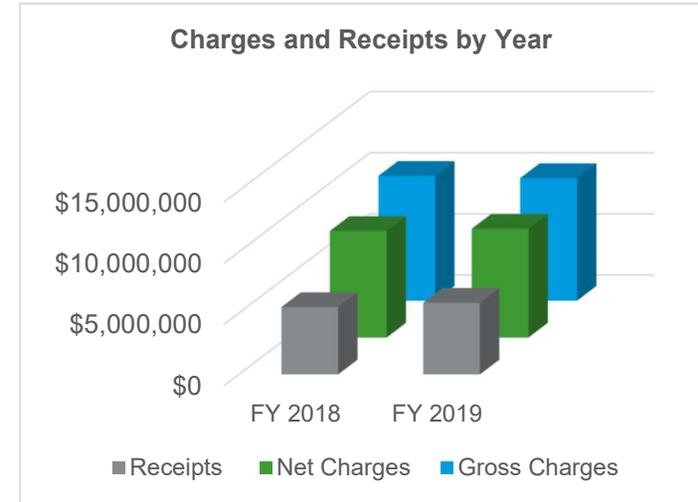
Financial Analysis

As part of our procedures, we obtained the data for all Change Healthcare billings from July 1, 2017 through June 30, 2019. We utilized this information to prepare the financial analysis outlined in the charts and tables within this section. Transport incidents are coded by Change Healthcare based on service type. The total value of the service is the gross charge. Gross charges may be adjusted by Change Healthcare, based on agreed-upon insurance billing rates, resulting in the net charge billed to the insurance provider and / or patient. The charts below summarize the gross charges, net charges, and payment receipts for FY 2018 and FY 2019.

Fiscal Year	Gross Charges	Net Charges	Receipts
FY 2018	\$10,207,855	\$8,712,657	\$5,491,978
FY 2019	\$10,027,492	\$8,887,712	\$5,837,203

Gross charges are further allocated between payment receipts, adjustments, and open account balances/write-offs. Adjustments may be made on accounts for contractual adjustments (agreed upon rates with Medicare and Medicaid), or for the "in-District policy". Write-offs occur when the billing agency has exhausted its attempts to collect the charges on an account. The delinquent accounts are turned over to the County and closed for billing by Change Healthcare. Accounts with balances have active charges and have not yet been written-off. The tables below demonstrate the components of net charges for FY 2018 and FY 2019.

Fiscal Year	Receipts	Contractual Adjustments	"In-District" Adjustments	Write-Off/Outstanding Balance	Gross Charges
FY 2018	\$5,491,978	\$1,495,198	\$2,441,269	\$779,411	\$10,207,855
FY 2019	\$5,837,203	\$1,139,780	\$2,602,356	\$448,153	\$10,027,492





BACKGROUND - CONTINUED

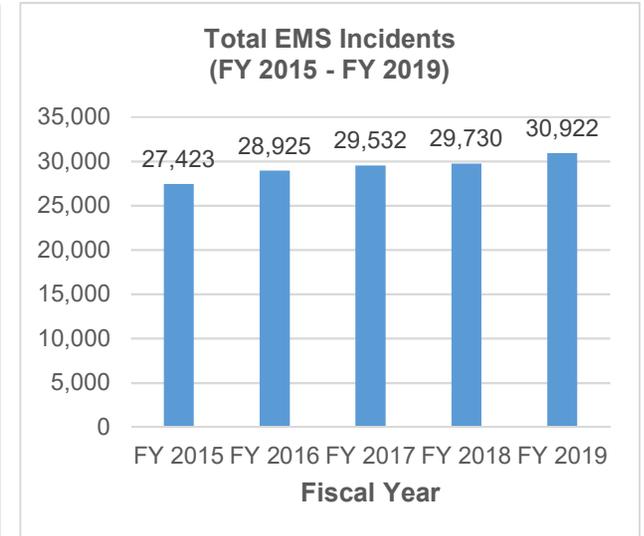
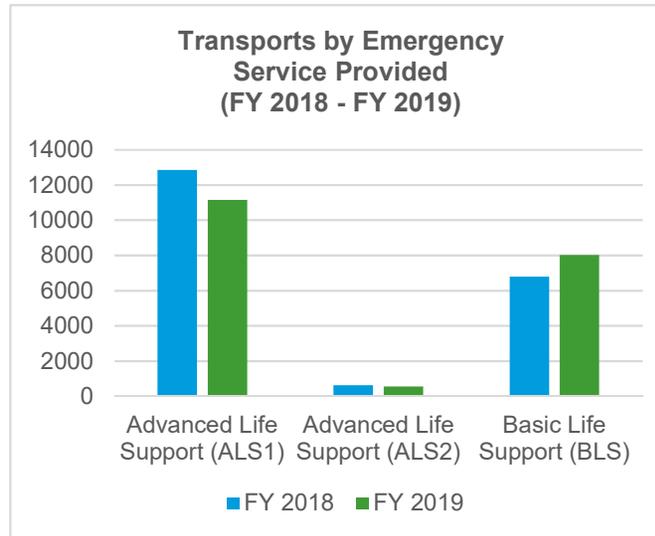
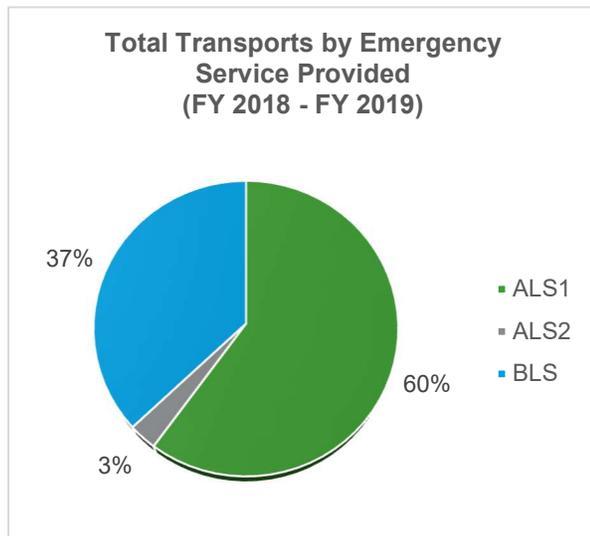
Financial Analysis - Continued

The net collection percentage is the ratio between collected payments and gross charges less contractual adjustments. The following chart details the gross, net, and net "in-district" collection rates during FY 2018 and FY 2019. Over the two fiscal years, the County averaged a 64.4% net collection rate.

Fiscal Year	Gross Collection %	Net Collection %	Net "In-District" Collection %
FY 2018	53.8%	63%	87.6%
FY 2019	58.2%	65.7%	92.9%
Average	56%	64.4%	90.3%

The County's Fire and Rescue System responds to many different types of calls, and only those that include specific service outcomes are considered billable. For example, calls which results in treatment and transport. Calls which do not result in one of these service outcomes are not billed. Treatment without transport, for example, is not billable. This causes the number of incidents to be greater than the number of transports. The following graphics represent the breakdown of transports by service type from FY 2018 and FY 2019.

Transport incidents are categorized by the level of service. See *background overview page #4 for service type descriptions*.





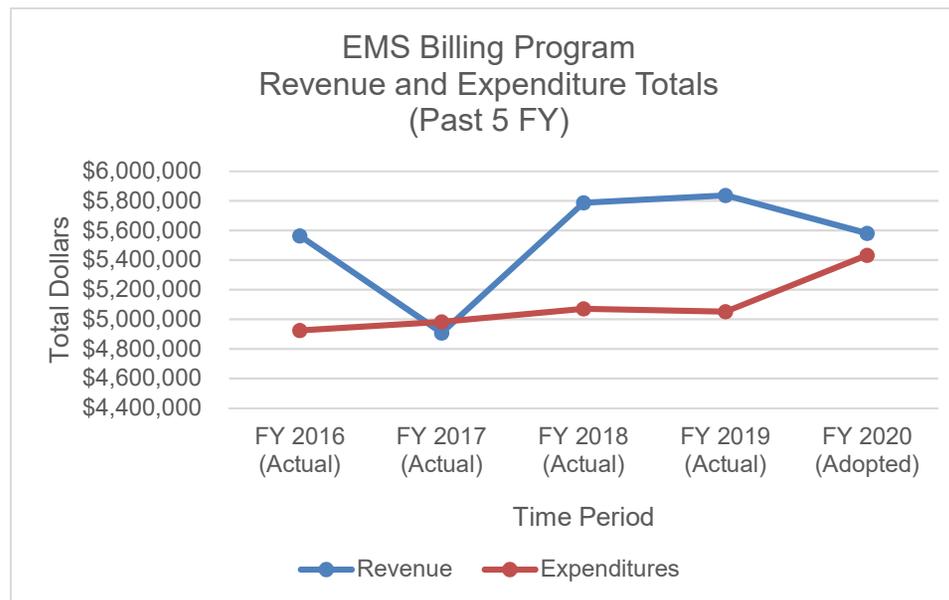
BACKGROUND - CONTINUED

Financial Analysis - Continued

Based on financial data obtained from the County's FY 2020 budget document, expenses related to EMS services continue to rise, and revenues collected by the services have stayed relatively flat. This trend over time is illustrated within the charts below.

Fiscal Year	Revenue	Expenditure	Excess (Deficit)
FY 2016 (Actual)	\$5,564,072	\$4,924,974	\$639,098
FY 2017 (Actual)*	\$4,908,922	\$4,982,593	(\$73,671)
FY 2018 (Actual)	\$5,787,492	\$5,072,289	\$715,203
FY 2019 (Actual)	\$5,837,203	\$5,052,636	\$784,567
FY 2020 (Adopted)	\$5,582,183	\$5,433,650	\$148,533

*Note: The FY 2017 reduction in revenue was due to a 4% reduction in reimbursements implemented by the Center for Medicare and Medicaid.





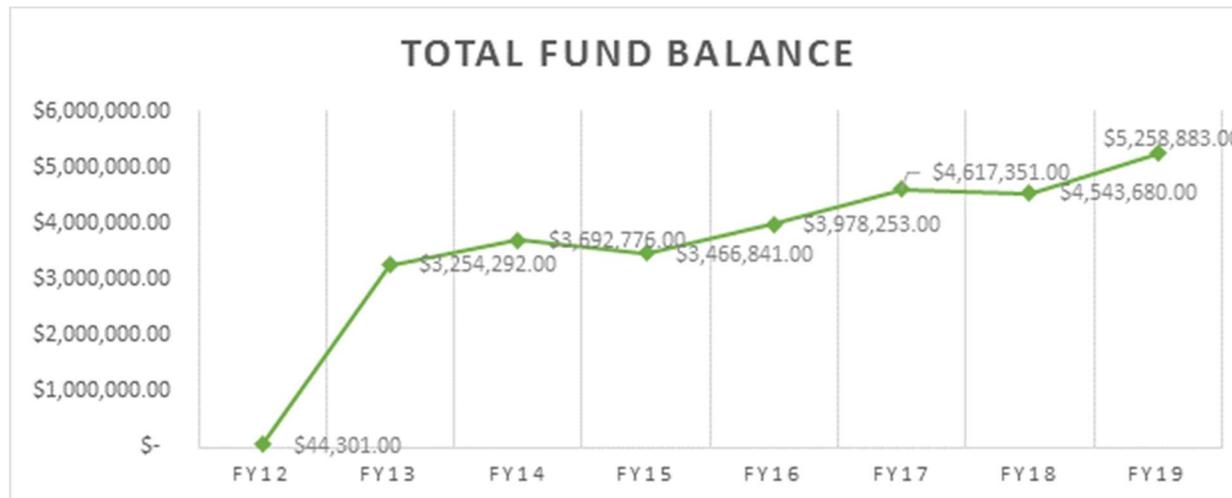
BACKGROUND - CONTINUED

Financial Analysis - Continued

EMS Billing revenue is the source of funding for system-wide standardized EMS equipment including Cardiac Monitors/Defibrillators and Stretchers and Stairchairs in Medic Units. Cardiac monitors were purchased in the first year of program implementation in FY 2012 and are due to be replaced in FY 2021. Stretchers and Stairchairs have been phased into the system as new medic units have been added and existing medic units were retro-fitted. The replacement of this equipment will be staggered according to its age, condition and functionality. Funding for equipment replacement is the EMS Billing Fund Balance.

EMS Billing is restricted revenue in a Special Revenue Fund. There must be planned excess of revenue over annual expenditures to build an EMS Billing Fund Balance to fund essential equipment replacement. In years where expenditures exceed revenue, there is a use of fund balance which inhibits future replacement of standardized, system-wide EMS equipment. When equipment replacement begins in FY 2021, the EMS Billing Fund Balance will be reduced by the amount of the purchase and an annual contribution must be maintained to build up the balance for other equipment replacement.

Below is the history of EMS Billing Fund Balance since program implementation. In the first year, the program was allowed to back-bill transports and there were not yet program expenses, thus a large fund balance contribution was made (revenue in excess of expenses). Since that time, there has been a steady increase, with the exception of FY 2015 and FY 2018 when expenses exceeded revenue the prior year, thus there was a needed use of fund balance to cover operating costs. The EMS Billing total revenue collection must support both annual program operating expenses and fund balance maintenance to support the replacement of critical EMS equipment. With rising program costs including salaries and benefits of employees and third-party billing company contractual obligations, the revenue based on the fee schedule and transport data trends and projections must be diligently reviewed to ensure program financial obligations are met. There has not been a fee increase since program implementation in FY 2012.



Note: The information above regarding the EMS Billing Fund Balance was provided by the Fire and Rescue System.



BACKGROUND - CONTINUED

Comparative Analysis

Prince William charges comparable, and in most cases, lower fees than most other jurisdictions compared in Northern Virginia. Additionally, revenue from EMS service fees is comparable to other jurisdictions.

Service Type	Prince William County	Fairfax County	Arlington County	Loudoun County	City of Alexandria
Advanced Life Support (ALS1)	\$500	\$650	\$650	\$660	\$500
Advanced Life Support (ALS2)	\$700	\$800	\$850	\$850	\$675
Basic Life Support (BLS)	\$400	\$500	\$500	\$467	\$400
Transportation Distance	\$10/mile	\$12/mile	\$12/mile	\$11/mile	\$10/mile

Note: Fee structure obtained from corresponding jurisdiction's Fire & Rescue website.

Metric	Prince William County	Fairfax County	Arlington County	Loudoun County
FY 2017 EMS Transports (Actual)	19,930	54,375	15,158	14,387
FY 2018 EMS Transports (Actual)	20,515	54,361	14,590	14,559
FY 2019 EMS Transports (Adopted)	22,000	53,500	-	-
FY 2017 EMS Service Fee (Actual)	\$4,908,922	\$21,193,175	-	\$5,050,531
FY 2018 EMS Service Fee (Actual)	\$5,787,492	\$21,256,948	\$2,671,808	\$5,888,431
FY 2019 EMS Service Fee (Adopted)	\$5,837,203	\$21,469,517	-	\$4,800,000
Est. Population**	468,011	1,150,795	237,521	406,850
Ratios				
FY 2018 Transports vs. Population	~4.3%	~4.7%	~6.1%	~3.5%
FY 2018 Revenue Per Citizen	~\$12.37	~\$17.57	~\$11.25	~\$14.47
FY 2018 Revenue Per Transport	~\$282	~\$372	~\$183	~\$404

Note: All data above obtained from the FY19 approved budget document or Comprehensive Annual Financial Report (CAFR) for each corresponding jurisdiction

*Note: Data was not able to be obtained for the City of Alexandria regarding total transports and revenue

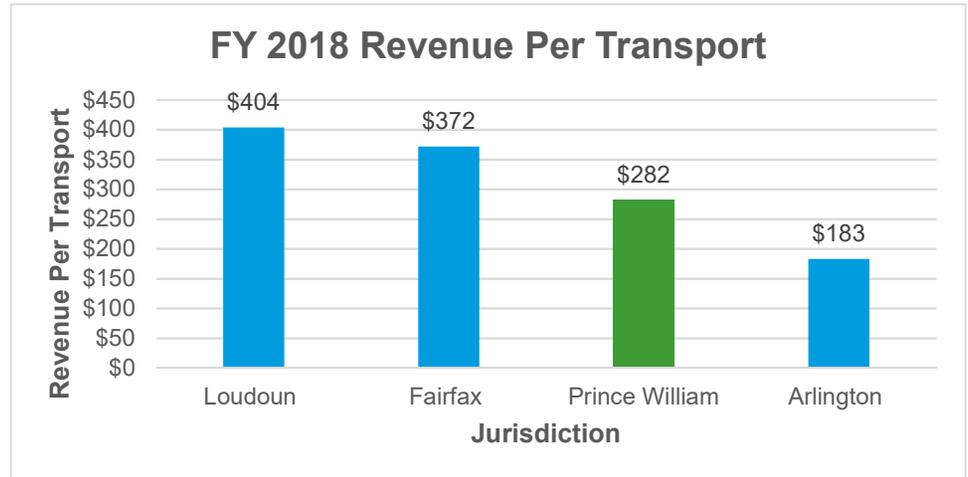
**Note: Population Estimates Source: United States Census Bureau 2018 Population Estimates



BACKGROUND - CONTINUED

Comparative Analysis – Continued

Prince William County's FY 2018 average revenue per transport of \$282 was slightly below the mean of \$311 as compared to other local jurisdictions. The County compensates its third-party EMS billing service provider based upon a fixed rate of 4.25% of net cash receipts. Fairfax County and Arlington County utilize tiered compensation structures. If utilizing Fairfax County's structure, 4% of net cash receipts (~\$231K) would have been paid for services in FY 2018. Arlington County's tiered structure based on total transports would have yielded a service fee of 5.5% net cash receipts (~\$318K). Actual fees incurred by Prince William County were ~\$269K.



Jurisdiction	EMS Billing Provider	Compensation Structure
Prince William County	Change Healthcare	4.25% on net cash receipts are paid to Change Healthcare.
Fairfax County	Med3000, Inc.	<p>*Average cash collected per transport: If ≤ \$338.99: 4% is paid to Med3000 If \$339.00 - \$351.99: 4.5% is paid to Med3000 If ≥ \$352: 4.75% is paid to Med3000</p> <p>*The fee is paid at a base rate of 4% throughout the year. An average cash per transport will be calculated and if the average exceeds the 4% threshold, the additional percentage will be paid.</p>
Arlington County	Med3000, Inc.	<p>≤ 1,000 transports: 6.5% of receipts are paid to Med3000 1,001 to 3,900 transports: 5.9% of receipts are paid to Med3000 3,901 to 25,000 transports: 5.5% of receipts are paid to Med3000 25,001 to 40,000 transports: 5.2% of receipts are paid to Med3000 > 40,000 transports: 4.5% of receipts are paid to Med3000</p>



OBJECTIVES AND APPROACH

Objectives

The primary objective of this internal audit was to determine whether County emergency medical services were billed accurately and completely, and to evaluate whether the related controls are operating effectively. The scope of this internal audit encompassed all emergency medical services transports from July 1, 2018 through June 30, 2019.

Approach

Our audit approach was consistent with our internal audit methodology, which consisted of the following phases:

Understanding and Documentation of the Process

During this phase of the audit, we conducted interviews with the appropriate representatives from the Fire and Rescue System to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We obtained and reviewed 1) copies of financial information; 2) applicable Code of Virginia and County policies related to this internal audit and 3) other documents deemed necessary, and performed walkthroughs of the process(es) and key controls to gain an understanding of the function and assess the design of the process/key controls, documented the process(es) via flowchart, and developed a risk-based work plan for the evaluation of the design and operating effectiveness of processes and controls, based on the information obtained through our review, inquiry and walkthrough procedures.

Evaluation of the Design and Operating Effectiveness of Process and Controls

The purpose of this phase was to validate EMS billings, and to test for compliance and operating effectiveness of the billing program and key controls on a sample basis. Our testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives outlined above. Procedures included the following:

- Reviewed the process that the County and vendor use to collect, store and transmit patient information during and after medical incidents involving an ambulance;
- Obtained and test data relating to completeness of EMS billing;
- Assessed the current process for evaluating vendor performance;
- Assessed reasonableness of contract terms regarding compensation structure;
- Assessed process for of debt collection, including denied claims and outstanding billings;
- Reviewed the accuracy and application of credits/refunds and discounts to billed services;
- Analyzed policies and procedures to determine effectiveness;
- Performed comparative analysis to neighboring jurisdictions, where possible, of the following:
 - EMS fee structure;
 - Gross fees;
 - Net fees;
 - EMS utilization (e.g. total transports/incidents);
 - Other topics disclosed in budget documentation; and,
- Provided recommendations for process improvements.

Reporting

At the conclusion of this audit, we summarized our findings into this report. We conducted an exit meeting with the appropriate Management personnel, and have incorporated Management's response into this report.



OBSERVATIONS MATRIX

Observation	1. Monthly Reconciliations
Moderate	<p>On a monthly basis, a reconciliation is performed by County Finance between the account balance per the bank statement, daily cash receipt reports provided by Change Healthcare, and the monthly invoice of amounts owed to Change Healthcare for services rendered. The daily cash receipt reports detail the daily activity within the lockbox account utilized to collect EMS billing payments. The invoice provided by Change Healthcare details the net cash receipts for the service period, as well as the amount owed by the County to Change Healthcare for services rendered. Amounts owed are directly related to net cash receipts, as Change Healthcare is paid 4.25% of monthly net cash receipts.</p> <p>We noted the following based on our testing of four (4) monthly reconciliations sampled, including the daily cash receipt reports to Change Healthcare invoices received by the County. Four (4) variances ranging from \$4,470 to \$32,451 between the sum of the months daily reports and the invoices received by the County. Based on inquiry with the EMS Billing Program Manager, these variances are caused by timing differences between when payments have processed at the beginning or end of the month, however, no further context is provided regarding which payments are the reconciling items, nor was any follow up performed to resolve these reconciling items.</p> <p>In addition, reconciliation procedures are not documented. While a procedural document exists for processing payments, it does not detail how to perform the monthly reconciliation.</p> <p>Reconciliation activities not only validate the accuracy of collections and revenue, but also the amount owed to Change Healthcare for third-party EMS billing services. Change Healthcare is paid a percentage of net cash receipts, so an overstatement of net cash receipts would cause an overpayment for services rendered. Also, monthly revenue may be over or underreported if collection information provided by Change Healthcare is not appropriately reconciled to patient payment activity. Without formally documented procedures, an effective contingency plan for reconciliations is not in place in the event of extended absences, leaves, or terminations.</p>
Recommendation	<p>We recommend that the reconciliation process/procedures be updated so that the below is included/performed on a monthly basis: 1) documents to obtained and maintained (at minimum: journal entry, reports from Change Healthcare, reports from lockbox/financial institution, etc); 2) listing of reconciling items, with documented follow-up and resolution 3) performance of reconciliation within an appropriate time frame from month-end (30 – 45 days).</p>
Management Action Plan	<p>Response: Concur. At this time County Finance has gone back through all FY 2019 reconciliations and they were able to provide more context to differences particularly those months selected and noted in this audit. Revenue collected through our EMS bank account and recorded by Change has always been validated however the additional details and context provide a clearer understanding between revenue collected and the service charge paid on net cash receipts. The reconciliation spreadsheet has been updated to reflect not only timing differences but also takebacks, refunds and the amounts that were received in the main bank account. We will develop reconciliation processes/procedures to outline the work that is being performed monthly. We would also like to add that PWC central accounting performs a secondary banking reconciliation within 30-45 days on all bank accounts which ensures that all EMS bank activity was recorded.</p> <p>Responsible Party: Finance & EMS Billing Program Staff</p> <p>Estimated Completion Date: December 31, 2019</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	2. SafetyPAD Pre-Hospital Patient Care Report – Quality Care Review
<p>Moderate</p>	<p>The quality care review process is performed by EMS supervisory personnel following submission of the Pre-Hospital Patient Care Report (“PPCR”) by an EMS crew that has responded to a medical emergency. The PPCR provides all applicable information to facilitate the EMS billing process, including charge coding and claim submission. The quality care review validates the information within the PPCR prior to processing. After the billing process is completed, a post payment review is also performed to validate that documentation complies with required policies and procedures.</p> <p><i>Note: Per discussion with EMS Billing personnel, this review has only been in place since January 1, 2019. A memo was circulated in December 2018 detailing that as of January 1, 2019 an expectation of a 100% supervisor review of PPCR’s.</i></p> <p>We reviewed thirteen (13) transports that occurred following implementation in January 1, 2019, noting all lacked a quality care review.</p> <p>Consistent performance of a quality care review decreases the risk of incomplete reports, inaccurate reports, or inappropriate course of action to address the medical needs of that patient may not be identified and addressed. Change Healthcare relies on the PPCR to begin the billing process and submit a claim to the patient’s insurance provider, or bill the patient directly. If the information included in the PPCR is not complete or accurate, the billing process could be delayed, or unable to be processed.</p>
<p>Recommendation</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • A re-emphasis on the requirement of Supervisor review on all PPCR’s (quality care review). This emphasis could come in the form of a training, documented guidance, or the circulation of this audit report. • Implementation of an email notification system to alert Supervisors of reports included in their SafetyPAD queue that are pending review.
<p>Management Action Plan</p>	<p>Response: Concur. While we agree with this observation, the department of Fire & Rescue EMS Operations Division recently implemented the Quality of Care review process to address clinical areas for improvement. EMS Operations will continue to monitor compliance with this initiative to ensure we achieve full supervisory reviews. Implementation of an email notification system within SafetyPAD will be reviewed, however the present system has a review queuing system within SafetyPAD that we will continue to monitor.</p> <p>From a billing perspective, EMS Billing has secondary and tertiary controls in place to mitigate the risk of having incomplete, inaccurate or inappropriate reports.</p> <p>Presently, we have a weekly review process that ensures we provide complete patient care reports to Change Healthcare. Additionally, EMS Billing has a post payment review/audit process that is conducted by our internal staff who are certified ambulance coders. We conduct 100% review of all Medicare and Medicaid billed transports. We ensure all billed PPCRs met clinical documentation standards and that reimbursement rules and regulations that govern the program were adhered to.</p> <p>Responsible Party: EMS Operations</p> <p>Estimated Completion Date: December 31, 2019</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	3. Change Healthcare Technology Enabled Services, LLC and ESO Solutions, Inc. System and Organization Controls Report
Moderate	<p>A System and Organizational Controls (“SOC”) report is designed to report on the fairness of the presentation of management’s description of the service organization’s system and the suitability of the design of the controls to achieve the related control objectives included in the report’s description. Each SOC report contains a section addressed to the user (the County) that identifies specific controls assumed by the Service Organization to be in place at the user level when developing their control structure the Fire and Rescue System uses Change Healthcare as a service organization. Based on our review we noted the following:</p> <ul style="list-style-type: none"> • There is no process in place to obtain, or review the annual SOC report for either service organization utilized by the County EMS billing division. We obtained and reviewed the Change Healthcare SOC report for the period in scope and verified no significant deficiencies or material weaknesses were included, however a bridge letter was not furnished to cover six months of the in scope period. This validates that no material changes have been made to the controls reviewed within the initial SOC report. • A SOC report has not been furnished for ESO Solutions. The engagement letter for an on-going review was provided. <p>By not reviewing these reports, the County increases its exposure to unmitigated risks derived from a poor control environment at the respective service organization.</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Obtain the SOC reports from Change Healthcare and ESO Solutions on an annual basis, for the respective systems utilized as it relates to the County’s EMS billing. Depending on the time of year the reports are obtained, a bridge letter may be necessary from the service providers that states there were no material changes in the internal control environment. • Review of this report with the appropriate DoIT Information Technology representative to identify if any control deficiencies or material weaknesses were identified within the service organization’s SOC report. If any deficiencies or weaknesses are identified, the County will need to determine what, if any, impact this has on their reliance on these vendors as their service organizations. • Document evidence of review.
Management Action Plan	<p>Response: Management concurs with annual review of SOC reports. Typically, these reports have been requested during the RFP solicitation phase for EMS billing services to validate the security, reliability and control environment of the vendor prior to contract award. Program Manager will incorporate this review with the annual year end due diligence activities of Change Healthcare and perform the review alongside IT staff. ESO SafetyPAD SOC report will be requested and annually reviewed by SafetyPAD administrator.</p> <p>Responsible Party: EMS Billing Program staff & Fire and Rescue System IT</p> <p>Estimated Completion Date: December 31, 2019</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	4. Review of Monthly Reports provided by Change Healthcare
Low	<p>Change Healthcare is contractually required to provide monthly reports through a secure site accessible by the County and Change Healthcare personnel. The reports provided reflect current period, and comprehensive financial and transport analytics. This assists in monitoring the performance of Change Healthcare, as well as identifying outliers in historical trends to perform account review as needed. Reports provided include:</p> <ul style="list-style-type: none"> • Collection Rates • Billing Activity • Aged Accounts Receivables • Write-Off/Adjustments • Incomplete Incident Reports • Overpaid Invoices <p>We selected four (4) monthly reports noting no evidence of review (ex. sign-off or signature) by the County. Without evidence, we were unable to validate that these reports are being reviewed on a consistent and timely basis, which enables effective management of the EMS function, vendor relationship, and allows the County to make informed decisions as necessary.</p>
Recommendation	<p>We recommend that evidence of review of monthly Change Healthcare reports by the appropriate personnel should be documented and retained.</p>
Management Action Plan	<p>Response: Management concurs that there should be evidence of review through a sign off process. While no evidence presently exists EMS Billing Program Manager does conduct a review and provides summary level reporting to management. We will incorporate a sign off of all reports and save to share drive.</p> <p>Responsible Party: EMS Billing Program Manager</p> <p>Estimated Completion Date: October 30, 2019</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	5. Contract Language
Low	<p>The contractual agreement between the County and Change Healthcare includes certain requirements related to the billing practices of Change Healthcare. Specifically, the following requirement is included within the agreement:</p> <p><i>"Unless otherwise agreed to by the County in writing, the Contractor shall be responsible for electronic claims processing and paper filings to all insurance companies (as appropriate based on the payor) all initial claims, invoices and/or bills within three (3) business days of the date the contractor receives documentation of the transport from the County."</i></p> <p>Based on review, we noted that the processing time of electronic claims and paper filings average ~6.25 days. In addition, based on inquiry with the EMS Billing Program Manager, the processing of electronic claims and paper filings within three (3) business days is no longer practicable and does not appropriately reflect a timely turnaround for charge capture, service coding, and the billing cycle turnaround. This change in practice and contractual requirement was not agreed upon in writing, causing the contractual language to become outdated.</p> <p>Per review of similar contracts for other jurisdictions, up to 10 days is allowed for claims processing.</p> <p>Outdated contract language can present risks related to contractor compliance and vendor management.</p>
Recommendation	We recommend that the contract terms be updated to reflect adequate allowed turnaround for processing electronic claims and paper filings.
Management Action Plan	<p>Response: Concur. Contract language will be updated to align with peer jurisdictions to reflect a more accurate timeline for claims processing.</p> <p>Responsible Party: EMS Billing Program Manager</p> <p>Estimated Completion Date: December 31, 2019</p>



PROCESS IMPROVEMENT OPPORTUNITY

Monthly Meeting Minutes

EMS Billing personnel and Change Healthcare personnel conduct periodic meetings, usually monthly, to discuss performance metrics, on-going initiatives, identified issues, etc.

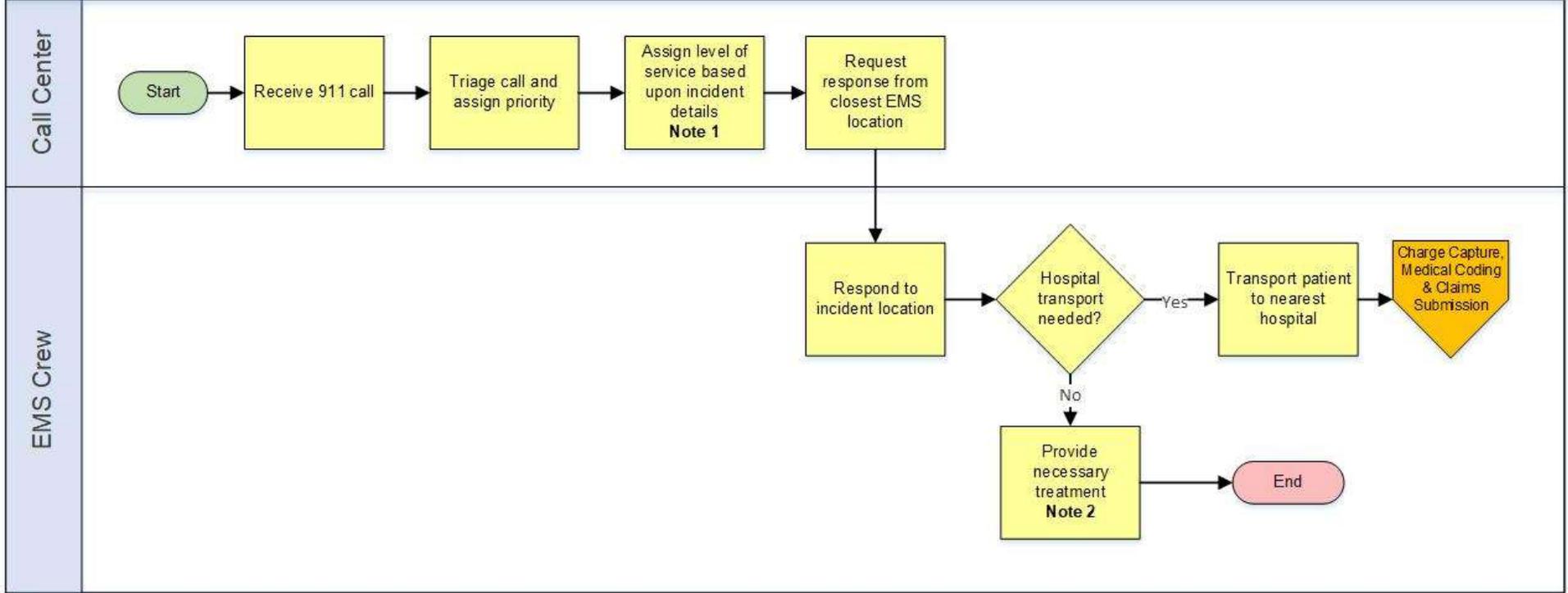
Currently, discussion points, actions, or follow-up items are not documented and circulated to meeting attendees.

We recommend meeting minutes be created and circulated to relevant parties after each periodic meeting. Meeting minutes provide transparency, decision trails, and support relationship management practices.



PROCESS MAPS

Dispatch



Note 1: There are three levels of service: Basic Life Support (BLS), and Advanced Life Support (ALS1 and ALS2). The determination of service level is based largely on an algorithm of symptoms and conditions, but may require limited judgment by the call center based on descriptions given by the caller.

Note 2: If the patient is not transported to the hospital, the process ends and there is no payment or invoicing.

Legend:

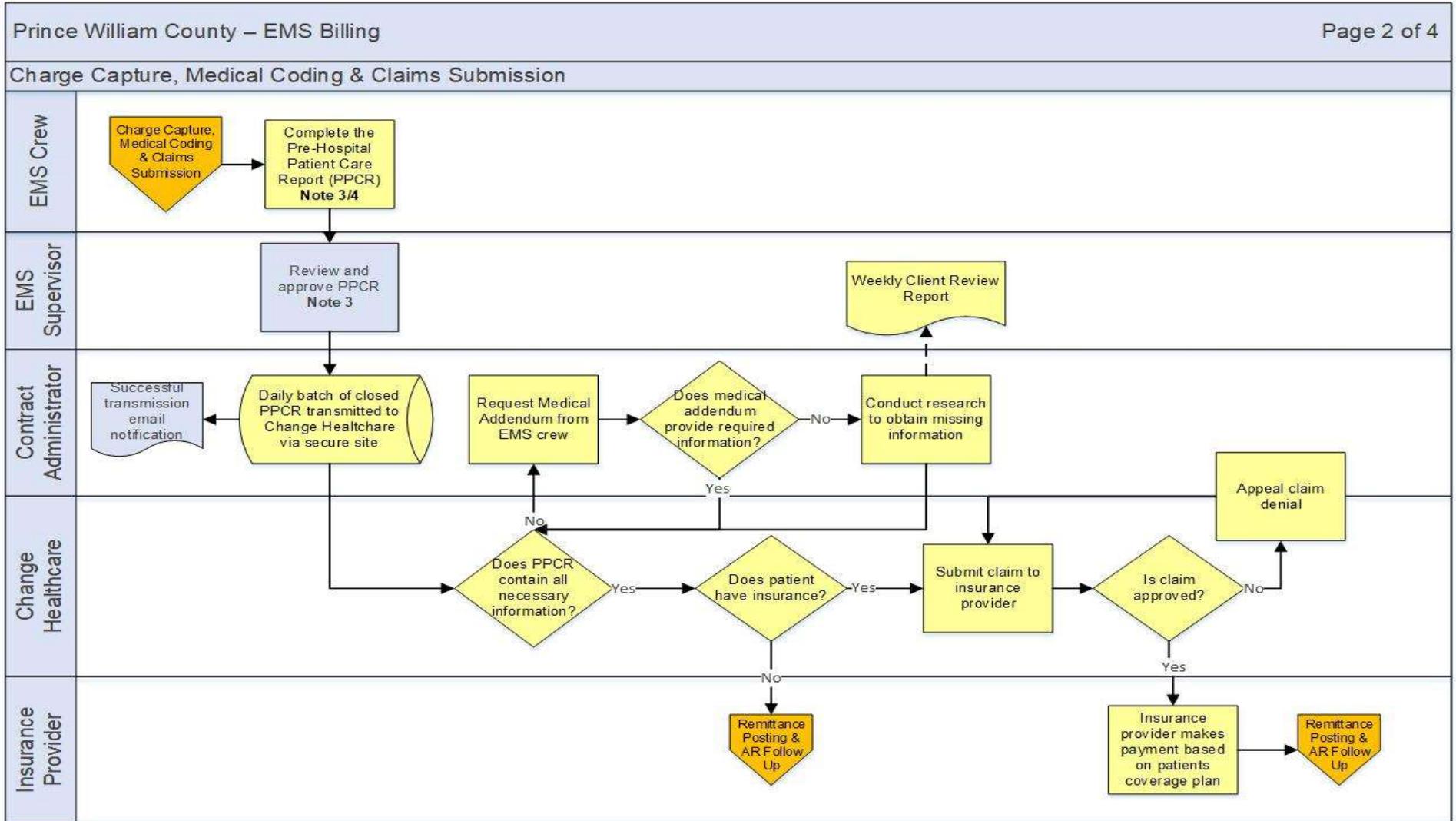
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Color:

Control	Gap
Process Step	



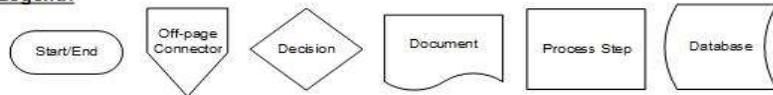
PROCESS MAPS – CONTINUED



Note 3: Supervisory review is a recent initiative by DFR to improve the completeness and accuracy of completed patient care reports. The function is performed within SafetyPAD, which contains a built in approval workflow.

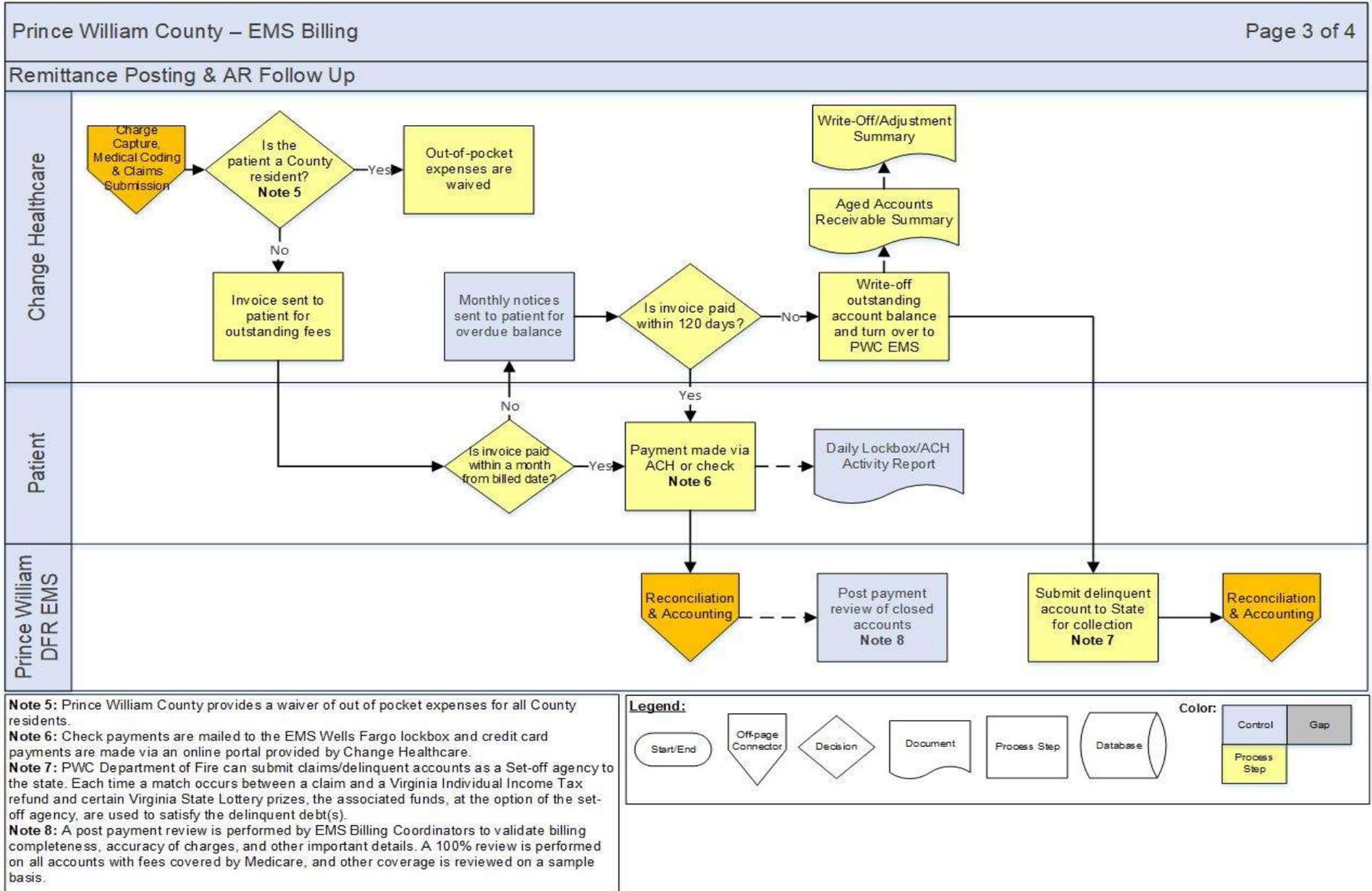
Note 4: Prince William County utilizes the SafetyPAD software to create PPCRs for incident reporting.

Legend:



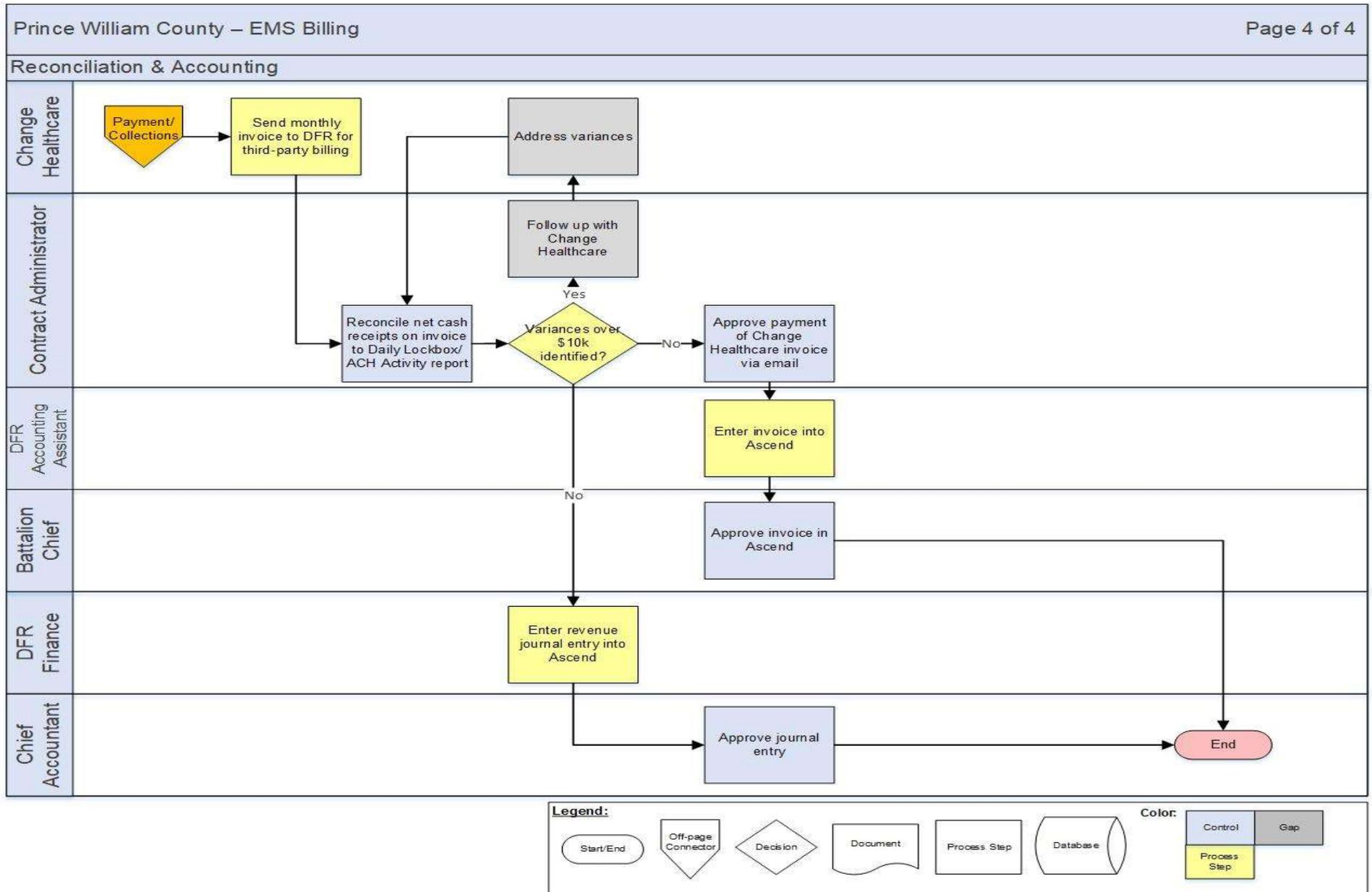


PROCESS MAPS - CONTINUED





PROCESS MAPS - CONTINUED





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