

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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FROM: Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
August 9, 2006

SUBJECT: Discharge of Accountability for Hospital Accounts Receivables

RECOMMENDED MOTION:

- 1) Request that the Board approve resolution # 2006-240 for Discharge of Accountability (write off of accounts receivable) under Government Code Section 25257; and
- 2) Authorize the Hospital Director, under Health and Safety Code Section 1473, to write off accounts receivable, which are un-collectable.

BACKGROUND: California Government Code Sections 25257-25259 describes the Board's discharge of accountability (write-off) process, to remove un-collectable accounts from active status. The accounts requested in this discharge of accountability have been held by the hospital or the hospital's contracted collection agencies for more than two years and there has not been any activity on the patient accounts within the past six months. Actually, the last Board approved discharge of accountability occurred 15 years ago, on September 5, 1991.

(Continued on page 2)

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, Auditor-Controller

Departmental Concurrence

BY HLS 10/12/06
Deputy

FORM APPROVED
COUNTY COUNSEL

DB:HDS:sg

SEP 20 2006
BY [Signature]

[Signature: Douglas D. Bagley]
Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:
APPROVE

County Executive Office Signature [Signature: Debra Cournoyer]

- Policy
- Policy
- Consent
- Consent
- Dep't Recomm.:
- Per Exec. Ofc.:

Prev. Agn. Ref.: **District:** **Agenda Number:** **3 . 36**

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BACKGROUND: (Continued)

There is no net financial impact to the hospital or County from this action, since these charges are already netted out to zero on the balance sheet. The balance sheet reflects actual collections and expected collections. There are 408,267 bills totaling \$288,363,832 in billed charges from the last 15 years for which the hospital is seeking a discharge of accountability. It should be noted that this amount is not actual cost; billed charges are substantially higher than costs.

The hospital provides services for which no additional payment will be received either because the hospital is contractually obligated to accept payment, as in the case with the Medicare and Medi-Cal Programs, or the hospital has exhausted all avenues during the pursuit of payment from the self pay and indigent population. The determination that no anticipated additional payment will be likely received is made after hospital staff has taken the following steps:

1. Every responsible party was sent an itemized bill, a minimum of two statements, and a collection notice, prior to transferring the bill to the hospital's contracted collection agencies.
2. Accounts are transferred to the hospital's contracted collection agencies because:
 - a. The hospital did not have the correct address.
 - b. The hospital could not locate the responsible party after services were rendered.
 - c. The responsible party refused or would not cooperate with the hospital.
 - d. The patient did not qualify for indigent status under Welfare & Institution Code 17000-eligibility determination process.
3. The hospital's patient accounts personnel have performed the following steps in the hospital's collection efforts.
 - a. Reviewed the account and computer data for new data.
 - b. Searched telephone directories and crisscross telephone directories in order to locate responsible parties.
 - c. Reviewed credit reports through various credit reporting agencies.
 - d. Exhausted all other reasonable collection routines including referral of claims to contracted services vendors that attempt to match patient with third party payors.
4. Hospital's Medical Indigent Services Program (MISP) staff evaluated accounts for County's Welfare & Institution Code section 17000 obligation.

Once these steps have been completed and the hospital's contracted collection agencies concur that no further payment will be received on these accounts, the hospital's fiscal and administrative staff deems these accounts as no longer valid accounts receivable.

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The hospital will maintain historical data on these accounts outside the current accounts receivable inventory and while no further action will be taken on these accounts, this does not relieve any individual's legal liability to pay us. If we should learn that one of these accounts has new financial resources, we can always reinstate the account to active status and reinitiate collection actions.

These accounts do not represent contractual adjustments under third party participation/contract agreements that are adjudicated (written off) upon time of final payment/settlement pursuant to Health and Safety Code Section 1473 (b). They do represent negotiated discounts and charity/indigent care write offs as determined by hospital policy where no additional payment will be received.

The County Auditor Controller, County Counsel, and County Executive Office personnel have reviewed the information related to these accounts. The hospital is requesting discharge of accountability under Government Code 25257.

The hospital has fully recognized the actual collections and costs for these patients and therefore, there is no direct financial impact to the hospital to write-off these account balances. In fact, over the past two years the hospital's financial auditors, after auditing the hospital's account receivable values, recommended that the hospital remove (write-off) these un-collectable accounts and their related contractual/bad debt/charity reserves from the hospital's accounts receivable. This is a common health care industry practice related to accounts receivable management. Approval of this Resolution will allow the hospital to remove inactive accounts from the hospital's active accounts.

For the future, we will plan to bring similar actions to the Board at much more frequent intervals.

DB:sg

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3 RESOLUTION NO. 2006-240

4 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
5 COUNTY OF RIVERSIDE TO AUTHORIZE THE DISCHARGE OF ACCOUNTABILITY
6 FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE FOR
7 RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

8 WHEREAS, The Riverside County Regional Medical Center (hereinafter referred to as
9 the "Hospital") has made every effort to collect on accounts receivable, for services provided by
10 and billed by the Hospital; and

11 WHEREAS, third party contractual and negotiated arrangements with parties prohibit the
12 collection of the balance on accounts by contract; and

13 WHEREAS, the County Auditor Controller has reviewed the accounts receivable; and

14 WHEREAS, the County Auditor Controller has agreed with the Hospital's assessment of
15 these accounts;

16 NOW THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of
17 the County of Riverside, State of California, in regular session assembled on October 17
18 2006 that:

19 1. The Hospital is authorized a Discharge of Accountability in the amount of
20 \$288,363,832.

21 2. The Hospital Executive Director is authorized to write off accounts receivable that
22 become legally uncollectible under third party contractual arrangements.
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