



City of Homer

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Finance Department

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Memorandum 15-085

TO: Mayor Wythe and Homer City Council
THROUGH: Katie Koester, City Manager
FROM: John Li, Finance Director
DATE: June 10, 2015
SUBJECT: Ambulance Billing

Currently the City's Finance Department is doing the emergency medical service (EMS) billing. The City's EMS, part of the Fire Department, is considered one of the essential services provided by the City. Therefore, total cost recovery is not the objective. However, the Finance Department concluded that the billing process has not been the most efficient use of resources and the revenue is not maximized by this function.

City of Homer EMS Billing:

Ambulance billing has become more and more specialized. The ever-increasing demand for staffing time and technical proficiency in dealing with Ambulance & Emergency Medicine Coding, compliance, and claim denials has made it very difficult to be effectively and efficiently performing the billing function internally.

1. City of Homer EMS has been providing from 450 to 600 billable (medically necessary) transports per year for the past five years.
2. We are currently at least four months behind in processing the bills.
3. Denial rate is very high.
4. Budget, Revenue, and Collection History:

Fiscal Year Ending	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	5 Year Total
Rev. Budgeted	225,000	210,000	225,000	225,000	175,000	1,060,000
Rev. Audit Adj.	114,318	117,169	99,508	194,877	203,253	729,125
Cash Collected	109,027	119,916	143,243	168,805	158,646	699,637
Collected - Bud	(115,973)	(90,084)	(81,757)	(56,195)	(16,354)	(360,363)

Around the State of Alaska:

Organization/City	Population	Paid Staff	Volunteers	Bill	Method	Vendor
Capital City Fire Rescue	>15000	33	65	Yes	Vendor	Whitman Enterprises
Fairbanks Fire Dept	>15000	39	0	Yes	Vendor	Fairbanks Billing Service
Kenai Fire Department	10000-15000	18	0	Yes	Vendor	Systems Design
Matanuska-Susitna Borough	>15000	18	200	Yes	Agency	MBS Accounting Dept
Central Emergency Services	>15000	42	35	Yes	Vendor	Systems Design Northwest
Anchorage Fire	>15000	325	0	Yes	Vendor	Whitman Enterprises
North Tongas Volunteer FD	<5000	3	15	Yes	Vendor	Systems Design
Nikiski	5500	21	20	Yes	Vendor	Systems Design
Cordova VFD	<5000	2	40	Yes	Vendor	Systems West Design
Petersburg VFD	<5000	2	65	Yes	Vendor	Omni Billing
Ninilchik Emergency Services	<5000	0	25	Yes	Agency	
Sitka Fire Department	5000-10000	9	45	Yes	vendor	Omni Billing
Skagway	750-3000	4	25-40	yes	Vendor	Omni Billing
Dillingham Fire Department	<5000	2	33	yes	Vendor	Systems Design

Based on current conditions, the City Administration's recommendation is to outsource the function to a professional billing service. The objectives are to have quick turnaround, reliable cash flow, high quality claims, and better customer services.

Budgetary consideration: at least revenue neutral.