

**Budget & Finance Committee Meeting**

Thursday, June 18, 2020

**REMOTE PARTICIPATION****-Minutes-**

**Present:** Chair, Councilor Melissa Cox, Vice Chair, Councilor Scott Memhard, Councilor John McCarthy

**Absent:** None

**Also Present:** Joanne M. Senos, Kenny Costa, Vanessa Krawczyk, Eric Smith, Jonathan Sanger, Phil Harvey

Councilor Cox called the meeting of the Budget & Finance Committee for Thursday, June 18, 2020 to order at 5:30 p.m.

Councilor Cox announced that this meeting is recorded by video and audio in accordance with state open meeting law, consistent with the governor's order suspending certain provisions of the open meeting and gaming gatherings of people, 10 or more people. This meeting is connected by remote participation. If you are calling in on a phone, you can press Star 9 to request to speak. If you are watching on a computer or device, there is a raise hand and a button that you can tap or press to request to speak. Please use either of these options during oral communications to be recognized to speak.

**1. Memorandum from EMS Coordinator re: proposed update to the City of Gloucester Fire Department Ambulance Service Billing and Collection Policy, recommendation to write off \$520,625.06 of uncollectable debt, and set new policy effective 7/1/2020**

The outgoing EMS Coordinator, Jonathan Sanger, conveyed to the Committee that his tenure is coming to a close next week. Deputy Phil Harvey is the incoming EMS Coordinator, and has been going through training for the last few months with the COVID. Deputy Harvey is going to be the sole individual in charge. Mr. Sanger read the letter for the Committee that he submitted to the Mayor for the Mayor's report (on file). Mr. Sanger also noted in regard to Intermedix, with this whole COVID situation, they are actually at 10 percent decrease across the board throughout their entire clientele on average. We actually still came in a little above our projections, and we are doing well with regards to increases in both collections and in volume of calls. Councilor Cox asked Mr. Sanger to go over the time period for this write off as it is huge compared to the last two years. Mr. Sanger replied two years ago, it was about the same level they are right now. Last year it was a smaller amount because they only wrote off six months' worth at that time, because they were trying to get it in line with a calendar year write-off. In many discussions back and forth with Intermedix, it was a confusing cycle with no definitive beginning and end date. They decided that it was much easier to do a calendar year. The write-off period runs from January 1, 2018 to December 31, 2018. This does include a couple of accounts from previous years. It may have been reopened because they received some partial payment for some reason or another. In the list of accounts, you might see a half dozen or so that are from years previous and somehow it was reopened. Generally, that happens from a partial payment that came through for some reason, and then they just write-off the remainder. Councilor McCarthy inquired if the bulk of this is from people that are not paying or is this the adjusted amount that insurance companies are paying, or is this adjusted amounts that the insurance companies are not paying. Mr. Sanger replied that the bulk of this is that people are not paying for any great number of reasons. They either don't have insurance, they choose not to respond to the number of collection notices, or they don't pay their share. There are quite a few reasons why we don't get this money and it is not an adjustment. He spoke to Chief Smith about this. They have a large number around seventy percent that are Medicare and Medicaid clientele. They only collect about four hundred forty four dollars on a two thousand dollar ambulance bill. They just

accept that as full payment. They don't go after the individual because obviously they're on fixed incomes. This amount doesn't include those accounts. This amount is people that do not pay. Chief Smith commented that either they couldn't get the data from the individual or wouldn't provide it. They do not receive good electronic data from the hospitals and are not allowed to access their systems to receive this data. The EMS Coordinator's office has to do that in a very manual nearly paper process to try to get updates. We do our best to collect that data later and get that input to the system. Jon Sanger has made a lot of improvements and that's why they are seeing the numbers start to improve as far as the level of collections and bad debt are going down. They are seeing things trend in the right direction. Their billing companies have done a great job coming in to help them come up with ways and information tracking to try to improve that. With people's data being compromised so easily there are a lot restrictions out there. Mr. Sanger added that some of it actually goes back to HIPPA and some of it is the hospital. They don't allow what's called date mining which basically it would give in the years past, in our case, the billing company would call the hospital and they would have director access to their computers and they could just data mine and extract all the information they wanted in terms of billing. This is not allowed anymore and there has been a lot more strict regulations with HIPPA. Councilor Memhard asked if they saw any opportunity or measure that they can try and improve this track record, because it just seems like it's a bad situation to be facing year after year. Mr. Sanger replied that halfway through 2019, he did make some significant changes in terms of the process in which this state is entered into the system and then re-provided it to their billing company. He believes these numbers are going to be drastically different next year. They made some great adjustments and have implemented a couple of billing measures, where in the past they have never been able to bill i.e. a treat and release. If you go on scene, we take care of someone, and didn't end up going to the hospital. He though this is going to be the trend with a few insurance companies that are willing to pay for that because they rather see them take care of them and don't see a two thousand dollar ambulance bill on a five thousand dollar ER bill. He reiterated that this has been a trend with a couple of insurance companies going for an allocation of money for that kind of treat and release situation. Also on top of that, they are seeing some increases in med-flight increased avenues in actually picking up some money. Council Memhard asked how do our numbers compare to other communities that have a similar style of billing for emergency services like this. Mr. Sanger replied in talking to AR1 which is Intermedix our billing company, they actually have seen us make better strides than a number of places. This year a lot of them were showing decreases in projections or coming in like ten percent below. We are actually at or slightly above our projections, and a lot of that has to do with our collections that we have been doing and changing. We are certainly better than average, and if nothing else, we are certainly similar. It is across the board. Deputy Harvey said the one thing he would point out is that one of the big things they are up against and they have always been up against is self-pay. Those are truly their uncollectables. There are a lot of times that they have not gotten good addresses or they are often the homeless population. They gave nothing for insurance and those can be very expense bills. They can be people who are quite sick and we are not going to collect on those no matter how we dig into it. Jonathan Sanger commented that if you look though the list, the data date that we can share publicly doesn't have names obviously for HIPPA. If you were able to see that, you would see multiple runs of some with quite large bills for the same people in one calendar year. We are talking about 20, 30, 40 times for the same person who may fall into that same category of self-pay or not pay. Councilor Memhard asked if there is any grant or federal program funds that would help backstop the city in terms of providing services to homeless or indigent residents who are not in a capacity. Obviously, they want to provide the services for our community's obligation. He asked is there any outside resources that we could be tapping that might help us offset the losses that we're booking each year. Mr. Sanger replied the one that comes to mind is that Mass Care, which is the Medicare kind of reimbursement. This month they should be getting a check for in excess of three hundred and sixty thousand dollars, which is a nice offset considering from the past years. He worked very hard with AR1 and Sue DellaCroce from the office. They put together a very nice package, and it

looked it turned out tremendous. That amount is over two times of what the highest they have gotten in the past. So that is a nice offset, but he doesn't know of any other plans. He can work with Deputy Harvey to look into it and see if there might be some grant or other federal funds.

**COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed to recommend that the City Council approve the Gloucester Fire Department Billing and Collection Policy as presented by the EMS Coordinator and approved by the Mayor dated May 12, 2020 and further to approve the proposed fee schedule attached to and incorporated into the policy effective July 1, 2020.**

**COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council authorize the write-off of \$520,625.06 in uncollectible, outstanding ambulance billing.**

**2. Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business**

Mr. Costa reviewed his report with the Committee.

A motion was made, seconded and voted by ROLL CALL to adjourn at 6:00 p.m.

Respectfully submitted,

Joanne M. Senos  
City Clerk