



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



AUDITS AND SPECIAL REPORTS

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on Ambulance Transport
Billings Provided by R1 RCM Inc. for
the Fire Department of the City of New
York

SR18-122A

April 16, 2021

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

April 16, 2021

To the Residents of the City of New York:

My office has audited the Fire Department of the City of New York (FDNY) to determine whether its vendor, R1 RCM Inc. (R1), is performing its ambulance transport invoicing and collection services in accordance with its Contract. We audit entities such as the FDNY as a means of increasing accountability and ensuring that City resources are used effectively, efficiently and in the best interest of the public.

The audit found that R1 generally adhered to its contractual requirements related to ambulance transport invoicing and collection services. Our review of a sample of 254 records from FDNY'S Health EMS system (HEMS) for transports occurring in Fiscal Year 2018 found that R1 appropriately created and billed patient accounts for those ambulance transports. Specifically, we found that R1 billed amounts at the correct level of service, for the provision of oxygen, and for mileage, and that it made timely submissions of claims and invoices to insurance companies and self-payers, respectively, in accordance with the provisions of the contract. However, the audit identified several errors that indicate weakness in R1's and FDNY's procedures that should be strengthened. Specifically, we found that R1 incorrectly applied three patients' payments by paper check to the wrong patients' accounts. We also found that FDNY's HEMS did not timely export 213 ePCRs to R1's billing system, a failure that FDNY discovered as a result of our audit, 21 months after EMS delivered the associated services. The late discovery that the 213 service-records had not been imported into R1's system foreclosed FDNY's opportunity to have R1 bill \$153,844 for 165 of those service-records, all involving ambulance transports, because FDNY deems such charges billable for only one year from the date of service.

The audit made five recommendations, including that FDNY should: (1) institute policies and procedures to ensure and document R1's written confirmation, that all ePCRs are successfully and timely exported from HEMS into R1's billing system; (2) ensure that R1 develops a review and quality assurance protocol to ensure that it applies payments received in paper check form to the correct accounts; and (3) ensure that R1 reviews and compares the daily receipt import volume of ePCRs in its billing system with FDNY's daily export volume from HEMS to determine whether all ePCRs recorded in HEMS were successfully transferred to R1.

The results of the audit have been discussed with FDNY officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report. If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott M. Stringer".

Scott M. Stringer

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THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER AUDITS AND SPECIAL REPORTS

Audit Report on Ambulance Transport Billings Provided by R1 RCM Inc. for the Fire Department of the City of New York

SR18-122A

EXECUTIVE SUMMARY

The Fire Department of the City of New York (FDNY), the largest fire department in the United States, protects the lives and property of New York City (City) residents and visitors as first responders to fires, medical emergencies, and conditions threatening public safety, including natural disasters and terrorist acts. FDNY, through its Emergency Medical Services (EMS), is also the City's primary provider of pre-hospital emergency care and ambulance transport. The New York City Charter grants FDNY "the power and authority to provide general ambulance services, emergency medical services and other response services necessary to preserve public health, safety and welfare, and to perform any functions relating to the provision of such services."

FDNY EMS responds to over one million calls for medical assistance each year through the City's emergency 911 telephone system. Once they make contact with a patient, FDNY EMS crews utilize mobile tablets to enter and document pertinent information about each patient into an electronic pre-hospital care report (ePCR),¹ whether or not they transport the patient to a hospital. That information is then uploaded into FDNY's Health EMS system (HEMS).

The Rules of the City of New York authorize FDNY to charge its patients and their insurers for EMS ambulance transport service provided through the City's 911 system to help defray the City's cost of providing these services. FDNY has a contract with Advance Data Processing Inc., d/b/a Intermedix for the provision of ambulance transport invoicing and collection services for a seven-year term ending in January 2022. On May 8, 2018, R1 RCM Inc. (R1) acquired Advance Data Processing Inc.

¹ The electronic Pre-hospital Care Report ("ePCR") is a document to be used by FDNY personnel whenever an ambulance responds to a call and patient contact is made.

We conducted this audit to determine whether R1 is performing its abovementioned services in accordance with its FDNY contract.

Audit Findings and Conclusion

R1 generally adhered to its contractual requirements related to ambulance transport invoicing and collection services. Our review of a sample of 254 records from HEMS for transports occurring in Fiscal Year 2018 found that R1 appropriately created and billed patient accounts for those ambulance transports. Specifically, we found that R1 billed amounts at the correct level of service, for the provision of oxygen, and for mileage, and that it made timely submissions of claims and invoices to insurance companies and self-payers, respectively, in accordance with the provisions of the contract.

However, the audit identified several errors that indicate areas of weakness in R1's and FDNY's procedures that should be strengthened. Specifically, we found that R1 incorrectly applied three patients' payments by paper check to the wrong patients' accounts. Compounding two of those three errors, R1 inappropriately referred one paying patient's account to R1's collection attorneys and erroneously invoiced another patient for a charge the patient had already paid, resulting in a double-payment.

We also found that FDNY's HEMS did not timely export 213 ePCRs to R1's billing system, a failure that FDNY discovered as a result of our audit—21 months after EMS delivered the associated services. The late discovery that the 213 service-records had not been imported into R1's system foreclosed FDNY's opportunity to have R1 bill \$153,844 for 165 of those service-records, all involving ambulance transports, because FDNY deems such charges billable for only one year from the date of service.

Audit Recommendations

Based on the audit findings, we make the following five recommendations:

FDNY should:

1. Institute policies and procedures to ensure, and document R1's written confirmation, that all ePCRs are successfully and timely exported from HEMS into R1's billing system.
2. Update its policies to include criteria for processing of accounts that were exported and/or imported outside of the timely filing period.
3. Ensure that R1 continues to perform its due diligence in accordance with the Contract to determine the patients' demographics in any instance in which they are missing from the ePCRs.
4. Ensure that R1 develops a review and quality assurance protocol to ensure that it applies payments received in paper check form to the correct accounts.
5. Ensure that R1 reviews and compares the daily receipt import volume of ePCRs in its billing system with FDNY's daily export volume from HEMS to determine whether all ePCRs recorded in HEMS were successfully transferred to R1.

Agency Response

In its response, FDNY officials agreed with all five of the audit's recommendations and stated they have "already taken steps to implement some of them."

AUDIT REPORT

Background

The FDNY, the largest fire department in the United States, protects the lives and property of City residents and visitors as first responders to fire, public safety and medical emergencies, disasters, and terrorist acts. FDNY is also the City's primary provider of pre-hospital emergency care and ambulance transport. The New York City Charter grants FDNY "the power and authority to provide general ambulance services, emergency medical services and other response services necessary to preserve public health, safety and welfare, and to perform any functions relating to the provision of such services."

FDNY EMS responds to over one million calls for medical assistance each year through the City's emergency 911 telephone system. Once they make contact with a patient, FDNY EMS crews utilize mobile tablets to enter and document pertinent information about each patient into an ePCR, whether or not they transport the patient to a hospital. That information is then uploaded into FDNY's HEMS.

The Rules of the City of New York authorize FDNY to charge its patients and their insurers for EMS ambulance transport service provided through the City's 911 system to help defray the City's cost of providing these services. Those charges help FDNY recoup the cost of providing ambulance service and reduce the portion that City taxpayers bear.² FDNY's policy and fee structure allow FDNY to bill only those patients transported by its EMS unit.

FDNY EMS operations provide the following types of emergency medical services:³

- Basic Life Support (BLS) Ambulance services for a charge of \$775
- Advanced Life Support Ambulance Service Level 1 (ALS1) for a charge of \$1,310
- Advanced Life Support Ambulance Service Level 2 (ALS2) for a charge of \$1,420
- Ambulance transportation to the hospital for a charge of \$15 per mile traveled
- Provision of Oxygen (as applicable) for a charge of \$66

Patients who receive services from, but are not transported to a hospital by, EMS are designated by FDNY EMS crews in ePCRs as "Treated/No Transport" patients and are not billed for the EMS services they received.⁴

On September 3, 2014, FDNY contracted with Advance Data Processing Inc., d/b/a Intermedix, to provide ambulance transport invoicing services for a seven-year term, February 1, 2015 through January 31, 2022 for fees totaling approximately \$48.7 million (the Contract).⁵ On May 8,

² The amounts FDNY charges do not necessarily reflect the amounts it accepts from government and private health insurance plans, which set maximum allowable amounts and other terms and conditions for the specific services they cover.

³ Service rates/charges reflect those listed on FDNY's Schedule of Charges for Fire Department Ambulance Transport Service, effective March 12, 2017.

⁴ Although no regulation prevents FDNY from charging patients whom EMS treats but does not transport, FDNY has determined that it is not cost effective to charge them, because government insurers (Medicare and Medicaid) do not cover that service.

⁵ On May 8, 2018, R1 acquired Advanced Data Processing, Inc., d/b/a Intermedix, which R1 describes as a provider of revenue cycle management, practice management, and data analytics services to more than 15,000 individual healthcare providers across the nation.

2018, R1 acquired Advance Data Processing Inc. R1 provides similar and related services to numerous EMS agencies in the United States and other countries.

The Contract requires R1 to provide billing, insurance-determination, and collection services in connection with FDNY's charges and claims for ambulance transport and associated medical services. The claims must be prepared in compliance with FDNY policies and the requirements of federal health care programs (Medicare and Medicaid) and commercial insurers. In connection with those services, R1 is responsible for verifying the names, addresses, and insurance coverage of EMS' patients and determining those patients' primary and secondary insurance coverage, including their eligibility for Medicare. The Contract also requires R1 to generate claims; issue bills and invoices; and conduct follow-up correspondence with patients and their primary and secondary or co-insurance payers; post payments to patients' accounts; and process documentation required for refunds.

R1 is not responsible for the receipt of the funds the FDNY collects through R1's billing activities. Rather, all revenue is remitted directly to an FDNY-controlled bank account/lockbox, which R1 does not control. In accordance with the Contract, the bank makes copies of checks and other correspondence electronically available to R1. R1 is responsible for compiling, tracking, and maintaining patient billing and collection information in a central database and for providing the FDNY reports with which to monitor billing, revenue, receipts, and correspondence activity.

With respect to collection services, R1 is responsible for investigating claims where necessary; preparing and sending notices to debtors; and using all available methods to locate debtors, such as conducting asset searches, commencing judgment enforcement litigation, and obtaining enforceable judgments against debtors, as directed by the FDNY.

According to FDNY officials, FDNY performs reviews some of R1's claims of ambulance transports to determine whether the documentation of medical necessity to support billing third-party payers is available. FDNY's Revenue Management unit also conducts daily manual reviews of a percentage of the ePCRs to ensure that R1's decisions with regard to billable and non-billable services are appropriate.⁶In connection with its reviews, FDNY has real time access to the relevant records, enabling it to review accounts and correct errors prior to the release of ePCR-based claims for billing. FDNY also receives monthly reports from R1 based on the number of accounts billed, amounts billed, and the number of accounts not billed with reasons provided. FDNY levies predetermined penalties against its contract payments to R1 to ensure timely billing of accounts based on the timelines established in the Contract.⁷

During Fiscal Year 2018, FDNY EMS crews performed 713,628 emergency ambulance transports of patients to medical facilities. R1 created an account in its billing system for each of these patients after receiving electronic patient information from FDNY HEMS.

Objective

To determine whether R1 is performing its ambulance transport invoicing and collection services in accordance with its Contract.

⁶ No set amount is set forth in the FDNY's contract with R1.

⁷ The Contract provides that R1 will be subject to fixed and liquidated damages of \$1,000 per calendar day or portion thereof for failure to commence the invoicing cycle services within 30 days from Notice to proceed (the written notification to the contractor to commence work).

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of New York City Charter.

The scope of this audit covers the period from July 1, 2017 through December 5, 2019. It concerns records and information obtained from both FDNY and R1, which serve a function in the billing and collection process for ambulance transport invoicing.

Discussion of Audit Results

The matters covered in this report were discussed with FDNY and R1 officials during and at the conclusion of this audit. A preliminary draft report was sent to FDNY and discussed with FDNY officials at an exit conference held on February 25, 2021. On March 31, 2021, we submitted a draft report to FDNY with a request for written comments. We received a written response from FDNY on April 9, 2021. In its response, FDNY agreed with all five of the recommendations and stated that it has “already taken steps to implement some of them.” The full text of FDNY’s response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

Overall, we found that R1 generally adhered to its contractual requirements related to ambulance transport invoicing and collection services. Our review of a sample of 254 records from HEMS for transports occurring in Fiscal Year 2018 found that R1 appropriately created and billed patient accounts for those ambulance transports. Specifically, we found that R1 billed amounts at the correct level of service (ALS or BLS), for the provision of oxygen, and for mileage, and that it made timely submissions of claims and invoices to insurance companies and self-payers, respectively, and in accordance with the provisions of the Contract.

However, the audit identified several errors that indicate weakness in R1's and FDNY's procedures that should be strengthened. Specifically, we found that R1 incorrectly applied three patients' payments by paper check to the wrong patients' accounts. Compounding two of those three errors, R1 inappropriately referred one paying patient's account to its collection attorneys and erroneously invoiced another patient for a payment the patient had already made, resulting in a double-payment.

We also found that FDNY's HEMS did not timely export 213 ePCRs to R1's billing system, a failure that FDNY discovered as a result of our audit—21 months after EMS delivered the associated services. The late discovery that the 213 service-records had not been imported into R1's system foreclosed FDNY's opportunity to have R1 bill \$153,844 for 165 of those service-records, all involving ambulance transports, because FDNY deems such charges billable for only one year from the date of service.

These findings are discussed in more detail below.

R1 Correctly Billed for FDNY Emergency Ambulance Transport Services

Our audit found that R1 correctly billed insurers and self-pay accounts for emergency ambulance transports. While R1 is not responsible for determining or reviewing the service levels reported by FDNY's EMS crews on the ePCRs, it is responsible for accurately reflecting the charges based on the items and information listed in each ePCR.

Once they make contact with a patient, FDNY's EMS crews document the patient's medical condition, personal information such as name, address, and social security number, and the patient's insurance information into an ePCR, using a mobile tablet. FDNY electronically exports all resulting ePCRs daily through HEMS to R1's billing system to provide the information R1 needs to create patient accounts and for subsequent invoicing, billing, and collection services pertaining to those accounts. The ePCRs are exported to R1 whether or not an ambulance transport took place, and an account is created for each. However, only those patients who were transported in an ambulance by FDNY's EMS are billed.

We reviewed a sample of 254 transport accounts in R1's billing system to confirm the accuracy of the billing based on the level of service, the provision of oxygen, and mileage by comparing each ePCR assessment against the amounts R1 charged each account. We found that each of these accounts in R1's billing system accurately reflected the charges based on the items listed on each ePCR. Specifically, our review determined that R1 correctly billed for emergency ambulance transport services as identified in FDNY's HEMS.

R1 Submitted Insurance Claims and Invoices for Billable Accounts within Established Contract Time Frames

Our review of R1's submission of claims in its billing system found that R1 issued claims and invoices within the time frames required by the Contract. We selected a sample of 254 accounts with dates of service in Fiscal Year 2018 for ambulance transport of patients (transport accounts) to determine whether R1 generated claims and invoices in accordance with the Contract and the performance standards set forth in the *FDNY and Intermedix Business Rules* (Business Rules). Of the 254 transport accounts reviewed, 182 were billable, and 72 were not billable for the reasons specified below.

We found that for the 182 billable accounts, R1 either submitted insurance claims or invoiced patients within the required time frames subsequent to its receipt of the ePCRs and supporting documentation. Measuring from the date R1 received those electronic documents, we found that R1 submitted claims to Medicare and other insurance carriers within 7 calendar days, and issued first invoices to patients with self-pay accounts within 21 calendar days. We also found that R1 filed Medicaid claims with New York State within 90 days of date of service as the State requires.

We found that the 72 transport accounts that R1 did not bill were non-billable for the reasons specified below in accordance with FDNY's and Intermedix's Business Rules:

- 21 accounts were for patients that FDNY's ePCRs listed with traditional, "fee-for-service," Medicaid insurance, indicating they were not enrolled in a managed care organization. FDNY does not bill either Medicaid or the patients themselves for transporting such patients.
- 11 accounts for patients with Medicare insurance lacked the requisite determination of medical necessity, as defined in FDNY's Medical Billing Compliance Program and Operating Standards, to qualify for billing;⁸
- 7 accounts involved patients who were either members of one of the City's uniformed services, such as FDNY and the Police Department with line of duty injuries, incarcerated prisoners, crime victims, unknowns, or individuals deceased on scene; and
- 33 accounts were non-billable because of missing or invalid information relating to the patient's demographics, such as age or address, or insurance coverage in EMS' patient records.

R1 Incorrectly Applied Payments to the Wrong Patient Accounts

Our review of the 72 non-billable accounts found that R1 had incorrectly applied three payments that other patients—with billable accounts that were *not* in that sample—had made by paper check. Specifically, we found that R1 had incorrectly applied those three payments to 3 of the 72 non-billable accounts. R1's application of those payments to the wrong accounts resulted in

⁸ FDNY's Medical Billing Compliance Program and Operating Standards states, "all Medicare claims shall be reviewed for medical necessity. In order to support a finding of medical necessity, the ambulance service must have been reasonable in the treatment of the illness or injury and the use of another method of transportation contraindicated by the patient's condition."

inaccurate account balances in R1's records for three patients who had submitted payments that R1 did not credit to their accounts.

Further, in one of the three instances, R1 inappropriately initiated attorney-collection efforts to obtain money that the FDNY had already received from the patient, which R1 had erroneously credited to a different patient's account. Specifically, the FDNY received the payment from a patient and R1 incorrectly applied that payment in its records to one of the 72 non-billable accounts in our sample, as described above. That error resulted in R1's taking collection action based on its inaccurate records associated with the patient's account. Specifically, by failing to credit the payment, R1 reported an incorrect balance as owed by the patient and an incorrect record that the account was delinquent.

In another case arising out the three above-mentioned instances in which R1 erroneously credited payments received to the wrong patients' accounts, R1 also erroneously sent another invoice to a patient whose payment it had misapplied. That patient then submitted a second payment for the same charge.

We addressed this issue with R1 officials, who cited human error—crediting the payment to a similar but incorrect account number—as the cause.

213 ePCRs Were Not Exported Timely to R1's Billing System Resulting in a Gross Billing Loss to the City of \$153,844

We found that 213 ePCRs were not successfully exported from FDNY's HEMS and imported to R1's billing system until 21 months after their August 2017 dates of service. As a result, R1 did not bill for these services based on FDNY's policy that deems charges more than a year after the date of service to be outside its billing period.⁹ It was not until May 11, 2019, after the auditors asked FDNY about the status of the accounts, that these 213 accounts were successfully imported into R1's billing system. In effect, those accounts were missing from R1's records for 21 months; a discrepancy that went unresolved until we asked FDNY about the discrepancy between its HEMS exports and R1's imports.

Of these 213 ePCRs, we identified 48 accounts as Treated/No Transport (non-billable) and 165 accounts as Transports, meaning they would have been considered billable had they been timely included in R1's system. Based on our review in R1's billing system of each account's type of service, service charge, mileage, and applicable oxygen amount, we calculated a gross billing amount loss of \$153,844 because these billable accounts were not exported and/or imported to R1's billing system on time to generate the appropriate bills.

Based on a review of data for all of the relevant records, we determined that this was the only incident during our 29-month audit scope period in which a batch export failed. According to FDNY officials, that failure was a one-time event. However, they could not explain its cause, notwithstanding their observing it in the reconciliation report prepared for our audit. FDNY officials stated in May of 2019, "The process now is that R1 reconciles batches exported by FDNY's HEMS to those imported by them on a daily basis." If proper reconciliations are in fact performed daily, that process should enable R1 to detect within one day any future instances of failed, unsuccessful, or incomplete batch exports or data transfers. However, FDNY should also

⁹ We requested a copy of this policy from FDNY and were informed that it was not written but that this item would be added to its Business Rules.

implement a protocol to obtain written confirmation from R1, not only that it reconciled the totals, but specifying the number of records exported and imported.

Recommendations

FDNY should:

1. Institute policies and procedures to ensure, and document R1's written confirmation, that all ePCRs are successfully and timely exported from HEMS into R1's billing system.

FDNY's Response: "Agree. Procedures will require the vendor to confirm in writing the timely receipt of all PCRs/files generated/exported by HEMS."

2. Update its policies to include criteria for processing of accounts that were exported and/or imported outside of the timely filing period.

FDNY's Response: "Agree."

3. Ensure that R1 continues to perform its due diligence in accordance with the Contract to determine the patients' demographics in any instance in which they are missing from the ePCRs.

FDNY's Response: "Agree. Vendor should continue to perform this function, as they have been."

4. Ensure that R1 develops a review and quality assurance protocol to ensure that it applies payments received in paper check form to the correct accounts.

FDNY's Response: "Agree."

5. Ensure that R1 reviews and compares the daily receipt import volume of ePCRs in its billing system with FDNY's daily export volume from HEMS to determine whether all ePCRs recorded in HEMS were successfully transferred to R1.

FDNY's Response: "Agree – This process has been put in place. The audit scope encompassed well over one million billable transports. The audit identified 165 billable transports in FY18 that were not successfully exported/imported for billing. Based on FY18 revenue per transport, this issue resulted in reduced collections of \$37,455."

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of this audit covers the period from July 1, 2017 through December 5, 2019, representing records reviewed and information obtained, from both FDNY and R1, which serve a function in the billing and collection process for ambulance transport invoicing.

To obtain an understanding of the internal controls and processes in place with regard to FDNY's oversight over R1's responsibilities as they pertain to ambulance transport invoicing and collection services, we interviewed FDNY and R1 officials. We also interviewed FDNY EMS officials to gain an understanding of EMS operations.

Further, we reviewed the Contract between FDNY and Advance Data Processing INC., d/b/a Intermedix to determine what was required. We examined the *FDNY and Intermedix Business Rules* for EMS billing and collection, the *FDNY Medical Billing Compliance Program and Operating Standards* (Operating Standards), and the FDNY write-off policies.

We also reviewed the Comprehensive Annual Financial Report of the Comptroller of the City of New York for Fiscal Years 2017 and 2018. In addition, we looked at various Comptroller Directives; specifically, we reviewed Directive #1, *Principles of Internal Control*; Directive #11, *Cash Accountability and Control*; and Directive #21, *Revenue and Receivable Monitoring*. We also looked at the New York City Charter Chapter 19, Section 487(f) concerning the powers of the Fire Department, and the Rules of the City of New York.

To assess the reliability of ambulance data, we reviewed the process that FDNY used to collect, store, and transport patient information during and after emergency medical incidents involving an ambulance transport. This included interviews with officials regarding the recordkeeping process, as well as a review of documentation describing the process.

To assist in our review, we requested and obtained limited, read-only access to the HEMS Manager within FDNY's HEMS system and the R1 billing system. The HEMS system consists of a Mobile Touch platform, which operates on a mobile tablet, and a HEMS Manager. The HEMS system's Mobile Touch platform is an application that creates an ePCR at the point of patient contact made by an EMS crew. Patient documentation and treatment are recorded on an ePCR, which, upon completion, is synced to the HEMS Manager. The HEMS Manager is a centralized system that stores records related to an incident, such as the dispatch call, patient, incident, treatment and billing data. HEMS exports the ePCRs on a daily basis to R1.

To determine whether the ePCRs, one for each unique patient account, were transmitted from FDNY's HEMS to the R1 billing system, we obtained and reconciled the account numbers from both the HEMS reports and R1 reports of accounts with dates of service in Fiscal Year 2018.

The HEMS report of accounts with Fiscal Year 2018 dates of service, received on December 20, 2018, identified a total population of 922,099 accounts, consisting of 921,886 accounts exported successfully and promptly by HEMS and 213 accounts that did not export successfully from HEMS. The variances related to the 213 accounts were directly tested to either the HEMS

Manager, R1 billing system, or both to validate the account numbers. FDNY and R1 officials clarified these variances and these 213 accounts were subsequently successfully exported to the R1 billing system during the course of this audit. Based on this review, we determined that the HEMS report was sufficiently complete to support further analysis. We also calculated the potential revenue for the 213 accounts. We identified 165 of the 213 accounts as Transports based on their ePCRs. To calculate the gross billing amount, we summed up the assessment amount for each account (either BLS or ALS) and added mileage amount, and oxygen amount if applicable.

The R1 report of accounts with Fiscal Year 2018 dates of service, received on April 5, 2019, identified a total population of 921,901 accounts. R1 generated this report solely at our request with limited report criteria available. We asked R1 to identify those accounts as one of the following: (1) transport accounts billed; (2) transport accounts not billed; and (3) non-transport accounts. The R1 report of 921,901 accounts consists of 608,359 transport accounts billed, 105,269 transport accounts not billed, and 208,273 non-transport accounts. According to R1's records, there were monetary transactions, such as payments and/or refunds, totaling approximately \$158,141,288 related to these accounts. There was a variance of 15 (921,901 R1 accounts less 921,886 HEMS accounts exported successfully) accounts from the R1 report to the HEMS report. The variance related to the 15 accounts was directly tested to either the HEMS Manager, the R1 billing system, or both to validate the account numbers. FDNY officials could not clarify why the variance occurred. Based on this review, we determined that the R1 report was sufficiently complete to support further analysis.

Testing was conducted on 254 selected accounts to determine what actions had been taken by R1, on behalf of the FDNY, in its ambulance transport invoicing and collection services. An initial sample of 50 transport accounts billed were randomly selected. We further expanded the sample by 132 transport accounts billed (100 randomly selected and 32 judgmentally selected accounts). We also selected 72 transport accounts not billed (50 randomly selected and 22 judgmentally selected account).

To assess the accuracy of ambulance transport billing, we reviewed the preliminary random sample of 50 accounts from the 608,359 transport accounts billed with dates of service in Fiscal Year 2018. We reviewed each account to confirm the accuracy of billing for level of service, provision of oxygen, and mileage by comparing each ePCR's assessment against the amounts charged per account as seen on R1's billing system. We also reviewed each account for completeness of demographics (address, social security number and insurance information) and timeliness in the submission of claims to ensure claims were submitted within seven days of receipt of the ePCR and all required documentation to insurers and invoices sent within 21 days from receipt of ePCR to self-pay accounts as stated on R1's billing system. We further reviewed for accuracy in legal services referrals to determine whether those accounts referred to legal services fit the criteria to be sent according to the Business Rules. For any exceptions identified, we went over the account with FDNY and R1 officials to understand the reason for the decision. Based on our review, we expanded our sample by 132 accounts and conducted the same tests as those described for the preliminary random sample above. The 132 accounts included 100 random transport accounts billed and 32 targeted transport accounts billed from the 608,359 transport accounts billed. These 32 targeted transport accounts billed each had either an ALS1 or ALS2 assessment recorded on its respective ePCR and R1 billed these accounts at a different service level, such as BLS, for example, which is a lower charge.

To determine whether R1 billed for all billable transports, we reviewed a sample of 72 transport accounts not billed with dates of service in Fiscal Year 2018. The 72 transport accounts not billed consisted of 50 accounts that were randomly selected and 22 accounts that were judgmentally selected from the 105,269 transport accounts not billed. The 50 transport accounts not billed were

reviewed to verify the reason for their non-billable status. The 22 judgmentally selected accounts were transport accounts not billed, yet monetary transactions were recorded, and we tested to verify the reason for those accounts' non-billable status as well as the reasons payment were applied to those accounts. We reviewed the "Account Transactions" and "Comments" sections of R1's billing system to verify the reasons for those accounts' non-billable status and payment application. For any exceptions identified, we went over the account with FDNY and R1 officials to understand the decisions.

The results of these tests, while not projectable to the respective population, provided us with a reasonable basis, to assess whether R1 adhered to its contractual requirements related to ambulance transport invoicing and collection services.



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April 8, 2021

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Deputy Comptroller
Bureau of Audit
The City of New York Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

**Re: Audit Report on Ambulance Transport Billings Provided by R1 RCM Inc. for
the Fire Department of the City of New York (Audit Number SR18-122A)**

Dear Deputy Comptroller Landa:

I write in response to the Audit Report on Ambulance Transport Billings Provided by R1 RCM Inc. for the Fire Department of the City of New York, dated April 1, 2021. We thank your staff for the time and diligence that they put into this audit. The Department appreciates their efforts and intends to utilize their recommendations.

I have attached a copy of the Fire Department's Agency Implementation Plan (AIP) which responds to the five recommendations made by the Office of the Comptroller in the audit referenced above. We have already taken steps to implement some of them.

If you have any questions, please contact Domenick Loccisano, Executive Director of Internal Audit and Control, at (718) 999-5180.

Sincerely,

Daniel A. Nigro
Fire Commissioner

Audit Report (Audit #SR18-122A)

cc: Laura R. Kavanagh, First Deputy Commissioner
Thomas J. Richardson, Acting Chief of Department
Lillian Bonsignore, Chief of EMS Operations
James N. Saunders, Deputy General Counsel & Chief Health Care Compliance Officer
Lizette O. Christoff, Deputy Commissioner – Budget & Finance
Edward M. Dolan, Deputy Commissioner of Strategic Initiatives & Policy
Kat Thomson, Assistant Commissioner of Management Analysis & Planning
Richard Brennan, Director of Revenue Management
Brady Hamed, Chief of Staff, Mayor's Office of Operations
Florim Ardolli, Deputy Director, Mayor's Office of Operations Audit Division

FDNY Agency Implementation Plan

Audit #: SR18-122A

Audit Name: Audit Report on Ambulance Transport Billings Provided by R1 RCM Inc. for the Fire Department of the City of New York (FDNY)

FDNY should:

Rec. #:

01

Recommendation

Institute policies and procedures to ensure, and document R1's written confirmation, that all e-PCRs are successfully and timely exported from HEMS into R1's billing system.

FDNY Response

AGREE – Procedures will require the vendor to confirm in writing the timely receipt of all PCRs/files generated/exported by HEMS.

02

Recommendation

Update its policies to include criteria for processing of accounts that were exported and/or imported outside of the timely filing period.

FDNY Response:

AGREE

03

Recommendation

Ensure that R1 continues to perform its due diligence in accordance with the Contract to determine the patients' demographics in any instance in which they are missing from the e-PCRs.

FDNY Response:

AGREE – Vendor should continue to perform this function, as they have been.

04

Recommendation

Ensure that R1 develops a review and quality assurance protocol to ensure that it applies payments received in paper check form to the correct accounts.

FDNY Response:

AGREE

FDNY Agency Implementation Plan

Audit #: SR18-122A

Rec. #:
05

Recommendation

Ensure that R1 reviews and compares the daily receipt import volume of e-PCRs in its billing system with FDNY's daily export volume from HEMS to determine whether all e-PCRs recorded in HEMS were successfully transferred to R1.

FDNY Response:

AGREE – This process has been put in place.

The audit scope encompassed well over one million billable transports. The audit identified 165 billable transports in FY18 that were not successfully exported/imported for billing. Based on FY18 revenue per transport, this issue resulted in reduced collections of \$37,455.