

**Agenda Item Number:**

**ORANGE COUNTY BOARD OF HEALTH  
AGENDA ITEM SUMMARY**

**Meeting Date:** September 24, 2014

**Agenda Item Subject:** Bad Debt Write-Off: Transfer of Uncollectible Debt from Active to Inactive

**Attachment(s):**

**Staff or Board Member Reporting:** Coby Jansen Austin

**Purpose:**  Action  
 Information only  
 Information with possible action

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**Summary Information:**

Per the department's Delinquent and Uncollectable Accounts policy (15.0), uncollectible accounts are to be administratively written off the books. The purpose of this accounting function is to precisely account for and pursue funds which are truly recoverable. The last administrative write-offs were performed by the Board of Health in May 2013 (Environmental Health) and June 2013 (Dental and Personal Health) for FY 2010 and FY 2011.

The Board may note that the amount requested for write-off this year is much lower than the write-off done in 2013. There are two main reasons for this:

1) The write-off done in 2013 for Personal Health and Dental included Medicaid and Insurance claims that had not been filed due to lack of adequate staff training and system challenges during the initial roll out of HIS. The period in which those bills could be submitted expired, so those balances had to be written off as bad debt. Since then, quality assurance measures have been put in place to submit claims in a timely manner and adjust amounts as needed.

2) At the time of the last write-off, Personal Health and Dental were not participating in the NC Debt Set-Off Program, which allows the county to collect debts on delinquent accounts with a balance between \$50 and \$4,000 through the customer's tax refund. Therefore, all unpaid self-pay balances were submitted for write-off in 2013. Starting in December 2013, Personal Health began participating in the NC Debt Set-Off program. Environmental Health has participated in NC Debt Set-Off since July 2011, and Dental will begin participating by the end of 2014. The health department still anticipates

collecting payments on delinquent accounts being pursued through the NC Debt Set-Off program; therefore, those accounts are not included in this write-off request.

Based on the definitions of uncollectible accounts in the department's policy, the following table represents all uncollectible debt from clients for FY 2012 and FY 2013.

	<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
Personal Health	\$125.18	\$569.80	\$694.98
Dental Health	\$4,868.02	\$3,156.97	
Environmental Health		\$353.78	\$353.78
<b>Total</b>	<b>\$4,993.20</b>	<b>\$4,080.55</b>	<b>\$9,073.75</b>

*Note: The uncollectible accounts for Dental are higher than those for Personal Health. It is possible this is due to the \$30 minimum fee for Dental, since the majority of the uncollectible debt is for accounts with a balance of exactly \$30 (61% in FY 2012 and 75% in FY 2013).*

We are therefore requesting to administratively move a total of \$9,073.75 in uncollectible debt from 'active' to 'inactive' status for the reasons indicted in the table above.

The customer shall never be informed that a debt has been written off. If a customer whose account had been determined uncollectible returns to clinic within three years, the delinquent write-off amount will be reactivated and the billing process resumed. Likewise, if a customer requests a non-required service from Environmental Health, the delinquent write-off amount will be reactivated and the billing process resumed.

**Recommended Action:**     Approve  
                                   Approve & forward to Board of Commissioners for action  
                                   Approve & forward to \_\_\_\_\_  
                                   Accept as information  
                                   Revise & schedule for future action  
                                   Other (detail):