

Fiscal Administration

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Jack Dalrymple, Governor
Carol K. Olson, Executive Director

August 29, 2011

The Honorable Dan Ruby, Chairman
Legislative Audit and Fiscal Review Committee
Legislative Council
600 E. Boulevard Avenue, 2nd Floor
Bismarck, ND 58505-0360

Dear Representative Ruby:

Attached are copies of the writeoff of accounts at June 30, 2011, for services provided at the State Hospital, the Developmental Center, and the Human Service Centers which are being submitted in compliance with NDCC sections 25-04-17 and 50-06.3-08. Additionally, we have included an aging of the accounts receivable for the above areas as of June 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Brenda M. Weisz".

Brenda M. Weisz
Chief Financial Officer

Attachments: Writeoff of Accounts
Aged Listing of Accounts Receivable

Representative Ruby, Chair

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August 29, 2011

Department of Human Services Uncollectible Accounts to be Written Off June 30, 2011
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Northwest Human Service Center	\$20,434.03
North Central Human Service Center	\$91,527.39
Lake Region Human Service Center	\$74,730.39
Northeast Human Service Center	\$107,526.35
Southeast Human Service Center	\$276,608.67
South Central Human Service Center	\$91,633.97
West Central Human Service Center	\$162,271.83
Badlands Human Service Center	\$69,736.30
Subtotal	\$894,468.93
State Hospital	\$8,145,986.12
Developmental Center	\$133,963.89
TOTAL TO BE WRITTEN OFF	\$9,174,418.94

X
3.7 million more than
last year
Deaths to bankruptcy

Department of Human Services
Write Offs for the Fiscal Year Ended June 30, 2011

Amount	Reason for Write Off	Human Service Center
1,308.26	Bankruptcy	Northwest
483.75	Deceased	Northwest
5,036.43	Deemed uncollectable by collection agency	Northwest
1,561.82	Fee Waiver - Administrative Decision	Northwest
11,651.86	Fee Waiver - Counter Therapeutic	Northwest
391.91	Fee Waiver - Financial Hardship	Northwest
\$20,434.03	Total	Northwest

9,564.01	Bankruptcy	North Central
3,720.86	Deceased	North Central
44,993.30	Deemed uncollectable by collection agency	North Central
2,424.36	Fee Waiver - Administrative Decision	North Central
23,386.66	Fee Waiver - Counter Therapeutic	North Central
7,438.20	Fee Waiver - Financial Hardship	North Central
\$91,527.39	Total	North Central

8,030.87	Bankruptcy	Lake Region
2,832.74	Deceased	Lake Region
47,396.76	Deemed uncollectable by collection agency	Lake Region
678.01	Fee Waiver - Administrative Decision	Lake Region
5,236.60	Fee Waiver - Counter Therapeutic	Lake Region
10,555.41	Fee Waiver - Financial Hardship	Lake Region
\$74,730.39	Total	Lake Region

15,971.81	Bankruptcy	Northeast
640.28	Deceased	Northeast
49,114.53	Deemed uncollectable by collection agency	Northeast
149.06	Fee Waiver - Administrative Decision	Northeast
26,115.52	Fee Waiver - Counter Therapeutic	Northeast
15,535.15	Fee Waiver - Financial Hardship	Northeast
\$107,526.35	Total	Northeast

Amount	Reason for Write Off	Human Service Center
14,016.19	Bankruptcy	Southeast
23,232.93	Deceased	Southeast
151,468.76	Deemed uncollectable by collection agency	Southeast
30,544.60	Fee Waiver - Administrative Decision	Southeast
41,822.82	Fee Waiver - Counter Therapeutic	Southeast
15,523.37	Fee Waiver - Financial Hardship	Southeast
\$276,608.67	Total	Southeast

2,268.14	Bankruptcy	South Central
1,152.67	Deceased	South Central
81,840.75	Deemed uncollectable by collection agency	South Central
40.00	Fee Waiver - Administrative Decision	South Central
3,753.77	Fee Waiver - Counter Therapeutic	South Central
2,578.64	Fee Waiver - Financial Hardship	South Central
\$91,633.97	Total	South Central

20,691.99	Bankruptcy	West Central
18,954.45	Deceased	West Central
100,509.60	Deemed uncollectable by collection agency	West Central
1,687.90	Fee Waiver - Administrative Decision	West Central
2,112.47	Fee Waiver - Counter Therapeutic	West Central
18,315.42	Fee Waiver - Financial Hardship	West Central
\$162,271.83	Total	West Central

6,288.03	Bankruptcy	Badlands
2,689.83	Deceased	Badlands
24,086.24	Deemed uncollectable by collection agency	Badlands
8,652.29	Fee Waiver - Administrative Decision	Badlands
23,438.95	Fee Waiver - Counter Therapeutic	Badlands
4,580.96	Fee Waiver - Financial Hardship	Badlands
\$69,736.30	Total	Badlands

North Dakota State Hospital
Summary of Annual Write Offs
July 1, 2010 Through June 30, 2011

Category	Amount
Administrative Decision	626,505.04
Bankruptcies	984,236.46
Collection Agency Accounts Returned *	326,685.47
Deceased - No Assets	6,020,119.81
Settlements	188,439.34
Total	\$8,145,986.12

* Although written off for financial statement purposes, records maintained in order to attempt collection from future estates.

FA-8/23/11-cj-cafr2011\wroff11\hsc summary

North Dakota State Hospital Definitions

Administrative Decision – In rare cases, amounts are written off at the discretion of the State Hospital administration if it would be detrimental to the patient's health to pursue collection, or if it would not be cost effective to pursue collection on a disputed claim.

Bankruptcy – When a patient files for bankruptcy, the court informs all creditors of the filing. The State Hospital verifies the amount owed and defends its claim with the court. After the bankruptcy judge has approved all disbursements and closed the case, the State Hospital writes off any outstanding amount still owed by the patient.

Collection Agency Returned – After the State Hospital has exhausted all methods to collect amounts owed from patients, including collection letters, telephone calls from the Collections Officer etc., the accounts are turned over to a professional collection agency for collection. If the collection agency is unsuccessful in collecting the amount owed, the account is returned to the State Hospital and written off. The State Hospital contracts with Hospital Services, Inc. to provide this service.

X **Deceased – No Assets** – NDCC 50-06.3-07 and NDCC 50-24.1-07 both require the personal representative of a decedent's estate to send the Department of Human Services a copy of the application or petition commencing probate, heirship proceedings or joint tenancy clearance proceedings (including a list of legatees, devisees, surviving joint tenants, and heirs at law). The State Hospital then files a creditor's claim against any estate with an outstanding State Hospital debt. If the estate has insufficient assets to pay the entire State Hospital bill, any remaining amounts are written off.

Settlements – The DHS Collections Officer has devised a procedure to determine whether it is in the State Hospital's financial interest to accept a lump sum partial payment as payment in full from a patient. This procedure is only used in a few special circumstances, usually when it is unlikely that the State Hospital will ever receive the full amount owed from the patient. The write-offs listed are the remaining balances after the lump sum settlement payments have been received.

Some of the amounts written off can still be collected at a later date by the State Hospital from the patient or the patient's estate because the statute of limitations does not apply on amounts owed to the State Hospital. The write-off amounts that can never be recovered from patients are: Settlements, Bankruptcies, Deceased - No Assets, and Administrative Decision.

Developmental Center
Summary of Annual Write Offs
July 1, 2010 Through June 30, 2011

Category	Amount
Client Amount (Client amounts written off due to their inability to pay) *	59,354.35
Parent Amount (Parent amounts written off if both parents deceased)	74,609.54
Total	\$133,963.89

*In 1975 -
 Parents no longer
 responsible for care
 of children at
 Center - these
 are preexist'g
 cases*

* Although written off for financial statement purposes, records maintained in order to attempt collection from future estates. - *reason why aging of acct is so high*

Human Service Centers - Aged Accounts Receivable as of 6/30/11

	Balance	Non-Applied Cash *	0-30 Day	31-60 Day	61-90 Day	> 90 Days
Northwest HSC	461,188.43	(9,531.60)	120,237.47	35,318.13	16,929.70	298,234.73
North Central HSC	1,423,345.20	(9,039.90)	200,701.01	80,338.06	57,281.17	1,094,064.86
Lake Region HSC	755,011.81	(4,998.29)	166,027.72	40,615.74	27,212.60	526,154.04
Northeast HSC	1,869,048.63	(37,899.89)	658,539.75	209,359.68	59,853.49	979,195.60
Southeast HSC	2,905,737.96	(17,816.24)	615,407.56	176,375.76	104,503.92	2,027,266.96
South Central HSC	1,678,632.99	(18,601.22)	286,983.75	102,084.00	95,874.64	1,212,291.82
West Central HSC	2,367,367.68	(19,507.05)	464,500.04	187,316.15	113,274.64	1,621,783.90
Badlands HSC	959,006.02	(8,487.29)	265,017.06	55,405.10	33,340.38	613,730.77
TOTAL Statewide	12,419,338.72	(125,881.48)	2,777,414.36	886,812.62	508,270.54	8,372,722.68

*Cash received but not yet applied to a specific account balance.

State Hospital - Accounts Receivable Aging Summary (06/30/11)

Plan	Total	Current	30 Days	60 Days	90 Days	120 Days	121-150 Days	Over 150 Days
Collections	14,291,589.93	315,683.42	480,401.07	746,841.39	109,510.04	81,430.45	0.00	12,557,723.56
Insurance	1,391,121.77	371,144.62	830.85	90,913.15	88,586.18	165,487.55	0.00	674,159.42
Medicaid	663,907.37	193,017.92	138.13	47,975.84	58,933.02	66,877.06	0.00	296,965.40
Medicare	1,273,110.62	666,903.42	2,916.82	153,798.03	72,120.96	75,553.98	0.00	301,817.41
Private Payor	30,543,302.53	1,276,433.18	32,605.64	678,130.10	681,747.62	1,143,724.62	0.00	26,730,661.37
State Paid	107,414,381.05	1,843,787.15	289,387.37	1,294,493.95	884,707.06	1,778,607.24	0.00	101,323,398.28
Total Aged Receivables	\$155,577,413.27	\$4,666,969.71	\$806,279.88	\$3,012,152.46	\$1,895,604.88	\$3,311,680.90	\$0.00	\$141,884,725.44

FA-8/9/11-cafr2011\sh aged list

Developmental Center - Accounts Receivable Aging Summary (06/30/11)

Plan	Total	Current to 30 Days	30 Days	60 Days	90 Days	120 Days	150 Days	Over 180 Days
AIMS Receivables and Private Pay	\$2,154,720.28	\$2,105,469.63	\$7,373.89	\$6,725.38	\$14,212.76	\$491.18	\$689.44	\$19,758.00
Non-AIMS Receivables Parent Amount 1/	\$505,659.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$505,659.06
Total Aged Receivables	\$2,660,379.34	\$2,105,469.63	\$7,373.89	\$6,725.38	\$14,212.76	\$491.18	\$689.44	\$525,417.06

1/ Accounts on old billing system that were not entered into the new system. Accounts are worked when a notice of probate is received. A few accounts have been on a payment schedule for some time.