

**Fiscal Administration**

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Jack Dalrymple, Governor  
Maggie D. Anderson, Executive Director

August 29, 2013

The Honorable Gary Kreidt, Chairman  
Legislative Audit and Fiscal Review Committee  
Legislative Council  
600 E. Boulevard Avenue, 2<sup>nd</sup> Floor  
Bismarck, ND 58505-0360

Dear Representative Kreidt:

Attached are copies of the writeoff of accounts at June 30, 2013, 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, 2013.

Sincerely,

A handwritten signature in cursive script that reads "Debra A. McDermott".

Debra A. McDermott  
Chief Financial Officer

Attachments: Writeoff of Accounts  
Aged Listing of Accounts Receivable

<b>Department of Human Services</b> <b>Uncollectible Accounts to be Written Off June 30, 2013</b>
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Northwest Human Service Center	\$31,641.23
North Central Human Service Center	\$127,392.39
Lake Region Human Service Center	\$60,760.22
Northeast Human Service Center	\$106,075.34
Southeast Human Service Center	\$315,532.41
South Central Human Service Center	\$109,631.23
West Central Human Service Center	\$187,596.82
Badlands Human Service Center	\$64,886.14
<b>Subtotal</b>	<b>\$1,003,515.78</b>
State Hospital	\$5,843,329.68
Developmental Center	\$26,343.20
<b>TOTAL TO BE WRITTEN OFF</b>	<b>\$6,873,188.66</b>

**Department of Human Services**  
**Write Offs for the Fiscal Year Ended June 30, 2013**

<b>Amount</b>	<b>Reason for Write Off</b>	<b>Human Service Center</b>
0.00	Bankruptcy	Northwest
7,266.93	Deceased	Northwest
12,793.38	Deemed uncollectable by collection agency	Northwest
808.25	Fee Waiver - Administrative Decision	Northwest
8,421.73	Fee Waiver - Counter Therapeutic	Northwest
2,350.94	Fee Waiver - Financial Hardship	Northwest
<b>\$31,641.23</b>	<b>Total</b>	<b>Northwest</b>

3,491.40	Bankruptcy	North Central
5,037.91	Deceased	North Central
69,788.47	Deemed uncollectable by collection agency	North Central
3,761.32	Fee Waiver - Administrative Decision	North Central
31,184.88	Fee Waiver - Counter Therapeutic	North Central
14,128.41	Fee Waiver - Financial Hardship	North Central
<b>\$127,392.39</b>	<b>Total</b>	<b>North Central</b>

4,258.16	Bankruptcy	Lake Region
446.16	Deceased	Lake Region
50,255.97	Deemed uncollectable by collection agency	Lake Region
2,405.77	Fee Waiver - Administrative Decision	Lake Region
183.28	Fee Waiver - Counter Therapeutic	Lake Region
3,210.88	Fee Waiver - Financial Hardship	Lake Region
<b>\$60,760.22</b>	<b>Total</b>	<b>Lake Region</b>

29,697.62	Bankruptcy	Northeast
1,403.70	Deceased	Northeast
60,515.56	Deemed uncollectable by collection agency	Northeast
566.25	Fee Waiver - Administrative Decision	Northeast
7,621.76	Fee Waiver - Counter Therapeutic	Northeast
6,270.45	Fee Waiver - Financial Hardship	Northeast
<b>\$106,075.34</b>	<b>Total</b>	<b>Northeast</b>

<b>Amount</b>	<b>Reason for Write Off</b>	<b>Human Service Center</b>
36,570.68	Bankruptcy	Southeast
7,314.30	Deceased	Southeast
202,816.32	Deemed uncollectable by collection agency	Southeast
10,175.00	Fee Waiver - Administrative Decision	Southeast
22,112.45	Fee Waiver - Counter Therapeutic	Southeast
36,543.66	Fee Waiver - Financial Hardship	Southeast
<b>\$315,532.41</b>	<b>Total</b>	<b>Southeast</b>

9,116.20	Bankruptcy	South Central
8,068.58	Deceased	South Central
49,443.55	Deemed uncollectable by collection agency	South Central
448.75	Fee Waiver - Administrative Decision	South Central
41,233.36	Fee Waiver - Counter Therapeutic	South Central
1,320.79	Fee Waiver - Financial Hardship	South Central
<b>\$109,631.23</b>	<b>Total</b>	<b>South Central</b>

14,221.22	Bankruptcy	West Central
8,622.49	Deceased	West Central
121,017.59	Deemed uncollectable by collection agency	West Central
630.72	Fee Waiver - Administrative Decision	West Central
10,018.75	Fee Waiver - Counter Therapeutic	West Central
33,086.05	Fee Waiver - Financial Hardship	West Central
<b>\$187,596.82</b>	<b>Total</b>	<b>West Central</b>

5,359.31	Bankruptcy	Badlands
9,421.60	Deceased	Badlands
28,491.96	Deemed uncollectable by collection agency	Badlands
11,868.50	Fee Waiver - Administrative Decision	Badlands
3,918.32	Fee Waiver - Counter Therapeutic	Badlands
5,826.45	Fee Waiver - Financial Hardship	Badlands
<b>\$64,886.14</b>	<b>Total</b>	<b>Badlands</b>

**North Dakota State Hospital**  
**Summary of Annual Write Offs**  
**July 1, 2012 Through June 30, 2013**

Category	Amount
Administrative Decision	1,070,724.68
Bankruptcies	231,459.73
Collection Agency Accounts Returned *	1,294,158.40
Deceased - No Assets	3,236,544.31
Settlements	10,442.56
<b>Total</b>	<b>\$5,843,329.68</b>

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

## 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.

**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, 2012 Through June 30, 2013**

Category	Amount
Client Amount ( <i>Client amounts written off due to their inability to pay</i> ) *	12,311.87
Parent Amount ( <i>Parent amounts written off if both parents deceased</i> )	14,031.33
<b>Total</b>	<b>\$26,343.20</b>

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

## Human Service Centers - Aged Accounts Receivable as of 6/30/13

	Balance	Non-Applied Cash *	0-30 Day	31-60 Day	61-90 Day	> 90 Days
Northwest HSC	560,848.12	(7,102.83)	105,672.12	25,678.45	17,239.80	419,360.58
North Central HSC	1,671,948.57	(8,297.52)	228,883.15	60,786.20	42,541.94	1,348,034.80
Lake Region HSC	897,076.16	(1,981.90)	167,736.18	73,391.56	27,303.12	630,627.20
Northeast HSC	2,241,810.51	(30,305.65)	695,169.12	157,984.63	81,607.96	1,337,354.45
Southeast HSC	3,285,495.57	(29,755.43)	579,168.63	146,069.73	60,923.89	2,529,088.75
South Central HSC	1,810,599.05	(19,566.17)	312,423.01	74,148.94	31,140.53	1,412,452.74
West Central HSC	3,042,009.71	(9,201.40)	512,329.76	154,533.40	104,626.70	2,279,721.25
Badlands HSC	1,165,534.67	(11,595.60)	187,877.89	89,809.73	33,711.87	865,730.78
<b>TOTAL Statewide</b>	<b>14,675,322.36</b>	<b>(117,806.50)</b>	<b>2,789,259.86</b>	<b>782,402.64</b>	<b>399,095.81</b>	<b>10,822,370.55</b>

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

## Institutions - Accounts Receivable Aging Summary (06/30/13)

<b>Developmental Center</b>								
Plan	Total	Current to 30 Days	30 Days	60 Days	90 Days	120 Days	150 Days	Over 180 Days
AIMS Receivables and Private Pay	\$1,873,406.47	\$1,843,777.00	\$0.00	\$376.89	\$5,931.86	\$11,423.99	\$0.00	\$11,896.73
Non-AIMS Receivables Parent Amount 1/	\$427,678.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$427,678.26
<b>Total Aged Receivables</b>	<b>\$2,301,084.73</b>	<b>\$1,843,777.00</b>	<b>\$0.00</b>	<b>\$376.89</b>	<b>\$5,931.86</b>	<b>\$11,423.99</b>	<b>\$0.00</b>	<b>\$439,574.99</b>

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.

<b>State Hospital</b>								
Total	Current	30 Days	60 Days	90 Days	120 Days	150 Days	Over 150 Days	
<b>Total Aged Receivables</b>	<b>\$174,859,008.63</b>	<b>\$5,230,624.71</b>	<b>\$408,732.98</b>	<b>\$1,830,473.81</b>	<b>\$2,842,299.25</b>	<b>\$2,955,576.13</b>	<b>\$223,843.76</b>	<b>\$161,367,457.99</b>