Hernando County Clerk of Circuit Court
Audit Services Department
Audit Report
EMS Billing Interlocal Agreement with Pasco County
July 9, 2026

MANAGEMENT LETTER

TO: Jeffrey Rogers, County Administrator

VIA: The Honorable Douglas A. Chorvat, Jr.

FROM: Elizabeth Hogan, CIA, CFE, Chief Internal Auditor

DATE: July 9, 2026

SUBJECT: **EMS Billing & Collection Services Interlocal Agreement with Pasco County**

In accordance with the Audit Services Department's Audit Project Schedule, the internal audit team conducted an audit of the EMS Billing & Collection Services Interlocal Agreement with Pasco County. Based on testing, observations, and communications with key personnel, the audit team produced the attached report for your review. Management's Action Plans are also included. A copy of this report has been forwarded to the Board of County Commissioners as an agenda "Correspondence to Note" item.

The purpose of this report is to furnish management with independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the internal audit team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The courtesy and cooperation extended by the employees of the Hernando County Fire Rescue Department and the Pasco County Fire Rescue Ambulance Billing Department during the audit were sincerely appreciated.

If you have any questions, concerns, or need additional information regarding the above or the attached report, please do not hesitate to contact Audit Services at (352) 540-6235, or stop by our offices in Room 300C.

ATTACHMENT: EMS Billing Interlocal Agreement with Pasco County Audit Report

Copy: Paul Hasenmeier, Public Safety Director/Fire Chief

Copy: **<u>Board of County Commissioners</u>**
Chairman Jerry Campbell
Commissioner John Allocco
Commissioner Ryan Amsler
Commissioner Steve Champion

Copy: **<u>Audit Services Planning & Priorities Committee</u>**
The Honorable Doug Chorvat, Jr., CPM, CGCIO, Clerk of Circuit Court and Comptroller
Toni Brady, MBA, CPM, CGFO, Deputy County Administrator
Erin Dohren, MBA, Management and Budget Director
Jon Jouben, Esq., County Attorney
Jeffrey Rogers, PE., County Administrator
Joshua Stringfellow, CPA, Chief Financial Officer
Jeff Wolf, CPA, Partner, Forvis Mazars, LLP

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Executive Summary

The Audit Services Department conducted a review of the EMS Billing and Collection Services Interlocal Agreement between Hernando County and Pasco County, originally approved on April 29, 2017, and automatically renewed annually. The purpose of this audit was to provide management with assurance that both parties are adhering to the terms of the Agreement and that internal controls are operating effectively for the transmission, processing, and collection of Emergency Medical Services (EMS) billing data.

Overall, the audit determined that both Hernando County Fire Rescue (HCFR) and Pasco County Fire Rescue (PCFR) generally complied with the Agreement, and that EMS billing processes were functioning as intended. Patient Care Reports (PCRs) were processed accurately and timely, billing charges were applied in accordance with the approved fee schedule, and payments were properly tracked and recorded.

However, the audit identified several areas where improvements could enhance oversight, compliance, and performance monitoring:

Quarterly Invoicing: While internal controls for invoice review were in place, the validation of invoice line-item details was limited. Although no material errors were identified, several data entry discrepancies indicate the need for a more detailed invoice reconciliation process.

Collection Efforts for Past Due Accounts: Testing of accounts aged 180 days or more showed that although initial claims were filed timely, 80% of reviewed accounts lacked reasonable, diligent, and/or documented collection efforts, as required by the Agreement.

Refund Processing: Although HCFR processed refunds timely upon receiving notification from Pasco County, significant delays were identified in Pasco County's identification and submission of refund information, ranging from 13 to more than 200 business days. Recent legislative changes in F.S. 408.12 now require refunds to be issued within 30 days of identifying an overpayment, underscoring the need to update the Interlocal Agreement accordingly.

Monthly Financial Reporting: Monthly reports provided by PCFR were generally complete and accurate. However, isolated calculation errors and unassigned financial amounts were noted. Both counties have since agreed to enhance monitoring and reconciliation of monthly reports.

Prior to the conclusion of fieldwork, management teams from both counties began addressing identified issues, updating procedures, and implementing corrective measures. While the Interlocal Agreement obligations are largely being met, opportunities remain to strengthen contract oversight, collection documentation, and alignment with statutory refund requirements.

Acknowledgement

Other minor findings not included in the attached report were communicated to management and/or corrected during fieldwork.

Fieldwork was performed by: Elizabeth Hogan, CIA, CFE, Chief Internal Auditor
Vicky Sizemore, Internal Auditor

Management's Action Plan was provided by: Paul Hasenmeier, Public Safety Director/Fire Chief

Management's Action Plan was approved by: Jeffrey Rogers, County Administrator

This report was reviewed and authorized by Douglas A. Chorvat, Jr., Clerk of Circuit Court and Comptroller.

Douglas A. Chorvat, Jr.

7/9/2026

Date

Background Information

Hernando County Fire Rescue (HCFR) funds are separated into two different categories: one for Fire and one for Rescue. A financial analysis of revenue and expenses for the Rescue Fund determined the following results.

Note: Fiscal year 2025 financial statements have not been closed and are reported as of 4/2/26. There may be additional fluctuations as the year is closed out.

Total Revenue vs Total Expenses

Total revenues have increased steadily between the fiscal years of 2017 through 2025. The total revenues for FY24 and FY25 were approximately $27,693,655 and $28,536,463 respectively. Total expenses slightly fluctuated from FY16 through FY20 and have increased each fiscal year thereafter. Financial records show that FY24 total expenses were approximately $24,894,638 and FY25 total expenses were approximately $32,368,015. The chart below depicts the comparison of total revenue and expenses from FY 2016 through FY 2025.

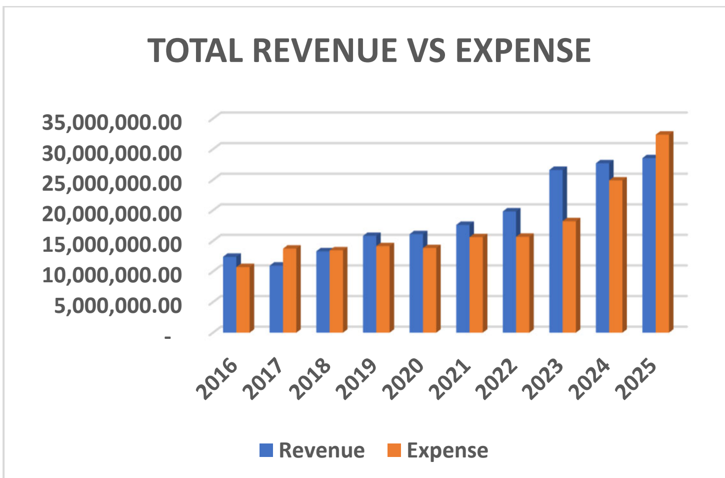

Figure 1 Auditor Generated

Billing Revenue vs Expense

Hernando County entered into an Interlocal Agreement with Pasco County for EMS Billing and Collection Services on April 28, 2017. This agreement automatically renews for successive one-year terms on October 1 of each year. Pasco County, as the agent of Hernando, is required to prepare and submit initial and subsequent claims to insurers; perform reasonable and diligent routine collection efforts to secure payments and provide monthly summary financial reports. To perform these services on a quarterly basis, Pasco County invoices Hernando County 6.0% of net collections and a flat rate of $9.70 for Medicaid claims.

Effective August 1, 2023, The BOCC adopted a Resolution 2023-144 to modify the established schedule of fees and charges for EMS Services. These rates have continued to remain in effect through April 30, 2026.

EMS BILLING	BILLING RATE
Advanced Life Support 1 Emergency Services (ALS Unit and Assessments and/or One or More ALS Interventions)	$1,073.00
Advanced Life Support 2 Emergency Services (ALS Unit and Assessments/Three Medications/Minimum of one ALS Intervention)	$1,073.00
Advanced Life Support 1 Transport Service (ALS Unit and Assessment – Basic Life Support Services)	$1,052.00
Advanced Life Support 1 Transport (ALS Unit and Assessment/Scheduled Transport)	$1,073.00
Mileage (per mile)	$12.00
Rescue Assist (Services without Transport)	$154.00
Wait Time Per Hour (Billed Per ¼ hour increments after first 30 minutes)	$204.00

Figure 2 Auditor Generated

An analysis was performed for billing revenue and expenses for fiscal years 2018 through 2025. Billing revenue from ambulance services increased steadily throughout the period of fiscal years 2020 and 2025. Revenues for FY24 and FY25 were approximately $11,288,491 and $12,107,841 respectively.

Billing expenses remained consistent at 6.0% of revenue. Expenses were $726,389 and $714,060 for FY24 and FY25, respectively. The graph below illustrates the comparison of billing revenue and expenses for FY 2018 through FY 2025.

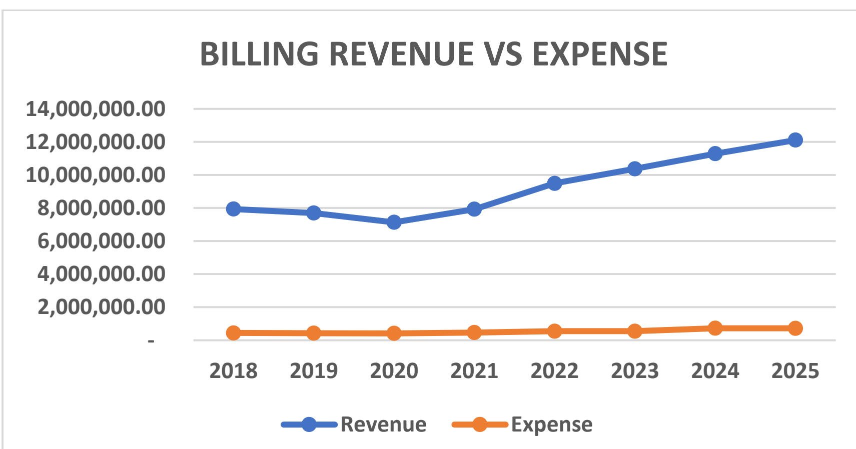

Figure 3 Auditor Generated

Ad Valorem Taxes vs Ambulance Service Revenue

Revenue for the HCFR Rescue fund is primarily derived from Ad Valorem Taxes and Ambulance Services. A comparison of these revenue sources from FY 2016 through FY 2025 reflects a steady increase. Revenue from Ad Valorem Taxes was approximately $13,051,875 in FY24 and $14,486,721 in FY25. Ambulance Service revenue was $11,288,491 for FY24 and $12,107,842 for FY25. The chart below illustrates the revenue stream for FY16 through FY25.

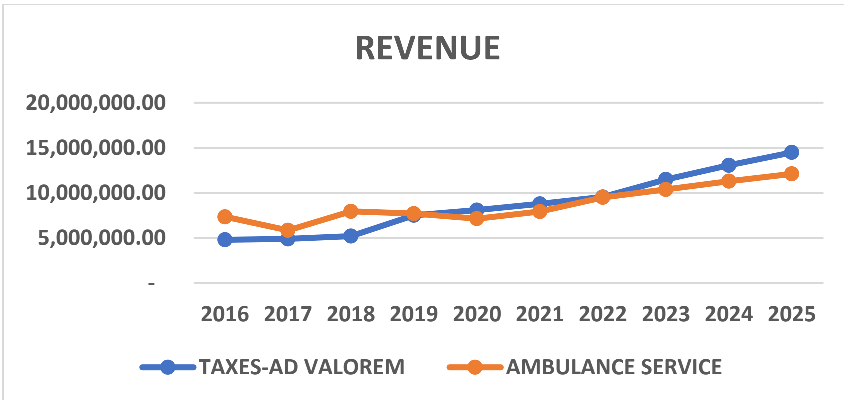

Figure 4 Auditor Generated

Organizational Structure

Under the leadership of the Public Safety Director & Fire Chief, the HCFR Chief Financial Officer and Finance Supervisor manage the Interlocal Agreement with Pasco County.

OBJECTIVE

The purpose of this audit was to provide management with some level of assurance that both Hernando County Fire Rescue (HCFR) and Pasco County Fire Rescue Ambulance Billing complied with the terms of the Interlocal Agreement for EMS Billing and Collection Services and that internal controls were in place for the transmission, tracking and recording of Ambulance Billing Fees.

SCOPE

To accomplish the audit objectives, the Audit Team performed the following procedures:

- Interviewed key personnel
- Obtained and reviewed relevant State Statutes, County Ordinances, Resolutions, and Policies and Procedures
- Using IDEA Data Analytics Software, samples were selected for testing from the time period of FY 25 October through July
- The following contractual requirements were tested for compliance with the Interlocal Agreement:
    - Processing of Patient Care Reports (PCRs) Data and Payment Collection
    - Quarterly Invoicing for EMS Billing Services
    - Collection Efforts of Past Due Accounts
    - Monthly Summary Financial Reporting
- Refund Processing was tested for timeliness

CONCLUSION

The audit procedures performed determined that the various duties, obligations, and responsibilities of the Interlocal Agreement were adhered to by both parties. Internal controls were generally adequate and effective; however, the review identified an opportunity to strengthen contract oversight, collection documentation, and alignment with statutory refund requirements.

The identified procedures that could be improved are listed below.

Opportunity for Improvement	Description	Page Reference
3.1	Review Collection Efforts of Past Due Accounts	12
4.1	Update Interlocal Agreement to Address F.S. 408.12	12-13

This audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

DISCUSSION POINTS

To evaluate whether the internal controls were operating effectively and efficiently to ensure compliance with the EMS Billing Interlocal Agreement, the ASD reviewed the following:

- PCR Processing
- Quarterly Invoicing for services performed
- Collection Efforts of Past Due Accounts
- Monthly Financial Reporting
- Refund Processing

It should be noted that Refund Processing was not addressed in the Interlocal Agreement. The ASD included it to determine if refunds to payors/patients were processed timely. Effective January 2026, F.S. 408.12 requires that overpayments be refunded no later than 30 days after the date that the licensee determines that such overpayment was made. A licensee who fails to comply with this statute is subject to an administrative fine under F.S. 408.813.

In general, the overall process for EMS Billing appeared to be working effectively, and both parties complied with the requirements of the Interlocal Agreement. However, improvements could be made by HCFR related to performance monitoring.

Discussion Point 1: PCR Processing

To evaluate the processes in place, the ASD selected a random sample of 50 PCRs processed during the 1st Quarter of FY 25. The selected PCRs were reviewed to determine if they were sent timely to Pasco County, charges agreed to the approved Hernando County Fire Rescue billing schedule, billed to the insurance company and/or patient timely, and payments were properly tracked and recorded.

Based on the review, PCRs were processed accurately and timely and the system appeared to be operating as intended.

- Insurance Companies and/or patients were billed timely
- Charges to insurance companies and/or patients agreed to the approved billing fee schedule
- All payments were properly tracked and posted to the revenue account

Discussion Point 2: Quarterly Invoicing for EMS Billing Services

In accordance with the Interlocal Agreement, Pasco County invoiced HCFR quarterly for EMS Billing Services. The ASD reviewed the invoices for the 2nd and 3rd quarters of FY 25. Internal Controls appeared to be in place for the review of invoice totals and the processing of the invoices; however, the review did not include validating the individual line items.

Although there were no material financial errors on the invoices, improvement could be made to ensure that the invoice line items agree to the supporting documentation.

DISCUSSION POINTS

Note: Prior to the completion of fieldwork, HCFR management met with Pasco County to gain a better understanding of the various reports and has implemented a more detailed review of the invoices.

Discussion Point 3: Collection Efforts for Past Due Accounts

To determine that reasonable and diligent collection efforts were performed and documented, a sample of 45 accounts past due 180 days or more was selected for testing. Based on the documentation provided, the EMS Billing Department filed all initial claims timely. However, improvements could be made to the collection efforts processes.

Note: Prior to the completion of fieldwork, HCFR management met with Pasco County to discuss their collection effort process. As a result of that discussion, Pasco County has implemented a collections team to review all past due accounts.

3.1 <u>Opportunity for Improvement</u>: Review collection efforts for past due accounts

Of the 45 accounts reviewed, the documentation of past due collection efforts for nine accounts (20%) appeared to be reasonable and diligent. For the remaining 36 accounts (80%), either the documented collection efforts did not appear to be reasonable and diligent, or such efforts were not documented.

Management Action Plan: Pasco County has implemented a Collections Team and is currently in place. Since implementation all accounts that were past due have been reviewed by the team who are actively chasing payments before being turned over to a collection agency. By law, the account cannot be turned over to an agency before being delinquent for one year.

Implementation Date: April 2026.

Discussion Point 4: Refund Processing

To ensure refunds due to patients and/or payors were processed in a timely manner, a random sample of 50 transactions were selected for review. Upon receipt of the refund information from Pasco County, HCFR processed the refund in a timely manner. However, the review disclosed that there was a significant delay between the date of the refund request and/or payment received and the date that the refund request was sent to HCFR.

Note: HCFR management met with Pasco County to review the refund process. A programming issue was identified and addressed by Pasco County.

4.1 <u>Opportunity for Improvement</u>: Update the Interlocal Agreement to include compliance with F.S. 408.12, Patient Overpayments; Refunds

The review of the 50 transactions disclosed that the time for Pasco County EMS Billing to submit the refund information to HCFR ranged from 13 business days to over 200 business days from the date of overpayment.

DISCUSSION POINTS

Management Action Plan: Staff will prepare an amendment to the original agreement to send for legal review, send to Pasco County to review and have their Board sign. At that point, the signed contract would come back to HCFR to place on an agenda item.

Implementation Date: HCFR is anticipating completion by October 1, 2026.

Discussion Point 5: Monthly Financial Reporting

In accordance with the Interlocal Agreement, monthly reports were provided by Pasco County Fire Rescue (PCFR) EMS Billing to Hernando County Fire Rescue (HCFR) EMS. Overall, the testing results indicated that the monthly report was materially complete and mostly accurate.

While the report appears to function as intended, a couple of discrepancies were noted. First, a calculation error occurred in the January 2025 data, where an amount was inadvertently omitted. This appears isolated and does not materially impact overall collection rates. Additionally, some monthly columns contained financial figures that were not assigned to a defined payor category. These amounts were included in the report's calculations without a description or identifiable source.

Note: Hernando County Fire Rescue and Pasco County Fire Rescue billing staff discussed the discrepancies after the Exit Meeting and will be monitoring the reports more closely.