

**Fiscal Administration**

(701) 328-1980
Fax (701) 328-1030
ND Relay TTY (800) 366-6888

Jack Dalrymple, Governor
Maggie D. Anderson, Interim Executive Director

August 29, 2012

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, 2012, 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, 2012.

Sincerely,

A handwritten signature in dark ink, appearing to read "Debra A. McDermott", with a stylized flourish at the end.

Debra A. McDermott
Assistant Director
Fiscal Administration

Attachments: Writeoff of Accounts
Aged Listing of Accounts Receivable

Representative Ruby, Chair

Page 2

August 29, 2012

<p style="text-align: center;">Department of Human Services Uncollectible Accounts to be Written Off June 30, 2012</p>
--

Northwest Human Service Center	\$52,384.28
North Central Human Service Center	\$110,263.41
Lake Region Human Service Center	\$48,774.45
Northeast Human Service Center	\$67,754.51
Southeast Human Service Center	\$193,089.50
South Central Human Service Center	\$107,383.22
West Central Human Service Center	\$218,632.97
Badlands Human Service Center	\$58,516.60
Subtotal	\$856,798.94
State Hospital	\$5,612,658.58
Developmental Center	\$38,776.12
TOTAL TO BE WRITTEN OFF	\$6,508,233.64

FA-8/20/12-cj-cafr2012\wroff12\hsc summary

<p align="center">Department of Human Services</p> <p align="center">Write Offs for the Fiscal Year Ended June 30, 2012</p>

Amount	Reason for Write Off	Human Service Center
1,777.07	Bankruptcy	Northwest
4,442.14	Deceased	Northwest
22,976.94	Deemed uncollectable by collection agency	Northwest
3,987.81	Fee Waiver - Administrative Decision	Northwest
19,200.32	Fee Waiver - Counter Therapeutic	Northwest
0.00	Fee Waiver - Financial Hardship	Northwest
\$52,384.28	Total	Northwest

3,559.53	Bankruptcy	North Central
53.69	Deceased	North Central
61,989.51	Deemed uncollectable by collection agency	North Central
400.08	Fee Waiver - Administrative Decision	North Central
39,562.38	Fee Waiver - Counter Therapeutic	North Central
4,698.22	Fee Waiver - Financial Hardship	North Central
\$110,263.41	Total	North Central

2,499.67	Bankruptcy	Lake Region
647.09	Deceased	Lake Region
33,002.39	Deemed uncollectable by collection agency	Lake Region
88.57	Fee Waiver - Administrative Decision	Lake Region
8,574.95	Fee Waiver - Counter Therapeutic	Lake Region
3,961.78	Fee Waiver - Financial Hardship	Lake Region
\$48,774.45	Total	Lake Region

13,323.74	Bankruptcy	Northeast
3,044.22	Deceased	Northeast
40,583.42	Deemed uncollectable by collection agency	Northeast
882.31	Fee Waiver - Administrative Decision	Northeast
7,127.55	Fee Waiver - Counter Therapeutic	Northeast
2,793.27	Fee Waiver - Financial Hardship	Northeast
\$67,754.51	Total	Northeast

Amount	Reason for Write Off	Human Service Center
---------------	-----------------------------	-----------------------------

19,849.12	Bankruptcy	Southeast
6,096.78	Deceased	Southeast
118,250.89	Deemed uncollectable by collection agency	Southeast
11,906.69	Fee Waiver - Administrative Decision	Southeast
17,033.57	Fee Waiver - Counter Therapeutic	Southeast
19,952.45	Fee Waiver - Financial Hardship	Southeast
\$193,089.50	Total	Southeast

7,054.99	Bankruptcy	South Central
12,167.41	Deceased	South Central
85,102.46	Deemed uncollectable by collection agency	South Central
83.50	Fee Waiver - Administrative Decision	South Central
2,719.10	Fee Waiver - Counter Therapeutic	South Central
255.76	Fee Waiver - Financial Hardship	South Central
\$107,383.22	Total	South Central

25,171.01	Bankruptcy	West Central
20,931.13	Deceased	West Central
146,049.33	Deemed uncollectable by collection agency	West Central
3,264.13	Fee Waiver - Administrative Decision	West Central
2,074.38	Fee Waiver - Counter Therapeutic	West Central
21,142.99	Fee Waiver - Financial Hardship	West Central
\$218,632.97	Total	West Central

9,372.52	Bankruptcy	Badlands
890.29	Deceased	Badlands
18,193.53	Deemed uncollectable by collection agency	Badlands
6,646.55	Fee Waiver - Administrative Decision	Badlands
15,663.74	Fee Waiver - Counter Therapeutic	Badlands
7,749.97	Fee Waiver - Financial Hardship	Badlands
\$58,516.60	Total	Badlands

North Dakota State Hospital
Summary of Annual Write Offs
July 1, 2011 Through June 30, 2012

Category	Amount
Administrative Decision	24,856.34
Bankruptcies	502,206.20
Collection Agency Accounts Returned *	314,166.11
Deceased - No Assets	4,746,530.32
Settlements	24,899.61
Total	\$5,612,658.58

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

FA-8/20/12-cj-cafr2012\wroff12\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.

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, 2011 Through June 30, 2012

Category	Amount
Client Amount (<i>Client amounts written off due to their inability to pay</i>) *	37,908.59
Parent Amount (<i>Parent amounts written off if both parents deceased</i>)	867.53
Total	\$38,776.12

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

FA-8/20/12-cafr2012\wroff12\hsc summary

Human Service Centers - Aged Accounts Receivable as of 6/30/12

	Balance	Non-Applied Cash *	0-30 Day	31-60 Day	61-90 Day	> 90 Days
Northwest HSC	538,515.51	(2,406.97)	135,645.08	60,266.50	19,884.98	325,125.92
North Central HSC	1,545,528.62	(5,593.87)	256,272.65	91,233.28	59,027.30	1,144,589.26
Lake Region HSC	768,094.84	(1,614.93)	146,197.59	50,852.87	19,832.59	552,826.72
Northeast HSC	2,011,595.95	(19,061.46)	594,273.33	209,534.21	139,253.01	1,087,596.86
Southeast HSC	2,934,777.37	(184,279.47)	578,098.84	194,940.57	87,964.82	2,258,052.61
South Central HSC	1,679,486.56	(15,712.19)	373,332.40	67,863.68	48,821.87	1,205,180.80
West Central HSC	2,653,318.54	(6,075.58)	474,866.48	211,716.66	127,409.90	1,845,401.08
Badlands HSC	1,017,911.58	(6,244.50)	182,905.17	110,012.61	50,150.73	681,087.57
TOTAL Statewide	13,149,228.97	(240,988.97)	2,741,591.54	996,420.38	552,345.20	9,099,860.82

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

FA-7/26/12-cafr2012\aged summary

Institutions - Accounts Receivable Aging Summary (06/30/12)

Developmental Center								
Plan	Total	Current to 30 Days	30 Days	60 Days	90 Days	120 Days	150 Days	Over 180 Days
AIMS Receivables and Private Pay	\$2,048,056.70	\$1,958,894.41	\$0.00	\$3,826.46	\$85.13	\$0.00	\$29,722.12	\$55,528.58
Non-AIMS Receivables Parent Amount 1/	\$429,050.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$429,050.79
Total Aged Receivables	\$2,477,107.49	\$1,958,894.41	\$0.00	\$3,826.46	\$85.13	\$0.00	\$29,722.12	\$484,579.37

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.

State Hospital								
	Total	Current	30 Days	60 Days	90 Days	120 Days	150 Days	Over 150 Days
Total Aged Receivables	\$163,489,991.36	\$4,486,746.27	\$886,696.61	\$2,175,026.34	\$3,286,285.94	\$1,676,513.77	\$1,371,651.57	\$149,607,070.86