

Memorandum

To: Members of the Common Council

From: Martin Matson, City Comptroller

Date: September 12, 2016

Re: File # 151498 TRIP Program for 3rd Party Ambulance Providers

And File # 160651 TRIP program fee

This memo is to draw conclusions from discussions with the City Attorney, Fire Department, Internal Audit, the Department of Revenue (DOR) and other interested parties related to the tax intercept program being furnished to third party ambulance service providers and to clarify the position of the Comptroller's Office.

The short answer is: while granting access to the Tax Refund Intercept Program (TRIP) to third party ambulance service providers (ASP's) is legal, it is not mandatory, and it is subject to the purview of the city. In order to effectuate an effectively managed program, this office recommends placing the TRIP access on hold until the contracts have been amended to allow for the program, and the processes, procedures and more importantly, the information systems involved have been programmed and tested to ensure accuracy in reporting. It may seem that this office has changed its stance, but it has always been the intent to convey the process needs to be implemented appropriately, and that there is a cost to the city in administering the program.

Background:

2015 Wisconsin Act 59 was enacted August 6, 2015. Section 71.935 (1)(a) in defining "debt" was amended to read: "For purposes of this subsection, a debt owed to an ambulance service provider operating pursuant to a contract with a municipality or county under s59.54 (1), 60.565, 61.64, or 62.133, is considered a debt owed to the municipality or county, if the debt relates to providing ambulance services to individuals in that municipality or county as a result of responding to requests that originate from a government-operated 911 call center."

Further, 71.935(4)(b) was created to read: "Within 30 days after the end of each calendar quarter, each municipality and county that has received amounts from the department during that calendar quarter for debts owed to an ambulance service provider operating pursuant to a contract under s59.54(1), 60.565, 61.64, or 62.133 shall pay amounts to the ambulance service provider.

Attached is a copy of the statutes for your reference. Nowhere in the statutes does it state use of the TRIP program is mandatory.

Follow-up:

In a memo to the city from Gimbel-Reilly-Guerin-Brown LLP, dated February 26, 2016, page 2 it was stated "The ambulance providers will have an account with the State of Wisconsin DOR set up as a "Sub-Unit" of the City's account. It is not directly a part of the City's account, nor is

it comingled with the City's account." Additionally, after the last Public Safety Committee meeting, an attorney from Friebert, Finerty & St. John's S.C. indicated to me verbally, that the TRIP account belongs to the ASP, not the city. Contact was made with the DOR to review these statements.

It is possible to setup a sub-account with the DOR and have the money collected deposited directly to the bank account of the ASP. It is a city account with the DOR, and it is the DOR's expectation that the city will be reviewing and monitoring any sub-account that is set up.

If an ASP has been created as a 501-c-3 non-profit entity, whose only business is to provide ambulance services to one or more municipalities, that provider may have its own account with the DOR that is not under the purview of the municipality. None of Milwaukee's providers fit that description.

Conclusion:

To move the collection process forward, the Comptroller's Office is recommending the following:

1. Contracts should be amended to allow access to the TRIP program, audit arrangements, and define the process, oversight and fees related to the program.

In its current iteration, there is no direct method for the city to monitor those receivables submitted to the TRIP by the ASP's, as the 911 reference number does not currently flow through the entire process. Once the process has been identified and programmed, the service providers must submit the identical information to the city for every receivable submitted to the TRIP. There must be a method in place to track the 911 call from inception to TRIP collection.

2. The City, similar to the State, should collect an administrative fee for use of the TRIP program utilizing one of two scenarios:
 - A. If a full review of every receivable is desirable, then a fee of \$7.50 per receivable should be submitted to the city. This was an estimate derived from expected receivables (4,000/year) to be reviewed by a part time management accountant, which would cost approximately \$30,000/year.
 - B. If an audit review is desirable to reduce the cost of administration, an estimated fee of \$1.00 per receivable should be collected. This approximates a \$40/hour incurred cost for a 100 hour audit. New contract language should allow an adjustment to this fee based on actual experience.

Finally, this office has heard the argument several times from attorneys involved that there is no difference between current practice and allowing for the TRIP. Please consider the following: if there is no oversight in reviewing or auditing what is being submitted to the TRIP, the risk exists for any and all receivables of the ASP's being submitted. And it is the expectation of this office and the DOR that the city will be monitoring these accounts.