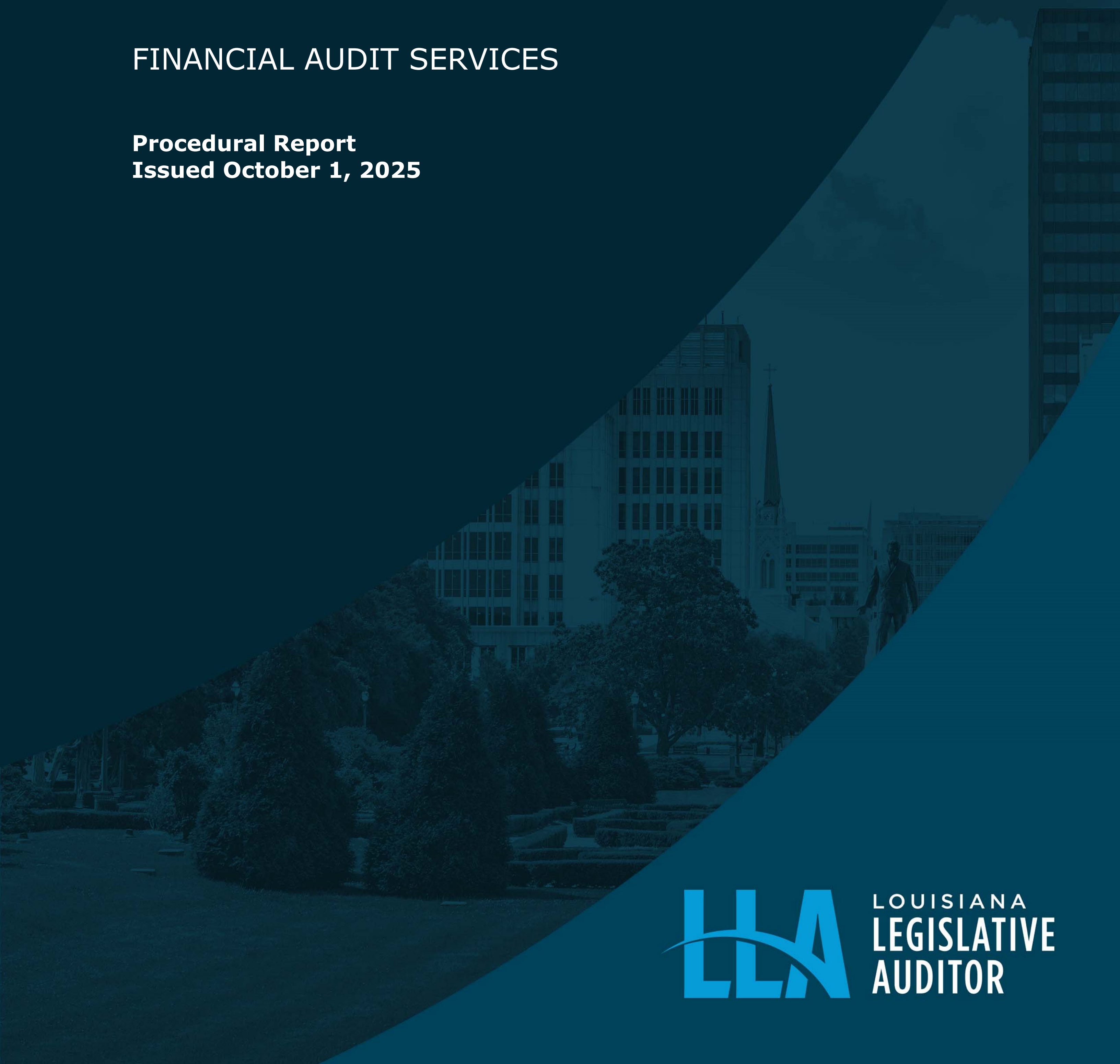
IMPERIAL CALCASIEU HUMAN SERVICES AUTHORITY

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued October 1, 2025



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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Imperial Calcasieu Human Services Authority

October 2025

Audit Control # 80250048

Introduction

The primary purpose of our procedures at the Imperial Calcasieu Human Services Authority (ImCal) was to evaluate certain controls ImCal uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

Results of Our Procedures

We evaluated ImCal's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of ImCal's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to accounts receivable, payroll and personnel, and professional services contracts.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in ImCal's procedural report dated August 16, 2023. The prior-report finding related to Inadequate Controls over Accounts Receivable has not been resolved and is addressed again in this report.

Current-report Finding

Inadequate Controls over Accounts Receivable

For the fifth consecutive engagement, ImCal failed to timely submit delinquent patients' account balances to the Office of Debt Recovery (ODR) in accordance with contract terms and internal policy. Additionally, ImCal failed to timely deliver statements of patient balances to the patients.

In accordance with Louisiana Revised Statute 47:1676, ImCal contracts with ODR to refer delinquent debt for collection. According to its contract with the ODR, ImCal shall submit delinquent debt that is the patient's responsibility to ODR as the debt becomes 60 days delinquent. ImCal's internal Standard Operating Procedure for collections in conjunction with the ODR contract states that ImCal issues monthly billing statements no later than the 20th of each month, consisting of a first, second, and final notice before going to ODR for collections. The account is considered delinquent upon nonpayment of the first notice and is submitted to ODR 30 days following the final notice.

ImCal sends the initial bill to Medicare, Medicaid, and/or private insurance companies for those patients with insurance coverage. After third-party claims have been exhausted, ImCal bills patients who assume full or partial responsibility. Based on a review of 20 services that were the patients' responsibility, 10 delinquent debts were eligible for submission to ODR for collections. Eight (80%) of the 10 delinquent debts were not submitted to ODR in the month in which debts became eligible for submission. Submission of these debts to ODR were late by one to 10 months, as of March 2025.

Additionally, statements of account balances for six (30%) of the 20 services that were the patient's responsibility were not delivered timely to the patients. Four of the six exceptions were due to untimely posting of the insurance denials by ImCal. The other two exceptions were due to ImCal not timely transferring the balance to the patient after an insurance denial. In these instances, statements were sent to the patients ranging from 82 days to 285 days after insurance denied the claims.

In response to the prior-report finding, ImCal's management developed and implemented ODR Submission procedures. The procedures were followed; however, they were inadequately designed to ensure that all delinquent accounts were being submitted within the required timeframe to ODR. In addition, management explained that some denials do not auto-post to the patient's accounts, and the system does not automatically transfer denied claims to the patient's responsibility. These denials have to be manually posted to the patient's account and moved to the patient's responsibility. ImCal is not performing these manual adjustments timely, which prevented the timely delivery of statements to patients.

Failure to collect outstanding debt and deliver notices of balances timely increases the risk that accounts will become uncollectible and may impair the authority's funding of ongoing operations.

Management should ensure that submission of delinquent accounts to ODR be performed timely and in accordance with the ODR contract and ImCal's Standard Operating Procedures. In addition, management should ensure that insurance denials are posted to patients accounts timely and monthly statements are generated timely to those patients with balances. Management partially concurred with the finding and provided a corrective action plan (see Appendix A).

Accounts Receivable

Amounts due for services delivered but not yet paid for are accounts receivable. ImCal monitors and tracks outstanding claims using the Intuitive Computer Assisted Notes (ICANotes) Electronic Health Record (EHR) system. We obtained an understanding of ImCal’s policies and procedures surrounding patient accounts receivable, including its policies to monitor, track, collect, and report on outstanding accounts.

We reviewed a sample of 20 outstanding claims that were the patient’s responsibility as of February 28, 2025. We examined documentation of initial and follow-up bills sent and the referral to ODR for further collection procedures. Based on the results of our procedures, ImCal did not have adequate controls to ensure statements of patient’s account balances were delivered to the patient timely and delinquent patient’s account balances were submitted to the ODR timely, as noted in the Current-report Finding section.

Payroll and Personnel

Salaries and related benefits comprise approximately 60% and 65% of ImCal’s expenses in fiscal years 2024 and 2025 through February, 2025, respectively. We obtained an understanding of ImCal’s controls over the time and attendance function, evaluated the segregation of duties, and reviewed a sample of 20 employees’ pay authorizations, time statements, and leave accrual records. Based on the results of our procedures, ImCal had adequate controls in place to ensure review and approval of employee time statements, employees were paid the amounts authorized, leave was accrued at the proper rate, and there was proper segregation of duties with the payroll process.

Professional Services Contracts

Professional services contracts comprise approximately 26% and 21% of ImCal’s expenses in fiscal years 2024 and 2025 through February, 2025, respectively. We obtained an understanding of ImCal’s controls over professional services contracts and reviewed a sample of 25 contract expenditures to determine if payments for contracted professional services were properly approved and supported by invoices that were reviewed, mathematically accurate and in accordance with the terms of the contracts. Based on the results of our procedures, ImCal had adequate controls in place to ensure payments for contracted professional services were properly approved and supported by invoices that were reviewed, mathematically accurate and in accordance with the terms of the contracts.

Trend Analysis

We compared the most current and prior-year financial activity using ImCal’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from ImCal’s management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

JB:RE:JPT:BQD:aa

IMCAL2025

APPENDIX A: MANAGEMENT'S RESPONSE

ImCal HSA
Administration
4105 Kirkman Street
Lake Charles, LA 70607
(337) 475-3100 | imcalhsa.org

September 11, 2025

Michael J. "Mike" Waguespack, CPA
Louisiana Legislature Auditor
Post Office Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

Please accept this official response to the Imperial Calcasieu Human Service Authority (ImCal HSA) legislative finding submitted by your office via email on September 5, 2025. Enclosed in this correspondence is ImCal HSA's response to the reportable audit finding of Inadequate Controls over Accounts Receivable.

Please let us know if you need any additional information.

Sincerely

Tanya McGee

Tanya McGee
Executive Director

Inadequate Controls Over Accounts Receivable

Imperial Calcasieu Human Service Authority (ImCal) partially concurs with Louisiana Legislative Auditor finding of inadequate controls over accounts receivable. ImCal understands the importance of collecting delinquent patient account balances and delivering patient notices in a timely manner. ImCal works to ensure we are in compliance with all laws and regulations regarding debt collection. Louisiana Revised Statue 47:1676 paragraph B. (1.1) states "local government subdivisions shall be permitted *but not required* to refer their delinquent debt to the Office of Debt Recovery for collection." Thus, as a local government subdivision, ImCal is not mandated by any law or regulation to submit collections to the Office of Debt Recovery. In order to be good stewards of the state general fund dollar, ImCal made the decision to enter into a contract with ODR for the collection of outstanding patient balances, while many other local government subdivisions do not make any efforts in the collection of outstanding debt. Per the ImCal/ODR contract, ImCal is required to certify delinquent debt that is 60 days or more past due. During this reporting period, ImCal worked diligently to ensure the accurate submission of qualified patient accounts to ODR by doubling the number of ODR submissions compared to the last audit period. In review, we discovered that our reporting date parameters were set too far back which resulted in some patient accounts being left off the report to be verified for ODR submission. ImCal takes very seriously the submission of patients to ODR as this can negatively affect a patient financially. Therefore per ImCal policy, the ODR report date parameters will be modified for 90 days past due. In addition, two of the eight delinquent debts which were not reported were minors. As required by law, minors are not liable for debt created in their name. In these two cases, the guarantor and/or parent information was not provided and ImCal was unable to secure unique identifying information for ODR reporting. ImCal has already put into place processes to ensure guarantor and/or parent information is collected for minor patients. In addition, one of the eight made payments on his account and another was in the process of being resubmitted to insurance.

ImCal policy and the mission of the billing department is to ensure we exhaust all avenues of payment before passing a balance to the patient. Sometimes this can take months depending on insurance payor, reason for denial, and/or secondary insurance. ImCal has 365 days to submit, resubmit and/or appeal a denial for payment. When a claim is denied, we work with each insurance payor and patient to resolve denial of payment before passing balance to patient. This is a manual process in which billing staff worked diligently to ensure timely posting of insurance denials after all avenues to resolve denials are taken, so that patients are notified timely of their balance. Four of the six patient statements not delivered timely were patients with out of network insurances in which the denials did not post automatically and were not received in the mail. As always ImCal billing staff will continue to work denials and account receivables in a timely manner so that patient statements are accurate and timely.

Corrective Action	Date Implemented	Responsible Party
Modify ODR report date parameters to end 90 days out	07/01/2025	Billing Supervisor
Work aging reports more frequently to resolve out of network denials	07/01/2025	Billing Supervisor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Imperial Calcasieu Human Services Authority (ImCal) for the period from July 1, 2023, through June 30, 2025. Our objective was to evaluate certain controls ImCal uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the ImCal's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The ImCal's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated ImCal's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to ImCal.

- Based on the documentation of ImCal's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to accounts receivable, payroll and personnel, and professional services contracts.

- We compared the most current and prior-year financial activity using ImCal's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from ImCal's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at ImCal, and not to provide an opinion on the effectiveness of ImCal's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.