



Board Report

File #: A 16-126, **Version:** 1

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 7 with Credit Consulting Services, Inc. for debt collection services at NMC to extend the term of the Agreement for three (3) additional months for a full Agreement term of August 1, 2007 through September 30, 2016, and to add \$300,000 for a revised total Agreement amount of \$3,400,000; and
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute one (1) future Amendment to the agreement which does not significantly alter the scope of work and does not cause an increase of more than \$100,000 which is ten percent (10%) of the original amount of the Agreement (\$1,000,000).

RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 7 with Credit Consulting Services, Inc. for debt collection services at NMC to extend the term of the Agreement for three (3) additional months for a full Agreement term of August 1, 2007 through September 30, 2016, and to add \$300,000 for a revised total Agreement amount of \$3,400,000.
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute one (1) future Amendment to the agreement which does not significantly alter the scope of work and does not cause an increase of more than \$100,000 which is ten percent (10%) of the original amount of the Agreement (\$1,000,000).

SUMMARY/DISCUSSION:

Credit Consulting Services, Inc. is one of two agencies that NMC uses to provide collection services for NMC's self-pay patients and bad debt collections. Credit Consulting Services receives a daily data file of all self-pay patients from NMC's Meditech system and is responsible to send three (3) collection notices to the patient within a 150 day time frame, if no response is received from the patient, then the account is put into bad debt collections. Credit Consulting Services has been providing this service to Natividad since 2007. The payment amount is based on a percentage of debt collected.

NMC issued Request for Proposals (RFP) 9600-64 on January 22, 2016 to solicit for one or more new Agreements for Debt Collection Services. Since that time, fourteen (14) proposals were received for consideration. At the current time all proposals received are being evaluated by NMC. It is NMC's intent to complete the selection process and have one or more new Agreements in place early next Fiscal Year. NMC is requesting a three (3) month extension on the term of this current Agreement with Credit Consulting Services for Debt Collection to allow for an adequate transition period between vendor Agreements should this be needed. NMC is also requesting an additional \$300,000 be added to the current Agreement with Credit Consulting Services because they have been performing the majority of all collection activity for NMC in this Fiscal year 2015-16, therefore, since payment is based on a percentage of debt collected, NMC is requesting approval to increase the total Agreement amount of their current Agreement.

For the sake of transparency NMC would like to inform the Board of an earlier discrepancy associated with the original agreement that had been carried forward in Amendments No. 1 and 2. When NMC brought the Agreement to the Board on August 28, 2007, it requested a \$2,000,000 total Agreement amount when the actual Agreement was only executed for \$1,000,000. At that time no one noticed this error. The total Agreement was increased to \$2,700,000 in Amendment No.1, then increased to \$3,400,000 in Amendment No. 2, and while preparing Amendment No. 3 the previous error was noticed and corrected. Instead of requesting an increase for Amendment No. 3, NMC requested a decreased total Agreement amount of \$3,100,000, however, the error was not explained in previous Board Reports for this Agreement. Since that time no further discrepancies have occurred.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment No. 7 as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved as to payment provisions. The Amendment No. 7 has also been reviewed and approved by NMC's Finance Committee on April 28, 2016 and by its Board of Trustees on May 6, 2016.

FINANCING:

The cost for Amendment No. 7 is \$300,000, of which \$200,000 has been included in the FY15-16 Adopted Budget for this Agreement. The remaining amount will be included in the FY16-17 Recommended Budget as appropriate. There is no impact to the General Fund.

Prepared by: Vince Carr, Director of Patient Financial Services, 783-2345

Approved by: Gary R. Gray, DO, Chief Executive Officer, 783-2504

Attachments:

1. Amendment No. 7 to Agreement with Credit Consulting Services
2. Renewal & Amendment No. 6 to Agreement with Credit Consulting Services
3. Amendment No. 5 to Agreement with Credit Consulting Services
4. Renewal & Amendment No. 4 to Agreement with Credit Consulting Services
5. Renewal & Amendment No. 3 to Agreement with Credit Consulting Services
6. Renewal & Amendment No. 2 to Agreement with Credit Consulting Services
7. Renewal & Amendment No. 1 to Agreement with Credit Consulting Services
8. Original Agreement with Credit Consulting Services
9. Spend Sheet

Attachments on file with the Clerk of the Board