



Board Report

File #: A 12-080, **Version:** 1

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Agreement (SC1863) with Info Image of California Inc. for Medical Bill Mailing Services at NMC, extending the Agreement to June 30, 2014 and adding \$100,000 for a revised total Agreement amount not to exceed \$180,000 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Agreement (SC1863) with Info Image of California Inc. for Medical Bill Mailing Services at NMC, extending the Agreement to June 30, 2014 and adding \$100,000 for a revised total Agreement amount not to exceed \$180,000 in the aggregate.

SUMMARY/DISCUSSION:

As part of the Fair Trade and Lending Act, Federal and States laws require NMC to send an explanation of services letter to every patient who receives services. InfoImage is the company NMC uses to send out this first mailing to every patient.

Currently, NMC produces approximately twenty to thirty thousand Explanation (Statement) of Services letters per year. InfoImage services allow NMC's electronic medical record program (MediTech) to interface easily into the statement of services providing 100% data-to-mail integrity and eliminating duplications or corrupt data. InfoImage completes all processing of the letters including, sorting, filing, bar-coding, delivery and special handling of foreign mail. InfoImage provides integrated services with the US Postal Service and remains current with postal rules and regulations to meet compliance.

This Amendment No. 1 requires a significant increase in costs for the coming fiscal year due to the following:

- Postal pricing for Mixed Pre-Sort went up from 0.390 to 0.404. In this category NMC's volume increased by 600 more statements per month.
- Postal pricing for Full First Class went from 0.440 to 0.450. In this category NMC's volume increased by 90 more statements per month.
- The additional printed insert went from 0.98 to 1.05 per page. NMC's volume increased by 6 more statements per month.
- The State's Undocumented Patient Program (SB1011) ran out of monies. This reclassified these patients as Self Pay Patients, increasing the volume of statements needing to be distributed.

It is mandatory that NMC send statements to all Self Pay Patients and "waiting for insurance to pay" Patients. NMC is required by law (Fair Trade Lending Act) to send statements out to all patients with a balance. An increase in volume of statements has also occurred as more Insurance Patients lose their benefits and are classified as Self Pay.

NMC is not equipped or staffed to provide these types of services in-house. InfoImage is a preferred provider with over 25 years experience meeting Fair Trade and Lending Act laws for many hospitals and hospital organizations throughout the U.S.

Business Automobile Insurance Exemption

Business Automobile Liability Insurance Additional Insured Endorsement requirements are waived for this vendor under this Agreement. There is no risk or exposure regarding vehicles.

- Contractor does not travel onto County property with vehicles.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment as to fiscal provisions. The Amendment has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

FINANCING:

The cost for this Amendment is \$100,000 over two years. \$ 45,000 is included in the Fiscal Year 2012/2013 Recommended Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

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

Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Agreement, Amendment 1.