



Board Report

File #: A 16-312, Version: 1

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Receivable Solutions, Inc. and an Agreement with Credit Consulting Services, Inc. pursuant to the Request for Proposal (RFP) #9600-64 for Debt Collection Services, with an initial Agreement term retroactive to October 1, 2016 through September 30, 2019 with the option to extend for two (2) additional one (1) year periods, and for an original contract amount for both Agreements not to exceed \$2,400,000; and
- b. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute up to two (2) amendments, each of which would exercise a one year option to extend and add \$800,000 to the agreement, provided that the total cost for the agreement over a five year period does not exceed \$4,000,000 and so long as an appropriation for the costs of the amendments is included in the County Adopted Budget.

RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Receivable Solutions, Inc. and an Agreement with Credit Consulting Services, Inc. pursuant to the Request for Proposal (RFP) #9600-64 for Debt Collection Services, with an initial Agreement term retroactive to October 1, 2016 through September 30, 2019 with the option to extend for two (2) additional one (1) year periods, and for an original contract amount for both Agreements not to exceed \$2,400,000.
- b. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute up to two (2) amendments, each of which would exercise a one year option to extend and add \$800,000 to the agreement, provided that the total cost for the agreement over a five year period does not exceed \$4,000,000 and so long as an appropriation for the costs of the amendments is included in the County Adopted Budget.

SUMMARY/DISCUSSION:

NMC issued Request for Proposals (RFP) #9600-64 on January 22, 2016 to solicit for one or more new agreements for debt collection services from qualified contractors. Fourteen (14) proposals were received for consideration. Upon a thorough selection process by NMC, two out of the fourteen proposers were tentatively selected to be awarded agreements to provide debt collection services for NMC.

The current agreement for Debt Collection services expires on September 30, 2016 and was the result of a previous RFP.

NMC utilizes outside contractors to collect on NMC's self-pay patients and bad debt collections. Contractor(s) shall receive a daily data file of all self-pay patients from NMC's Meditech system and will be responsible to send three (3) collection notices to the patient within a 150 day time frame requesting payment. If no response is received from the patient the account is put into bad debt collections.

The agreement documents themselves do not state a total agreement amount specifically; instead NMC is requesting an aggregate dollar limit for both agreements not to exceed \$2,400,000 which reflects an estimated amount NMC might pay for debt collection fees across a three (3) year period. During the past two years NMC paid nearly \$800,000 per year in collection fees. The collection agencies are only paid on a percentage of what they collect, so the aggregate total requested is based on historic data.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the RFP and the Agreements as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved the Agreements as to payment provisions. The Agreement template was approved by the NMC

Finance Committee on March 24, 2016, and by the NMC Board of Trustees on April 1, 2016 at which time NMC was completing the RFP selection process.

FINANCING:

The total aggregate cost for these Agreements is not to exceed \$2,400,000. \$800,000 is included in the Adopted Budget for Fiscal Year 2016-17 for debt collection service fees. 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: Gary R. Gray, DO, Chief Executive Officer, 783-2504

Attachments:

Agreement with Receivable Solutions, Inc., awarded per RFP #9600-64

Agreement with Credit Consulting Services, Inc., awarded per RFP #9600-64

Attachments on file with the Clerk of the Board