



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 18-477, Version: 1

Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute amendment No. 1 with Credit Consulting Services, Inc. and Receivable Solutions, Inc. for debt collection services at NMC pursuant to the Request for Proposals (RFP) #9600-64, extending the agreement an additional one (1) year period (October 1, 2019 through September 30, 2020) for a revised full agreement term of October 1, 2016 through September 30, 2020, with one remaining option to extend for one (1) additional year, and adding \$2,177,000 for a revised total aggregate amount not to exceed \$4,570,000.

RECOMMENDATION:

It is recommended the Board of Supervisors:

Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute amendment No. 1 with Credit Consulting Services, Inc. and Receivable Solutions, Inc. for debt collection services at NMC pursuant to the Request for Proposals (RFP) #9600-64, extending the agreement an additional one (1) year period (October 1, 2019 through September 30, 2020) for a revised full agreement term of October 1, 2016 through September 30, 2020, with one remaining option to extend for one (1) additional year, and adding \$2,177,000 for a revised total aggregate amount not to exceed \$4,570,000.

SUMMARY/DISCUSSION:

NMC utilizes two outside contractors to collect on NMC's self-pay patients and bad debt collections as a result of RFP 9600-64. These contractors 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. Payment is based on the amount of debt collected and is, therefore, an unknown. NMC is requesting an increased aggregate dollar limit for both agreements not to exceed \$4,570,000 which reflects an estimated amount NMC might pay for debt collection fees through the end of the full five year term September 30, 2021.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved amendment No.1 to both agreements as to legal form, and the Auditor-Controller has reviewed and approved as to payment provisions. The amendment No. 1 to both agreements has also been reviewed and approved by NMC's Finance Committee on November 29, 2018 and by its Board of Trustees on December 3, 2018.

FINANCING:

The total aggregate cost for this item is \$2,177,000, of which \$1,400,000 is included in the Fiscal Year 2018-19 Adopted Budget for debt collection services fees. Amounts for remaining years of the Agreement will be included in those budgets as appropriate.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The collection agencies are a critical part of the collections efforts on patient's accounts. They help to collect the patient's monetary responsibilities for the services they received.

 Economic Development

- ☒ Administration
- ☐ Health and Human Services
- ☐ Infrastructure
- ☐ Public Safety

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

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

Attachments:

Credit Consulting Services, Inc. Amendment No. 1

Receivable Solutions, Inc. Amendment No. 1

Credit Consulting Services, Inc. Agreement

Receivable Solutions, Inc. Agreement

Attachments on file with the Clerk of the Board