



Legislation Text

File #: 20-470, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Year One to Contract 17-039, EMS and Non-EMS Billing Services, to Andres Medical Billing, Ltd. for an amount not to exceed 3.1% of total dollars collected for EMS billing services and to Fire Recovery USA, LLC for an amount not to exceed 20% of total dollars collected for non-EMS billing services

DEPARTMENT: Fire Department

SUBMITTED BY: Mark Puknaitis, Chief

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City began outsourcing billing and collection support for ambulance transport and emergency response (EMS services) in 2004. In 2017, Fire Department response to motor vehicle accidents and vehicular fires (non-EMS services) was added. The City uses service providers rather than in-house staff to bill and collect for EMS and non-EMS services because of the specialized nature of the billings. The vendors in this market have experience filing with Medicare, Medicaid, and other private insurance carriers and claims processing centers, which increases the collection of revenue for the City.

The City Council awarded Contract 17-039 to Andres Medical Billing, Ltd (Andres) and Fire Recovery USA, LLC (Fire Recovery) on June 20, 2017 for a three-year term from July 1, 2017 to June 30, 2020, with two, one-year options to extend. The purpose of the contracts is to partner with a service provider to provide a turn-key solution to bill and collect EMS and non-EMS fees for the City.

DISCUSSION:

During the original term of the contract, Andres and Fire Recovery successfully processed EMS and non-EMS claims for the City.

EMS Services (Andres):

During the first 33 months of the three-year contract, Andres billed \$39,250,947. Per the City's ordinance and Medicare/Medicaid maximum allowances for EMS services, Andres is required to write off a significant portion of the billable charges. Of the \$39,250,947 billed, \$4,560,374 was written off for City residents and another \$17,805,061 was legally uncollectable due to maximum insurance allowances for Medicare and Medicaid.

| Service Period | Gross Charges Billed | Resident Write-offs (per City ordinance) | Contractual Write-offs (legally uncollectable) | Revenue Adjustments (sent to collections) |
|--------------------------------|----------------------|--|--|---|
| 07/01/17 - 06/30/18 | \$13,411,618 | \$1,558,481 | \$6,088,551 | \$634,035 |
| 07/01/18 - 06/30/19 | \$14,390,897 | \$1,784,200 | \$6,042,800 | \$569,835 |
| 07/01/19 - 03/31/20 (9 months) | \$11,448,432 | \$1,217,693 | \$5,673,710 | \$544,906 |
| Total (through 3/31/20) | \$39,250,947 | \$4,560,374 | \$17,805,061 | \$1,748,776 |

During the 33-month period, Andres collected payments totaling \$13,432,535. The average amount collected per trip equates to the average amount Andres collected per call. As the table below shows, there has been a steady increase in the average amount collected per trip during the contract term. which shows a steady increase and an overall average of \$657.23. The net collection percentage is the difference between payments collected and the overall net charges.

| Service Period | Payments Collected | Average Collected per Trip | Net Collection % |
|--------------------------------|---------------------|----------------------------|------------------|
| 07/01/17 - 06/30/18 | \$4,484,548 | \$624.07 | 77.79% |
| 07/01/18 - 06/30/19 | \$4,864,442 | \$648.51 | 74.11% |
| 07/01/19 - 03/31/20 (9 months) | \$4,083,545 | \$699.12 | 89.61% |
| Total (through 3/31/20) | \$13,432,535 | \$657.23 | 80.5% |

Non-EMS Services (Fire Recovery)

Unlike EMS services, non-EMS services do not have the same contractual write-offs. For example, Medicare/Medicaid maximum allowances do not apply. Per the City’s ordinance, Fire Recovery is required to write off a portion for City residents. This write-off is rare due to insurance companies paying the charges in their entirety. During the first 33 months of the original contract term, Fire Recovery billed \$624,955 for non-EMS services and collected \$613,236, which equates to a 98% collection rate.

| Service Period | Gross Charges Billed | Payments Collected |
|--------------------------------|----------------------|--------------------|
| 07/01/17 - 06/30/18 | \$235,005 | \$231,922 |
| 07/01/18 - 06/30/19 | \$215,130 | \$210,524 |
| 07/01/19 - 03/31/20 (9 months) | \$174,820 | \$170,790 |
| Total (through 3/31/20) | \$624,955 | \$613,236 |

Based upon the vendors’ performance, the Fire Department would like to extend the contract for the first option year. Andres and Fire Recovery USA agreed to maintain the rates and terms provided for under the contract.

The term of the first option year is July 1, 2020 to June 30, 2021, with one, one-year option remaining on the agreement.

FISCAL IMPACT:

CIP #: N/A

Ambulance billing service fees are expensed to the administrative service fee account listed below. A total of \$224,800 is budgeted for fees in 2020. Fees are offset by the city's ambulance service fee revenues and will remain within the budget.

| Account Number | Fund Description | Total Budget Amount |
|-----------------------|-------------------------|----------------------------|
| 22101100-532316 | General Fund | \$224,800 |