

Memorandum

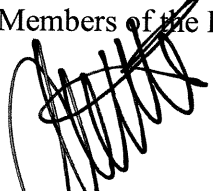


DATE: January 6, 2012

TO: Members of the Public Safety Committee

SUBJECT: **EMS Billing Contract**

Attached is briefing material on the "EMS Billing Contract" to be presented to the Members of the Public Safety Committee on Monday, January 9, 2012.



A.C. Gonzalez
First Assistant City Manger

Attachment

CC: Honorable Mayor and Members of the Dallas City Council
Mary K. Suhm, City Manager
Rosa Rios, Acting City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Municipal Judge
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Office
Stephanie Cooper, Assistant to the City Manager Mayor/City Council

Dallas Fire-Rescue

EMS Billing Update

Presented to the Public Safety Committee

January 9, 2012



- Provide update on recent EMS billing contract developments
- Recommend a strategy for moving forward

Purpose

- 67,000 annual transports
 - 30% Medicare
 - 20% Medicaid
 - 10-15% Private Insurance
 - 35-40% No Insurance
- \$20m original budgeted collections
 - Approximately \$64.5m gross charges (\$53m net charges)

EMS Billings At-A-Glance

- Collection involves:
 - Paramedics obtaining proper information in the field
 - Data reviewed and coded for billing
 - Follow-up with insurance agencies to ensure payment
 - Monthly accounting of accounts received/receivable
 - Compliance with federal Medicare and Medicaid regulations, state mandates, HIPAA data security and data disclosure regulations, and fair debt collection laws
 - Compliance with the Integrity Agreement

EMS Billings At-A-Glance

- September 2010, City allowed the contract with Southwest General Services to lapse as the City's EMS billing vendor following discovery of improper billing
 - City settled with U.S. Government and entered into an Integrity Agreement
- October 2010, Council authorized a contract with Intermedix,
 - Minimum annual guarantee provision of 51.2% of the gross amount billed
 - Collection fee of 7.65% of net collections

Background

- While implementation challenges were anticipated, we expected all accounts would be billed and collected as budgeted
- Recent EMS (Intermedix) collections did not meet expectations:
 - FY 09-10 collections: \$17.28m (actual)
 - FY 10-11:
 - Intermedix' RFP response projected collections: \$21.7m (August 2009)
 - Budgeted collections: \$19.25m
 - Actual collections: \$13.79m (unaudited)

Background

- October 25, 2011, Intermedix notified the City of its desire to either:
 - Terminate the contract, or
 - Restructure the contract to eliminate the minimum annual guarantee provision
- Per agreement, City has 90 days to respond before the contract is terminated

Background

- It is critical that we maintain cash flow and meet filing deadlines for Medicare and Medicaid accounts
- City has three options moving forward:
 - Option 1: Restructure the existing contract with Intermedix and eliminate the minimum annual guarantee provision with potential additional negotiated provisions
 - Option 2: Issue an RFP to hire a new EMS billing vendor
 - Option 3: Use an existing Interlocal Agreement to contract for EMS billing services

Options

- Option 1: **Restructure** the **existing contract** with Intermedix and eliminate the minimum annual guarantee provision
 - Pros:
 - Continuity in billing services
 - No learning curve with a new company
 - Avoid administrative and data security transition burdens
 - Cons:
 - Contractor unwilling to honor the existing contract
 - Collections are not meeting expectations
 - Other operational issues

Option 1

- Option 2: **Issue** an **RFP** to hire a new EMS billing vendor
- Pros:
 - Competitive process to look at other vendors
- Cons:
 - Potentially higher commission fees
 - Length of RFP process could further negatively impact General Fund revenues
 - Very few responders to the EMS Billing RFP when issued by the City in 2009

Option 2

- Option 3: Use existing **Interlocal Agreement** with City of Plano to contract with Digitech Computer, Inc. for services
- Pros:
 - Plano went through competitive process
 - Quick transition to resume billing and collecting
 - Lower commission fees than the current contract
 - Guaranteed billing error rate of less than 1%
 - Plano is very satisfied with Digitech's performance
- Cons:
 - Implementation of a new system
 - No minimum annual guarantee provision in the contract
 - Potential administrative and data security transition burdens

Option 3

- Digitech Computer, Inc. has large accounts experience
 - Memphis (80,000 annual transports)
 - Senior Care EMS (60,000 annual transports)
 - Johnson County, KS (20,000 annual transports)
- Previous experience transitioning from Intermedix (Memphis)
- Previous experience implementing a billing system using the ePCR (electronic patient care report) software that the City currently uses
- 95% of billable accounts are collected within 90 days, which ensures optimal cash flow

Option 3: Cont.

- Option 3
 - Use an **Interlocal agreement** with the City of Plano to contract with Digitech for EMS billing services
 - Two-year contract with three, one-year extension options
 - Use the six-month period provided in the Intermedix contract to transition to Digitech
 - Digitech will bill for new accounts
 - Intermedix will continue to collect for old accounts for six months

Recommendation

- Review current fee structure to simplify billing and collections
- Issue an RFP for to hire an EMS collections firm to collect on substantially delinquent accounts

Future Considerations



Questions?