

**DEPARTMENT:** SAFD

**DEPARTMENT HEAD:** Charles N. Hood

**COUNCIL DISTRICTS IMPACTED:** City Wide

**SUBJECT:**

Extending and Amending a Professional Service Agreement with Business and Professional Service relating to Emergency Medical Service Billing and Collection Services

**SUMMARY:**

This ordinance authorizes the Second Amendment and Extension of a Professional Services Agreement with Medical-Dental-Hospital Bureau of San Antonio, Inc. dba Business and Professional (B&P) Service to provide Emergency Medical Services billing and collection services and proposes to extend the contract for an additional six month period to begin October 1, 2018 and end on March 31, 2019.

As part of the contract extension, SAFD has proposed to remove the requirement that the Contractor covers the expense of using the City's lock box account. The City and B&P have mutually agreed to amend and extend the agreement under the new terms and conditions to March 31, 2019. The removal of the requirement that the Contractor must cover the expense of the City's lock box account have been agreed to by both parties and approved by Melanie Seale, Assistant Director of the Finance Department as well as Erik Walsh, Deputy City Manager.

**BACKGROUND INFORMATION:**

On December 15, 2011, City Council authorized the execution of a contract with B&P for a period beginning January 1, 2012, and ending September 30, 2016 by Ordinance # 2011-12-15-1065. The contract included one (1) option to renew for a two (2) year period. On June 30, 2016, City Council authorized the extension of the agreement through September 30, 2018 by Ordinance #2016-06-30-0525.

Additionally, B&P has held the City's EMS billing and collection contract for the last twenty-six (26) years and has proven to be a responsible and professionally staffed collection firm with excellent performance.

B&P collects various payment types which include Medicaid, Medicare, Commercial Insurance as well as direct payments from patients.

In Fiscal Year 2017 the City paid \$2,106,010.00 to B&P for collecting \$25,509,965.00 in billed accounts. From October through June of Fiscal Year 2018 the City has paid \$1,625,926.00 to B&P for collecting \$19,301,704.00 of billed accounts.

### **ISSUE:**

The City requires EMS payments through utilization of a lockbox account with the City's depository bank. In the 2004 contract it was included that Business and Professional Services would be responsible for paying the lockbox fees. At that time, the City would sweep funds from the account once a month which resulted in monthly fees of approximately \$600. After a City audit in 2005, it was decided that funds would be swept daily in order for the City to earn immediate interest on the funds. This resulted in no funds being available for earnings credit and monthly fees increased to \$1,200- \$1,500 per month for B&P. During the summer of FY 2017 the City negotiated new fees with the bank which resulted in significant fee increases. The monthly lockbox fees for B&P are approximately \$2,700.00.

Due to the City's changes in the financial management of and processes related to the City's depository bank lock box account, the City and B&P have agreed that the Agreement should be revised to remove the requirement that the Contractor cover the expense of the Contractor's use of the City's lock box account.

### **ALTERNATIVES:**

The City has the option not to amend and extend this contract; however, this contract expires September 30, 2018 and the San Antonio Fire Department will have no contract in place for the collections on EMS billings. A formal Request for Proposal (RFP) for the billing and collection of EMS fees is currently being worked on; however this process could take up to 6 months to complete.

### **FISCAL IMPACT:**

Funding is available in Fire's FY 2018 adopted operating budget for this extension.

**RECOMMENDATION:**

The staff recommends the approval of the extension and amendment to the Professional Service Agreement with Business and Professional Service relating to Emergency Medical Service Billing and Collection Services.