



# City of San Antonio

## Agenda Memorandum

**File Number:**16-3451

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**Agenda Item Number:** 33.

**Agenda Date:** 6/30/2016

**In Control:** City Council A Session

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**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 First Amendment and Extension of a Professional Services Agreement with Medical-Dental-Hospital Bureau of San Antonio, Inc. dba Business and Professional Service to provide Emergency Medical Services billing and collection services and proposes to extend the contract for one additional two year period beginning October 1, 2016.

As part of the contract extension, SAFD has proposed to reduce the "Net Effective Collection Rate" (NECR) from 64% to 56%, effective upon Council approval. The Parties have also agreed that it is appropriate and in their respective best interests to reduce the compensation to be paid by City to B&P in consideration for B&P's services provided under the agreement from 8.9% to 8.4% of the net amount collected. The San Antonio Fire Department anticipates this renegotiated rate to result in savings to the General Fund in the amount of \$130K (approximately) annually.

The parties have mutually agreed to amend and extend the agreement under the new terms and conditions to September 30, 2018. The renegotiated rates 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 five (5) year 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.

Additionally, B&P has held the City's EMS billing and collection contract for the last twenty-four (24) 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 2015 the City paid \$2,295,883.00 to B&P for collecting \$25,992,956.00 in billed accounts. From October through April of Fiscal Year 2016 the City has paid \$1,320,074.00 to B&P for collecting \$14,832,050.00 of billed accounts.

## **ISSUE:**

Factors beyond Business and Professional Service's control may affect its ability to meet the Guaranteed NECR, such as EMS fee increases and reimbursement reductions in Medicare and Medicaid. SAFD has increased the transport fees five consecutive years since FY11, reflecting an overall fee increase of 92% from FY11 to current. Also as a result of the federal Affordable Care Act, parts of which became effective in 2011 and additional parts of which have taken effect and will continue to take effect throughout the initial term of the agreement, reimbursements by Medicare and Medicaid of EMS fees charged by the City for emergency medical services have been reduced substantially. The combination of the increased EMS fees and the substantial reduction in Medicare and Medicaid reimbursements has created a situation which materially affects and impairs B&P's ability to meet the Guaranteed NECR for the remainder of the initial term and the renewal term of the Agreement. Important to note is while the overall percentage collected is lower, overall revenues have increased as a result of the fee increases.

## **ALTERNATIVES:**

The City has the option not to amend and extend this contract and to direct staff to issue a formal Request for Proposal (RFP) for the billing and collection of EMS fees. However, this process could take up to 6 months to complete.

**FISCAL IMPACT:**

Funding is available in Fire's FY 2016 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.