



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

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Roll Call

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Approving Advanced Data Processing, Inc. (ADPI), Miami, Florida, as the city's Ambulance Billing provider.

SYNOPSIS—

Approving Advanced Data Processing, Inc. (Doug Shamon, President, 520 NW 165th Street, Suite 201, Miami, Florida 33169), as the city's Ambulance Billing provider. Costs related to emergency medical responses are billed to patients and insurance companies in an attempt to recoup as large a portion of those costs as possible. Due to the complex, specialized nature of this service, city staff is recommending securing the services of ADPI, a highly qualified, experienced provider.

FISCAL IMPACT-

In FY 2005, direct costs related to Emergency Medical Services are expected to be \$3,860,000, while revenues from users of the services are estimated to be \$2,919,000. The difference is subsidized by property taxes. The city would like to maximize the rate of collection to reduce the tax subsidy for these services.

RECOMMENDATION—

Approval

BACKGROUND—

On May 28, 1996, the city contracted with Team Two, Inc. (Josh Engman, President, 13001 Sunset Terrace, Clive, Iowa, 50325) to act as the city's ambulance service billing contractor. Prior to this time, city staff performed the billing. Several contract revisions have been approved since 1996, the most recent in June, 2004, which extended the billing contract to September 30, 2004.

On April 19, 2004, the City Council approved the issuance of requests for proposals (RFP) to solicit additional contractors that would be able to maximize collection rates. RFP's were issued on May 20, 2004, and four responses were received. The selection committee chose to interview three of the proposers on July 22 and 23, 2004. The consensus of the selection committee was that Advanced Data Processing, Inc. (ADPI) would provide the best value to the City of Des Moines. ADPI proposed a slightly higher price for its services, but we are certain that the higher collection rate they can obtain will result in higher net revenues to the city.

ADPI is a rapidly growing company due to the quality of the services they provide. They are a 100% EMS (emergency medical services) billing company that has 160 employees serving 88 clients in 9 states. They bill 800,000 transports annually. They have 18 certified coders and 2 coding auditors, 5 in-house IT staff plus outsourcing, and have multilingual capability. References received from clients comparable to Des Moines have been excellent. Billing results from similar clients have shown collection rates in excess of 80%.

ADPI is best suited to maintain compliance with Medicare/Medicaid regulations and is able to maximize collections through:

- Use of the latest techniques in electronic claims preparation, submittal, and follow-up
- Emphasis on claim accuracy and completeness
- Claim amounts reimbursed at highest rate allowed
- Emphasis on identification of insurance coverage whenever possible
- Use of insurance billing clearinghouse
- Strategic contacts with hospitals
- Proactive EMS rate consultation

ADPI works to identify insurance coverage whenever possible, because of the near certainty of collection. This approach has the added benefit of reducing collection contacts with patients.

ADPI is not just a billing company. They are the experts in the field of EMS billing. They are best situated to maximize revenues to support the city's EMS function and their selection will signal the city's intent to follow a best business practice model for this service.

In an effort to adequately monitor and assess the results of billings and collections by the selected vendor, performance measures have been established that will be included in the vendor contract. The performance measures recommended are:

I. Vendor

A. Revenue per Transport by Call Date will meet or exceed \$270 (64% to 66% net collection rate), nine months after the month billed. The number of transports will be determined by Fire Department EMS statistics. Revenue will be verified by the amount of ambulance receipts deposited with the City Treasurer during each month.

Revenue per Transport by Call Date will be calculated by dividing the receipts for each month's invoices by the number of transports for that month. Failure to achieve the required \$270 per transport collection rate for the ninth, tenth and eleventh months past current will be cause for termination of contract. This measure will be effective beginning with reports issued in July 2005.

B. Within 10 days of the end of each month, beginning with the September 2004 report, the vendor will provide a monthly status report based on Call Date, to include Number of Transports, Gross Charges, Medicare, Medicaid, and Military Adjustments and co-pays (where applicable), and Receipts.

C. Beginning October 1, 2004, the vendor will download and invoice daily, Monday through Friday, for events identified as "complete" in the Firehouse system (or the incident reporting and records management system employed by the Fire Department). Invoices will be issued no more than 5 working days from date of download.

D. Within 15 days of the end of each month, beginning with September 2004, the vendor will provide a report detailing Medicare, Medicaid, and Military claims made, adjustments credited, co pays, and receipts. The report will identify the level of care invoiced and the level of care reimbursed in addition to amounts.

E. Beginning no later than December 1, 2004, the vendor will extract EMS electronic records from Firehouse (or whatever reporting system is in use by the City of Des Moines Fire Department) utilizing a process provided by the vendor that does not require external access to the City's information infrastructure and assures the security of City of Des Moines medical records, and prepare and issue invoices. This process will eliminate the need for hardcopy EMS records or face sheets.

F. By January 1, 2005, the vendor will establish and maintain a Corporate Compliance Program consistent with the tenets of the Health Care Compliance Association.

G. By January 15, 2005, the vendor will initiate the performance of a quarterly audit conducted by a Certified Coder, as certified by the National Health Career Association, (or a similar certifying association approved by the City) of a statistically significant representative sample of claims, to determine the accuracy of claim coding and coding for the highest reimbursement rate allowed by applicable regulations.

H. Effective no later than October 1, 2004, receipts will be posted to accounts daily, Monday through Friday,

I. By no later than January 1, 2005, the vendor will provide a Disaster Recovery Plan and a full description of system backup and recovery plans.

II. City

A. Fire department personnel will have reports completed in its incident reporting system within three days of the date of an incident.

B. Beginning October 1, 2004, receipts will be processed through a lockbox established by the city. The vendor will be provided receipt information daily, Monday through Friday.

Crime insurance, as required in the RFP and to be paid by vendor, may be cancelled within six months of the lockbox start date, with approval of the city.

An independent audit (paid by the vendor) of funds received and deposited by the vendor will no longer be required once funds have ceased being received by the vendor. The date of audit cessation will be approved by the city.

C. Fire department personnel will make reasonable efforts to provide patient insurance information, but it remains the responsibility of the vendor to collect insurance information.

III. Penalty

Failure by Vender to comply with stated performance measures more than twice in any 12 month period, or a delay of more than 30 days in the initiation of a required procedure will be cause for review of contract award and may result in contract termination.

Failure by City to comply with stated performance measures more than twice in any 12 month period, or a delay of more than 30 days in the initiation of a required procedure will be cause for notification of the City Council and a performance review by the City Manager.