

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

899



FROM: Human Resources Department

SUBMITTAL DATE:
August 15, 2011

SUBJECT: Approval of Exclusive Care Sole Source Procurement for Third Party Liability Recovery Services of Health Management Systems

RECOMMENDED MOTION: That the Board of Supervisors 1) approve the attached Sole Source Procurement with Health Management Services (HMS) for \$250,000; 2) authorize the Chairperson to sign three (3) copies of the attached Agreement; 3) retain one (1) copy of the signed Agreement and return two (2) copies to Human Resources for distribution and; 4) authorize the Purchasing Agent, in accordance with Ordinance No. 459, to exercise the renewal option, based on the availability of fiscal funding, and to sign amendments that do not change the substantive terms of the agreement.

BACKGROUND: In 1999, the Board of Supervisors established the County's self-funded Exclusive Provider Option (EPO) health plan, Exclusive Care, to provide a value health plan option to the employees of Riverside County and their families. To provide services to its enrolled members, Exclusive Care is budgeted to spend over \$42 million on medical and hospital claims for FY2011-2012.

Barbara A. Olivier

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Asst. County Executive Officer/Human Resources Dir.

**FINANCIAL
DATA**

Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

SOURCE OF FUNDS: Exclusive Care premiums are paid by enrolled membership.

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Elizabeth J. Olson*
Elizabeth J. Olson

County Executive Office Signature

☐ Consent
☒ Policy
☐ Consent
☒ Policy

Dep't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.:

District: All

Agenda Number:

3.64

BACKGROUND continued:

In order to protect the overall plan integrity for all members, the health plan contains a number of financial controls. One of these measures is a Third Party Liability Recovery (TPL) provision which allows recovery by Exclusive Care of benefits paid if the insured receives reimbursement for the same injury or illness from a third party. Exclusive Care currently employs internal resources to manage the Third Party recovery process. This agreement will improve Exclusive Care's ability to identify and increase our recovery of payments from third parties using the more sophisticated expertise, resources and capabilities of Health Management Systems, the recommended vendor.

County Purchasing on behalf of Exclusive Care, released a Request for Proposal (RFP HRARC-039) in late 2010 for TPL services, mailing solicitations to four vendors and advertising on the County's internet site. Health Management Systems was the only vendor that responded to the RFP, and we are requesting approval of a Sole Source Procurement.

Health Management Services' fees for these TPL services will be 25% of any recovery, which is the industry standard for this type of service. The recovery of TPL payments is often a multiyear process. Exclusive Care will review Health Management Services' results after the first year and identify recommended program improvements.

Date: 5/5/2011

From: Barbara Olivier Department/Agency: Human Resources
To: Board of Supervisors/Purchasing Agent

Via: Purchasing Agent


Subject: Sole Source Procurement; Request for *Third Party Liability Recovery for the County's Exclusive Care Health and Welfare Benefits Plan.*

This information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

1. Supply/Service being requested: *Third Party Liability Recovery for the County's Exclusive Care Health and Welfare Benefits Plan.*
2. Supplier being requested: *Health Management Systems (HMS)*
3. Alternative suppliers that can or might be able to provide supply/service: *RFP HIRARC-039 was issued in the fall of 2010. The County only received one bid response.*
4. Extent of market search conducted: *The County issued an RFP and published the bid on the County of Riverside Purchasing web site. The bid was sent to potential TPL vendors: Rawlings Group, Accent, Health Management Systems, ACS Recovery Services and Ermer and Brownell.*
5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide: *The County would improve its current internal claims recovery programs by contracting for Third Party Liability Services to recover Health Plan benefit funds paid on claims where Exclusive Care members are injured through the actions of a 3rd party and receive compensation from the 3rd party for medical services that have been paid by the Exclusive Care Health Plan. HMS' 25% recovery fees are only contingency fees. HMS assumes all of the costs of programming, interface set-up, staff training, claim payment screening referral processes and notification/follow up/negotiation with members/attorneys.*
6. Reasons why my department requires these unique features and what benefit will accrue to the county: *Third Party Liability Services will increase the levels of recovery of the reasonable value of medical services and benefits provided and paid through the Exclusive Care Health Plan. HMS' services are more sophisticated than our available resources. The Agreement Recovery Contingency fee base amount request is \$250,000.*
7. Price Reasonableness: *The Recovery Fee of 25% represents industry standard fee levels for services of this nature. Vendor would only be paid based on*

collection of funds reimbursed back to the County based on verification of Third Party Liability and fund recovery by HMS.

8. Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this sole source? *No. County can cancel the agreement with a thirty-day notice to the vendor.*
9. Period of Performance: *Period of Performance is for one year, with the option to renew for two additional years by written amendment. Many of the recovery actions are multi year as a result of legal actions and the vendor should receive compensation for activities initiated and managed during the term of the agreement.*


Department Head Signature

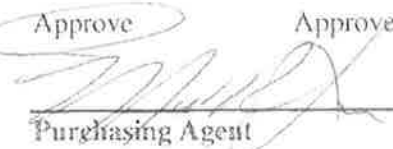
5/5/11
Date

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove


Purchasing Agent

8-1-11
Date