

FORM APPROVED COUNTY COUNSEL  
 BY: 7/19/12 DATE  
 MARSHAL VICTOR

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

674



**FROM:** Riverside County Regional Medical Center

**SUBMITTAL DATE:**  
 July 31, 2012

**SUBJECT:** Amendment to the Professional Services Agreement with the contracted Third Party Liability Services

**RECOMMENDED MOTION:** Move that the Board of Supervisors:

- 1) Ratify the increase to amend the current contract agreement(s) with the following contractors: **Compspec, Inc., Health Advocates, Dell, Inc., and NCO Financial Systems, Inc.** not to exceed the aggregate amount of \$3,845,000 for FY 2011/2012 with the option to increase the aggregate amount up to \$4,600,000 annually, thereafter, if the volume warrants;
- 2) Authorize the Purchasing Agent, in accordance with Ordinance No. 459, to exercise renewal options, based on the availability of fiscal funding, to move funds between contractors based on need- not to exceed the aggregate annual amount, and to sign amendments that do not change the substantive terms of the agreement, including amendments to the compensation provision that do not exceed ten percent of the annual amounts.

(Continued on page two)

*Douglas D. Bagley*

Douglas D. Bagley, Hospital Director

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 3,845,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/2012

<b>SOURCE OF FUNDS:</b> 100% - Hospital Enterprise Funds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Debra Cournoyer*  
 Debra Cournoyer

**County Executive Office Signature**

- Policy
- Consent
- Policy
- Consent

Dept's Recomm.:  
 Per Exec. Ofc.:

Prev. Agn. Ref.: 01/11/11; 3.68

District: ALL

Agenda Number:

3.54

**SUBJECT:**

Amendment to the Professional Services Agreement with the contracted Third Party Liability Services

**BACKGROUND:**

On January 11, 2011; agenda item no. 3.68, the Board approved the Professional Services Agreement(s) as a result of Request for Proposal (RFP MCARC135) for Compspec, Inc., Health Advocates, LLC, Dell, Inc. and NCO Financial Systems, Inc. to provide third party eligibility and self-pay recovery services for difficult and complex settlement issues, specifically whereby identification of patients' third party coverage is not readily obtained. These contingency based services provide an increase to RCRMC's collections due to the experience, skill and expertise these firms bring to this specialty service. These specialized contractors have also assisted our patients who require their experience and resources including visits to patients' homes, assisting in the completion of the required paperwork thereby, benefiting RCMRC to increase revenue.

Compspec, Inc. and Health Advocates, LLC provide Medi-Cal eligibility, Third Party Liability, and Workman Comp. The Medi-Cal eligibility component is the largest portion of the work performed. This includes gathering required personal and financial information to fully process a Medi-Cal FFS, SSI, and SSD application. The services also include appeal of cases that are initially denied by DPSS. Based on their proposal as a result of RFP MCARC135, both agencies proposed the same contingency rate of twenty percent (20%).

Dell, Inc. and NCO Financial Systems, Inc. focus on providing self pay, aged insurance recoveries, and bad debt collection services. Although these two agencies contingency rate vary, their proposed rates were amongst the best contingency rate for delinquent self pay and aged insurance recovery. This includes, but is not limited to; patient statements, phone calls, and insurance follow-up on unpaid, underpaid, or denied claims --with a contingency rate at thirteen percent (13%) for Dell and a fifteen percent (15%) respectively, for NCO Financial System. The table below illustrates each contractor's contingency rate and the revenue earned for RCRMC in fiscal year 2011/2012:

<b>Contractor</b>	<b>Contingency Rate</b>	<b>Revenue Earned FY2011/2012</b>
Compspec, Inc.	20%	\$4,629,619.27
Health Advocates LLC	20%	\$9,471,989.40
Dell, Inc.	13%	\$5,123,492.00
NCO Financial Systems, Inc.	15%	* No accounts given to contractor early FY11/12

NCO Financial Systems, Inc. was not provided accounts early FY2011/2012 as RCRMC Patient Accounts needed to strategically identify the more difficult and complex settlement cases; however, is now gradually providing accounts to this contractor in turn, will generate additional revenue for the hospital.

**SUBJECT:** Amendment to the Professional Services Agreement with the contracted Third Party Liability Services

The utilization for these services will continue to rise-- as these are contingency based contracts, the more accounts RCRMC provides to these contractors, the more revenue RCRMC accumulates as a result of the contractors' efforts. For every dollar RCRMC spends for services, RCRMC earns three to four times in revenue. RCRMC collected an average of roughly \$ 1,583,342 per month in FY2011/2012. During the past fiscal year the facility has seen an overall 9% increase in Uninsured which directly relates to the services the contingency vendors assist on.

Fiscal Year 2011 - 2012 Growth:

MISP/LIHP	12%	LIHP 3,434 cases
DED Pending	6%	DED 1,151 cases

Therefore, the Hospital Director requests that the Board of Supervisors approve the abovementioned motions.

**PRICE REASONABLENESS:**

The contingency rate for each vendor has had no increase even as additional requirements and expectations based on regulatory reporting requirements have been added. These vendors have all kept their rates at the same percentage as a result of the RFP.

**FISCAL FUNDING:**

These services are funded from revenues collected by the vendors (savings of \$15,380,000 for the County).

**REVIEW/APPROVAL:**

County Counsel  
County Purchasing

DB:ns

**FIRST AMENDMENT TO THE AGREEMENT**

**WITH**

**NCO FINANCIAL SYSTEMS, INC.**

(Third Party Liability and Self Pay Recovery Services)

That certain Agreement between County of Riverside ("COUNTY") and **NCO Financial Systems, Inc.** (CONTRACTOR"), initially executed by the County Board of Supervisors January 11, 2011; Agenda Item No. 3.68, is hereby amended as follows:

1. Amend the language in Section **6.0 Compensation**, paragraph 6.2 to read as follows:

"Maximum payments by COUNTY to CONTRACTOR for fiscal year 2011-2012 shall not exceed the aggregate amount of three million eight hundred forty five thousand dollars (\$3,845,000).

Additionally, maximum payments by COUNTY to CONTRACTOR effective July 1, 2012, shall not exceed the aggregate amount of four million six hundred thousand dollars (\$4,600,000) annually. "

2. All other terms and conditions of the Agreement are to remain unchanged.

**IN WITNESS WHEREOF**, the parties have executed this Amendment.

CONTRACTOR  
**NCO Financial Systems, Inc.**

COUNTY OF RIVERSIDE

By:  \_\_\_\_\_

By: \_\_\_\_\_

William C. Fischer  
Type or Print Name

\_\_\_\_\_  
Type or Print Name

Senior Vice President  
Type or Print Title

Chairman  
Type or Print Title

Date: July 12, 2012

Date: \_\_\_\_\_

FORM APPROVED COUNTY COUNSEL  
BY:  7/19/12  
MARSHAL VICTOR DATE

**FIRST AMENDMENT TO THE AGREEMENT**

**WITH**

**HEALTH ADVOCATES, LLP**

(Third Party Liability and Self Pay Recovery Services)

That certain Agreement between County of Riverside ("COUNTY") and **Health Advocates**, (CONTRACTOR"), initially executed by the County Board of Supervisors January 11, 2011; Agenda Item No. 3.68, is hereby amended as follows:

1. Amend the language in Section **6.0 Compensation**, paragraph 6.2 to read as follows:

"Maximum payments by COUNTY to CONTRACTOR for fiscal year 2011-2012 shall not exceed the aggregate amount of three million eight hundred forty five thousand dollars (\$3,845,000).

Additionally, maximum payments by COUNTY to CONTRACTOR effective July 1, 2012, shall not exceed the aggregate amount of four million six hundred thousand dollars (\$4,600,000) annually."

2. All other terms and conditions of the Agreement are to remain unchanged.

**IN WITNESS WHEREOF**, the parties have executed this Amendment.

CONTRACTOR

**Health Advocates**

COUNTY OF RIVERSIDE

By:

Al Leibovic / AL

By: \_\_\_\_\_

Al Leibovic

Type or Print Name

\_\_\_\_\_  
Type or Print Name

President

Type or Print Title

Chairman

Type or Print Title

Date:

July 11, 2012

Date: \_\_\_\_\_

FORM APPROVED COUNTY COUNCIL

BY: MS Victor  
MARSHA L. VICTOR

7/19/12  
DATE

FIRST AMENDMENT TO THE AGREEMENT

WITH

COMPSPEC, INC.

(Third Party Liability and Self Pay Recovery Services)

That certain Agreement between County of Riverside ("COUNTY") and Compspec, Inc., (CONTRACTOR"), initially executed by the County Board of Supervisors January 11, 2011; Agenda Item No. 3.68, is hereby amended as follows:

- 1. Amend the language in Section 6.0 Compensation, paragraph 6.2 to read as follows:

"Maximum payments by COUNTY to CONTRACTOR for fiscal year 2011-2012 shall not exceed the aggregate amount of three million eight hundred forty five thousand dollars (\$3,845,000).

Additionally, maximum payments by COUNTY to CONTRACTOR effective July 1, 2012, shall not exceed the aggregate amount of four million six hundred thousand dollars (\$4,600,000) annually."

- 2. All other terms and conditions of the Agreement are to remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Amendment.

CONTRACTOR
Compspec, Inc.

COUNTY OF RIVERSIDE

By: [Signature]

By: \_\_\_\_\_

Bill Haddad

Type or Print Name

Type or Print Name

President

Type or Print Title

Chairman

Type or Print Title

Date: July 17, 2012

Date: \_\_\_\_\_

**FIRST AMENDMENT TO THE AGREEMENT**

**WITH**

**DELL MARKETING L.P.**

(Third Party Liability and Self Pay Recovery Services)

That certain Agreement between County of Riverside ("COUNTY") and **Dell Marketing L.P.**, (CONTRACTOR"), initially executed by the County Board of Supervisors January 11, 2011; Agenda Item No. 3.68, is hereby amended as follows:

1. Amend the language in Section **6.0 Compensation**, paragraph 6.2 to read as follows:

"Maximum payments by COUNTY to CONTRACTOR for fiscal year 2011-2012 shall not exceed the aggregate amount of three million eight hundred forty five thousand dollars (\$3,845,000).

Additionally, maximum payments by COUNTY to CONTRACTOR effective July 1, 2012, shall not exceed the aggregate amount of four million six hundred thousand dollars (\$4,600,000) annually. "

2. All other terms and conditions of the Agreement are to remain unchanged.

**IN WITNESS WHEREOF**, the parties have executed this Amendment.

CONTRACTOR  
**Dell Marketing L.P.**

COUNTY OF RIVERSIDE

By:  \_\_\_\_\_

By: \_\_\_\_\_

ERIC SAMIDE

Type or Print Name

\_\_\_\_\_  
Type or Print Name

Delivery Director

Type or Print Title

Chairman

Type or Print Title

Date: 7/12/2012

Date: \_\_\_\_\_

FORM APPROVED COUNTY COUNCIL

BY: M. Victor 7/19/12  
MARSHAL VICTOR DATE