

PURCHASING & FLEET SERVICES
 Lisa Brandl, Director
 Departmental Concurrence
 FORM APPROVED COUNTY COUNSEL
 BY: GREGORY P. PRIAMOS
 DATE: 7/29/15

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

195



FROM: Human Resources Department

SUBMITTAL DATE:
June 9, 2015

SUBJECT: Approval of the Third Amendment to the Professional Service Agreement with Health Management Systems Inc. for five years, providing Third Party Liability Recovery Services to Exclusive Care [Districts-All] [Total Cost-\$625,000] [Source of Funds-Exclusive Care premiums paid by enrolled membership]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and execute the attached Third Amendment of the Professional Service Agreement with Health Management Systems, Inc. for up to \$125,000 annually, for five years, and;
2. Authorize the County Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and to sign amendments that do not change the substantive terms of the agreement, including amendments to the compensation provision that do not exceed 10% of the total contract annually as approved by County Counsel.

Michael T. Stock,
Asst. CEO/Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 125,000	\$ 625,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$	
SOURCE OF FUNDS: Exclusive Care premiums paid by members				Budget Adjustment: No	
				For Fiscal Year: 2015/16 to 2020/21	

C.E.O. RECOMMENDATION:

APPROVE

BY:
Lari Sison

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: 9/24/2013; 3.39
9/1/2011; 3.64

District: All

Agenda Number:

3-37

BACKGROUND:

Summary

On September 13, 2011, the Board of Supervisors Approved an Agreement with Health Management Systems, Inc. (HMS) to perform Third Party Liability (TPL) recovery services and increase recovery of medical expense payments from third parties. HMS was selected through an RFP process at that time. The bid was sent to six (6) potential TPL vendors and HMS was the only vendor which responded. On September 24, 2013, the Board approved an amendment which extended the agreement for two additional years through August 31, 2015. Exclusive Care can recover the cost of medical services from individuals who have financial liability for injuries to Exclusive Care members. HMS has recovered nearly \$350,000 for the plan to date; \$262,000 is applied towards reducing members' premiums and the remainder is paid as a contingency fee to HMS. Exclusive Care internal staff who managed this process before this contract was signed, are now free to process claims and perform other administrative tasks. Recoveries have increased significantly over the last two years of the contract.

HMS' fee for TPL services is 25% of any recovery, which is the industry standard for this type of service. These fees are not expected to exceed \$125,000 for FY 2015-2016. Fees are paid only after recovery has been obtained by Exclusive Care.

Impact on Residents and Businesses

Exclusive Care is able to apply any recoveries obtained by HMS towards reducing member's premiums.

SUPPLEMENTAL:

Additional Fiscal Information

There is no cost impact as fees to HMS are paid only if there are recoveries.

Contract History and Price Reasonableness

The contingency fee for HMS' TPL services is 25% of any recovery, which is the industry standard.

ATTACHMENTS:

- A. Third Amendment to the Professional Services Agreement with Health Management Systems, Inc.

**COUNTY OF RIVERSIDE
THIRD AMENDMENT TO THE AGREEMENT
WITH
HEALTH MANAGEMENT SYSTEMS, INC.**

CONTRACTOR: Health Management Systems, Inc.
Contract Term: September 1, 2013 through August 31, 2020
Effective Date of Amendment: September 1, 2015

The Agreement between Riverside County, herein referred to as COUNTY and Health Management Systems, Inc., herein referred to as CONTRACTOR, and is amended as follows:


1. On page 3 of the Agreement, amend Section 2 the "Period of Performance":
To amend all reference to the Period of Performance from expiration of August 31, 2013 to a Period of Performance of September 1, 2015 through August 31, 2020, unless terminated earlier as specified in Section 5 TERMINATION.
2. On page 3 of the Agreement, amend Section 3.1 "Billing and Payment":
To amend all reference to the Maximum Payment by COUNTY to CONTRACTOR from a maximum of two hundred and fifty thousand dollars (\$250,000) including all expenses to a maximum of one hundred twenty five thousand dollars (\$125,000) annually or six hundred twenty five thousand dollars (\$625,000) including all expenses during the Period of Performance.
3. All other terms and conditions of the Agreement are to remain unchanged.


IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment.

County
Board of Supervisors
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Contractor
Health Management Systems, Inc.
660 J Street, Suite 270
Sacramento, CA 95814

By: _____
Name: Marion Ashley
Title: Chairman of Board of Supervisors
Date: _____

By:  _____
Name: Jeffrey Mullins
Title: Senior Vice President
Date: 7/21/2015

FORM APPROVED COUNTY COUNSEL
BY:  DATE: 7/27/15
NEAL R. KIPNIS