

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



ITEM
3.87
(ID # 5084)

MEETING DATE:

Tuesday, August 29, 2017

FROM : RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS):

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM (RUHS): Authorization of additional payments under the agreement for billing and collection services with Hospital Billing and Collection Services, Ltd. (HBCS) and one-year contract extension, increasing the total contract from \$2,116,971 to \$2,613,000; All Districts; [\$496,029 from Hospital Enterprise Fund].

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Amendment No. 1 to the Existing Agreement with Hospital Billing and Collection Services, Ltd. (HBCS), increasing the maximum total payment from \$2,116,971 to \$2,613,000 and extending the term to June 30, 2018.

ACTION: Policy

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Ashley
Nays: None
Absent: Tavaglione
Date: August 29, 2017
xc: RUHS

Kecja Harper-Ihem
Clerk of the Board

By 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 496,029	\$ 0	\$ 496,029	\$ 496,029
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Hospital Enterprise Fond 40050			Budget Adjustment:	NO
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

Approval of this action extends the period of an existing contract and increases the maximum contract amount, which will allow Medical Center staff to pay the vendor for successful work performed. The contract is contingency-based so that the vendor receives payment only after cash is collected on outstanding accounts and paid to the Medical Center.

On September 27, 2016 (item 3-5) the Board approved a contract with Hospital Billing and Collection Services, Ltd. (HBCS) to collect outstanding, aging patient accounts set up in the period prior to when the new Epic medical records and billing system went live. Approximately 80,000 accounts were turned over to HBCS – the estimated maximum collectable cash amount was \$33,616,184. Per the contract, HBCS was entitled to six percent of cash collections or \$2,116,971. HBCS has been more successful than expected and has collected over \$38 million to date.

County staff now reports that additional collections are likely. The revised estimate is that total cash collections will be at least \$40,100,000 and could reach \$43,550,000.

To date this contract has earned the Medical Center \$38 million with expenses of \$2,280,000 (contracted at six percent) for a net profit of almost \$36 million. If HBCS successfully collects the newly estimated maximum additional amount, total cash received will reach \$43.6 million on expenses of \$2,613,000.

HBCS is paid on a contingency basis. It receives payment only after cash is collected and paid to the Medical Center. The basic terms of the contract, particularly the fee percentage, remain the same as approved by the Board one year ago.

Impact on Residents and Businesses

The hospital and clinics serve residents in all five Supervisorial Districts, providing more than 450,000 patient encounters per year. The local economy also receives positive benefits from the presence and expansion of a thriving regional medical system. Patients of all incomes can receive high quality health care.

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SUPPLEMENTAL

Additional Fiscal Information

The basic terms of this contract remain unchanged: HBCS will continue to work the same 80,000 accounts given to them one year ago; and the fee amount remains at six percent.

Additional time is requested because the company reports that it can collect more cash for the Medical Center.

The increased contract maximum allows staff to compensate HBCS for additional collections not anticipated when the contract was signed one year ago.

 _____ Douglas Cady, Principal Management Analyst	8/17/2017	 _____ Teresa Summers, Director of Purchasing	8/17/2017
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 _____ Gregory E. Priamos, Director County Counsel	8/17/2017
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FIRST AMENDMENT TO THE AGREEMENT
WITH
HOSPITAL BILLING & COLLECTION SERVICE, LTD.
(Billing and Collection Services)

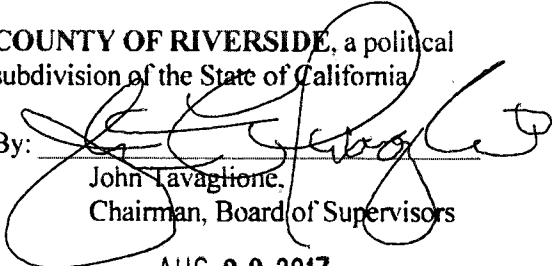
That certain Agreement between County of Riverside, a political subdivision of the State of California, on behalf of Riverside University Health System ("Client") and Hospital Billing & Collection Service, Ltd., ("HBCS"), approved on September 27, 2016; Agenda Item no. 3-5), is hereby amended as follows.

1. Delete all references to "Riverside County Regional Medical Center" and replace with "County of Riverside, a political subdivision of the State of California, on behalf of Riverside University Health System".
2. The language in Section 5.1, is deleted in its entirety and replaced with the following:

"The term of this Agreement will be for July 1, 2017 through June 30, 2018 to allow HBCS to complete all accounts provided by Client as of October 1, 2016."
3. Payments to HBCS under this agreement will not exceed \$2,613,000.
4. All other terms and conditions of the Agreement are to remain unchanged.

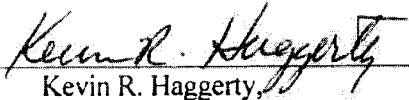
IN WITNESS WHEREOF, the parties have executed this Amendment.

COUNTY OF RIVERSIDE, a political subdivision of the State of California

By: 
John Tavaglione,
Chairman, Board of Supervisors

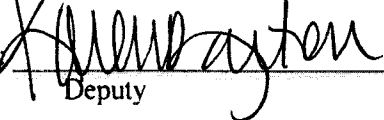
Date: AUG 29 2017

Hospital Billing & Collection Service, LTD.

By: 
Kevin R. Haggerty,
Executive VP Admin and CFO

Date: August 14, 2017.

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
County Counsel

By: 
Martha Knutson,
Deputy County Counsel

AUG 29 2017 3.37