

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**98-300**

**SYNOPSIS —**

**AGENDA:**  
JULY 13, 1998

Renegotiation of contract by and between Team Two, Inc. (2037 Grand Avenue, West Des Moines; Bradley M. Brody, President) and the City to provide for City ambulance billing and collection services.

**SUBJECT:**  
CONTRACT WITH  
TEAM TWO, INC.  
FOR AMBULANCE  
BILLING SERVICES

**FISCAL IMPACT –**

**TYPE:**  
**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

The estimated annual cost of the contract is \$100,000, assuming \$1.6 million billed annually, of which 65 percent is expected to be collected eventually.

**SUBMITTED BY:**  
RON WAKEHAM  
FIRE CHIEF

**RECOMMENDATION –**

**Recommend approval of renegotiated contract by and between the City and Team Two, Inc. for ambulance billing services.**

KEVIN RIPER  
FINANCE  
DIRECTOR

**BACKGROUND –**

On May 28, 1996, Team Two, Inc. was awarded a contract for ambulance billing for the Fire Department. The conditions of the contract provide payment to Team Two of 5 percent of funds collected in the performance of billing services. Team Two's services include expertise and knowledge of Medicare/Medicaid and third party payers which the Finance Department (who prior to 1996 billed for ambulance services) no longer had the resources or expertise to provide.

Renegotiations of the current contract are required due to numerous additional requirements of the City from Team Two, Inc.:

- In addition to billing, Team Two will now also collect

monies received for City ambulance services, and deposit them directly to a City-owned bank account.

- A performance bond in the amount of \$125,000 is required.
- Team Two is to have and maintain billing extract software compatible to the Fire Department' s pen-based patient charting.
- Team Two is to begin providing return envelopes with its bills.
- An annual independent audit will be performed at Team Two' s expense.

Because of the additional knowledge and responsibilities required by the City, an increase from 5 to 10 percent of collected funds has been negotiated with Team Two. Staff has surveyed other cities with similar ambulance billing and collection services, and has found that 10 percent is a competitive rate of compensation.

Also, 1 percent of funds received by the City from the City' s own independent collection agency will be paid to Team Two, Inc. to continue to compensate that firm for additional account tracking and monitoring. This percentage is down from the previous level of 5 percent.