



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 4/19/04

No.: 04-189

Agenda Item Type: Resolution

No.:

Communication

Roll Call

Submitted by: Merrill Stanley, Finance Director

### SUBJECT—

Approving Request for Proposals for Ambulance Billing services.

### SYNOPSIS—

Approving the issuance of Requests for Proposals for the provision of Ambulance Billing services. Costs related to emergency medical responses are billed to patients and insurance companies in an attempt to recoup as large a portion of those costs as possible. Due to the complex, specialized nature of this service, the city is interested in securing the services of a highly qualified, experienced provider.

### FISCAL IMPACT—

Ambulance billings, net of Medicare and Medicaid adjustments, are expected to be \$4,000,000 in 2004. In 2001, the Fire Dept. identified a target collection rate of 78%. Collection rates are currently below 70%. The city would like to maximize the rate of collection to reduce the subsidy for these services.

### RECOMMENDATION—

Approval

**BACKGROUND—**

On May 28, 1996, Team Two, Inc., received their initial assignment as the City's ambulance service billing contractor. Prior to this time, the billing was performed by city staff. Several contract revisions have been approved since 1996, the most recent in February, 2003 which extended the billing contract to June 30, 2004, with a provision for renewal to June 30, 2006.

Recently a review of Fire Dept. and Team Two, Inc. billing procedures was performed by Medical Management Systems of Michigan, Inc. The review noted several deficiencies that, if improved, would lead to increased collections. Those deficiencies are being addressed at this time.

In addition, it is felt to be in the best interests of the city to issue requests for proposals (RFP) to solicit additional contractors that may be able to provide higher collection rates. Previous requests for proposals contained a provision that the billing contractor must be located within Polk County. This has resulted in only one proposal being received. Staff plans to remove this provision from the RFP to be issued.

An RFP would be issued as quickly as possible, but in all likelihood, an extension of Team Two's contract will be necessary to provide continuous billing and a smooth transition, should a change in contractors occur.