

BOARD OF BIDS AND CONTRACTS AUGUST 4, 2016

3. COLLECTION SERVICES - EMERGENCY MEDICAL SERVICES (EMS)

FUNDING - EMERGENCY MEDICAL SERVICES (EMS)

(Request sent to 37 Vendors)

RFP #16-0036 Contract

	Midwest Service Bureau, Inc.	Superior Financial Services, LLC	United Adjustment Corporation
Rates	22% collection fee 0-365 days 40% collection fee 365+ days 0% collection fee < 28 days	20% collection fee 50% legal fee 15% collection fee if Sedgwick County does not pursue litigation 15% collection fee if Sedgwick County requests account returned after the first letter has been sent 10% collection fee < 28 days	13% collection fee for new or primary account placement 15.5% collection fee for secondary account placements or previous held accounts 25% legal fee
Minimum balance	none	\$50.00	none
	Eleos Services, Inc.	Collection Bureau of Kansas, Inc.	Transworld Systems, Inc.
Rates	20% collection fee for primary account placement 35% collection fee for secondary account placement 45% legal fee 0% collection fee < 28 days	23% collection fee	\$7.25 per account
Minimum balance	none	n/a	\$25.00
	Newman Hesse & Associates	Kansas Counselors Inc.	Lautz Law
Rates	25% collection fee 0% < 30 days	15.9% collection fee 0-90 days 16.9% collection fee 90-365 days 17.9% 366 days and up 35% legal fee	17% collection fee 12% collection fee if collected through set-off program \$250.00 fee to appear at hearings or court for set-off appeals or trials, \$75.00 to appear in court, plus costs incurred by the vendor
Minimum balance	none	\$25.00	\$100.00

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	Credit Bureau Services, Inc.	Account Recovery Specialists, Inc.	no bid
Rates	25% collection fee 35% legal fee 50% collection fee if forwarded to an out of state Bureau for collection	19% collection fee for primary account placement 33.33% collection fee for secondary account placement 33.33% legal fee 50% collection fee if forwarded to an out of state Bureau for collection 10% collection fee < 21 days	Berlin-Wheeler, Inc.
			Linebarger Goggan Blair & Sampson, LLP
Minimum balance	none	\$10.00	American Municipal Services
			Prestige Services, Inc.

On the recommendation of Kara Kingsley, on behalf of EMS, David Spears moved to **accept the best proposal from Account Recovery Specialists, Inc. and establish contract pricing for one (1) year with two (2) one (1) year options to renew.** Tim Kaufman seconded the motion. The motion passed unanimously.

A committee comprised of Scott Hadley and Dennis Mauk-EMS; Tracy Lolley and Roger Clark-COMCARE; Richard Durham, Marty Hughes and Kara Kingsley-Finance reviewed all responses submitted. Eleos Services, Inc. and Account Recovery Specialists, Inc. were shortlisted. Demonstrations of each vendor's system were given and references checked. The committee unanimously agreed that Account Recovery Specialists, Inc. offered the best proposal for Sedgwick County's needs, which includes competitive pricing, a robust and user-friendly system, as well as seminars and training for Sedgwick County staff.

EMS provides the highest quality of rapid pre-hospital advance life support care for all requests for emergency and non-emergency service within Sedgwick County regardless of the patients' ability to pay. Annually EMS transports approximately 43,000 patients generating over \$31,000,000.00 in charges. In 2015 this activity generated over \$14,795,000.00 in revenue.

United Adjustment Corporation did not have an interactive system that provided access for Sedgwick County employees. Kansas Counselors, Inc. provided a short response that lacked detail.

Note:

3,438 accounts were turned to Kansas Setoff in 2014, 311 accounts were either collected on or adjusted due to bankruptcy, billing error, etc.

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Definitions:

Set-off: The Kansas Setoff Program allows the Department of Administration to set off monies the State of Kansas owes vendors and individuals (i.e. State Income Tax refunds, Homestead payments, Lottery winnings, etc) against debts those entities owe to the State of Kansas (services received - example ambulance trip). In 1993, this benefit became available to municipalities and in 1996 for the district courts. Creditors (i.e. the County) can electronically submit uncollected debts to Kansas Setoff. These debts are collected by the state when a match is made against an amount due to the debtor by the state. The debtor is granted appeal rights if they believe the debt is inaccurate. These appeals go from informal to formal. Informal – debtor and creditor work together to try to resolve any questions/issues; if unresolved during the informal period, it turned to a formal appeal and is heard by the assigned judge. Kansas Setoff withholds about 19%-24% of all collected amounts.

Kansas Setoff is not considered a collection agency and does not turn debts to the credit bureaus. It is a very passive collection method relying 100% on matches.

Primary Placement: Primary collections consist of delinquent accounts that have never before been placed with a professional collection agency or collection attorney.

Secondary Placement: Secondary collections represent delinquent accounts that another collection agency or collection attorney has previously attempted to collect on behalf of a credit grantor.

Questions and Answers

Linda Kizzire asked: “On the Transworld Systems, Inc. that wanted \$7.25 per account, were they even close to comparison on their collection philosophies?”

Kara Kingsley responded: “The \$7.25 would be paid no matter what, if they collected on the account or not, as a committee we did not include them in the shortlist because if we sent the account to State Setoff we would still be required to pay the \$7.25.”

Linda Kizzire asked: “Do we know how many of these end up going to litigation or to court?”

Kara Kingsley responded: “We don't.”

Sara Jantz said: “We currently just use the Setoff Program?”

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Scott Hadley responded: "Correct. When talking about EMS it varies from year to year, I think last year we sent about 3,300 accounts to the Setoff Program. It is a passive system; we have to wait on income tax returns or lottery winnings. The payer sources from the Setoff program have diminished due to legislative changes over the past few years, it really sits there and waits and it has to have a 100% match before anything really happens with the account. About 3,500 accounts a year are not unreasonable to go through that process, as mentioned we owed that money no matter even if they didn't collect anything, we'd be paying out money versus other fee structures with the other vendors - upon their collection is the only time we owe a fee."

Sara Jantz asked: "Do I understand the process correctly, after a certain length of time someone's not paid their bill we'll send it to the collection agency, they'll attempt so long or so many attempts and then it will go to Setoff?"

Scott Hadley responded: "Correct, the rule behind that is you have to send at least three notifications before it qualifies for that and COMCARE does our billing now. They send the letters if they don't receive a response they will actually send out a fourth and if they haven't received a response that gets filed and is eligible for the State Setoff Program. That process varies and can take up to a year, following up to ensure we have good contact information and the patients been notified and the beneficiary and if we don't get a response or payment or set up a payment program and then that's eligible for the program."

Sara Jantz asked: "With this new vendor we will be doing those three or four notifications and then sending it to the vendor?"

Scott Hadley responded: "We will still send the notifications through COMCARE and if we are unsuccessful then it will go to the vendor which is a more active way to do that than a passive system which is the setoff program."

Sara Jantz asked: "Will that stay with the vendor for the life of the account?"

Scott Hadley responded: "It would eventually go to Setoff if they were unsuccessful, we would then forward on after a particular number of times."

Linda Kizzire asked: "On Account Recovery Specialists, they are going to charge us 19% just to submit the account?"

Scott Hadley responded: "That is what the State Setoff Program currently charges us, so it's the same fee; we are not incurring an extra fee. If they are successful, they would charge us 19% of that account, which the State Setoff currently does."

Linda Kizzire asked: "I know that some of the others have a lesser percentage for newer accounts?"

Scott Hadley responded: "The committee felt that ASRI had a comprehensive program with training and seminars and education they were providing and a very robust system that was very interactive and intuitive that the committee felt that they were the best choice out of all the vendors that submitted proposals."