



**CITY OF PLANO
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY	
<input type="checkbox"/> Consent	<input type="checkbox"/> Regular <input type="checkbox"/> Statutory
Council Meeting Date:	7/25/11
Department:	Purchasing
Department Head	Diane Palmer-Boeck
Agenda Coordinator (include phone #): Glenna Hayes x 7539	

CAPTION

CSP No. 2011-36-C for an initial two (2) year contract with three (3), one (1) year City optional renewals for EMS Billing and Collection Services from Digitech Computer, Inc., to be utilized by the Fire Department in the estimated annual amount of \$173,250 and authorizing the City Manager to execute all necessary documents.

FINANCIAL SUMMARY

NOT APPLICABLE OPERATING EXPENSE REVENUE CIP

FISCAL YEAR:	2010-11, 2011-12, 2012-13; plus 3 add'l Annual Contract with Renewals	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget		0	186,000	822,938	1,008,938
Encumbered/Expended Amount		0	-105,341	0	-105,341
This Item		0	-43,312	-822,938	-866,250
BALANCE		0	37,347	0	37,347

FUND(S): GENERAL FUND

COMMENTS: This item approves estimated expenditures based on price quotes. Annual expenditures will be made in the Fire Department based on ambulance services rendered, and the subsequent billing and collection services as needed for those services, within the approved budget appropriations for each year of the contract. The estimated annual amount to be spent in FY 2010-11 with Digitech under this contract is \$43,312. The estimated future annual expenditure is \$173,250 in FY's 2011-12 thru 2014-15, and then \$129,938 in FY 2015-16, and will be made within the annually approved budget appropriations.

STRATEGIC PLAN GOAL: The contracting of ambulance billing and collection services relates to the City's goal of Financially Strong City with Service Excellence and Safe, Large City.

SUMMARY OF ITEM

Staff recommends the proposal of Digitech Computer, Inc. at the annual fee of 4.95% as a percentage of collections (estimated annual expenditure of \$173,250) be accepted as the best overall value, and conditioned upon timely execution of any necessary contract documents. This award will establish an annual contract with renewals for EMS Billing and Collection Services to be utilized by the Fire Department (2011-36-C).



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List of Supporting Documents: Memo, Bid Recap	Other Departments, Boards, Commissions or Agencies



MEMORANDUM

From the Office of the Fire Chief

Date: July 11, 2011
To: Glenna Hayes, Purchasing
From: Hugo Esparza, Fire Chief 
Subject: EMS Billing and Collection Services – CSP No. 2011-36-C

The Plano Fire Department requested proposals from qualified firms for EMS billing and collection services. A total of eight firms submitted proposals, two of which were deemed non-responsive. The two non-responsive firms were removed from consideration for failure to meet the minimum requirement to provide proof of either engagement in, or completion of, a Statement of Auditing Standards (SAS) No. 70 Type II¹ certification at the time of proposal submission

The proposals submitted by the remaining six firms were subsequently evaluated by an internal evaluation team. Two of the six firms, Digitech Computer, Inc. and Med 3000, were selected to continue in the evaluation process. While both companies would be a viable selection to provide EMS billing and collection services, the evaluation team found Digitech Computer, Inc. to have a stronger overall business rating with respect to its work experience, compliance oversight, industry practices, and ability to maximize revenues for the City of Plano:

- Digitech has 25 years' experience in developing billing and collection systems for the medical transportation industry, while Med 3000 has only 16.
- Digitech's compliance program includes regular compliance audits and reviews conducted by an independent, third-party agency.
- Digitech coders are required to be certified by the Centers for Medicare & Medicaid Services (CMS), while Med 3000 did not indicate the certification level of its coders.
- Digitech owns and controls its billing software platform, allowing software and programming changes to more easily take place. Med 3000 does not own its billing software platform.
- Digitech's data security and recovery plan includes both primary and secondary data centers. Their primary data center has a Tier 3 rating (hardened facility with

¹Statement on Auditing Standards (SAS) No. 70, Service Organizations, is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A service auditor's examination performed in accordance with SAS No. 70 (also commonly referred to as a "SAS 70 Audit") is widely recognized because it represents that a service organization has been through an in-depth audit of its control objectives and control activities, which often include controls over information technology and related processes.

redundant data back-up capability). Med 3000 did not indicate the level of data security and recovery in its proposal.

- As an option, the CSP allowed submitting firms to propose multiple financial solutions to assist the City of Plano in the purchase of new EMS billing and collections hardware. Digitech proposed two options to assist in the purchase of new hardware by using either a percentage of collections or a capital advance (lease) program. Med 3000 elected not to submit a hardware purchase option.
- Digitech projected a first-year revenue increase of approximately \$800,000 with no increase in the current ambulance billing rate, while Med 3000 projected a first-year revenue increase of \$400,000.

Should the City of Plano decide not to secure an outside firm to perform EMS billing and collections services, collecting an annual amount of \$3.5 million in ambulance transport fees would be extremely difficult. Not only does the City lack the experience and specialized equipment to perform EMS billing and collection services, it would also need to hire additional staff to perform this function.

Initially, Digitech Computer, Inc. proposed a fee of 4.90% of net monthly cash collections; however, during the Best and Final Offer process, the fee was increased to 4.95% to partially offset the cost for an increased scope of services. The increased scope of services includes the cost for two City employees to become certified CMS coders.

The City also successfully negotiated additional services which include the development and implementation of a compliance program for the City's EMS service that will meet or exceed CMS rules and regulations. Furthermore, an expert, third-party agency will review this compliance program annually to ensure it reflects current laws, regulations, and compliance issues.

Therefore, based upon the proposals received and evaluated for the requested services, the Plano Fire Department believes Digitech Computer, Inc. is the best value to the City of Plano and recommends awarding them the contract at a proposed fee of 4.95% of net monthly cash collections.

CITY OF PLANO
CSP NO. 2011-36-C
EMS BILLING and COLLECTION SERVICES

RECAP

CSP opening Date/Time: February 7, 2011 @ 3:00 pm

Number of Vendors Notified: 1012

Vendors Submitting "No Bids": 0

Number of Proposals Considered: 6

	Fee as a % of Collections		Estimated Annual Expenditure (collections of \$3.5 million FY 09-10)
Digitech Computer, Inc.	4.95%	\$	173,250
Med 3000	4.45%	\$	155,750
Emergicon LLC	4.75%	\$	166,250
EMS Mgmt Consultants Inc.	4.75%	\$	166,250
Intermedix Corp	5.75%	\$	201,250
Medicount Mgmt Inc.	6.50%	\$	227,500

Proposals Received - Not Considered: 2

DM Medical Billings 5.25%
Specialized Billing & Colletions
Systems of TX Inc. 8.00%

Recommended Vendor(s):

Digitech Computer, Inc. 4.95%

Glenna Hayes July 15, 2011
Glenna Hayes C.P.M.
Contract Specialist