



Health Services

LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



www.dhs.lacounty.gov

May 05, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO THREE AGREEMENTS FOR SERVICES
SUPPORTING REVENUE MANAGEMENT PROGRAMS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of amendments to extend the terms of three agreements for the continued support of the revenue management programs operated by the Departments of Health Services and Public Health.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 8 to Agreement No. H-703466 with Sutherland Healthcare Solutions, Inc. (Sutherland), effective upon Board approval, to extend the Agreement term for two six-month periods, from June 1, 2015 through May 31, 2016, for the continued provision of Financial Management Services.
2. Authorize the Director, or his designee, to execute Amendment No. 7 to Agreement No. H-702058 with USCB, Inc. (USCB), effective upon Board approval, to extend the Agreement term for two six-month periods, from June 1, 2015 through May 31, 2016, for the continued provision of Financial Billing and Recovery Services.
3. Authorize the Director, or his designee, to execute Amendment No. 5 to Agreement No. H-703452 with Nemadji Research Corporation dba California

Reimbursement Enterprises (Nemadji), effective upon Board approval, to extend the Agreement term for two six-month periods, from September 1, 2015 through August 31, 2016, for the continued provision of Final Third Party Safety Net and Recovery Services.

4. Delegate authority to the Director, or his designee, to execute future Amendments to the above Agreements to make non-material adjustments to the scope of work and contingency fee structure as necessary, subject to review and approval by County Counsel and with notice to the Board and Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the Director, or his designee, to execute amendments to the aforementioned Agreements, substantially similar to Exhibits I, II, and III, and to further amend these Agreements, to ensure the continued support of the Department of Health Services' (DHS or Department) and Department of Public Health's (DPH) revenue-cycle business. The three Contractors provide a wide range of services to maximize revenue collection to both departments. The Sutherland and USCB Agreements are both slated to expire May 31, 2015 and the Nemadji Agreement is slated to expire August 31, 2015. The extension of these Agreements is necessary to allow DHS to complete the Request for Proposals (RFP) processes.

One year ago, DHS requested the Board's approval to extend these revenue management agreements for one year with two additional six month extension options to allow the Department time to assess its long-term options for organizing and managing its revenue cycle business, including development, launch, and evaluation of one or more solicitations. The Board approved the one year extension for all three Agreements, and instructed the Director to return and request approval of any future extensions of the Agreements with Sutherland, USCB, and Nemadji, if additional time is required to complete the RFP process.

Last year's Board action also included approval of an amendment to the current consulting agreement with Health Management Associates (HMA) to expand the agreement to include a full assessment of DHS revenue cycle processes. HMA's report was issued in October 2014 and included specific recommendations for breaking out and reconfiguring the scope of Sutherland's services into multiple RFPs to enable DHS to obtain better financial pricing, higher performance standards, improved transparency and accountability and make all resultant agreements easier to administer. DHS is preparing to issue a series of RFPs that are responsive to HMA's recommendations, with the first RFP for Electronic Data Interchange (EDI) services targeted for release this month. Additional RFPs covering other revenue cycle services in the Sutherland Agreement will be released on a phased basis. To this end, implementation of HMA's recommendations support the need for a one-year extension of the Sutherland, USCB and Nemadji Agreements.

Implementation of Strategic Plan Goals

The recommendations support Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Services provided by Sutherland, USCB and Nemadji provide significant revenue collection to DHS and DPH. These contractors receive a fee based on actual collections received by the County resulting from their services. The recommended actions will allow DHS and DPH to achieve estimated patient care revenue collections of approximately \$890.9 million and \$1.0 million, respectively. The total estimated fee for this extension period, for both DHS and DPH, is approximately \$17.2 million, which includes \$13.1 million for Sutherland (\$12.5 million for DHS and \$0.6 million for DPH), \$1.3 million for USCB and \$2.8 million for Nemadji.

Funding is included in the DHS and DPH Fiscal Year (FY) 2014-15 Final Budgets and FY 2015-16 Recommended Budgets, and will be requested in future years as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

During the extension period, Sutherland will continue to provide financial management services for all DHS facilities, USCB will continue to provide third party identification and billing services, and Nemadji will continue to provide final safety net recovery services.

The Sutherland Agreement permits the County to terminate the Agreement with or without cause and with prior written notice, while the USCB and Nemadji Agreements allow either party to terminate the Agreement with or without cause with prior written notice. All Board of Supervisors' required provisions are included.

County Counsel has reviewed and approved Exhibits I, II, and III as to form.

CONTRACTING PROCESS

In addition to the EDI RFP, DHS plans to release solicitations for various other revenue management services based on HMA's recommendations, and will return to the Board to obtain its approval of new agreements accordingly.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the continued and effective provision of the revenue management programs and maximize DHS' and DPH's revenue recovery.

The Honorable Board of Supervisors

5/5/2015

Page 4

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive, slightly slanted style.

Mitchell H. Katz, M.D.

Director

MHK:adb

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Department of Public Health

FINANCIAL MANAGEMENT SERVICES AGREEMENT
AMENDMENT NO. 8

THIS AMENDMENT is made and entered into this _____ day
of _____, 2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

SUTHERLAND HEALTHCARE
SOLUTIONS, INC.
(hereafter "Contractor")

Business Address:

9841 Airport Blvd., Suite 1414
Los Angeles, CA 90045

WHEREAS, reference is made to that certain document entitled "FINANCIAL MANAGEMENT SERVICES AGREEMENT", dated September 1, 2008, and further identified as Agreement No. H-703466, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 16, Alteration of Terms, may be made in the form of an Amendment which is formally approved and executed by both parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon Board approval.
2. Agreement, Paragraph 1, Term, is deleted in its entirety and replaced as follows:

"1. TERM:

The term of this Agreement shall commence September 1, 2008, and shall continue, in full force and effect, through and including May 31, 2016 ("Term").

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address provided in Paragraph 18, Notices, of the Agreement."

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

/

/

/

/

/

/

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

SUTHERLAND HEALTHCARE SOLUTIONS, INC.

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
Mark J. Saladino
County Counsel

By: _____
Deputy County Counsel

FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT

AMENDMENT NO. 7

THIS AMENDMENT is made and entered into this _____ day
of _____, 2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

USCB, INC.
(hereafter "Contractor")

Business Address:

3333 Wilshire Blvd., 7th Floor
Los Angeles, CA 90010

WHEREAS, reference is made to that certain document entitled "FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT", dated July 1, 2006, and further identified as Agreement No. H-702058, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 14, Amendments, may be made in the form of an Amendment which is formally approved and executed by both parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the

requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon Board approval.

2. Agreement, Paragraph 1, Term, is deleted in its entirety and replaced as follows:

“1. TERM: The term of this Agreement shall commence on July 1, 2006, and shall continue, in full force and effect, through and including May 31, 2016 (“Term”).

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least thirty (30) calendar days advance written notice to Contractor. County’s notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement

may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address provided in Paragraph 16, Notices, of the Agreement.”

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

/

/

/

/

/

/

/

/

/

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

USCB, INC. _____
Contractor

By _____
Signature

Print Name

Title

APPROVED AS TO FORM:
Mark J. Saladino
County Counsel

By: _____
Deputy County Counsel

FINAL THIRD PARTY SAFETY NET AND RECOVERY SERVICES AGREEMENT

AMENDMENT NO. 5

THIS AMENDMENT is made and entered into this _____ day
of _____, 2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

NEMADJI RESEARCH CORPORATION
dba CALIFORNIA REIMBURSEMENT
ENTERPRISES
(hereafter "Contractor")

Business Address:
P.O. Box 100
7564 Birch Street
Bruno, MN 55712

WHEREAS, reference is made to that certain document entitled "FINAL THIRD PARTY SAFETY NET AND RECOVERY SERVICES AGREEMENT", dated September 1, 2008, and further identified as Agreement No. H-703452, and any amendments thereto (all hereafter referred to as "Agreement") and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term and acknowledge the complete name of the entity, "Nemadji Research Corporation dba California Reimbursement Enterprises, to which the Agreement was assigned and delegated via Amendment No. 4; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 16, Alteration of Terms, may be made in the form of an Amendment which is formally approved and executed by both parties.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon Board approval.
2. Agreement, Paragraph 1, Term, is deleted in its entirety and replaced as follows:

"1. TERM:

The term of this Agreement shall commence September 1, 2008, and shall continue, in full force and effect, through and including August 31, 2016 ("Term").

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) days' prior written notice to the other.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address provided in Paragraph 18, NOTICES, of the Agreement."

3. That wherever the Agreement refers to "Nemadji Research Corporation" or "Nemadji", shall now be known as "Nemadji Research Corporation dba California Reimbursement Enterprises", unless otherwise stated.

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

NEMADJI RESEARCH CORPORATION
dba CALIFORNIA REIMBURSEMENT
ENTERPRISES

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
Mark J. Saladino
County Counsel

By: _____
Deputy County Counsel