



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 15, 2023

DATE: August 8, 2023

TO: Peter Zanoni, City Manager

FROM: Brandon Wade, Fire Chief
BrandonW@cctexas.com
(361) 826-3935

Josh Chronley, Assistant Director of Finance & Procurement
JoshC2@cctexas.com
(361) 826-3169

Emergency Medical Services Billing and Collections Services

CAPTION:

Motion authorizing execution of a three-year service agreement, with two one-year extensions, with Digitech Computer, LLC., of Chappaqua, New York, for emergency medical services (EMS) billing and collection services with payment for Texas Ambulance Supplemental Payment Program (TASPP) reporting, with the anticipated payment to be \$2,126,010.00 over the term and approximately \$3,603,205.00 if all options are exercised, with no funding required for FY 2023 and future funding subject to budget approval.

SUMMARY:

This motion is to authorize a comprehensive three-year service agreement with two one-year options with Digitech Computer, LLC., of Chappaqua, New York, for emergency medical services (EMS) billing and collections for the Corpus Christi Fire Department (CCFD).

BACKGROUND AND FINDINGS:

CCFD operates 24 hours a day, seven days a week, utilizing 14 licensed ambulances. As a standard practice, agencies across the United States bill for EMS services. City ordinance permits CCFD to bill for ambulance services reflecting the operational cost. The ordinance also accommodates for inflation by allowing annual fee increases corresponding to the regional consumer price index increase for medical care, capped at 5% per annum. In FY 2022, the CCFD responded to 42,057 medical incidents requiring ambulance dispatch, of which 25,218 were transports and 16,839 were non-transports.

CCFD's current collection rates are 4.96% on current billing, 6% up to 120 days old billing, 20% on 120 days and older. "Current billing" refers to accounts that have not gone to collections. Accounts are sent to collections after a third and final notice is sent to the patient with no response. The count to 120 days begins when the invoice is submitted.

The proposed agreement with Digitech Computer, LLC. allows the contractor to capture and validate data from patient care reports entered by paramedics in the field during ambulance emergency calls, using their hardware and software systems (both the hardware and software are set up for compliance with the Health Insurance Portability and Accountability Act). The validated data is coded according to the service rendered and used to generate invoices to the responsible parties, including Medicare and Medicaid programs, private insurance, and direct patient responsibility. As part of the proposed agreement, CCFD will receive 18 new laptops loaded with the necessary hardware and software. The laptops will be replaced after the initial three-year term in order to stay current with the necessary technology.

The Digitech Computer, LLC. will provide supplemental payment recovery assistance services to assist the City in participation in the Texas Ambulance Supplemental Payment Program (TASPP). The TASPP reimbursements are federal funds managed by the State of Texas for reimbursement of uncompensated care based on CCFD’s Charity Care policy. CCFD’s Charity Care policy covers the cost of ambulances services for our uninsured patients whose income falls below 400% of the federal poverty level. Digitech Computer, LLC. will also pursue delinquent accounts.

Digitech Computer, LLC. has been instrumental in improving the City’s EMS revenue cycle management. During the current agreement with Digitech Computer, LLC., approximately \$60 million has been recovered. Digitech Computer, LLC. has helped the City grow its TASPP money from \$0 in FY 2017 to an estimated \$2,000,000 by the end of FY 2023. Since the beginning of the current agreement with Digitech Computer, LLC., the City’s total annual revenues have seen a significant increase of 158%, from \$4,519,076 in FY 2017 to an estimated \$11,621,346 in FY 2023. A good metric to measure overall billing performance is the average revenue per transport (RPT). Both total revenue and revenue per transport have steadily increased year over year. The table below illustrates the figures from FY 2017 through FY 2023.

	Revenue	EMS Calls	Transports	RPT
FY 2017	\$4,519,076.74	39,820	21,557	\$209.63
FY 2018	\$5,753,640.06	39,055	22,050	\$260.94
FY 2019	\$7,020,002.88	39,359	23,094	\$303.98
FY 2020	\$6,866,759.49	40,718	22,165	\$309.80
FY 2021	\$7,032,860.17	41,070	22,350	\$314.67
FY 2022	\$8,943,191.01	42,057	25,218	\$354.64

Given the increasing demand for service, new regulatory requirements, and revenue opportunities, CCFD will propose an EMS Billing and Revenue Supervisor in the FY 2024 budget to streamline the revenue cycle and work closely with our outsourced billing provider, improving our billing operations' efficiency and effectiveness. This is part of the FY 2024 budget enhancement recommendation provided by the City Manager.

The current agreement is with Digitech Computer, LLC. for a three-year term, with two one-year option periods that have both been exhausted. The current agreement with Digitech Computer, LLC. expired on October 31, 2022. However, the City issued an Amendment of extension to bid for a period of November 1, 2022 through July 31, 2023. The agreement was not to exceed \$9,351,660.00. Payments to the vendor through May 2023 total \$3,164,522.98. May was when the last invoice was received and paid. For June and July, the estimated payments to the vendor are \$49,702 and \$41,848, respectively. Digitech Computer, LLC. will continue to process invoices in anticipation of the proposed agreement being approved. CCFD will not receive an invoice under the new contract until most likely September or October. CCFD, Procurement, and Digitech Computer, LLC. do not anticipate any issues arising from this situation.

PROCUREMENT DETAIL:

On March 20, 2023, the City issued a Request for Proposal (RFP) for EMS Billing and Collection Services. By April 20, 2023, we received three responsible and responsive proposals. The evaluation committee, composed of representatives from CCFD and the City's Utilities Department, conducted a comprehensive review of each proposal. This review included technical and interview evaluations. The total scores were then adjusted by incorporating the proposed pricing from each firm. Notably, the two lower-scoring firms failed to attend or acknowledge their invitations to the scheduled virtual interviews.

After considering all factors, the committee determined that Digitech Computer, LLC., of Chappaqua, New York, offered the best value to the City. This decision was based not only on their competitive pricing but also on their demonstrated technical proficiency and innovation in delivering collection services. As the incumbent service provider since 2018, Digitech Computer, LLC. has shown a strong track record in increasing collection revenues and has proposed forward-thinking measures and improvements for future operations.

Considering their past performance and future proposals, the committee recommends awarding the EMS Billing and Collection Services contract to Digitech Computer, LLC. The price fee for over 120 days is a very small portion of collections (see table below). If the proposed EMS Billing and Revenue Supervisor position is approved as part of the FY 2024 Budget, CCFD will assign that person with closely reviewing the over 120-day cases to see what options might be available to lower the fee or to collect payments before the 120 days.

Digitech Computer, LLC.	2017	2023	Variance
Percentage of collections charged for billing	4.96%	5.99%	1.03%
Up to 120 days old	6.00%	5.99%	-0.01%
Over 120 days	20.00%	20.00%	0.00%
TASP Services Collected from State	4.96%	4.96%	0.00%

The current agreement is with Digitech Computer, LLC. for a three-year term, with two one-year option periods that have both been exhausted. The current agreement with Digitech Computer, LLC. expired on October 31, 2022. However, the City issued an amendment of extension to bid for a period of November 1, 2022, through July 31, 2023. The agreement was not to exceed \$9,351,660.00. Payments to the vendor through May 2023 total \$3,164,522.98. For June and July, the estimated payments to the vendor are \$49,702 and \$41,848, respectively.

The proposed three-year contract with Digitech Computer, LLC. is estimated to cost \$2,126,010, generating revenues of approximately \$36,034,073. If the two optional extensions are enacted, the collection cost will be \$1,477,195 against revenues of \$25,037,199. Thus, the total collection cost for the contract, if fully enacted, will be approximately \$3,603,205, against a revenue of \$61,071,273. The FY 2023 allocation for this contract, which will cover the months of August and September, will be approximately \$98,000.00 from the Fire Department budget.

ALTERNATIVES:

No viable alternative exists. If the recommended contract is not awarded, billing for EMS services will cease and revenue will not be collected until another proposed agreement is negotiated and subsequently approved.

FISCAL IMPACT:

The proposed three-year contract with Digitech Computer, LLC. is estimated to cost \$2,126,010, generating revenues of approximately \$36,034,073. If the two optional extensions are enacted, the

collection cost will be \$1,477,195 against revenues of \$25,037,199. Thus, the total collection cost for the contract, if fully enacted, will be approximately \$3,603,205, against a revenue of \$61,071,273. The FY 2023 allocation for this contract will be \$150,000.00 from the General Fund.

FUNDING DETAIL:

Fund: 1020
Organization/Activity: 35100
Mission Element: 093
Project # (CIP Only): N/A
Account: 530000
Amount: \$150,000.00

RECOMMENDATION:

Staff recommends approval of this service agreement with Digitech Computer, LLC. for EMS Billing and Collection Services, as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Matrix