

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
9/8/2015

SUBJECT:	SUBMITTED BY:
Fire Department Medical Billing Contract Extension	James Jackson Fire Chief

SYNOPSIS

A resolution has been prepared to authorize award of a three-year contract extension and amendment for medical billing services to Andres Medical Billing Ltd. of Arlington Heights, Illinois.

STRATEGIC PLAN ALIGNMENT

The Strategic Goals for 2011-2018 identified *Exceptional Municipal Services* and *Steward of Fiscal and Environmental Sustainability*.

FISCAL IMPACT

Andres Medical Billing will hold its current rate of 4% of gross revenues. This is anticipated to be \$44,000 per year.

RECOMMENDATION

Approval on the September 8, 2015 Consent Agenda.

BACKGROUND

Fees are charged and attempted to be collected for all users of ambulance service. The Village uses an external service for ambulance fee billing, which charges 4% of gross revenues.

Billing practices are established pursuant to Federal law. The Village sets policies and parameters for the external service within this framework. These policies and parameters are comparable to the practices of other Du Page County communities.

Ambulance fees are primarily billed to patients' private insurance, Medicare or Medicaid. Users covered by Medicare are not charged the entire fee – they are charged a maximum allowable rate established by Medicare. Medicare will cover 80% of this rate. The user or their supplemental insurance is responsible for the remaining 20%.

Separate fee schedules have been established for residents and non-residents. Billing for residents is on a 90 day schedule. They will receive up to two invoices at 30 day intervals and the external service will contact the insurance company up to two times in an effort to collect the fees. If the full amount is not paid at the end of 90 days, any balance is written off. Unpaid resident bills are never sent to the collection agency.

Billing for non-residents is on a 120 day schedule. They will receive up to three invoices at 30 day intervals, two insurance requests and an automated phone call is placed after 90 days in an effort to collect the fees. If the full amount is not paid after 120 days, the external service forwards the balance on to a collection agency to continue pursuit of full payment. Any unpaid balances remaining after the collection agency processing are written off.

Date from 2014 ambulance billing and payments is as follows:

2014 Fee Collections

	Resident	Non-Resident	Total
Ambulance Customers Billed	2030	864	2,894
Amount Billed	\$1,276,752.33	\$650,625.58	\$1,927,377.91
Amount Collected	\$797,470.14	\$347,167.18	\$1,144,637.32
Percentage Collected	85.30%	72.01%	80.74%

Bills sent to collections: Residents 0% Non-residents 20.12%

Andres Medical Billing of Arlington Heights was selected after an RFP process in 2012 to provide medical billing service to the Village at a rate of 4%. Staff recommends extending the contract for three years. Andres Medical Billing has been providing this service to the Village since 2000 with a very sound track record of providing exceptional customer service. If the Village is dissatisfied with Andres' compliance with billing practices, the contract could be terminated.

ATTACHMENTS

Resolution

Contract Extension

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING A THREE-YEAR EXTENSION
AND AMENDMENT TO THE CONTRACT
BETWEEN THE VILLAGE OF DOWNERS GROVE
AND ANDRES MEDICAL BILLING, LTD.**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Extension and Amendment Agreement (the "Agreement"), between the Village of Downers Grove (the "Village") and Andres Medical Billing, Ltd. ("Andres Medical Billing, Ltd."), for medical billing professional services and collection of fees for ambulance services, as set forth in the form of the agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Mayor and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk

**EXTENSION AND AMENDMENT TO THE AGREEMENT
BETWEEN THE VILLAGE OF DOWNERS GROVE AND
ANDRES MEDICAL BILLING, LTD.**

The Village of Downers Grove, Illinois and Andres Medical Billing, Ltd. ("AMB") entered into a three-year Agreement for ambulance billing services for the Village with an effective date of October 1, 2012. Pursuant to the terms stated therein, the parties desire to amend and extend that contract for a three-year period under the following terms:

1. The Detail Specifications section of the Agreement shall be amended by adding the following:
 - 1.0 AMB shall provide a separate and complete Accounts Receivable program within AMB's computer billing system for the exclusive purpose of collections for the Village.

AMB will enter into said computer billing system, any and all ambulance trips received from the Village. AMB shall abstract from the documentation provided by the Village all diagnosis and procedure information necessary to determine the level and type of service provided, any billable diagnostic and therapeutic procedures performed, any billable supplies and ancillary service rendered, and the appropriate diagnosis codes to be billed for all ambulance run information provided to AMB by the Village for that purpose.
 - 14.0 AMB shall recognize and comply with the right of authorized Village representatives to review any and all payment records pursuant to claims and/or collection procedures conducted herein. The Village shall have the right to audit such reports at reasonable times.
 - 15.0 Delete the current 15.0 and replace with the following:

All monies received by AMB on behalf of the Village will be posted to the patients' accounts on a weekly basis and sent to the Village via an ACH transfer on a weekly basis. All checks will be made payable to the Village.
2. The fees shall remain the same at four percent (4%) of all dollars collected for the three-year extension.
3. All other terms from the 2012 Agreement remain in full force and effect.
4. The extension shall continue for a three-year period ending September 30, 2018.

VILLAGE OF DOWNERS GROVE

Attest:

April Holden, Village Clerk

Date: _____

ANDRES MEDICAL BILLING, LTD.

Sarah [Signature]

Attest:

[Signature]

Date: 9/2/15