

VILLAGE OF DOWNERS GROVE
Report for the Village
6/19/2018

SUBJECT:	SUBMITTED BY:
Fire Department Medical Billing Contract Extension	Jeff Pindelski 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 goals for 2017-2019 include *Exceptional Municipal Services*.

FISCAL IMPACT

Andres Medical Billing will hold its current rate of 4% of gross revenues. This is anticipated to be \$44,000 per year. The FY18 Budget includes \$44,000 in the General Fund (Page 4-3, Line 16) for this contract.

RECOMMENDATION

Approval on the June 19, 2018 Consent Agenda.

BACKGROUND

Fees are charged 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. Residents 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 not sent to the collection agency.

Billing for non-residents is on a 120 day schedule. Non-residents 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.

Data from 2017 ambulance billing and payments is as follows:

2017 Fee Collections

	Resident	Non-Resident	Total
Ambulance Customers Billed	2,268	916	3,184
Amount Billed	\$1,039,889.57	\$508,302.11	\$1,548,191.68
Amount Collected	\$903,141.83	\$360,609.59	\$1,263,751.42
Percentage Collected	86.85%	70.94%	81.63%

Bills sent to collections: Residents 0% Non-residents 17.20%

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 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 SECOND THREE-YEAR EXTENSION
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 Second Extension 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

**SECOND EXTENSION 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. On September 8, 2015, the Village adopted a resolution for the extension and amendment to the 2012 Agreement under certain terms and to extend the contract through September 30, 2018. Pursuant to the terms stated in the Agreements, the parties desire to extend that contract for an additional three-year period under the following terms:

1. The fees shall remain the same at four percent (4%) of all dollars collected for the second three-year extension.
2. The second extension shall continue for a second three-year period ending September 30, 2021.

All other terms from the 2012 Agreement and the 2015 Extension and Amendment shall remain in full force and effect.

VILLAGE OF DOWNERS GROVE

ANDRES MEDICAL BILLING, LTD.

Sarah Walski

Attest:

Title: *Chief Operations Officer*

Village Clerk

Date: *May 16, 2018*

Date: _____