

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA
RFP No. 2014-05
Collection Agency for Self-Pay Bad Debt
March 31, 2014

ADDENDUM NO. 1

Questions / Answers

1. Can you explain the functions you would be expecting in a Nevada office location? What is the overall purpose of having a brick and mortar location?

A: Assist walk-in patients with payments, payment arrangements, deletion letters, etc. As a government owned entity, UMC and its affiliates must be able to provide local assistance to all customers. Many of the population we serve have only the means to conduct business on a cash basis and will need a location in which to conduct their business.

2. What would be the necessity of maintaining an in-house representative and a physical office in Clark County?

A: These representatives will be responsible for obtain conditions of admission and financial agreement for the agency as well as assisting patients that present in the Pt Acct department with accounts placed with the agency. They will also work with the dept representatives to perform reconciliation tasks as well as work with the legal team when bankruptcy, probate or other legal issues arise.

What is the average age of the accounts at placement?

A: Accounts are placed at 121 days post discharge for patients without an identified pay source. The accounts run through the insurance and self pay follow-up schedules with the appropriate notifications under NRS being completed prior to transfer to bad debt and to collections.

3. What agencies do you currently contract with?

A: Allied Collection Services, Inc., Credit Bureau Central, Inc, and Progressive Management Systems

4. What is the current contingency fee you are paying to agencies?

A: 20%

5. Is the filing of suit a requirement?

A: No

6. Are accounts assigned to separate agencies based on performance? If not, what is the methods by which they are assigned?

A: No, They are assigned by an alpha split so that all agencies receive approximately the same amount of business. This may change based on the number of agencies awarded.

7. Can our consolidated financials be submitted directly from our corporate office and separate from our RFP submission?

A: Yes, you may submit them separate however they still must be received by the RFP due date. The two submissions will be joined as one for evaluation purposes.

8. If our financials are sent separately, do we need to include a letter from our counsel?

A: Yes, if they are deemed confidential and not available under SEC guidelines.

9. What is UMC's current early out/pre-collect process? Do you have an external vendor or is it done in-house? Is the process different for accounts placed >180 days vs. accounts placed <180 days?
A: UMC currently uses an external vendor to perform the self pay pre-collections process until day 120 at which time accounts are listed for placement to collections. The process is the same regardless of the account age and is accomplished via an automated function that identifies accounts selected for transfer.
10. What is the monthly dollar value of accounts expected to be placed?
A: As stated in the scope of work, the average month dollars to be placed is approximately 30 million. Based on the open self pay A/R as of March 1, 2014, there is a potential for the placement of \$35,604,296.00 as the initial placement at the start of the contract on July 1st. This is consistent with the numbers indicated in the scope of work.
11. What has been the historical rate of return or liquidation rate provided by prior agencies or incumbent(s)?
A: UMC never sells (liquidates) the AR, historical rates of return are not available for publication as current contracts are still active.
12. What is the average age (from date of service) of accounts to be placed?
A: Average as is 121 days from discharge with placement every 15 days or first business day thereafter.
13. What is the oldest date of service from which you anticipate that you will be placing?
A: Unable to determine as UMC has many accounts in which the patient is seeking coverage under disability, Medicaid or other governmental program that can take extended times for a resolution. The average age of the accounts will 121 days from date of discharge.
14. Does UMC's "Patient Consent to Treat" form or related patient admissions documentation completed during patient registration include verbiage consent for the hospital or its agents to contact the patient via a wireless or cell phone number using an automated dialer? This is in reference to the TCPA requiring a patient's "express consent" in order to make contact using a predictive (automated) dialer.
A: No
15. Will litigation be allowed with prior approval from UMC? If so, what are the guidelines and what is the approval process?
A: Yes, intent must be made in writing to UMC Patient Accounts, the account will be reviewed to ensure that all efforts have been exhausted and that litigation is appropriate. A signed approval is returned to the agency.
16. How long will the bad debt agencies be allowed to keep and work the placements?
A: Accounts are never returned to UMC once placed with the agency unless they are individually returned based on the cancellation report reasons outlined the scope of work section 14.7. UMC retains the right to have accounts cancelled from collections.
17. What patient accounting system does UMC use?
A: Currently UMC has three patient accounts systems: Siemens MedSeries, Cerner Ideal and McKesson STAR. The Cerner Ideal system is currently slated to be replaced some time in 2015 however, this is subject to change.
18. Will the agency have remote access to UMC's patient accounting system
A: No, only the representatives on site will have access to UMC systems with access limited to documents and information required for collections. These representatives will attend UMC vendor orientation, be required to have background checks and be issued UMC log in and passwords with role specific functions.
19. Will there be a backlog of accounts placed at the time of initial placement?
A: No, the plan is to transfer only newly identified accounts under the new contract.

20. What is UMC's settlement policy for accounts placed in collection? Does UMC allow blanket settlement authorization?
A: The collection agencies have the right to negotiate on UMC's behalf in an attempt to settle the accounts. In the case of attorney settlements, UMC uses a Pro Rata share calculation to negotiate settlements. The onsite representatives will be responsible to work with UMC representatives to determine these types of settlements.
21. What is the percentage of accounts placed with your collection agencies that are skips or have bad addresses?
A: Unknown, Addresses are updated via a third party vendor when mail return to UMC is received and if new address information is available it is updated in the host systems.
22. What is the average account balance?
A: See question 26.
23. 18. Evaluation Criteria, Experience/Processes #2: Provide a list of success stories. Could you please provide the scope of information you are seeking in these examples (e.g., recovery rates, retention, overcoming obstacles)?
A: Provide a couple examples of collections where you were able to collect a substantial amount or collect from an old account. Explain the situation, methods of collection, and other pertinent data.
24. 18. Evaluation Criteria, Financials #1: Provide consolidated financials. Our agency considers financial statements to be confidential. Would UMC find a letter from our Financial Auditor and/or a one page limited-summary sufficient?
A: Any financials submitted must show the financial stability of the company and that they have adequate resources to successfully work the assigned accounts.
25. What is the expected account retention?
A: Agency will retain the accounts placed indefinitely. There is no plan to return outstanding bad debt accounts.
26. What is the average account balance and number of accounts to be placed?
A: Based on open self pay A/R as of March 1, 2014 the average account balance for Inpatient accounts is 23,409.00, for hospital based accounts the average account balance is 2,820.00 and an average of 149.00 for primary care and urgent care outpatient accounts. . The average number of self pay accounts to be placed per agency at the time the contract begins is 166 inpatient accounts, 2,929 hospital based outpatient accounts and 4,634 primary care and urgent care accounts..
27. Does UMC consider letter vendors subcontractors?
A: Yes
28. Will inability to comply with Service Level Expectations 1.1 and 1.2 automatically disqualify a bidder?
A: Yes
29. Does the requirement in 1.1 mean that the company itself must be physically located in Clark County, or will a physical location with a business partner suffice?
A: There must be a local office where patients can go to discuss accounts, set up payment arrangements, make payments, etc.
30. Is legal action a requirement of vendor?
A: No
31. If we are also responding to Bid. 2014-03 for Workers' Compensation/OOSM, can we use the same forms required for Disclosure of Ownership/Principals, Disclosure of Relationship and Subcontractor Information?
A: Yes
32. Are we required to submit deviations to terms and conditions provided in the RFP along with our bid submission? If yes, are there any formatting requirements?
A: You can submit any deviations. There are no formatting requirements.

33. In Service Level Expectations - #6, what is meant by “assessed legal fees”? Does this mean we will not charge the hospital more than \$250 per account? Does the hospital expect vendor to pay legal costs upfront and later be reimbursed?
A: UMC will allow the agency to receive and additional 15% of any funds collected from a legal settlement as well as 250.00 in legal fees. Any additional reimbursement for legal fees over 250.00 are to be remitted to UMC. A process for this will be developed with each vendor.
34. In Service Level Expectations - #7, is vendor not required to file and maintain any liens by the hospital?
A: UMC will file and maintain liens based on the dollar thresholds outlines. Agencies may file and maintain liens for accounts placed with them as appropriate and allowed by law.
35. What will be the average age of accounts placed?
A: The majority of accounts will be placed at 121 days however, due to eligibility processes with Medicaid, SSI and Disability accounts could be much older at initial date of placement.
36. What will be the number of accounts placed per month, per vendor?
A: Based on the current open self pay A/R as of March 1, 2014. The average number of self pay accounts to be placed per agency at the time the contract begins is 166 inpatient accounts, 2,929 hospital based outpatient accounts and 4,634 primary care and urgent care accounts..
37. What are your current liquidation rates on this inventory?
A: None. UMC does not sell its bad debt
38. Can you elaborate on your liquidation assumptions on page 10 of the RFP and how you arrived at these targets?
A: The expectations are designed to encourage the continued collections on inventory placed as it ages. The inventory will grow from year to year so the expected percentage of collections should also increase.
39. What percentage of accounts and dollars are uninsured versus balance after insurance?
A: 97% of accounts are uninsured and 4% are self pay after insurance.
40. What percentage of accounts is physician business versus facility business?
A: 34% facility business and 66% primary care and urgent care. This is volume of accounts only not dollars.
41. Are you currently outsourcing this work?
A: Yes
42. Page 4 - #3 Scope of Project. Would you please clarify what you mean by a Multiplace Hyperbaric Chamber Operations.
A: Consider this removed. It does not pertain to this RFP.
43. What is the expected monthly volume of assigned accounts associated with the \$30M ?
A: See # 36
44. What is the expected average balance of the assigned accounts?
A: See # 26
45. Will vendors be permitted to retain accounts in which newly discovered insurance is uncovered?
A: The accounts must be billed by UMC and any reimbursements received from the insurance company will be considered collected by the agency and the appropriate agency fees paid. The onsite representative will be critical to ensuring that insurance information is communicated and updated in UMC system timely. Updates received after timely billing will not be accepted and no claim will be submitted for denial. The patient will remain responsible for the balance owed.
46. Will vendor be allowed to report bad debt account to Credit Bureaus?
A: Yes if the accounts are not paid as agreed. If patients set up payment arrangements and meet those agreements it would be expected that the account would not be reported as negative credit.

47. Proposer must have 10 years of Critical Care experience in Multiplace Hyperbaric Chamber Operations. Is this an artifact from a previous RFP to be disregarded?

A: Yes, please disregard.

48. I noticed that \$30 million is placed to 3 agencies each month. How many accounts does that encompass? Or, what is the average account balance?

A: Based on the current open self pay A/R as of March 1, 2014. The average number of self pay accounts to be placed per agency at the time the contract begins is 166 inpatient accounts, 2,929 hospital based outpatient accounts and 4,634 primary care and urgent care accounts..

49. Were the incumbents able to meet/exceed your performance expectations?

A: N/A

50. Are you willing to provide historical liquidation rate information (i.e. Dollars Placed/Dollars Collected)?

A: Unable to provide this information

51. Are the winning bidders required to litigate on accounts (i.e. is there a requirement that the agency has a national attorney network)?

A: No

52. Is credit bureau reporting by the agency an absolute requirement? Most creditors have restricted agencies from performing this function for risk reasons.

A: Yes

53. Can you please provide greater explanation of your expectations related to any required subcontracting to minority-owned, women-owned, or other types or categories of small or disadvantaged businesses? For example, what is required with the proposal, and what is required to comply during the term of the contract?

A: There are no expectations of subcontracting to any of these. This information used is for informational purposes only. During the contract term it will be required to indentify subcontractors and any changes.

54. Can you please provide greater details regarding your bid bond and/or performance bond requirements related to this contract? For example, what is required with the proposal, and what is required to comply during the term of the contract?

A: Bonds are not required for this project.

55. Can you please provide greater details on how proposals will be evaluated and how the selected vendor(s) will be chosen?

A: A team of evaluators will review all proposals based on the submissions listed in section 18 of the RFP. The team will score each area to determine which vendors will need/exceed UMC's needs. If the team feels that additional information is required vendor presentations will be organized for the highest rated proposals.

56. Please describe your level of satisfaction with your current vendor(s), if applicable.

A: With the added capability to negotiate down balance due the vendors have been able to perform within expectations.

57. What is the total dollar value of accounts available for placement now by category, including any backlog?

A: There is not backlog. See above

58. What is the total number of accounts available for placement now by category, including any backlog?

A: All accounts will be self pay at time of placement. They will include all account types (inpt and outpt).

59. What is the average balance of accounts by category?

A: See # 26

60. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

A: See # 35

61. What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category?

A: see # 36

62. What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?

A: The average to be placed with all vendors' monthly based on open self pay AR as of March 1, 2014 is: Inpatient 24,555,252.00 – 472 accts, Hospital Based Outpatient 11,049,044 – 8708 accounts, Primary Care and Urgent Care 2,069,794 – 13902 accounts

63. What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement?

A: Unable to provide this information. Please see scope of work for performance expectations.

64. If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up?

A: Accounts previously placed will be held by the current vendors.

Changes / Clarifications

RFP Responses are still due on April 9th, 2014 at 2:00:00PM.

Issue by

Should you have any questions, please contact me at (702) 207-8846 or via email at robert.maher@umcsn.com.

Issued by:

Rob Maher
Sr. Contract Management Analyst
UMC

Acknowledgement

*****All Proposals submitted shall include a signed copy of this addendum acknowledging receipt and understanding. Addendums shall not count towards the page limitation.***

Signature: _____

Title: _____

Company Name: _____

Date Received: _____