



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 20
AGENDA DATE: Thu 10/06/2005
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SUBJECT: Authorize negotiation and execution of a 12-month service agreement with COLLECTION COMPANY OF AMERICA, Norwell, MA, to collect delinquent accounts receivable for the Emergency Medical Services Department in an amount not to exceed \$209,000, with three 12-month extension options in an amount not to exceed \$209,000 per extension option, for a total agreement amount not to exceed \$836,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$191,583 is available in the Fiscal Year 2005-2006 Approved Operating Budget of the Emergency Medical Services Department. Funding for the remaining one month of the original contract period and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Emergency Medical **AUTHORIZATION:** Vickie Schubert
Services;

FOR MORE INFORMATION CONTACT: Mick Osborne, Senior Buyer/974-2995

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of 22 proposals received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

For the past fifteen years, the Emergency Medical Services Department (EMS) has contracted with private collection agencies for the collection of delinquent accounts receivable. Delinquent accounts are sent to the collection agency at the average age of 100 to 110 days from the date of service. Prior to being referred to the collection agency, EMS will have sent an original billing statement to the patient, a 30-day past due notice, and a 60-day past due notice.

Based on historical data with the two current collection agencies being used, it is estimated that EMS will place \$10,100,000 in delinquent receivables annually. From that amount, it is estimated that Collections Corporation of America (CCA) will collect 9.4%, or \$950,000, resulting in an annual commission to CCA of \$209,000 (22%). The net annual revenue to the City is estimated to be \$741,000. The contract with CCA also provides for an incentive commission rate of an additional 3% if collection performance exceeds pre-determined benchmarks.

CCA is a nationally recognized leader in account recovery services and they will be handling the EMS accounts through their Dallas office. CCA will provide comprehensive collection services for the City while maintaining a focus on customer (patient) service.



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An evaluation panel made up of EMS management, accounting and collection personnel scored the proposals based on experience and prior performance, demonstrated understanding of the City's needs, and total cost to the City.

MBE/WBE Solicited: 1/0

MBE/WBE Bid: 0/0

PROPOSAL ANALYSIS
(RFP # MO05300309)

- a. Adequate competition.
- b. Sixty-two notices were sent, including one MBE. There are no WBE firms listed for this commodity code. Thirty-seven solicitations were issued, including no MBE/WBE firms. Twenty-two proposals were received.
- c. EMS is currently paying a 24% commission plus performance incentives to one collection agency and a 24.99% - 29.99% commission to a second collection agency.

APPROVAL JUSTIFICATION

- a. Best proposal.
- b. The Emergency Medical Services Department concurs with the recommended award.
- c. Advertised in the Austin American-Statesman and Internet.