

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

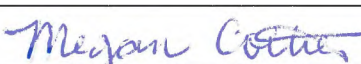


To: The Mayor and Council	Date: 06-14-17	C.D. No. All	CAO File No.: 0150-10806-0001
Contracting Department/Bureau: Fire Department		Contact: Stewart Young; (213) 978-3427	
Reference: Transmittal from the Board of Fire Commissioners dated May 11, 2017			
Purpose of Contract: To provide collection services for delinquent Emergency Medical Services (EMS) billing accounts.			
Type of Contract: ( ) New contract (X) Amendment		Contract Term Dates: From date of execution through May 31, 2018	
Contract/Amendment Amount: Compensation is based on a contingency fee.			
Source of funds: Delinquent EMS billing accounts collected by the Contractor; compensation provided on a contingency basis.			
Name of Contractor: Harris and Harris, Ltd.			
Address: 111 W. Jackson Boulevard, Suite 400 Chicago, IL 60604			
	Yes	No	N/A*
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: %			
			8. Contractor has complied with:
			a. Equal Employmt. Oppty./Affirm. Action
			b. Good Faith Effort Outreach**
			c. Equal Benefits Ordinance
			d. Contractor Responsibility Ordinance
			e. Slavery Disclosure Ordinance
			f. Bidder Certification CEC Form 50
			*N/A = not applicable ** Contracts over \$100,000

**RECOMMENDATION**

That the Council, subject to the approval of the Mayor, authorize the Fire Chief, or designee, to execute the First Supplemental Agreement between the Los Angeles Fire Department and Harris and Harris, Ltd., for collection services associated with delinquent Emergency Medical Services billing accounts, effective the date of execution through May 31, 2018, and on a contingency fee basis, subject to the review and approval of the City Attorney as to form.

**COMMENTS**

The Los Angeles Fire Department (LAFD) is requesting authority to execute the Supplemental Agreement (Agreement) to Contract No. 124643 with Harris & Harris, Ltd., (Contractor) for collection services of delinquent Emergency Medical Services (EMS) billing accounts. The proposed amendment will exercise a second, one-year extension and will be effective from the date of execution through May 31, 2018. Compensation for services will be provided on a contingency fee basis.

 MFC	Analyst	04170140	 Assistant CAO	 City Administrative Officer
--	---------	----------	---	--

## **Background**

The LAFD received Council approval (C.F. 14-0870) to enter into an agreement with the Contractor for a 20-month term, expiring on May 31, 2016, that included two one-year extensions. In September 2016, the LAFD received Council approval to enter into a First Amendment with the Contractor to extend the terms of the Agreement through May 2017. The Contractor was initially selected through a procurement process conducted by the Office of Finance for collection services, thus enabling the Fire Department to enter into a 'piggyback' agreement with the Contractor for delinquent accounts receivable collection services.

The Fire Department, acting as a health care component of the City, is required to maintain separate agreements with contractors that have access to protected health information. Terms of the agreement require the Contractor to maintain compliance at all times with all Health Insurance Portability and Accountability Act (HIPAA) privacy regulations and requirements set forth in Title 45 of the Code of Federal Regulations (Parts 160, 162 and 164) and the Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009 (Sections 13400, et seq.), as codified in an existing Business Associate Agreement between the Contractor and the Fire Department.

Contractor compensation is based upon a contingency basis, whereas commission payments are made to the Contractor when delinquent accounts receivable are recovered. The Contractor's commission rates range from 15.9 percent to 24.9 percent of amounts collected and covers Primary and Secondary Collection levels. Primary Collection accounts include initial delinquent accounts; Secondary Collection accounts include delinquent accounts previously assigned to a collection agency.

Through the use of this contractual agreement, the LAFD collected revenues of \$2 million in Fiscal Year 2015-16, and \$1.7 million in Fiscal Year 2016-17 from delinquent EMS billing accounts.

## **FISCAL IMPACT STATEMENT**

The recommendation in this report is in compliance with the City's Financial Policies in that all fees charged for collection services will be paid to the Contractor on a contingency basis, subject to the delinquent accounts collected and recovered. The Contractor was compensated \$310,129 in Fiscal Year 2015-16, and approximately \$238,600 in Fiscal Year 2016-17 for delinquent accounts collection services.