

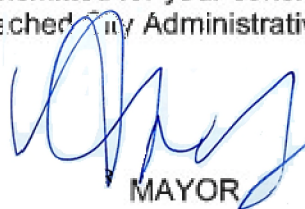
0150-10806-0002

TRANSMITTAL

TO The Council	DATE 8/8/18	COUNCIL FILE NO. 14-0870
FROM The Mayor		COUNCIL DISTRICT ALL

**Second Amendment between Harris and Harris, Ltd., and the Fire Department
for the collection of delinquent Emergency Medical Services billing accounts**

Transmitted for your consideration.
See the attached City Administrative Officer report.


(Ana Guerrero) for
MAYOR

RHL:MFC: 04180016

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

To: The Mayor	Date: 08-08-18	C.D. No. --	CAO File No.: 0150-10806-0002				
Contracting Department/Bureau: Fire Department		Contact: Muriel Gee (213) 978-3461					
Reference: Transmittal from the Board of Fire Commissioners dated July 3, 2018; referred for report July 3, 2018.							
Purpose of Contract: To provide collection services for delinquent Emergency Medical Services (EMS) billing accounts.							
Type of Contract: () New contract (X) Amendment, Contract No. C-124643		Contract Term Dates: June 1, 2018 through May 31, 2019					
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, ILL 60604							
	Yes	No	N/A	Contractor has complied with:	Yes	No	N/A
1. Council has approved the purpose	X			8. Business Inclusion Program	X		
2. Appropriated funds are available	X			9. Equal Benefits & First Source Hiring Ordinances	X		
3. Charter Section 1022 findings completed	X			10. Contractor Responsibility Ordinance	X		
4. Proposals have been requested	X			11. Slavery & Border Wall Disclosure Ordinances	X		
5. Risk Management review completed	X			12. Bidder Certification CEC Form 50	X		
6. Standard Provisions for City Contracts included	X			13. Prohibited Contributors (Bidders) CEC Form 55	X		
7. Workforce that resides in the City: %				14. California Iran Contracting Act of 2010	X		

RECOMMENDATIONS

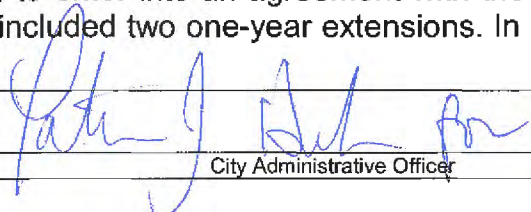
That the Council, subject to the approval of the Mayor, authorize the Fire Chief, or designee, to execute a Second Supplemental Amendment between the Los Angeles Fire Department and Harris and Harris, Ltd., to extend the agreement for collection services associated with delinquent Emergency Medical Services billing accounts for one year, from June 1, 2018 through May 31, 2019. Compensation for services will be provided on a contingency fee basis, subject to the review and approval of the City Attorney as to form.

SUMMARY

The Los Angeles Fire Department (LAFD) is requesting authority to execute a Second 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 extend the term of the agreement for one year, from June 1, 2018 through May 31, 2019. Compensation for services will be provided on a contingency fee basis.

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

			
MFC	Analyst	04190016	City Administrative Officer

2016 and June 2017, the LAFD received Council approval to enter into a First Amendment and First Supplemental Agreement to extend the term of the contract through May 31, 2018. Per the City's Administrative Code, Section 10.5, Council approval of this Agreement is necessary as the proposed Amendment will extend the total term of this contract beyond three years, for a total contract term of four years and eight months.

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 (Contract No. 122247) 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 (BAA) 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. The Department reports that through the use of this contractual agreement, it has collected revenues of \$1.6 million in Fiscal Year 2016-17, and \$1.9 million in Fiscal Year 2017-18 from delinquent EMS billing accounts.

In accordance with Charter Section 1022, the CAO determined it was more feasible to contract for these services than engage City employees to do this work at the time that the Contractor entered into an agreement with the Office of Finance. As the scope of services that the Contractor provides has not changed, the CAO's 1022 determination remains applicable.

FISCAL IMPACT STATEMENT

The recommendations in this report are 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.

RHL:MFC:04190016

Attachment

LOS ANGELES FIRE COMMISSION

BOARD OF
FIRE COMMISSIONERS

DELIA IBARRA
PRESIDENT

ANDREW GLAZIER
VICE PRESIDENT

JIMMY H. HARA, M.D.
REBECCA NINBURG
JIMMIE WOODS-GRAY

LETICIA GOMEZ
COMMISSION EXECUTIVE ASSISTANT II



ERIC GARCETTI
Mayor

SUE STENGEL
INDEPENDENT ASSESSOR

EXECUTIVE OFFICE
200 NORTH MAIN STREET, SUITE 1840
LOS ANGELES, CA 90012

(213) 978-3838 PHONE
(213) 978-3814 FAX

July 3, 2018

Honorable Members of the City Council
City of Los Angeles
City Hall, Room 395
Attn: City Clerk

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
Attn: Mandy Morales, Legislative Coordinator

[BFC 18-067] – SECOND SUPPLEMENTAL AMENDMENT TO AGREEMENT C-124643
WITH HARRIS & HARRIS, LTD. FOR COLLECTION SERVICES

At its meeting of July 3, 2018, the Board of Fire Commissioners approved the report and its recommendations. The report is hereby transmitted to the Mayor and City Council for consideration and approval.

Should you need additional information, please contact the Board of Fire Commissioners' office at 213-978-3838.

Sincerely,

A handwritten signature in black ink, appearing to read "Isela Iñiguez".

Isela Iñiguez
Acting Commission Executive Assistant

Attachment

cc: Board of Fire Commissioners (without attachments)
Fire Chief Ralph M. Terrazas (without attachments)

July 3, 2018

LOS ANGELES FIRE DEPARTMENT

RALPH M. TERRAZAS
FIRE CHIEF

APPROVED: 7/3/18
BOARD OF FIRE COMMISSIONERS
BY: [Signature]
COMMISSION EXECUTIVE ASSISTANT

June 25, 2018

BOARD OF FIRE COMMISSIONERS
FILE NO. 18-067

TO: Board of Fire Commissioners
FROM: [Signature] Ralph M. Terrazas, Fire Chief
SUBJECT: SECOND SUPPLEMENTAL AMENDMENT TO AGREEMENT C-124643
WITH HARRIS & HARRIS, LTD. FOR COLLECTION SERVICES

FINAL ACTION: Approved Approved w/Corrections Withdrawn
 Denied Received & Filed Other

SUMMARY

The Los Angeles Fire Department (LAFD) contracts for collection services to collect payment of delinquent emergency medical service billing accounts. The LAFD piggy-backed on the Office of Finance's Request for Proposals, released on March 30, 2012, to contract with Harris & Harris, Ltd. on August 22, 2014. The initial Agreement (C-124643), which expired May 31, 2016 was for a 20-month term with two one-year extensions.

On October 24, 2016, the City exercised the first renewal option, and extended the term of the agreement through May 31, 2017.

On July 28, 2017, the City exercised the second renewal option, and extended the term of the agreement through May 31, 2018.

The Office of Finance is preparing a Request for Proposals (RFP) for collection services. Because the RFP process will not be completed by May 31, 2018, the LAFD desires to extend the term of Agreement C-124643 until a contractor is selected through this process.

Harris & Harris, Ltd. collected revenues of \$2.5M in FY 2014-15, \$2M in FY 2015-16, \$1.8M in FY 2016-17, and is projected to collect approximately \$1.9M in FY 2017-18. The LAFD proposes extending the term of the Agreement through May 31, 2019 to continue these collection services.

RECOMMENDATIONS

That the Board:

1. Approve and authorize the Fire Chief to execute the Second Supplemental Amendment to Agreement C-124643 between the City and Harris & Harris, Ltd., for collection services, for the period of June 1, 2018 through May 31, 2019.
2. Transmit the Second Supplemental Amendment to Agreement C-124643 to the Mayor in accordance with Executive Directive No. 3, and to the City Council for approval.
3. Request the City Council, subject to approval of the Mayor, approve the Second Supplemental Amendment to Agreement C-124643 for the period of June 1, 2018 through May 31, 2019.

FISCAL IMPACT

Extending the Agreement for collection services for an additional year will generate an estimated \$1.9 million in General Fund revenue.

Board report prepared by Lauren Nakasuji, Senior Management Analyst I,
Administrative Services Bureau.

Attachment

**SECOND SUPPLEMENTAL AMENDMENT TO AGREEMENT C-124643
BETWEEN
THE CITY OF LOS ANGELES
AND
HARRIS & HARRIS, LTD.
FOR COLLECTION SERVICES OF THE CITY'S
DELINQUENT ACCOUNTS RECEIVABLE**

This Second Supplemental Amendment to Agreement C-124643 is made between the City of Los Angeles (hereinafter referred to as the "CITY"), a municipal corporation, acting by and through the Los Angeles Fire Department (hereinafter referred to as the "LAFD") and Harris & Harris, Ltd., (hereinafter referred to as the "CONTRACTOR").

WITNESSETH:

WHEREAS, CITY utilizes outside collection agency services as a best practice in delinquent debt collection and revenue generator to the CITY; and

WHEREAS, CITY, through its Office of Finance, prepared and released a Request for Proposals (RFP) for Primary and/or Secondary Collection Services to pursue collection of the CITY's delinquent accounts; and

WHEREAS, the CONTRACTOR recognizes that the CITY may contract with multiple agencies for collection services and may utilize any account allocation process that it deems appropriate; and

WHEREAS, the RFP Evaluation Committee evaluated the proposals received and recommended approval of the CONTRACTOR to the CITY Council; and

WHEREAS, the CITY Council approved the CONTRACTOR as one of the agencies for collection services to pursue collection of the CITY's delinquent accounts; and

WHEREAS, on August 22, 2014, CITY Council (Council File No. 14-0870) authorized the Fire Chief, or designee, to execute the Agreement No. C-124643 between the LAFD and Harris & Harris, Ltd. for collection services associated with delinquent Emergency Medical Services (EMS) billing accounts, effective the date of execution through May 31, 2016, with up to two additional one-year extensions, on a contingency fee basis; and

WHEREAS, the LAFD is a Covered Healthcare Entity within the CITY organization, and in accordance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) must enter into a separate Business Associate Agreement (BAA) with CONTRACTOR to ensure the security and segregation of accounts containing Protected Healthcare Information (PHI); and

WHEREAS, on October 24, 2016, the CITY, in a Restatement and First Amendment to Agreement No. C-124643, extended the term through May 31, 2017 and updated the BAA; and

WHEREAS, on July 28, 2017, the CITY, in a First Supplemental Agreement to Agreement No. C-124643, extended the term through May 31, 2018; and

WHEREAS, the CITY, through its Office of Finance, is currently preparing an RFP for Primary and/or Secondary Collection Services; and

WHEREAS, until the CITY enters into a new agreement for collection services through the RFP process, the CITY desires in this Second Supplemental Amendment to extend the term of Agreement No. C-124643 through May 31, 2019; and

NOW THEREFORE, in consideration of the above premises and the covenants, representations and agreements herein contained, the parties hereby agree as follows:

1. **ARTICLE VI – TERM**, is hereby amended in its entirety to read:

The term of this Agreement shall commence upon execution, and continue through May 31, 2019, unless terminated earlier as provided herein or amended as elsewhere provided herein.

Where services are needed to be continued beyond the initial term of the Agreement, and where those services are consistent with the terms contained herein, those services are hereby ratified and covered by this Agreement.

2. **Except as amended by this Second Supplemental Amendment, all other provisions of Agreement No. C-124643 shall remain in full force and effect**

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES

HARRIS & HARRIS, LTD,

By: _____
RALPH M. TERRAZAS
Fire Chief

By: _____
ARNOLD S. HARRIS
President and CEO

Date: _____

Date: _____

By: _____
DAVID L. HARRIS
EVP & COO

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

ATTEST:
HOLLY L. WOLCOTT
City Clerk

By: _____
KIMBERLY D. MIERA
Deputy City Attorney

By: _____
Deputy Clerk

Date: _____

Date: _____