

0150-10193-0000

TRANSMITTAL

TO
The Council

DATE
JUN 23 2014

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
ALL

**Contractual agreement 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.



MAYOR (Ana Guerrero)

MAS:MCD:041400097ct

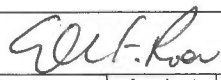

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 06-18-14	C.D. No. All	CAO File No.: 0150-10193-0000
Contracting Department/Bureau: Fire Department		Contact: Bill Jones; (213) 978-3461	
Reference: Fire Department transmittal dated March 12, 2014; referred for report March 18, 2014.			
Purpose of Contract: To provide collection services for delinquent Emergency Medical Services (EMS) billing accounts.			
Type of Contract: (X) New contract () Amendment		Contract Term Dates: From date of execution through March 30, 2016, with two one-year options for renewal.	
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: TBD%			
8. Contractor has complied with:	Yes	No	N/A*
a. Equal Employmt. Oppty./Affirm. Action	X		
b. Good Faith Effort Outreach**	X		
c. Equal Benefits Ordinance	X		
d. Contractor Responsibility Ordinance	X		
e. Slavery Disclosure Ordinance	X		
f. Bidder Certification CEC Form 50	X		
*N/A = not applicable ** Contracts over \$100,000			

COMMENTS

On April 1, 2014, the Board of Fire Commissioners approved a Los Angeles Fire Department (LAFD) report dated March 18, 2014 recommending the execution of a contract and business agreement between the LAFD and Harris and Harris, Ltd. (Contractor), to provide bill collection services for past due Emergency Medical Services (EMS) billing accounts. The Department intends to execute a 'piggyback' agreement with this Contractor, as initially procured by the Office of Finance, to collect on delinquent accounts receivable. If approved, the agreement will be effective from the date of execution through March 30, 2016, with up to two additional one-year extensions. Contractor compensation is provided on a contingency fee basis.

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) 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 of 2009 (Sections 13400, et seq.), as codified in a Business Associate Agreement between the Contractor and the Fire Department (attached).

				
MCD	Analyst	04140097	Assistant CAO	City Administrative Officer

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 Fire Department estimates annual net revenue between \$1.0 million and \$2.0 million from delinquent EMS billing accounts can be realized through the use of this contractual agreement.

RECOMMENDATION

That the Council, authorize the Fire Chief, or designee, to execute the 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 March 30, 2016, and on a contingency fee basis, subject to the review and approval of the City Attorney as to form and legality.

FISCAL IMPACT STATEMENT

The Fire Department estimates annual net revenue between \$1.0 million and \$2.0 million from delinquent Emergency Medical Services billing accounts through the use of this contractual agreement. 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.

MAS:MCD:04140097c

Attachments

BOARD OF FIRE COMMISSIONERS

DELIA IBARRA
PRESIDENT

ANDREW GLAZIER
VICE PRESIDENT

STEVEN R. FAZIO
JIMMY H. HARA, M.D.
JIMMIE WOODS-GRAY

LETICIA GOMEZ
EXECUTIVE ASSISTANT II

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

Attachment
FIRE DEPARTMENT

JAMES G. FEATHERSTONE
INTERIM FIRE CHIEF

200 NORTH MAIN STREET, RM 1840
LOS ANGELES, CA 90012

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

<http://www.lafd.org>

April 2, 2014

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

[BFC 14-029] – PROFESSIONAL SERVICES CONTRACT – HARRIS AND HARRIS, LTD.

At its meeting of April 1, 2014, the Board of Fire Commissioners approved the Fire Department's report dated March 18, 2014, requesting that the Mayor authorize the Fire Chief to enter into the attached contract and business agreement with Harris and Harris, LTD. to provide collection services for past due accounts, subject to the review of the City Attorney.

Transmitted herewith for your consideration is the adopted board report. Should you need additional information, please contact the Board of Fire Commissioners Office at 213-978-3838.

Sincerely,

Leticia Gómez
Commission Executive Assistant

Attachment

cc: Board of Fire Commissioners
James G. Featherstone, Interim Fire Chief (without attachment)
Mark Davis, Office of the City Administrative Officer (without attachment)

2014 APR -2 PM 3:27
CITY ADMINISTRATIVE OFFICER

April 1, 2014

LOS ANGELES FIRE DEPARTMENT



JAMES G. FEATHERSTONE
INTERIM FIRE CHIEF

March 18, 2014

BOARD OF FIRE COMMISSIONERS
FILE NO. 14-029

TO: Board of Fire Commissioners

FROM: James G. Featherstone, Interim Fire Chief

SUBJECT: PROFESSIONAL SERVICES CONTRACT - HARRIS AND HARRIS, LTD

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

The Los Angeles Fire Department (Department) currently has uncollected emergency ambulance service accounts that are past due and require the services of a collection agency. The Department, pursuant to Section 5.181 of the Los Angeles Administrative Code, is required to refer unpaid accounts aged over 200 days from the date of initial billing, to the City of Los Angeles's (City) contracted collection agency, Harris and Harris, LTD. Once referred, the collection agency has a period of one year to apply additional collection efforts to satisfy these past due accounts. The Department estimates that approximately \$1 million to \$2 million will be generated annually from the collection of these delinquent accounts.

RECOMMENDATIONS

That the Board:

1. Subject to the review of the City Attorney, and approval of the Mayor, authorize the Fire Chief to enter into the attached contract and business agreement with Harris and Harris, LTD. to provide collection services for past due accounts.
2. Forward this agreement to the Mayor's Office in accordance with Executive Directive No. 3.

DISCUSSION

The Department has worked with the Office of Finance in piggy-backing off their existing contract to collect on delinquent accounts. The Department, as a Health Care Component of the City, is required to maintain separate agreements with vendors that have access to protected health information. In the event a contractor of the Department is terminated for security reasons, such termination would not affect the collection activities of other City Departments. This Agreement has been reviewed by

0150-16193-0000

the City Attorney's Office; however, the Business Associate Agreement remains subject to final review as to legal form by the City Attorney's Office to ensure full compliance with the requirements of the Health Information Portability and Accountability Act (HIPAA) of 1996.

FISCAL IMPACT

This contract will enable the collection of delinquent accounts generating annual revenues estimated at between \$1 million to \$2 million.

CONCLUSION

The Department requires these collection services to reconcile past due emergency ambulance service accounts and to exhaust every avenue to maximize collection of revenue due to the City.

Board report prepared by William Jones, Senior Management Analyst II, Administrative Services Bureau.

Attachments

- 1) Harris and Harris Service Agreement
- 2) Business Associate Agreement (for HIPAA Compliance)