



City Council Report

Date: September 21, 2020
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: Dollar-Limit Increase for Year 3 and One-Year Renewal for Year 4 to the Term Contract for Medical Billing Services for the Mesa Fire and Medical Department **(Citywide)**

Recommendation

Council is requested to approve the contract renewal as recommended.

The Mesa Fire and Medical Department and Purchasing recommend increasing the dollar limit, Year 3 by \$55,000, from \$162,700 to \$217,700; and authorizing the renewal with Daisy Mountain Fire District, at \$340,000 annually, based on estimated usage.

Background / Discussion

Mesa Fire and Medical Department (MFMD) originally partnered with Daisy Mountain in Fall of 2017 after performance shortfalls with their previous billing contractor. In November of 2017, the City of Mesa and Daisy Mountain entered into the current contract. MFMD started the Medic Unit pilot program and has been using Daisy Mountain for its billing services the past three years for the duration of the Medic Unit pilot program.

MFMD expects approximately \$80,000 in additional costs prior to Year 3's term expiring on 10/31/2020. The current contract balance is approximately \$10,542. The cause of the over expense is the fees to Daisy Mountain are a derivative of transport program revenue which has been higher than projected; and the department planned to reduce Daisy Mountain's payments once Mesa hired/trained its Medical Biller but that process was significantly delayed.

Daisy Mountain Fire District has agreed to renew the contract maintaining last year's pricing. Renewing this contract continues to be advantageous to the City and it is in the City's best interest to continue partnering with Daisy Mountain. MFMD would like to renew this contract for the following reasons:

- Switching contractors for these services is a complex process and increases the risk of Medicare noncompliance. MFMD experienced this when switching from the previous contractor to Daisy Mountain.
- Daisy Mountain has far exceeded expectations for both timeliness and Medicare compliance.

- Daisy Mountain is willing to help transition the billing function to the City if/when MFMD decides to perform its own billing in the future.

The annual contract amount of \$340,000 for Year 4 is based on expected higher transport volumes. MFMD estimates 8,000 expected transports x \$500 average collection per transport x 8.5% fee = \$340,000.

Purchase Information

Action: Amendment (Dollar Limit Increase) and Renewal (3rd of 3 possible)

Procurement Type: Competition Exemption (Non-Profit Organization)

Contract Number: 2018058

Possible Renewals: None

Funding Source: Revenue through Medic Unit pilot program

Dollar Limit History

Council Renewal Award (Year 3) – 9/9/2019:	\$137,700.00
Administrative Increase approved – 9/14/2020:	\$25,000.00
Dollar Limit Increase Request – 9/21/2019:	<u>\$55,000.00</u>
New Contract Value (Year 3):	<u>\$217,700.00</u>
 Renewal Recommendation (Year 4):	 <u>\$340,000.00</u>