



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 22-497

Board Meeting Date: 6/28/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

Subject: Agreements with CMRE Financial Services, Inc. dba Healthcare Revenue Management Group for Self-Pay, Early Out Account Services and Rash Curtis & Associates to Provide Self- Pay Collection Services

RECOMMENDATION:

Adopt a resolution authorizing agreements with:

- A) CMRE Financial Services, Inc. dba Healthcare Revenue Management Group for self-pay, early-out account services for the term August 1, 2022, through July 31, 2025, for an amount not to exceed \$360,000; and
- B) Rash Curtis & Associates to provide self-pay collection services for the term of August 1, 2022, through July 31, 2025, in an amount not to exceed \$750,000.

BACKGROUND:

In May 2019, San Mateo Medical Center (SMMC) completed a Request for Proposals (RFP) for self-pay, early-outpatient services and bad debt collections. In August 2019, this Board approved agreements with CMRE Financial Services Inc. dba Healthcare Revenue Management Group (CMRE) to provide self-pay, early- out account services and Rash Curtis and Associates (Rash Curtis) for bad debt collections due to their experience in their respective specialized areas for the term of August 1, 2019 through July 31, 2022. SMMC provides medical services to the County's safety net population and many of those services are supported by state and federal funding sources. However, some patients do not have insurance, or they have insurance which may require co-payments or deductibles. SMMC's Patient Financial Services (PFS) department follows up with patients on their outstanding balances, also known as "self-pay," accounts, for approximately 120 days.

DISCUSSION:

As patients become responsible for larger portions of their healthcare bills, it is imperative for

hospitals to have sophisticated collection programs to manage these accounts. It is equally important that a collection services vendor treat patients with respect, provide high levels of customer service, and complies with federal, state, and local regulations. Rash Curtis will continue to provide bad debt collections due to its specialized experience in self-pay bad debt accounts, as well as its enhanced technology and analytic capabilities. CMRE will continue to proactively engage patients, concentrating on account resolution and bad debt prevention, very early in the account life cycle, known in the hospital industry as a “self-pay, early-out” program. SMMC is requesting this Board waive the RFP process due to the successful performance of CMRE and Rash Curtis during the initial contract period and the unavailability of the PFS team due to their current focus on implementing a new Electronic Health Record billing system. Releasing an RFP at this time could be detrimental to SMMC’s financial performance.

The County Attorney has reviewed and approved the resolution and agreements as to form.

The resolution contains the County’s standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

The Information Services Department has reviewed and approved the IT components of these agreements.

It is anticipated that CMRE will maintain accounts receivable days under 65 days in three consecutive months and that Rash Curtis will increase cash collections by 10% over SMMC’s annual average.

PERFORMANCE MEASURE:

Measure	FY 2021-22 Actual	FY 2022-23 Projected
Number of accounts receivable days in three consecutive months maintained by CMRE	< 65 days	< 65 days
Percentage increase of cash collections over SMMC’s annual average by Rash Curtis	10%	10%

FISCAL IMPACT:

The term of the agreement with CMRE is August 1, 2022 through July 31, 2025. The amount of the agreement is not to exceed \$360,000 for the three-year term. Funds in the amount of \$10,000 are included in the SMMC FY 2022-23 Recommended Budget. Funds in the amount of \$120,000 are included in the SMMC FY 2023-24 Recommended Budget. Similar arrangements will be made for future years.

The term of the agreement with Rash Curtis is August 1, 2022, through July 31, 2025. The amount of the agreement is not to exceed \$750,000 for the three-year term. Funds in the amount of \$229,167 are included in the SMMC FY 2022-23 Recommended Budget. Funds in the amount of \$250,000 are included in the SMMC FY 2023-24 Recommended Budget. Similar arrangements will be made for future years.

The payment provisions and levels of services in these contracts are essentially the same as the previous contracts.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.