

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY  
AND RECORD OF ACTION**

July 23, 2024

**FROM**

**ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center**

**SUBJECT**

Contract with Firstsource Solutions USA, Inc. for the Provision of Secondary Placement of Accounts Receivable

**RECOMMENDATION(S)**

Approve **Contract No. 24-661** with Firstsource Solutions USA, LLC, including a non-standard term, for the provision of secondary placement of accounts receivable for a not to exceed amount of \$3,000,000, for the contract term of July 23, 2024, through July 22, 2029. (Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$3,000,000 will be paid on a contingency basis as a percentage of the amount collected. Adequate appropriation and revenue are included in the Arrowhead Regional Medical Center (ARMC) 2024-25 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

The contract with Firstsource Solutions USA, Inc. (Firstsource) will allow ARMC to maximize collections by having the vendor review, follow up, and collect payment/balance on Accounts Receivable (AR) Commercial Accounts after 360 days. Firstsource will investigate and resolve outstanding claims assigned by ARMC, recover outstanding balances from insurance companies and patients, pursue denied and underpaid claims, and provide feedback on billing and collection best practices. The cost will be paid on a percentage basis ranging from 11.9% through 14.9% depending on the date of assignment.

ARMC will continue to process AR for the first 180 days. After 180 days, Commercial Accounts will continue to be assigned to the San Bernardino County Revenue Recovery Department (RRD) for continuation of the collection process. After 180 days with RRD, approximately 360 days after the start of the collection process, outstanding Commercial Accounts will be assigned to Firstsource for further collections.

The Parties negotiated the County standard contract terms, and while Firstsource agreed to most terms, it required inclusion of a non-standard limitation of liability provision. The non-standard term is the following:

**Contract with Firstsource Solutions USA, Inc. for the Provision of  
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July 23, 2024**

Firstsource’s maximum liability to the County is limited to the total contract amount, excluding Firstsource’s indemnification obligations, and liability for gross negligence, willful misconduct, and violation of law. For those types of claims. Firstsource’s maximum liability for the excluded liabilities is limited to two times the total contract amount.

- The County standard contract does not include a limitation of liability.
- Potential Impact: Claims could exceed the liability cap and the Agreement amount leaving the County financially liable for the excess.

ARMC recommends approval of the contract, including the non-standard term, to optimize ARMC’s revenue cycle and improve financial performance to operate in a fiscally-responsible and business-like manner.

**PROCUREMENT**

On January 26, 2024, Request for Proposal (RFP) No. ARMC123-ARMC-5227 for Secondary Placement of Accounts Receivable was released through the County’s Electronic Procurement (ePro) network. The intent of the RFP is to procure for a vendor to provide secondary placement of accounts receivable. Four proposals were received in response to the RFP. Of the four proposals received, two were deemed unresponsive as the proposals did not include information requested in the RFP.

Evaluation of the proposals was completed by a committee comprised of representatives from Patient Accounts. All proposals were evaluated based on the criteria of qualification, experience, financial, technical, cost, references and presentation of system. The evaluation committee determined that Firstsource best met ARMC’s needs and recommended them for a contract.

The company names, locations, and proposed costs of all proposers who submitted a proposal in response to the RFP are provided below:

<b>Vendor</b>	<b>Location</b>
Firstsource	Louisville, KY
Managed Resources, Inc.	Long Beach, CA
OMH-HealthEdge Holdings, Inc.	Boca Raton, FL
Visionet Systems, Inc.	Cranbury, NJ

On June 11, 2024, a tentative award letter was sent to Firstsource and the unsuccessful agencies were notified in writing that they may protest the qualification review by submitting a formal protest letter to the Purchasing Department within 10 calendar days of the non-selection letters. No protests were received.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on June 27, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on June 27, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst II, 386-9008) on July 2, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on July 1, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on July 2, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on July 5, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Curt Hagman   Seconded: Joe Baca, Jr.  
Ayes: Col. Paul Cook (Ret.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.  
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: July 23, 2024



cc:    ARMC - Goldfrach w/agree  
      Contractor - c/o ARMC w/agree  
      File - w/agree  
CCM   07/25/2024