

COUNTY OF SAN MATEO
Departmental Correspondence

11

Date: April 24, 2001

TO: Honorable Board of Supervisors

FROM: Timothy B. McMurdo, Director, Hospitals & Clinics Division *TM*
MT

SUBJECT: Amendment to the SMS Master Agreement

RECOMMENDATION

Adopt a resolution authorizing the President of the Board to:

- a. execute an amendment to the Master Agreement with SMS; and
- b. amend the Master Salary Ordinance to delete a Management Analyst and add a Patient Services Office Manager.

Background

Shared Medical Systems (SMS), now known as Siemens Medical Solutions, is currently under contract with San Mateo County to provide health information services including SMS INVISION software and consulting. The INVISION software product is used to register patients for services, collect patient information, and bill for patient services. Eight other SMS software applications have been or will be installed, covering the full range of hospital services, including appointment scheduling, lab, radiology, medical records and a clinical data depository.

During the conversion to the INVISION, gross accounts receivable (AR) for Hospital & Clinics increased to about \$40 million in 2000. Gross AR represents total billed charges for patient services. Public hospitals that serve large numbers of uninsured and Medi-Cal clients typically collect about 30% of total billed charges as net patient revenue. Therefore, the net patient revenue receivable stemming from the conversion was about \$12 million.

In November 2000, SMS brought in a consulting team to reduce the AR backlog and assist in making process improvements to the Hospitals & Clinics revenue cycle. As of April 22, 2001 gross AR had declined to \$27.2 million as a result of this assistance, which equals about \$8 million in net receivables. The number of days a bill is in AR has been reduced from 127 days to 80, indicating a faster billing of accounts. AR over 90 days have declined from 51% to 46%. Finally, SMS has identified revenue cycle problems and helped develop a work plan to resolve these issues as well as implement and maintain new AR management procedures.

Discussion

While significant AR recovery and staff re-training have occurred, further efforts are needed to promote long-term success. This proposed project extension is designed to complete the implementation of the project work plan. SMS will continue to provide collections staff to perform follow-up activities. SMS will accomplish the following performance targets in the course of this project:

Measure	Baseline	Target
Reduce total gross AR	Gross AR: \$27.2 million.	Reduce gross AR to \$22M
Reduce number of days in AR	Days in AR: 80.	Reduce days in AR to 68.

Achievement of the above measures will require continued support from hospital management and staff, as well as ISD's Health Application's Group, including implementation of the approved and executed work plan, policies, and procedures. In addition, current staffing levels must be maintained.

The proposed amendment continues the contingency payment arrangement with SMS. However, the new amendment stipulates that 14.63% of amounts assigned to and collected by SMS will be retained by the contractor, instead of 16.05% in the original agreement. The proposed amendment includes medical billers focused on collecting old receivables and consultants for the revenue cycle reengineering project. SMS will continue to handle accounts with a value greater than \$500, while the County Revenue Services Division will target accounts under \$500.

During the engagement, SMS will assist in reorganizing the Business Office to improve information flow through the entire system. This reorganization calls for two managers: one to direct front-end patient registration processes and the other to handle back-end billing processes. Both managers will focus on collecting accurate information and timely billing throughout outpatient and inpatient systems. Therefore, it is recommended that a vacant Management Analyst be converted to a Patient Services Office Manager position.

County Counsel has reviewed this Amendment. Siemens is unwilling to include the non-discrimination disclosure and penalties provisions recently approved by you. Siemens is an international company with an extensive non-discrimination policy that has been reviewed by County Counsel. Siemens was also not willing to limit the scope of the county policy to the work performed solely in San Mateo County. Siemens is a sole source provider in the sense that this company is most familiar with the software system as well as the operational procedures of the Hospital. It would be difficult to find an alternative provider to assist with this project without having a negative impact on the progress made to date. It is in the best interest of the County to proceed with this amendment.

Term and Fiscal Impact

The term of the agreement is six months, from May 1, 2001 through October 31, 2001. The Siemens project team includes two and a half consulting managers, plus a six-person medical billing team. The additional medical billing staff will ensure there is no lapse in collection performance while County staff completes re-engineering process and staff training.

Gross AR will be reduced by \$5 million (\$27 million to \$22 million), yielding an estimated \$1.5 million in net revenue at a 30% collection rate. The \$1.5 million is an estimate of the incremental dollars generated by this project through resolution of existing AR accounts; this amount would be in addition to cash from current and ongoing patient activity.

Fees are estimated to be \$1.05 million and are calculated as 14.63% of the amounts to be collected. However, fees are only paid if funds are collected. The net revenue to the county is expected to be \$500,000. The County may cancel this agreement with a thirty-day prior written notice of intent to discontinue services

The additional cost of creating a Patient Services Office Manager is \$26,844. Total costs will be absorbed by anticipated increases in net patient revenue as a result of process improvements and accelerated recovery of receivables.

RECOMMENDED


HEALTH SERVICES DIRECTOR

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AMENDMENT

This Amendment is made as of the 1st. day of May, 2001, between Siemens Medical Solutions Health Services Corporation ("Siemens"), having its principal office at 51 Valley Stream Parkway, Malvern, Pennsylvania 19355 and County of San Mateo ("Customer" or "SMCGH"), having its principal office at 222 West 39th Avenue, San Mateo, California 94403

Siemens and Customer agree to amend the Agreement between Customer and Siemens dated as of October 7, 1997 as amended (the "Agreement"), as follows:

- 1. PROFESSIONAL SERVICES.** Siemens will provide the following Strategic Services Group-supplied professional services to County of San Mateo, as specifically described in Exhibit A.

The purpose of this engagement is to extend the current Accounts Receivable Recovery and Process Re-Engineering project for an additional period of time. While significant AR recovery and staff re-training has occurred in the course of the previous project, indicators reveal that further efforts are needed to promote continued and long-term success relating to the implementation and maintenance of the new AR management procedures.

- 2. LIMITATION OF REMEDY.** This amendment adds paragraph 14.5 to the agreement as follows. Notwithstanding anything in the Agreement to the contrary, Siemens' total liability under this Amendment shall be for direct damages only, and shall not exceed the professional services fees paid to Siemens relating to the services performed hereunder to which the liability relates. Siemens shall not be liable for incidental, consequential, punitive, or exemplary damages, regardless of whether Siemens was advised of the possibility of such damages. This Section states the exclusive remedy for any cause whatsoever against Siemens, regardless of the form of action, whether in contract or tort, and Siemens' entire liability to Customer, for claims arising hereunder. This provision shall not be deemed to alter or otherwise affect Siemens' liability to Customer for claims outside of the services performed pursuant to this Amendment, and the Limitation of Remedies Section in the Agreement shall be deemed to survive and be unaffected by this Amendment with regard to same.

- 3. COMPLIANCE.** This amendment adds paragraph 24.8 to the agreement as follows. Siemens has not been engaged to provide Customer with GSS consultants and/or other Siemens employees with expertise in government billing regulations, and Siemens assumes no responsibility relating to Customer's compliance with such billing regulations. Customer shall establish and maintain its business operations in compliance with all government billing regulations.

- 4. BOARD OF DIRECTORS APPROVAL.** Siemens' and San Mateo County's obligations to perform under this Agreement shall be contingent upon San Mateo County (SMC) obtaining on or before 5-01-01 approval of this Agreement by its Board of Directors. If SMC is unable to obtain such approval, and SMC notifies Siemens in writing (via certified or registered mail, return receipt requested) received by Siemens on or before 5-6-01, then this Agreement shall automatically terminate; if written notice is not received by Siemens by such date, this Agreement shall continue in full force and effect. Siemens shall not be obligated to deliver any Deliverables until after 5-6-01. In the event of a termination under this Section, Siemens shall refund to Customer the amounts paid by Customer minus the fees for services performed and related expenses incurred by Siemens under this Agreement prior to such date. If Customer requests that Siemens order any Equipment that cannot be canceled prior to such termination, Customer agrees to pay for and take delivery of such Equipment. If the Equipment can be canceled but is subject to

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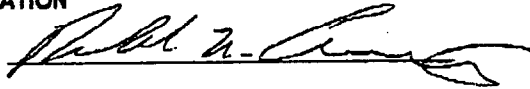
cancellation fees. Customer agrees to pay such fees. The provisions of this and the Confidentiality Sections of this Agreement shall survive any termination under this Section.

§ GENERAL. This Amendment supersedes any contrary or inconsistent provisions of the Agreement and any prior amendments (except as noted in Section 2, above). No provisions of any Customer purchase order shall apply. As amended, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, intending to be legally bound hereby, Siemens and Customer have executed this Amendment as of the date and year first above mentioned.

**SIEMENS MEDICAL SOLUTIONS HEALTH SERVICE
CORORATION**

COUNTY OF SAN MATEO

By: 

By: _____

Name: Ronald M. Castibon
(Type or Print)

Name: _____
(Type or Print)

Title: Regional U.P.
(Type or Print)

Title: _____
(Type or Print)

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ENGAGEMENT SCOPE EXHIBIT A

This Engagement Scope Exhibit describes services Siemens and County of San Mateo-San Mateo County General Hospital (SMCGH) agree to perform under this Amendment. Siemens

1.0 Purpose of the Engagement

During this engagement Siemens, through the Global Strategic Services division (GSS) will implement a Process Improvement and System Utilization project and an Accounts Receivable Recovery project designed to bring about operational changes that are compatible and congruent with the INVISION system; additionally, Siemens will provide for professionally trained healthcare receivables collection experts to actively perform follow-up and collection of the accounts receivable outlined below.

1.1 Project Goals

The specific goals of the proposed Process Improvement and System Utilization project is to work with San Mateo County General Hospital management and staff to bring about operational changes that are compatible and congruent with the INVISION system and to collect the aged accounts receivable to improve the casflow and reduce the accounts receivable. The primary focus of this project will continue to be:

- a. Increase utilization of automated features of the Siemens Patient Accounting system and related applications.
- b. Revise admitting department, medical records department and business office services process practices to reduce manual efforts, eliminate system work-arounds and increase staff efficiencies.
- c. Discover, diagnose, and resolve problems that hinder the timely and effective billing, follow-up and collection of accounts.
- d. Develop and document billing and collection logic's to be used as technical and procedural guides for ongoing account management.
- e. Train appropriate Patient Management, Patient Accounting, Medical Records, and management and staff in aspects of system functionality and billing/collection practices.
- f. Collect Accounts Receivable.
- g. Reduce the number of days held in accounts receivable.

This project is an extension of the previous AR Recovery Engagement that concludes on 4-30-01. It is the mutual goal of the parties to further improve the revenue cycle and create financial metrics that are consistent with the Customer's goals. To that end, GSS shall utilize commercially aggressive efforts to accomplish the following performance metrics in the course of this project.

- a. The Accounts Receivable greater than 90 days old can be reduced to 39% contingent on the outsourcing of the \$100-\$500 balances.
- b. The Total Accounts Receivable can be reduced to \$22M
- c. The Number of days in Gross Patient Accounts Receivable can be reduced to 68.

Our mutual desire to achieve the above listed metrics will require continued involvement and support from SMCGH management and staff, including the need for SMCGH staff to fully implement the approved and executed workplan and policies and procedures. Additionally, they are contingent based on maintaining the current staffing levels and the patient volume.

1.2 Scope of the Engagement-Accounts Receivable Recovery

GSS will assume responsibility for:

- A. Resolution of the existing inventory which will be those accounts that are greater than 29 (twenty-nine) days old, greater than \$500 dollars, and in financial classes Medicare, Medi-Cal, Commercial, HMO and Workers Compensation. Additionally, GSS will receive and resolve those accounts that age greater than 30 days during the term of this engagement with the first roll of accounts on 5-1-01 and the last roll of accounts scheduled for 9-30-01.
- B. Resolution of all accounts that are greater than \$500, financial classes Medicare, Medi-Cal, Commercial, HMO and workers Compensation and that roll into the 30 day old category after the start date of the project.

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- C. Siemens will use a team of experienced and skilled billers and collectors to collect/resolve the assigned accounts receivable.
- D. The Siemens team will use the Siemens Patient Accounting system currently in place at SMCGH facilities for all work associated with this project.
- E. Collection activity and follow-up documentation will be entered on-line with each assigned account.
- F. Collection issues and/or billing issues and trends that may impact SMCGH's ability to collect their receivables in the future will be recorded and presented to SMCGH management on a monthly basis.

2.0 DESCRIPTION OF SERVICES

2.1 The specific scope of services and responsibilities for each party are listed below. Prior to the start of the engagement, Siemens and SMCGH will agree to identify a way in which accounts will be identified as Siemens' responsibility and tracked through payment processing. Any Changes to the scope of this engagement shall be described in an amendment to this Engagement Scope Exhibit and may result in an adjustment to the fees due hereunder.

2.1.1 Description of Services to be performed by Siemens

Siemens will assume responsibility for inpatient and outpatient accounts, that are classified as Medicare, Medi-Cal, Commercial, Workers Compensation and HMO, with balances over \$500 that are 30 days and older from date of service or discharge as of the project start date, as well as accounts with balances over \$500 that age into the 30-day and older category during the first 5 months of the term of this engagement. SMCGH is responsible for collection of accounts below this dollar threshold. Accounts already placed with bad debt collection agencies and other outside vendors are not part of this agreement.

- a) Siemens will accomplish the following on the assigned accounts
- b) where appropriate, bill any unbilled claims, rebill any rejected claims after claims are corrected by SMCGH;
- c) submit available documentation necessary for payment to the responsible party, including, but not limited to, claims, itemized statements, pre-certification documents, and referrals;
- d) contact responsible parties (third party and patient) to secure payment;
- e) prepare denied accounts or episodes for appeal to the payer where appropriate;
- f) investigate and resolve pending claims by contacting the insurance carrier, and as necessary the physician, and/or the insured;
- g) monitor remittance advice and rejection rates for prompt payment and resolution of pending claims;
- h) determine the status of each claim as it relates to contractual allowance, rejected status, rebilling requirements, responsibility of secondary and tertiary payers, completeness of documentation, accuracy of insurance and demographic information, and accomplish procedures required to obtain payment;
- i) determine additional requirements for claim resolution including, but not limited to, reconciling contractual adjustments, write-offs, or referral to bad debt collection agencies;
- j) attain a claims resolution percentage of 95%.
- k) maintain good public relations with patients, physicians, the community, and third party payers while recovering cash and resolving accounts;
- l) evaluate problems and issues causing rejection or aging of accounts and recommend solutions and report findings to SMCGH Management.

2.1.3 Appoint one person who will communicate billing regulation compliance questions or issues to SMCGH for resolution.

2.1.4 A follow-up onsite compliance assessment will be performed by SMS as soon as practicable after this extension is executed. The assessment will validate SMCGH's progress toward addressing issues identified in SMS'S initial written assessment report. SMCGH acknowledges and agrees to cooperate with SMS during this follow-up assessment and to address compliance concerns, if any, discovered during the assessment.

2.1.54 A Project Director will lead the on-site project team. The Project Director will manage project operations and will be the principle liaison between the SMCGH business office management team and Siemens.

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Maintain billing records and files as needed for reimbursement by payers, state and federal laws, third party audits or other parties.

2.1.6 Analyze remittance advices for denials and partial payments and take action necessary to collect balance. These steps will include the actions identified in the previous service description.

2.1.7 Provide consultant to function as project liaison to perform the following functions:

- a) Develop and maintain on-going issues list;
- b) Monitor actual collection rates versus projections and communicate to SMCGH management;
- c) Identify and communicate to SMCGH management any challenges which are affecting collection rates;
- d) Develop and distribute monthly status reports which identify progress and issues requiring SMCGH attention;
- e) Facilitate the obtaining of necessary information to collect the account balances as communicated to SMCGH as a result of the collection process;
- f) Communicate to Siemens and SMCGH the progress and any potential backlogs in obtaining this necessary information;
- g) Identify compliance and processing issues which caused the accounts payments to be delayed and work with SMCGH management to improve the related processes;
- h) Monitor conformity of SMCGH policies and requirements related to contacting of payors, patients and guarantors;

2.1.8 Demand follow-up statements to patients/guarantors on a regular cycle in accordance with SMCGH guidelines.

2.1.9 Provide the following services among those to be rendered in connection with third-party billings:

- obtain hard copies of SMCGH's claims when required by the intermediary
- promptly review and monitor requested third-party remittances received by EOB, or tape from Medicare, Medicaid, and other third-party carriers for accuracy; and provide ongoing follow-up and work pending claims from any third-party payer and respond to inquiries and/or requests for additional information from SMCGH client provider facilities where necessary research denials and challenge such within mutually acceptable guidelines.

2.1.10 Adhere to the following in connection with first-party billing:

- a) bill individual patients and respond to patient telephone or written inquires as appropriate to the individual involved and in accordance with SMCGH policies. If SMCGH defined minimum payment amounts are not met within stated guidelines, the account will be referred to the Pre-bad Debt list;
- a) review Pre-bad Debt list and make a recommendations to SMCGH within five (5) days to take the appropriate action (i.e. forward the account to a collection agency, write off balance to bad debt, charity, etc.);
- b) identify duplicate and overpayments for SMCGH resolution;
- c) consult with and obtain the prior approval of the SMCGH before settling an account;
- d) suspend billing temporarily or permanently on any specific patient account as instructed by the SMCGH.

2.1.11 All payments on accounts are made directly to SMCGH.

2.1.12 Other tasks and services as mutually agreed to in writing by both Siemens and SMCGH.

3.0 Description of services to be performed by SMCGH

3.1 Provide a Compliance Officer responsible for administering an effective compliance program. SMCGH's Compliance Officer shall be Siemens' point of contact for compliance issues encountered by Siemens during this engagement. SMCGH's Compliance Officer will respond to Siemens in writing to all compliance issues raised by Siemens under this Agreement and will describe and implement all necessary remedial compliance measures. SMCGH will allow periodic compliance audits by Siemens to be coordinated through SMCGH's Compliance Officer;

3.2 Provide access to appropriate levels of management and staff and policies/procedures needed to assist Siemens in accomplishing its contractual responsibilities;

3.3 Maintain responsibility for the financial, operational, legal, compliance, and clinical operations of the and Patient Accounting Department;

3.4 Input into the Siemens System, all demographics, charges, diagnosis and procedure coding, point-of-service payments and adjustment data, including necessary attachments in a timely, accurate manner

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- consistent with standard Siemens procedure and in compliance with Medicare, Medicaid, and other governmental and commercial third party reimbursement regulations;
- 3.5 Adhere to all applicable federal and state regulations and to provide written protocols for Siemens to follow;
 - 3.6 Implement, manage, and monitor Patient Accounting Department's data collection and data entry procedures that safeguard and ensure the accuracy of all data transmitted to Siemens;
 - 3.7 Provide Siemens with appropriate information regarding capitated plans and other insurance contracts, including expected reimbursement;
 - 3.8 Input daily to Siemens System all data required to generate claims and patient statements and to assist, when necessary, with resolution of claims returned by third-party payers for additional medical information or justification, including attachments;
 - 3.9 Provide Siemens with necessary access to information such as operative reports or medical records, EOBs, etc;
 - 3.10 Correct information from returned mail on a daily basis.
 - 3.11 Take action on Siemens' recommendations regarding Pre-bad Debt list taking corrective action within five (5) business days to either: 1) forward the account to a collection agency or 2) write off balance to bad debt, charity, etc.
 - 3.12 Have signed by the appropriate parties the standard documents and forms allowing Siemens to perform services on the SMCGH's behalf, including, but not limited to Medicare automated billing agreements, authorization to sign claim forms, any or all documents of authorization now or hereafter required by fiscal intermediaries or any other involved reimbursement sources and any other third-party tape or electronic agreements.
 - 3.13 Authorize Siemens to make those technical and alphanumeric corrections to input data received from provider facilities, if required, which, without changing the content or meaning of the input data, will enable Siemens to complete processing of the data in accordance with third-party paper, tape, or electronic submission requirements;
 - 3.14 Generate refund payments for duplicate and overpayments on a timely basis;
 - 3.15 Establish a supervisor or manager contact to respond to Patient Accounting Department staff inquiries regarding system utilization;
 - 3.16 Maintain system and provider masterfiles and coordinate daily updates with Siemens to masterfiles as findings and new billing decisions warrant, i.e. insurance address changes, credit codes, transaction codes, etc.;
 - 3.17 Appoint a project manager liaison to work with the GSS project team and assist with the facilitation of system needs, meetings and general coordination of Siemens and SMCGH activities relating to the project.
 - 3.18 Assume payment responsibility for any collection agency fees;
 - 3.19 Provide adequate network access in accordance with Siemens' technical requirements;
 - 3.20 Retain appropriate file backups and on-line data storage;
 - 3.21 Complete a Siemens SMCGH Satisfaction Survey at the conclusion of the project.
 - 3.22 Provide access to gather identified information for collection purposes, in areas that include medical records, patient financial data and insurance EOBs.
 - 3.23 Receive and post payments for all designated accounts within a reasonable time frame;
 - 3.24 Remain responsible for all remote-processing fees incurred as a result of the collection activities initiated by Siemens. These fees may include; statement generation, postage, report processing fees, etc;

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- 3.25 Provide access to Siemens liaison the following documentation within five (5) business days of receipt;
- a) Written correspondence;
 - b) Denial information to include codes, explanations and contacts;
 - c) Partial payment listings with complete detail and reason for partial payment.

3.26 Correct information from system generated error reports in accordance with mutually agreed upon time guidelines;

3.27 Provide the following for Siemens staff assigned to this effort

- network access;
- PC's with software necessary to access internal and external systems;
- workspace;
- telephones
- letterhead
- postage;
- SMCGH policy and procedure documentation;
- SMCGH identification badges, as required;
- access to SMCGH buildings and facilities as required, including paid parking spaces.

3.28 Other tasks and services as mutually agreed to in writing by both Siemens and SMCGH;

4.0 Scope of the Engagement-Process Improvement and System Optimization

A. Develop and implement an effective process for integrating the workflow and activities in the Admitting department, medical records department and business office to promote optimal management of the accounts receivable. Achievement of this goal will be measured by implementation of the work plan developed by GSS and approved by SMCGH management by the end of the six-month engagement. Our mutual desire to achieve the above listed goal will require continued involvement and support from SMCGH management and staff, including the need for SMCGH staff to fully implement the workplan tasks assigned to them.

B. Continue to oversee a focused work unit, comprised of SMCGH staff, to resolve those accounts greater than 90 days old and listed as financial class "Undetermined". Resolution of these accounts will be defined as:

- 1. Reclassification of the account to a viable financial class
- 2. Billing of the account to a third party payer
- 3. Payment of the account
- 4. Charity Class Determination
- 5. Bad Debt Determination
- 6. Accounts unbilled or unresolved pending variables that are not controlled by Siemens such as treatment authorizations, provider numbers etc.

C. Working with SMCGH Management, develop and implement policies and procedures to assist SMCGH to optimize the system and correct departmental deficiencies. A Policy and Procedure book will be completed and GSS staff will provide training to the staff to promote an understanding of the new policies. Documentation will be provided to show evidence of the staff training (E.g. A procedural sign-off sheet). The Policies and Procedures may include but not be limited to:

1. Pre-Registration
2. Pre-Billing
3. Insurance Verification
4. Collection of deductibles, co-pays
5. Insurance benefits and eligibility verification
6. Coding of diagnosis and procedure codes
7. Cash Posting, allowances, balancing and reconciliation
8. Customer Service
9. Financial Counseling

D. Develop, document, and implement billing and collection rules-based system logic's and enhanced procedures designed to support SMCGH policies and utilize automated system features at optimum levels on an ongoing basis.

E. Monitor and Maintain existing issues log.

F. Act as inter and intra departmental liaison for departments effecting revenue cycle. Refer unresolved issues to appropriate executive level of management.

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- G. GSS will refer unresolved personnel issues to appropriate executive level of management for resolution.
- H. Provide for informal training and transition activity for newly hired management team
- I. Working with SMCGH Management, implement the established workplan. The plan will identify key initiatives, major milestones, and resources requirements that reflect the priorities and interdependencies of various initiatives.

5. Deliverables

5.1 Siemens-GSS will provide SMCGH with the following deliverables:

- a. Institutionalization of written policies and procedures developed by GSS as demonstrated by the completion of a procedural sign-off sheet.
- c. Documented manual and automated procedures
- d. Documented training and educational materials
- e. Monthly status reports
- f.
- g. Management tools for on-going monitoring purposes.
- h. Monthly cash collections report
- i. Monthly Issues Log

6. Project Duration and Staffing

6.1 Based on the project scope and goals, GSS estimates the engagement will extend from 5/1/01 through 10/31/01.

6.2 Siemens/GSS Principal Consultants/Onsite Project Managers and Senior Consultants will be assigned to conduct the ongoing project. Professional accounts receivable collectors will be provided to perform collection activities. Additional consulting assignments may be made based on specific needs and expertise. In addition, an experienced GSS Consulting Manager will serve as the engagement manager. The engagement manager's role will be to empower the project team, monitor the quality of the work performed and review the outcomes to be certain that the entire scope of the project is engaged and meets the client's expectations.

6.3 Based on the projected project duration, assumed staffing needs, and project management requirements, GSS estimated hours for the process improvement component is 2,400. We estimate the process improvement fees at the discounted billable fees to be at \$420,000. The costs for these services are contained within the contingency rate listed in section 7.0

6.4 In addition, SMCGH will be billed for the process improvement project-related travel and living costs, not to exceed \$75,000, unless approved by SMCGH prior to expenses being incurred. GSS will make every effort to minimize travel expenses. Travel and living costs of the Siemens-ARS collection team are included in the project fees.

7.0 Fees and Expenses

7.1 SMCGH agrees to reimburse Siemens a fee equal to 14.63% of all cash collected on accounts described herein.

7.2 Cash collection fees will be based on payments received on accounts assigned to Siemens beginning with payments received fourteen (14) calendar days from the project start date and ending fourteen (14) calendar days after completion of the project period. Should the project be extended, the payment period will extend by the same time period.

7.3 SMCGH will provide Siemens with the daily cash posting report to verify payments received.

7.4 SMCGH agrees to reimburse Siemens for travel expenses for GSS professional consultants involved with the process improvement project, not to exceed \$75,000, unless approved by SMCGH prior to expenses being incurred.

7.5 Throughout the term of this Engagement Scope Exhibit, Siemens will provide a GSS Consultant for eight (8) hours per week to serve as the Cash Recovery project liaison and be responsible for setup and monitoring of several operational aspects of this project, including but not limited to, development and deployment of:

- a. system reports to track performance;

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- b. mechanism for Siemens to track, on a weekly basis, accounts in scope and accounts that age into the 90-day category and cash collections;
- c. an information feedback loop to ensure what is learned about payment delays is fed back to SMCGH in report format, clearly defining the cause and fix for the payment delay, i.e., front-end/back-end/ancillary systems, processes, training;
- d. compliance observations and issues relevant to the project success

7.6 Siemens reserves the right to increase the fee if SMCGH expands the scope of the engagement beyond what is described in this proposal. Any such increase will require a written amendment to this Engagement Scope Exhibit of Work.

8. **Term**

GSS is prepared to begin this engagement within two weeks of receiving a signed copy of this Engagement Scope Exhibit and the Agreement. The duration of the services described herein shall be 6 months following the project start date. Customer has the right to cancel the GSS services or the AR Recovery Services provided under this Engagement with a thirty-day prior written notice of intent to discontinue such services. In the event that the customer chooses to discontinue the AR Recovery services and retain the GSS Consultants, the customer will be charged an hourly rate of \$175.00 per hour for each consultant.

9. **Project Contingencies and Requirements**

9.1 To achieve project goals and objectives as specified, the following contingencies and requirements are assumed.

- a. SMCGH shall maintain responsibility for its accounts receivable. All substantive actions taken by Siemens will be performed only with the approval of Patient Accounting Management, and shall not be unreasonably withheld.
- b. Staffing levels in the Business Office and related Patient Management and Medical Records shall remain essentially the same, with the exception of mutually agreed-to redeployment of staff.
- c. Any or all approvals and/or decisions regarding staffing level requirements, system decisions, sign-offs, policies, procedures or other operational changes will be acted upon in a timely manner so as not to impede or impact project progress.
- d. Siemens staff will be provided with adequate work space, systems access, telephones and printing capabilities.
- e. SMCGH will identify appropriate management/staff members to serve as a steering committee and work in conjunction with Siemens professional staff to execute identified plans.