

**OFFICE OF THE COUNTY ADMINISTRATOR**

600 West Fourth Street  
Davenport, Iowa 52801-1003

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May 26, 2011

TO: Board of Supervisors  
FROM: Dee F. Bruemmer, County Administrator  
SUBJECT: MEDIC Contract Renewal

As Health care regulations continue to change, there has been a need to review the relationship of the non-profit MEDIC Ambulance Corporation with the hospitals both in billing arrangements and in contracted services. Until July 1, 2011, MEDIC ambulance received payment for services under a Part A billing arrangement. That contractual relationship required the hospitals to bill transport services in the hospital patient bill. The hospitals assumed the risk of non-payment; however, they covered their potential loss through a percentage reduction in each bill payment to MEDIC. The second relationship is the contract with the Board of Supervisors, the Board of Health, MEDIC, Genesis and Trinity for ambulance services in the County. The hospitals can no longer be party to that contract. The contract with them as parties could be construed as a guarantee of transport percentages to each facility. Under no circumstances can the ambulance service direct transports to a provider or have contracts with Medical providers that could be construed as such.

In the first case of billing MEDIC has worked over the last year to take on the billing through a third party vendor. They hired experts to map out business processes, develop a RFP and help determine a billing vendor. The consultant also worked with MEDIC on cash flow start up. As a Board member, I will be informed of the progress of this change over the next year. MEDIC is on firm financial footing and has sufficient fund balance to absorb the delayed revenue stream with the changeover. However to be assured that the operation is not impacted, a line of credit has been opened with a local bank. MEDIC does not anticipate the use of the line of credit, but it allows the County to know that the company will not incur a deficit in operations.

The second issue is the renewal of the five year contract with MEDIC. This renewal is coincidental with the billing change. However, the removal of the hospitals from the contract is caused by the same concern of directed care. The contract is between the County both the Board of Supervisors and the Board of Health and MEDIC. The language regarding deficit remains the same as in the previous contract. That funding is two-thirds the deficit at year end. MEDIC would assume the one-third deficit by having a large enough unassigned fund balance. Currently, the cash on hand is in excess of three to four months of operation. Those balances are significantly more than any one year projected deficit. In fact, the balance is sufficient to assure all deficits could be covered. In my opinion, there is minimal risk for the County in this change of contract partners. As I have done with the County's new financial arrangements, I will keep you updated as MEDIC goes through its first year of billing under this Part B arrangement.

May 25, 2011

Tom Sunderbruch, Chair  
Scott County Board of Supervisors  
600 West Fourth Street  
Davenport, IA 52801

Dear Mr. Sunderbruch:

In accordance with Section VI.A.viii of the current Scott County Agreement # 20G-01-1200/DHAC with the Davenport Hospital Ambulance Corporation, our company is required to provide you with "notification of any significant changes in funding, staffing or programming; including the expansion of an existing program or the addition of any new funding source and/or program within 30 days of the change."

Effective July 1, 2011, MEDIC EMS will end the under arrangement Part A billing relationship with Genesis Medical Center and Trinity Medical Center, and begin Part B billing services with LifeQuest, of Wautoma, WI. LifeQuest was selected by the MEDIC EMS Executive Committee on April 18, 2011, following a formal Request for Proposal process.

We value and appreciate the past billing relationship between MEDIC EMS, Genesis and Trinity, and assure you that all parties are working diligently to effectuate a smooth transition of services.

We feel that this billing change will be a very positive step for our company. Should you have any questions, please contact me at (563) 323-6806.

Respectfully,



Linda Frederiksen  
Executive Director

Cc: Dee Bruemmer  
Ed Rivers

**SCOTT COUNTY HEALTH DEPARTMENT**

Administrative Center  
600 West 4<sup>th</sup> St.  
Davenport, Iowa 52801-1004  
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**Date:** July 1, 2011

**Agreement #:** 20G-01-1200/DHAC

**Agreement Parties:** Scott County Board of Health  
  
600 W 4<sup>th</sup> St  
Davenport, IA 52801

Davenport Hospital Ambulance Corporation  
1204 E High Street  
Davenport, IA 52803

**Purpose:** Davenport Hospital Ambulance Corporation ("MEDIC EMS") provides basic life support and advanced life support and emergency and transfer services within geographical areas "C", "D" and "E" of the Scott County Code of Ordinances, Chapter 28, Ambulance Service, and back-up for areas "A" and "B". Areas "A" through "E" are delineated on the maps attached hereto. The Scott County Board of Health ("Scott County") recognizes that the services provided by MEDIC EMS are essential to the health and safety of the residents of Scott County and Scott County seeks to ensure the availability of these vital services.

The parties hereby agree to perform the work, fulfill the obligations, to provide the services and abide by all terms and conditions described in the Agreement, consisting of these cover pages and the following pages consisting of Sections I through VII, for the consideration herein. The parties hereto have executed this contract on the day and year last specified below.

**For and on behalf of the Scott County Board of Health:**

**For and on behalf of the Davenport Hospital Ambulance Corporation:**

**By:** \_\_\_\_\_  
**Chairman**

**By:** Ginda Frederiksen  
**Executive Director**

**Date:** \_\_\_\_\_

**Date:** May 31, 2011

**For and on behalf of the Scott County Board of Supervisors:**

**By:** \_\_\_\_\_  
**Chairman**

**Date:** \_\_\_\_\_

I. Identification of Parties

- A. The Chairperson of the Scott County Board of Health is the Authorized County Official for this Agreement. The Authorized County Official shall have the authority to authorize this Agreement, and any changes in the terms, conditions, or amounts specified in this Agreement. Negotiations concerning this Agreement should be referred to the Chairperson. The Scott County Board of Health hereinafter will be referred to as "Scott County."
- B. The Executive Director is the Authorized Davenport Hospital Ambulance Corporation Official for this Agreement. This individual is responsible for financial and administrative matters of this Agreement and shall have the authority to authorize this Agreement and any changes in the terms, conditions or amounts specified in this Agreement. Negotiations concerning this Agreement should be referred to the Executive Director. The Davenport Hospital Ambulance Corporation hereinafter will be referred to as "MEDIC EMS."

II. Term of Agreement

- A. The effective date and initial term of this Agreement shall begin on July 1, 2011 and shall continue until June 30, 2013 and shall thereafter renew annually commencing at the expiration of the initial term of this Agreement for up to three (3) additional terms of one (1) year each. This Agreement shall remain in effect unless one party serves written notice to the other at least ninety (90) days prior to the expiration of the initial term or any renewal term of the Agreement that it desires for any reason to terminate this Agreement.
- B. This Agreement may be terminated by any party upon not less than forty-five (45) business days prior written notice to the other party specifying the date on which termination will become effective, in the event of any action or threatened action by local, state, or federal governmental or accrediting bodies, or any opinion of legal counsel to the effect that any provision of state or federal law or regulations creates a serious risk of assessment, sanction, penalty, or other significant consequence (collectively referred to as "supervening law") to the party giving such notice. The parties acknowledge that this Agreement is being entered into at a time of significant change in state and federal law regarding the delivery and financing of health services and all parties agree to negotiate in good faith to reform or modify this Agreement, as necessary in the event of supervening law as defined herein prior to terminating this Agreement, unless termination is necessary to prevent imminent adverse legal consequence.

- C. This Agreement may be terminated by any party, for cause consisting of material breach or default by another party, by giving the other party not less than thirty (30) business days prior notice of termination in writing, specifying the alleged breach or default and the date on which termination will be effective, provided, that in the event of termination for cause under this subparagraph, the party receiving notice shall have twenty (20) business days from the date of receipt of such notice in which to correct or cure the alleged default, provided, however, that if such default cannot reasonably be cured in twenty (20) business days, the breaching party shall have a reasonable period of time thereafter to cure the alleged default.
- D. This agreement may be amended in whole or in part, by mutual consent of the parties, provided that no such amendment shall become effective unless in writing and properly executed by both parties.

### III. Scope of Services

- A. MEDIC EMS will provide basic life support and advanced life support emergency and transfer services within geographical areas "C", "D" and "E" of the ambulance service area described in Scott County Code of Ordinances, Chapter 28, Ambulance Service. In addition of providing full time ambulance service as above described, MEDIC EMS agrees to provide standby and/or backup service within geographic areas "A" and "B" of the ambulance service area, upon request of Scott County as required by Section 28-4, Subsection F of the Scott County Code of Ordinances, Chapter 28, Ambulance Service.
- B. MEDIC EMS shall comply with Scott County Code of Ordinances, Chapter 28, Ambulance Service and all Iowa Department of Public Health EMS rules, regulations, and laws.

### IV. Manner of Financing

- A. Scott County agrees to reimburse MEDIC EMS two-thirds (2/3) of any and all cumulative deficit incurred at the end of each one-year period of July 1 through June 30 during the term of this Agreement and any extensions hereof. The cumulative deficit, if any, shall be shown on the year-end audited financial report prepared by MEDIC EMS.
- B. MEDIC EMS, at its place of business, shall keep accurate and complete financial books and records in accordance with sound and generally accepted accounting principles. If necessary to fulfill its obligations under this Agreement, Scott County shall have the right at all times during business hours, upon reasonable notice to MEDIC EMS, to inspect such financial books and records, to make extracts therefrom as necessary and/or to speak with the auditors thereof.

- C. Upon preparation and review of the year-end audited financial report, MEDIC EMS shall invoice Scott County for the cumulative deficit shown, if any. This invoice shall be sent on or before five (5) business days from the beginning of the calendar month succeeding the completion of the year-end financial report. Scott County shall pay its share of the deficit no later than thirty (30) days after the date of the invoice, provided that reasonable access to the MEDIC EMS records, if necessary and requested in accordance with this Agreement, has been provided in a timely manner.
- D. Scott County and MEDIC EMS each acknowledge that the payments herein to be made are to supplement and not supplant other available sources of income to MEDIC EMS, such as fees collected for services provided to individual patients.
- E. Pursuant to Paragraph B above, MEDIC EMS may disclose or reveal to Scott County orally, in writing, or by inspection, confidential information. Confidential information (hereinafter "Information") shall mean any data or information that is competitively sensitive and not generally known to the public. Such Information shall include, but is not limited to, financial statements, tax returns, cost and expense data, and other information that is not generally ascertainable from public or published information.

If such confidential information is disclosed, Scott County shall treat all Information received from MEDIC EMS as confidential, and Scott County, nor any of its respective officers, agents or employees shall disclose the Information to any third parties or use any Information received from MEDIC EMS for any purpose unrelated to this Agreement.

All Information pertaining to MEDIC EMS shall remain the property of MEDIC EMS, and all written or stored Information, with all copies thereof, shall be returned to MEDIC EMS upon its written request.

#### V. Liability and Insurance

MEDIC EMS shall maintain comprehensive liability insurance as required by Scott County Code of Ordinances, Chapter 28, Ambulance Service, Section 28-4, Subsection D, and shall be in an amount of at least \$1 million per occurrence/, \$3 million annual aggregate for general liability and professional liability coverage. Scott County shall be named as an additional insured under the general liability policy maintained by MEDIC EMS and providing minimum coverage of \$1 million. A copy of the certificate of insurance shall be on file at the Scott County Health Department.

VI. Reports

- A. MEDIC EMS agrees to submit the following reports to Scott County on or before the following dates:
- i. Certificate of insurance: Annually at the time of renewal
  - ii. First quarter outcomes: October 31<sup>st</sup>
  - iii. Second quarter outcomes: January 31<sup>st</sup>
  - iv. Third quarter outcomes: April 30<sup>th</sup>
  - v. Fourth quarter outcomes: August 31<sup>st</sup>
  - vi. Final financial profile: August 31<sup>st</sup>
  - vii. Audit report: 150 days from the end of the agency's fiscal year.
  - viii. Notification of any significant changes in funding, staffing or programming; including the expansion of an existing program or the addition of any new funding source and/or program within 30 days of the change.

VII. Other Conditions

- A. MEDIC EMS shall comply with all applicable laws and regulations pertaining to its operation, and shall not discriminate in providing services on the basis of race, color, creed, national origin, sex, handicapped condition or religious affiliation.
- B. None of the funds provided through this Agreement shall be used for any partisan political activity nor shall they be used to further the election of any candidate for political office.
- C. Severability. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held by any court or by the Office of Inspector General (OIG) of the United States Department of Health and Human Services to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES  
THAT THIS RESOLUTION HAS BEEN FORMALLY  
APPROVED BY THE BOARD OF SUPERVISORS ON  
\_\_\_\_\_  
DATE  
\_\_\_\_\_  
SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

June 9, 2011

APPROVAL OF DAVENPORT HOSPITAL AMBULANCE CORPORATION (MEDIC  
EMS) MULTI-YEAR CONTRACTUAL AGREEMENT

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

- Section 1. That the Multi-Year Contractual Agreement between Scott County,  
Scott County Board of Health and Davenport Hospital Ambulance  
Corporation (MEDIC EMS) is hereby approved.
- Section 2. That the chairman is hereby authorized to sign said agreement.
- Section 3. This resolution shall take effect immediately.