

## ADDENDUM 1, QUESTIONS and ANSWERS

Date: March 13, 2023

To: All Bidders

From: Dana Crawford-Smith, Procurement Contracts Officer  
DHHS

RE: Addendum for Request for Information Number Collection  
to be opened March 27, 2023, at 2:00 p.m. Central Time

### Questions and Answers

Following are the questions submitted and answers provided for the above-mentioned Request for Information. The questions and answers are to be considered as part of the Request for Information. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

<u>Question Number</u>	<u>RFI Section Reference</u>	<u>RFI Page Number</u>	<u>Question</u>	<u>State Response</u>
1.			Does DHHS currently utilize a collection agency for the accounts included in this RFI?	No
2.			What is the current recovery rate percentage on this book of business?	Of all outstanding A/Rs, about 18% has been recovered. Cases referred to an agency would only be ones who have not made a payment in over 90 days, in which I do not have a recovery calculation for.
3.			Regarding the example list of outstanding balances, is it the intention of DHHS to place these accounts with the selected collection agency vendor, or are these accounts currently placed with another agency?	See Question 1
4.			What is the anticipated monthly placement volume (both number of accounts and average balance)?	Current estimation would be that DHHS would refer about 3,000 accounts and an average balance of \$2,000 on any given month. Not new accounts, but total.
5.			Regarding the contents of this RFI submission, specifically, what information are you looking to obtain as there are no specific questions outlined (only the required forms)?	See Question 11.  We are not requesting pricing at this time.

			Are you looking for pricing at this time, or will this be requested in the RFP at a later date?	
6.			Regarding the pricing requirements of a fee paid on a "per account" basis, is this fee billed to the consumer, or is this taken from the principal collected?	Taken from principal collected
7.			What is the current backlog of placements you expect to place with the selected agency (both # of accounts and \$)?	3,000 accounts and \$8,000,000
8.			Do you conduct any state or federal tax intercepts/tax offsets for this line of business? If yes, does DHHS desire that these intercepts be conducted by the agency? And, does the agency retain a fee on intercept collections?	DHHS conducts some tax intercepts/offsets for SNAP and those cases would not be included in the listings provided to the agency.
9.			Can you provide a breakdown of this portfolio as it relates to the types of accounts (both # and \$ of annual placements)? For example, what is the volume of accounts for behavioral health, medical services, etc.	See RFI Attachment I – "Summary by Program"
10.			What I may have missed in reviewing the RFI   Spreadsheet is the type of accounts to be collected. Are the accounts listed in the spreadsheet owed by individuals (consumers), businesses (commercial), or a mixture of both?	Mixture of both.
11.			Our company is interested in responding to this RFI. However, we are unclear on what the complete initial list of information is that we must submit. We have the attached document; is the Form A Vendor Contact Sheet the only set of information that is needed for this RFI?	<p><b>A. PROJECT OVERVIEW</b>  The purpose of utilizing the collection agent is to assist in the collection of debts on delinquent accounts.</p> <p>Collections agent is responsible for communicating directly with providers/clients to collect debts and resolve outstanding balances. This role requires a high level of customer service, persuasion, and negotiation skills, as well as a mind for problem-solving to work with customers to resolve their debts and collect payment. An example of a current list of outstanding balances can be found in Attachment 1.</p> <p><b>B. PROJECT REQUIREMENTS</b>  The Collection Agent will not have a contingency fee imposed per State Statute 73-204 but will be paid on a "per account" basis. The Collection Agent will set up an Automated Clearing House (ACH) account with financial services to remit all collected monies via Electronic Funds Transfer (EFT)/ACH. The Collection Agent will submit a report of all the collected amounts with the corresponding details within ten (10)</p>

				<p>calendar days after month end. The Collection Agent will then furnish Financial Services with a monthly invoice detailing the particulars of the amounts collected/client. The invoices are payable net forty-five (45) calendar days from date of invoice.</p> <p>C. SCOPE OF WORK</p> <ol style="list-style-type: none"> <li>1. Collection Agent will attempt to collect all the monies owed on outstanding accounts that are ninety (90) calendar days or older.</li> <li>2. Collection Agent will provide DHHS with a monthly encrypted update/report with all the monies collected ten (10) calendar days after month end. If contact was made with the clients, the collection Agent will provide that information to DHHS.</li> <li>3. Collection Agent will establish an ACH/EFT with State's bank account.</li> <li>4. Collection Agent will furnish DHHS with a detailed monthly invoice no later than ten (10) calendar days after month end.</li> </ol> <p>D. DHHS RESPONSIBILITIES</p> <ol style="list-style-type: none"> <li>1. DHHS will provide the Collection Agent with a detailed Excel report of delinquent accounts monthly no later than the 10th of each month.</li> </ol>
12.			Typically a Request for Information (RFI) will include a set of questions for respondents to answer. We are not finding any questions in this RFI. What information does DHHS want respondents to include in their responses?	See Question 11
13.			What types of delinquent debts does DHHS plan to refer for collection services? (i.e., medical, fines, fees, loans, taxes, overpayments, etc.)	Overpayments only.
14.			What collection attempts will DHHS make prior to referring accounts to a collection agency?	DHHS sends providers/debtors an initial demand letter as well as monthly billing statements on the amounts they owe.
15.			With how many collection agencies do you plan to contract?	One
16.			With which collection agency(ies) are you currently contracted, if any?	None
17.			What is the current "per account" fee rate charged by your current collection agency, if any?	See Question 16
18.			On a going forward basis, per month, what is the overall volume of accounts (number of accounts and total dollar value of	3,000 total accounts and \$8,000,000 on any given month

			accounts) that you anticipate referring to the contracted collection agency for collection services?	
19.			If the contract is awarded to a different vendor than currently contracted, will you be recalling the accounts previously listed to the current vendor and forward those accounts to the new vendor?	See Question 16
20.			If yes, what is the overall volume of those accounts (number of accounts and total dollar value) that you anticipate would be referred for collections?	N/A
21.			If yes, will these accounts be allowed to be bid at a different rate since these are what the collection industry calls "seconds" and are not primary placed accounts?	N/A
22.			What is the average balance of the accounts you will refer for collections?	~\$2,000
23.			What is the average age of the accounts you will refer for collections?	5 years
24.			What is the age of the oldest accounts you will refer for collections?	Oldest account is from 1999. No account will have been inactive for longer than 5 years.
25.			What is your target date for contract award, if any?	No date is set yet.
26.			What is the overall historical liquidation rate / recovery rate achieved by your current collection agency, if any?	Of all outstanding A/Rs, about 18% has been recovered. Cases referred to an agency would only be ones who have not made a payment in over 90 days, in which I do not have a recovery calculation for.
27.			In the most recent fiscal year, what dollar amount did your current collection agency (if any) retain in fees?	See Question 16
28.			Are digital signatures allowed on required bid forms? Our company utilizes DocuSign, which provides certified legally binding digital signatures of contract documents. The signer will be a person legally authorized to bind our company.	Yes
29.			What insurance coverages do you require of a collection agency?	None at this time

30.			<p>"Bidder should submit one (1) original of the entire RFI response. RFI responses should be submitted by the RFI due date and time. Sealed RFI responses should be received in DHHS by the date and time of RFI opening indicated above."</p> <p>QUESTIONS: 1. Please confirm whether an original signed paper copy of the response is required? 2. If yes, do we submit it to the "RETURN TO" address listed in the upper right corner of Page 1 of the RFI? 3. Or is it permissible to submit the signed original via email? (Our company uses DocuSign for authorized signers to sign electronically.)</p>	<p>Check the website <a href="https://das.nebraska.gov/materiel/purchasing/RFI%20COLLECTION/RFI%20COLLECTION.html">https://das.nebraska.gov/materiel/purchasing/RFI%20COLLECTION/RFI%20COLLECTION.html</a> for an updated RFI</p>
31.			<p>Has this program been outsourced in the past? If so, who is/are the current supplier(s)?</p>	<p>See Question 16</p>
32.			<p>What collection attempts are performed or will be performed internally prior to placement?</p>	<p>DHHS sends providers/debtors an initial demand letter as well as monthly billing statements on the amounts they owe.</p>
33.			<p>Can you provide historical recovery rates for the last 2 years?</p>	<p>For all outstanding A/Rs(not just delinquent accounts): 2022 = 37% 2021 = 40%</p>
34.			<p>What is the frequency that you will transfer ongoing assignments?</p>	<p>DHHS will provide the Collection Agent with a detailed Excel report of delinquent accounts monthly no later than the 10th of each month.</p>
35.			<p>Do you accept settlements or is payment in full required for all accounts?</p>	<p>We would accept payments in full or payment plans to achieve payment in full.</p>
36.			<p>What is the geographical breakdown of accounts?</p>	<p>99% of providers are in Nebraska</p>
37.			<p>What is the anticipated date of the RFP to be published?</p>	<p>Unknown at this time.</p>
38.			<p>Would you consider accepting an electronic submission of the response to this RFI?</p>	<p>See Question 30</p>
39.			<p>What specific information are you looking to receive from interested vendors? Please clearly define what is required with our response. (Example: Form A, Responses to Scope of Work, etc.)</p>	<p>See Question 11</p>

40.			Please clarify what "Collection Agent" means in this RFI. Does it pertain to the Collection Agency (firm) or an individual person who will be performing the duties of debt collection?	It pertains to the Collection Agency (firm).
41.			What is the estimated overall collections success rate for all AR placements "Referred"?	Unknown at time. Would want industry expertise on this subject.
42.			With respect to your Attachment 1 (illustrated below), do those placements with an "AR Create Date" older than 90 days imply that they were, or may have been, "Referred" at some point and returned to the State as uncollected?	All A/Rs have been handled internally for 5 years, so very few cases have been referred to a collection agency in the past.
43.			How long does the state refer a placement before recalling it as uncollectible?	If a payment has not been received from a provider/client in 5 years, then it is considered uncollectible.
44.			Can you identify the current vendor(s) receiving "Referred" placements and disclose their pricing structure?	See Question 16
45.			Section B reads that an RFP may not be issued as a result of this RFI, and there will not be a contract as a result of this RFI. Please confirm our understanding that no winner be selected as a result of this RFI.	That's correct.
46.			Will responding to this RFI be a prerequisite for participating in the subsequent RFP, if there is one?	No, a response to the RFI is not required to respond to a possible RFP.
47.			On an annual basis, what is the average dollar value of total delinquent accounts to be placed with the winning vendor(s)?	Current estimation would be about \$8,000,000 worth of total delinquent accounts at any given time.
48.			How many vendors will be chosen to perform services?	One
49.			Who are your current vendor partners?	See Question 16
50.			What is your current liquidation rate?	Of all outstanding A/Rs, about 18% has been recovered. Cases referred to an agency would only be ones who have not made a payment in over 90 days, in which I do not have a recovery calculation for.
51.			What is the estimated forward flow volume after the initial placement of accounts?	Unknown.

52.			What is the % of medical accounts in the portfolio and estimated dollar value?	The % of medical accounts referred to an agency would be negligible.
53.			Will HIPAA be required?	Agency will comply with HIPAA laws. PII will be shared between DHHS and the agency.
54.			What are the anticipated contingency fee rates for this engagement?	None. We are looking for an agreement that does not include a contingency fee.
55.			Are there signed agreements to allow for the assessment of collection costs?	No

This addendum will become part of the RFI and should be acknowledged with the Request for Information.