

ADDENDUM 2

DATE: September 28, 2016
PROJECT: HCPC Debt Collection Services
RFP NO: 744-R1623
OWNER: The University of Texas Health Science Center at Houston
TO: Prospective Bidders

This Addendum forms part of and modifies RFP documents dated, August 29, 2016, with amendments and additions noted below.

Cover Page

APPENDIX FIVE: ACCESS BY INDIVIDUALS WITH DISABILITIES (*NOT APPLICABLE TO THIS RFP—PLEASE DISREGARD SECTION*)

APPENDIX SIX: ELECTRONIC AND INFORMATION RESOURCES ENVIRONMENT SPECIFICATIONS (*NOT APPLICABLE TO THIS RFP—PLEASE DISREGARD SECTION*)

Section 3.5 of RFP - Submittal Checklist

APPENDIX FIVE, Access by Individuals with Disabilities, is NOT applicable to this RFP and Proposer is NOT required to provide a response to this section in its proposal.

APPENDIX SIX, Electronic and Information Resources (EIR) Environment Specifications, is NOT applicable to this RFP and Proposer is NOT required to provide a response to this section in its proposal.

Below are University's responses to questions received by the Question Deadline:

1. Please provide clarification regarding the University's expectations from a debt collection services vendor with respect to the EIR Accessibility Warranty.

Answer: APPENDIX FIVE, Access by Individuals with Disabilities, and APPENDIX SIX, Electronic and Information Resources (EIR) Environment Specifications, is NOT applicable to this RFP, and Proposer is NOT required to provide a response to these sections in its proposal.

2. How often will accounts be placed?—weekly, monthly?

Answer: Accounts will be placed monthly.

3. Has the University used an agency before?

Answer: Yes.

4. How many agencies will the University select?

Answer: The University is seeking to select one agency as its Contractor.

5. Will Contractor be allowed to do credit reporting?

Answer: No.

6. If credit reporting is allowed and/or required, what are the guidelines?

Answer: Not applicable—see response to question 5.

7. Will Contractor be allowed to do settlements?

Answer: Yes.

8. Are there any payment arrangement guidelines? If yes, please provide the guidelines.

Answer: No, payment arrangement guidelines do not currently exist. However, when establishing a payment arrangement, the University will accept an arrangement for as low as \$5.00 per month.

9. Is the University looking to take legal actions, and if so what are the guidelines?

Answer: No, the University is not looking to take legal actions.

10. What is the expected or anticipated liquidation rate of the winning proposers?

Answer: The University does not have any expectations regarding liquidation rates.

11. Does the University prefer to select an agency that is based in Texas?

Answer: The University does not have a preference with regard to an agency based inside or outside of Texas.

12. What is the age of the inventory?

Answer: The average age of the inventory is 180 days.

13. Is any of the inventory being worked by the University prior to being placed with an agency?

Answer: Each responsible party should have received four (4) statements before being placed with an agency.

14. Appendix Six “Electronic and Information Resources (EIR) Environment Specifications” and Appendix Seven “Security Characteristics and Functionality of Contractor’s Information Resources,” do not seem to be applicable to the scope of work for this procurement, as they would appear to be about hosted software solutions. Are Appendix Six and Appendix Seven applicable to this RFP? If so, could the University provide clarification on how vendors should respond to the not-applicable sections, such as questions about application integration, accessibility, etc., which are not relevant to the collection of debt?

Answer: APPENDIX FIVE, Access by Individuals with Disabilities, and APPENDIX SIX, Electronic and Information Resources (EIR) Environment Specifications, is NOT applicable to this RFP, and Proposer is NOT required to provide a response to these sections in its proposal.

15. What is the average age of the debt when placed?

Answer: The average age of the debt when initially placed will be 180 days old; the average age of subsequent placements will be 150 days old.

16. Will accounts be primary placements, not having been serviced by any other outside collection agency, and/or will the University also be referring secondary placements? If so, should Proposers provide proposed fees for both primary or first and secondary placements also?

Answer: The accounts will be primary placements.

17. What collection activities are performed by the University prior to placing accounts with the agency?

Answer: Each responsible party should have received four (4) statements before being placed with an agency.

18. What are the University’s current and historical recovery percentages?

Answer: The University’s recovery percentage on self-pay accounts is 0.20% of gross charges.

19. From date of service to placement with a collection agency, how much time will elapse?

Answer: Approximately 150 days will elapse between the service date and placement with a collection agency.

20. Will HCPC share the names of the current vendors who work HCPC's accounts? In addition, will HCPC provide the dollars placed, dollars recovered, and the percentage recovery rates your current vendors achieve for HCPC? This is essential to provide HCPC competitive rates.

Answer: There is no incumbent providing debt collection services to University's HCPC.

21. What are the current collection fees (percentage) charged by the incumbents? Have the agency fees or commission rates changed from the start of the current contract?

Answer: See answer to question 25.

22. Are the incumbents remitting net of fees or gross dollars to HCPC?

Answer: See answer to question 25.

23. Has University previously adjusted placement volume to any based upon performance? If so, what were the performance criteria?

Answer: No.

24. Is University seeking or allowing litigation of bad debt accounts? If yes, may bidders propose a separate fee for litigation because litigating accounts is considerably more expensive than standard collection procedures?

Answer: No.

25. Unless University counsel is providing legal support, it is necessary to increase collection contingency fees to also compensate for attorney fees. Most attorneys charge between 20-30% of the recovery amount. If the agency is required to hire its own attorney, will University consider accepting a rate for litigation that incorporates those attorney fees?

Answer: No; such attorney fees are not applicable because the University is seeking or allowing litigation of bad debt accounts—see answer to question 29.

26. Considering the importance of data security, will University make this a prerequisite/requirement in order for an agency to be awarded a contract?

Answer: Data Security is included in the Technical and Security Compliance portion of the RFP and will be evaluated accordingly. Equally, the selected Contractor will be required to meet University's security standards prior to initiation of Work.

27. Will University require a Better Business Bureau rating as a component of the collection agency evaluation?

Answer: No, at this time, Proposer's Better Business Bureau rating is not being evaluated.

28. Will University include as a point factor the number of complaints listed by a bidder on the CFPB web complaint portal? We strongly suggest the number of complaints filed against an agency is a significant indicator of how University's patient debtors will be treated.

Answer: No, at this time, Proposer's number of complaints is not being evaluated.

29. Will University consider an incentive program for the agencies with a monetary or bonus for the top performing collection agency or agencies?

Answer: Proposer may propose the details of a potential incentive program in response to Appendix One, Sections 3.6.1 and/or 3.6.2 as applicable.

30. Will HCPC award any additional points for an agency proposing cost alternative or add-on services that benefit University and or the patient debtor?

Answer: At the University's discretion, Proposers offering added value beyond the Scope of Work may be given added consideration which may or may not affect University's final selection. Proposer should include the details of its additional services or benefits to the University in response to Appendix One, Sections 3.6.1 and/or 3.6.2 as applicable.

31. Is there a backlog of accounts?

Answer: Yes.

32. How many accounts are included in backlog accounts?

Answer: There are 767 accounts included in the backlog accounts.

33. What are the average balances in backlog accounts?

Answer: The average balance is \$2,974.

34. What is the dollar amount due in backlog accounts?

Answer: There is \$2,281,057 due in backlog accounts.

35. How many accounts does HCPC anticipate placing monthly?

Answer: University anticipates placing 213 accounts monthly.

36. What is the anticipated monthly placement average balance?

Answer: The anticipated monthly payment average balance is \$2,638.

37. What are the anticipated monthly placement total amounts due?

Answer: The anticipated monthly placement total amounts due is \$460,749.

38. Please confirm the due date for this procurement is **9/30/2016**.

Answer: Per Addendum 1 of the RFP, the Submittal Deadline and HSP Submittal Deadline are October 7, 2016, 11:00 AM CST.

39. What is the total dollar value of accounts available for placement now by category, including any backlog?

Answer: See table below.

Age Bucket	No. of Accounts	Account Balance
150 - 179	5	40,637.45
180 - 364	119	411,791.01
365-729	643	1,828,628.41
Grand Total	767	\$2,281,056.87

40. What is the total number of accounts available for placement now by category, including any backlog?

Answer: See table below.

Age Bucket	No. of Accounts	Account Balance
150 - 179	5	40,637.45
180 - 364	119	411,791.01
365 - 729	643	1,828,628.41
Grand Total	767	\$2,281,056.87

41. What is the average balance of accounts by category?

Answer: The average balance of accounts by category is \$2,974.

42. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

Answer: The average age of the accounts on a going-forward basis will be 150 days. The average age of accounts at placement will be 180 days.

END OF ADDENDUM 2