

## TENDER EVALUATION REPORT

### DEBT COLLECTION SERVICES #HSA/16-17/SER04

PREPARED BY: Lisa Bell, Procurement Officer (Contract & Services)

DATE: 11 July 2017

#### New Product/Service Description

Provision of services to facilitate the collection of overdue Self Pay patients' accounts

#### Current Product/Service Description and Condition

Cayman Islands National Credit Bureau has been engaged since 2008 as a debt collection agency for the Health Services Authority. This engagement has yield very minimal returns for the Health Services Authority (approximately CI\$100,000.00).

#### Background/Justification/Business Case

The Patient Financial Services Department currently employs six self-pay collectors who meet with more than 60-70 patients daily in the department as well as the various in and outpatient units. This does not allow sufficient time for pursuing current or aging debts. The concern of not having sufficient time to handle daily on campus assessment and pursue aged debts were raised with the Senior Management Team of the organization and a decision was made to out-source the debts that were self-pay for the period ranging between July 2010 to June 2015. Due to the volume and the infrastructure cost relating to re-tooling the department to meet this functional gap it was proposed that we engage a debt specialists service that would be better able to manage the large volumes of debtors and who possess the ability to pursue the debts through to litigation if required.

The proposal is to engage a firm/firms with a minimum of 3 years' experience in debt collection. Outstanding self-pay accounts would be transferred to the firm/firms who manage the debt collection process through to litigation or make recommendations regarding the collectability of the debt. The Health Services Authority would also be seeking advice from the firm/firms on effective ways to minimize new "self-pay" debt.

#### Performance Indicators/ROI

- Increase in actual collection of delinquent accounts
- Provision of advice and recommendations relating to existing policies and procedures relating to self-pay accounts
- Implementation of recommendations resulting in a reduction in delinquent self-pay accounts
- Assistance in streamlining referring delinquent accounts for legal action
- Interim reports showing action taken on referred accounts

#### Health Services Review Team

The staff members listed below has all been involved in the entire process or part of the procurement process:

- Heather Boothe – Chief Financial Officer
- Salome Trinidad, Financial Controller
- Sharon Thomas, Manager, Patient Financial Services
- Dr. John Vlitos, Chair, Health Services Authority Tenders Committee

## Report on Tender for Debt Collection Services for the C.I. Health Services Authority

- Ronnie Dunn - Managing Partner, Finance & Corporate Services Cayman (FINCOR) – Independent Advisor
- Lisa Bell - Procurement Officer (non-voting observer for procedure compliance)

### Acquisition/Procurement Process

A Request for Proposal (RFP) for provision of Debt Collection Services was developed and published on Friday 5<sup>th</sup> May 2017 in the local newspaper and also on the Health Services Authority Website.

The RFP closed on Wednesday, 2<sup>nd</sup> June 2017 and the submissions were opened at the Procurement Department, George Town Hospital on 8<sup>th</sup> June 2017 by Dr. John Vlitos and Lisa Bell. Three of the four proposals listed below were opened logged and handed over to the evaluation team members for the evaluation process. The fourth submission was received after the deadline and was returned unopened.

The evaluation team met on 23<sup>rd</sup> June 2017 to evaluate the submissions. One submission was eliminated as it did not meet the mandatory requirements. The other two proposals were evaluated and a decision was arrived at, however, the committee had concerns that based on service experience to the Health Services Authority, the successful party would have a very low collection rate and high administrative fees.

### Proposal/Quotations Received (Total Cost of Ownership)

Four Companies made submissions for the provision of Debt Collection Services:

1. *Redacted - Sect 21* (failed to meet mandatory requirements and was not evaluated)
2. Cayman Islands National Credit Bureau (30% Commission across the board plus additional charges – See attached Costing Summary)
3. HSM Chambers *Redacted - Sect. 21 (1)*
4. *Redacted - Sect 21* (submitted after the deadline and returned unopened)

### Vendor Selection Justification

After careful review of the proposals and intensive scrutiny of the presented documentation, Cayman Islands National Credit Bureau topped the scoring for the final evaluation. The committee also reviewed the proposal without the costing criteria to see whether the scoring would be rank the proponents differently and this exercise came out with a different ranking from the overall scoring. HSM came out on top without the costing criteria being applied; and based on vendor experience with CINCB the committee felt that they did not have the capacity to handle the volume of debts that was been given to them in 2008. Given the results of less than \$100,000 recovered over 8 years it would not be a recommendation that the committee could support. The committee believed that the organization should engage with HSM on a negotiation basis on the pricing for their service.

Stated below are the committee's review summary of each proposal:

#### Cayman Islands National Credit Bureau:

- Constant touch process approach. Proposed methodology of collection is the same as Health Services Authority
- Offered no new or innovative process - existing methodology on collecting debts has not yielded a high return. The strategy was passive.
- No specialization on legal/litigation. No in-house lawyers but referral is available.
- Methodology of collection is common or a global practice – Not a Stringent Method, high possibility that debtor may just ignore the demand for payment.
- Availability of debt collection software – DCCR
- Weak external reporting mechanisms but with strong data recording process due to DCCR
- No transparency of records – On-line access to their system

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It was expressed by the evaluation committee that prior to the Health Services Authority Debt being handed over to any organization for collection purposes the following steps should be considered:

- Review the debt referral process for self-pay accounts:
  - How long should the in-house collection team work on the self-pay accounts before they are referred to a debt collection
  - What is the age threshold for referral
  - What is the minimum account value that will be transferred
- Thresholds should be reviewed for aging and account value to ensure that it makes financial sense to send the account to a debt collection agency
- All accounts that are considered viable for debt collection should first be carefully audited in order to increase the collection rate.

### Budgetary Allocation

Budgetary provision of CI\$25,000.00 has been allocated in the 2017 Operational Budget and \$25,000.00 in 2018. These funds will be used as the initial payments to the vendor. Future payments will be made from the collection proceeds.

Budgetary allocation confirmed by Decision Support Manager.

### Declarations/Notice

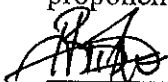
The open tender process for this procurement was completed through the Health Services Authority's Departmental Tender Committee as it was estimated that the cost would be less than CI\$250,000.00. Both submissions exceeded the estimated budget so it is expected that price negotiations will take place once approval is given to accept HSM Chambers as the preferred.

Conflict of interest were noted by two evaluator:

- Salome Trinidad – Personal relationship with Tommy Ebanks – Financial Controller of HSM Chambers.
- Sharon Thomas - Acquainted with Tommy Ebanks – Financial Controller of HSM Chambers.
- It was also noted that Mr. Ebanks was once a member of the H.S.A's Board of Directors and the Chairman of the Finance Sub-Committee but we believe that this bore no conflict to this evaluation proposal.

### Recommendation

The Debt Collection Services review team agreed to recommend HSM Chambers as the preferred proponent subject to fee structure negotiation.



Heather Boothe  
Chief Financial Officer



Sharon Thomas  
Manager, Patient Financial Services

Aug 3, 2017  
Date

## Report on Tender for Debt Collection Services for the C.I. Health Services Authority

- Health Services Authority is expected to do evaluation of who will be referred for litigation 1) In house CINCB – Summary Court and Outsource – Grand Court
- Information security is high risk – IT Security not disclosed fully.
- Ready in-house Skip Tracing
- Financial Statements – Low ROI
- 14 years of experience and have previously collected on behalf of the HSA, Chrissie Tomlinson Hospital, other medical facilities and major utilities.
- Concerned about their collection and pay over methods (monthly after accounting)
- Insurance coverage (US\$300,000). Potentially risk if they are handling millions in accounts receivable.
- Staff compliment is only 3 persons (Excluding the Director and the Office Assistant). This may limit their ability to execute a contract of this size effectively.
- Noted that references provided was for work carried out in 2012, 2010 and 2008. Also noted that a competing bidder has a written reference from one of the customers cited for work previously carried out by Cayman Island National Credit Bureau. That reference recommends the other bidder; this may be an indication of a dissatisfied customer.

### HSM Chambers

- Strong staffing compliment and an in-house legal team to pursue matters.
- In-House Debt Collection Department – mainly staff by Lawyers
- Experienced in handling large volume of accounts such as *Redacted Sect 21*
- Using paperless case management system with full documentation and with capability of large volume accounts
- Strong system on data collection but no transparency of records
- The company was also circumspect in regards to its IT security and past financial performance.
- Good detailed and summary reporting mechanism to Health Services Authority
- Cost per account is the most expensive of all proposers – minimum cost per account is *Redacted Per Sect 2* with added cost for every collection effort if it goes to Summary or Grand Court
- Concerned that fee schedule proposed would pay the service provider based on effort and not results.
- Detailed submission which mainly articulated ability to pursue matters through legal channels.

### *Redacted Sect 21*

- *Redacted Sect 21* failed the mandatory requirement of a minimum of 3 years' experience in the field of debt collection therefore their proposal was not evaluated.

### Committee Concerns

Based on the overall evaluation scoring, Cayman Islands National Credit Bureau was awarded the most points; however, if the costing points are excluded, HSM Chamber has the better scoring. This consensus shows that the evaluation team believes that HSM Chambers is the preferred proponent on all aspects of the submission except for the costing.

Although Cayman Islands National Credit Bureau has been awarded the most points in the evaluation of all criteria including the cost, the committee has concerns regarding the caliber of service that has been provided and continues to be provided to the Health Services by this vendor. Since the inception of the debt collection relationship in 2008, there has only been a return of approximately CI\$100,000.00.

The accounts that will be sent to collections will have to be closely monitored to ensure that Health Services Authority's outlay does not exceed the CI\$250,000.00 threshold for Central Tenders Committee.

Report on Tender for Debt Collection Services for the C.I. Health Services Authority

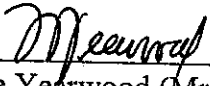
**Approval**

As per the Public Authorities Law, 2017, Part 4, Section 31(g), the Chief Executive Officer of the C.I. Health Services Authority hereby

ACCEPT

REJECT

the recommendation of the Health Services Authority **Evaluation** team of engaging HSM Chambers as the preferred proponent subject to fee structure negotiation.



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Lizzette Yearwood (Mrs.)  
Chief Executive Officer,

14 / 8 / 17

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Date

Report on Tender for Debt Collection Services for the C.I. Health Services Authority

**ATTACHMENT A**

**EVALUATION SUMMARY REPORT**

**DEBT COLLECTION SERVICES #HSA/16-17/SER04**

The presentations were assessed on the following criteria which was included in the RFP document made available to all agencies:

<b>Cayman Islands National Credit Bureau</b>							
<b>This proponent met all mandatory requirements:</b>							
<b>Question</b>	<b>Comment</b>	<b>Max</b>				<b>Score</b>	<b>Score</b>
		<b>Score</b>	<b>HB</b>	<b>ST (FC)</b>	<b>ST</b>	<b>Total</b>	<b>Average</b>
Debt Collection Strategy	Good explanation of how their business pursues debt. Did not include other known methods of locating an individual (land register, voter list etc.)	10	7	7	7	21	<b>7</b>
Documented type/extent of collection attempts	Fairly detailed list of collection attempts, seems more of an annoyance to the debtor than concrete actions that would resolve	8	6	5	5	16	<b>5.33</b>
Documented Reporting (including summary & individual account reports)	Liked the online portal system that would allow real-time access for up-to-date information on reports and individual accounts.	8	5	5	6	16	<b>5.33</b>
Documented procedure for information security	Information provided however, there is concern that the backup is localized and therefore susceptible to IT crashes and physical disasters, would have preferred some element of cloud or remote backup system.	10	7	7	8	22	<b>7.33</b>
Documented procedure to pursue debts through to litigation	Their procedure was outlined but not extensively. They do not have experienced inhouse counsel so it was unclear how they were going to deal with those matters inhouse.	6	2	2	2	6	<b>2</b>
Other Unique Services	They did not offer any "unique" services; however, as a dedicated collection agency, feel their international partnerships with other debt collection agencies would offer an advantage for skip tracing procedures	3	2	2	2	6	<b>2</b>
References	Provided names and contacts, but no actual reference letters which would have been more powerful	2.5	1.5	1	1.5	4	<b>1.33</b>
Years of relevant experience	14 years	2.5	2.5	1	2.5	6	<b>2</b>
Relevant past projects (including number of accounts and collection yield)	Serving HSA since 2008 also Chrissie Tomlinson over same period along with 12 other private doctors	5	4	4	4	12	<b>4</b>
Accuracy and substance of response to Corporate Data Form	Ownership information not provided, just nationality. Mentions strategic partnerships with overseas collections agencies but did not expand on question 4.	10	8	7	7	22	<b>7.33</b>
		<b>65</b>	<b>45</b>	<b>41</b>	<b>45</b>	<b>131</b>	<b>43.66</b>
Cost/Proposal Fee Structure	In comparison to HSM, CINB would present the lowest cost structure.	35	35	35	35	105	<b>35</b>
		<b>100</b>	<b>80</b>	<b>76</b>	<b>80</b>	<b>236</b>	<b>78.66</b>

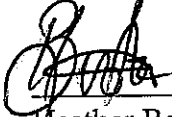
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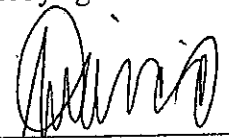
HSM Chambers							
This proponent met all mandatory requirements							
Question	Comment	Max Score	HB	ST (FC)	ST	Score Total	Score Average
Debt Collection Strategy		10	8	8	8	24	8
Documented type/extent of collection attempts		8	8	7	7	22	7.33
Documented Reporting (including summary & individual account reports)		8	5	6	6	17	5.66
Documented procedure for information security		10	5	6	6	17	5.66
Documented procedure to pursue debts through to litigation		6	6	6	6	18	6
Other Unique Services		3	1.5	1.5	1.5	4.5	1.5
References		2.5	2.5	2.5	2.5	7.5	2.5
Years of relevant experience		2.5	2.5	2.5	2.5	7.5	2.5
Relevant past projects (including number of accounts and collection yield)		5	5	4	4.5	13.5	4.5
Accuracy and substance of response to Corporate Data Form		10	9	9	9	27	9
		<b>65</b>	<b>52.5</b>	<b>52.5</b>	<b>53</b>	<b>158</b>	<b>52.66</b>
Cost/Proposal Fee Structure		35	20.33	20.33	20.33	60.99	20.33
		<b>100</b>	<b>72.83</b>	<b>72.83</b>	<b>73.33</b>	<b>218.99</b>	<b>72.99</b>


Redacted Per Sect 21

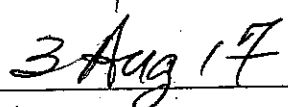
### Evaluation

We, the evaluation committee for Debt Collection Services, hereby agree that HSM Chambers be recommended as the preferred proposer.

  
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 Heather Boothe, Chief Financial Officer

  
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 Salome Trinidad, Financial Controller

  
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 Sharon Thomas, Mgr. Patient Financial Srv

  
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 Date