



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
SOUTHERN REGIONAL MEDICAL COMMAND
4070 STANLEY ROAD, SUITE 121
FORT SAM HOUSTON, TEXAS 78234-6230

MCSR-CL

25 February 2011

MEMORANDUM FOR Military Treatment Facility Commanders, Southern Regional Medical Command

SUBJECT: Region-Wide Outsourcing of Third Party Insurance Collection and Other Health Insurance Discovery Services

1. This is to notify you that Southern Region Medical Command (SRMC) will outsource outpatient and inpatient third party collection efforts and Other Health Insurance (OHI) discovery for Military Treatment Facility (MTF) Medical Services Accounts (MSA) at all MTFs. A contract is anticipated to be awarded, with immediate implementation, by the end of the third quarter Fiscal Year (FY) 11.
2. This decision is based on analysis of current SRMC billing and collections as compared to Air Force (AF) MTFs which are fully outsourced. The models developed using the AF billing rates depict that by outsourcing collections actions, SRMC should be able to nearly double collection amounts. This decision was closely coordinated with the Army Medical Command's Uniform Business Office and Resource Management (RM).
3. The contract will encompass all billing and collection services for outpatient and inpatient services. This includes pre-certification, claims preparation and submission, electronic document imaging, record management, remote retrieval, aged accounts receivable follow-up, denial management, refunds, and appeals processing. Additionally, it will incorporate OHI discovery for the MSA. The vendor selected will also have to provide replacement software for the Third Party Outpatient Collection System which will not be modified to accommodate ICD-10 implementation. By the end of FY12 the replacement software will be tested and implemented in all SRMC MTFs.
4. The region will initially fund the contract's start-up costs. Those initial costs will be recovered from your earnings in FY12. The MTFs will retain all subsequent earnings.
5. SRMC will publish an operations order with additional instructions. At this time you should plan for all current third party collection or OHI discovery contracts to terminate at the end of FY11. Commands may retain their current GS employees but must plan to realign surplus staff to fill vice positions in your organization. It may require reclassification of some employees and you are reminded to satisfy your local collective

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bargaining obligations in the implementation of this contract. You should immediately engage your local installation labor relations officer to start transition planning. SRMC will require a copy of your transition plan and confirmation of coordination with your local labor relations office. You must have SRMC Chief of Staff approval of your transition plan *prior* to transitioning personnel.

6. If you have any questions, contact COL David Richardson, Assistant Chief of Staff (ACoS) for RM at 210-295-2332 or LTC Marsha Dorough, ACoS for Clinical Operations Patient Administration at 210-916-1029.

A handwritten signature in black ink, appearing to read "Joseph Carvalho, Jr.", with a stylized flourish at the end.

JOSEPH CARAVALHO, JR
Brigadier General
Commanding