



RETRAINEE - JOB CREATION

Training Proposal for:

MedAmerica Billing Services, Inc.

Agreement Number: ET15-0430

Panel Meeting of: April 24, 2015

ETP Regional Office: Sacramento

Analyst: A. Greene

PROJECT PROFILE

| | | | |
|---|---|---------------------|--|
| Contract Attributes: | Job Creation Initiative Retrainee HUA SET | Industry Sector(s): | Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Counties Served: | Stanislaus, San Bernardino | Repeat Contractor: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Union(s): | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| Number of Employees in: | CA: 812 | U.S.: 894 | Worldwide: 3,083 |
| <u>Turnover Rate:</u> | 16% | | |
| <u>Managers/Supervisors:</u> (% of total trainees) | N/A | | |

FUNDING DETAIL

| | | | | | |
|---------------|---|----------------------------|-------------------------|---|--------------------------|
| Program Costs | - | (Substantial Contribution) | (High Earner Reduction) | = | Total ETP Funding |
| \$420,000 | | \$0 | \$0 | | \$420,000 |

| | | |
|-----------------------|------------------------------------|-------------|
| In-Kind Contribution: | 100% of Total ETP Funding Required | \$2,508,460 |
|-----------------------|------------------------------------|-------------|

TRAINING PLAN TABLE

| Job No. | Job Description | Type of Training | Estimated No. of Trainees | Range of Hours | | Average Cost per Trainee | Post-Retention Wage |
|---------|-----------------------------------|---|---------------------------|-------------------|-----|--------------------------|---------------------|
| | | | | Class / Lab | CBT | | |
| 1 | Retrainee SET Job Creation | Business Skills, Commercial Skills, Computer Skills | 40 | 8-200 | 0 | \$2,000 | \$12.33 |
| | | | | Weighted Avg: 100 | | | |
| 2 | Retrainee SET/HUA Job Creation | Business Skills, Commercial Skills, Computer Skills | 20 | 8-200 | 0 | \$2,000 | *\$10.00 |
| | | | | Weighted Avg: 100 | | | |
| 3 | Retrainee SET/HUA | Business Skills, Commercial Skills, Computer Skills | 250 | 8-200 | 0 | \$1,200 | \$11.30 |
| | | | | Weighted Avg: 80 | | | |

*It will be made a condition of contract that the trainees will never be paid less than the statewide minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

Minimum Wage by County: Job Number 1 (Job Creation): \$12.33 in San Bernardino County; Job Number 2 (Job Creation/HUA): \$9.25 in Stanislaus County; Job Number 3 (HUA): \$11.30 in Stanislaus County

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No Maybe

Up to \$0.33 per hour may be used to meet the Post-Retention Wage in Job Number 1.

Up to \$1.30 per hour may be used to meet the Post-Retention Wage in Job Number 3.

| Wage Range by Occupation | | |
|--------------------------------|------------|-------------------------|
| Occupation Titles | Wage Range | Estimated # of Trainees |
| Job Number 1 | | |
| Medical Billing Specialists | | 40 |
| Job Numbers 2 & 3 | | |
| Medical Billing Specialists | | 215 |
| Payment and Refund Specialists | | 10 |
| Medical Coding Specialists | | 25 |
| Quality Assurance Analysts | | 20 |

INTRODUCTION

Founded in 1975, MedAmerica Billing Services, Inc. (MedAmerica) provides medical coding and billing services including custom electronic submission of claims, auditing, accounts receivable management, physician coding, documentation education, and custom data analysis services.

MedAmerica serves over 115 customer locations in nine states, with approximately 4.3 million patients and over \$2.5 billion in physician charges per year. The Company provides services to customers in practice areas such as emergency medicine, hospitalist, wound care, urgent care, radiology, physical therapy and family practice.

MedAmerica has adapted to the ever-changing medical billing environment by modifying and adding services to meet customer needs. A focus on employee education, coupled with advanced IT capabilities, has positioned the Company to operate successfully in a climate of increased governmental regulations and third party contracting.

Need for Training

This will be MedAmerica's fourth ETP-funded training.

Medical billing and coding is a growing industry that requires a broad skillset. MedAmerica hires employees with limited skills and provides the skills needed to become proficient in the industry. Training will focus primarily on the Company's recently expanded billing and coding training program. The program implements the use of modern training methods and up-to-date material to give more real-world training. The updated subjects are more in line and relevant to the current business model.

Training is delivered in three phases. Phases 1 and 2 take approximately three weeks each to complete, and Phase 3 takes one week. Trainees graduate to the next phase when they meet the expected progress level. Progress levels are determined through weekly assessments of work produced in class. Bi-weekly evaluations are also prepared on each trainee to evaluate the material covered, retention of material covered, and process applied. If trainees do not meet the progress level expectation, they may remain for additional training until ready to begin the next phase.

In addition, the Company has a need to train all medical coders on the International Statistical Classification of Diseases and Related Health Problems 10th Revision (ICD-10) to stay compliant with the new regulations. This adds new training requirements for upgraded skills in areas such as auditing, charting, coding, insurance, and related billing.

All training is provided by full-time MedAmerica trainer, at the Company's location in Stanislaus County. Classes are held in dedicated training rooms equipped with computers and dual monitors for each trainee. Class size is a maximum of 12 employees with 2 or more trainers in the classroom depending on phase of class and number of retrainees.

Retrainee – Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

MedAmerica is experiencing significant growth. Growth is measured in terms of patient volume and this has increased an average of 13% each year between 2011 and 2014. The Company's estimated growth for 2015 is anticipated to be 11%.

To meet demand, MedAmerica anticipates hiring 60 new employees (20 at their Modesto location and 40 at their Ontario location). In preparation for new staff, the Company has leased an additional 39,000 square feet of building space in Modesto, and have increased the Ontario facility space an additional 5,000 square feet.

MedAmerica represents that the date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. The Company also represents that these trainees will be hired into “net new jobs” as a condition of contract. Occupations of the newly hired employees will include

PROJECT DETAILS

MedAmerica proposes to train 310 employees. All occupations will receive training in each of the topics below as necessary to gain the skills to perform their job functions.

Business Skills (10%) – Training in customer service skills will be offered to all occupations. This training is intended to support MedAmerica’s commitment to excellent customer service and ensuring that each customer receives a personalized approach.

Commercial Skills (80%) – Training will be offered to all occupations. Topics include training in Medical Coding, Auditing, Payment Posting, and Refund Processes. Training will provide the skills needed for trainees to keep pace with the ever-changing medical billing environment.

Computer Skills (10%) – Training on LaserFische and Lynx software programs will be offered to all coding occupations. Training will provide skills for trainees to effectively utilize and run specialized reports as necessary to perform job functions.

Commitment to Training

In 2014, MedAmerica invested \$1,837,700 in training. The Company provides ongoing training in basic employee orientation, basic billing functions, overview of policies and procedures, Health Insurance Portability and Accountability Act (HIPAA), basic billing terminology, diversity training, management seminars and leadership skills, employment law and billing specialist refresher training. The Company will continue to provide this ongoing training at its own expense during the term of the ETP contract and beyond.

MedAmerica represents that ETP funds will not displace the existing financial commitment to training.

➤ Training Infrastructure

Three members of MedAmerica’s Human Resources Department will manage the administrative functions of the training program such as uploading enrollment and attendance data. The training managers will schedule the trainings and oversee training documentation requirements.

SET/HUA

As a healthcare service provider with clients primarily in California, MedAmerica does not face out-of-state competition. As such, it will be funded under Special Employment Training (SET). Under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention.

The trainees in Job Numbers 2 & 3 work in a High Unemployment Area (HUA), with unemployment exceeding the state average by 15%.

The Company’s location in Stanislaus County qualifies for HUA status and trainees qualify for the ETP Minimum Wage rather than the Statewide Average Hourly Wage. The Panel may modify the ETP Minimum Wage for these trainees by up to 25% if post-retention wages exceed

the start-of-training wages. MedAmerica is requesting this wage modification for Job Numbers 2 & 3.

Impact/Outcome

Training is intended to increase production capacity and facilitate growth in order to stay competitive.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by MedAmerica under an ETP Agreement that was completed within the last five years:

| Agreement No. | Location (City) | Term | Approved Amount | Payment Earned \$ (%) |
|---------------|-----------------|-------------------------|-----------------|--------------------------|
| ET11-0130 | Modesto | 12/9/2010- 12/8/2012 | \$135,810 | \$130,851 (96%) |

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service Skills

COMMERCIAL SKILLS

- Accounts Receivable
- Assessment/Audit Skills
- Billing Development and Procedures
- Chart Documentation
- Detecting Non-Compliant Medical Billing
- Electronic Funds Transfer Skills
- Forms/Tracking/Documentation Skills
- ICD-9 and ICD-10 Classification Skills
- Insurance Billing System Skills
- Insurance Classification Skills
- Insurance Payment System Skills
- Medical Coding Skills
- Medical Knowledge Skills
- Medical Terminology Skills
- Payment/Reconciliation Skills
- Refund Skills
- Understanding Evidence of Coverage

COMPUTER SKILLS

- Lynx and LaserFische Software Skills

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.