DRS *Medical Billing* PROGRAM

Diversified Reimbursement Systems, Inc.
Member of the Better Business Bureau

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Introduction

Section 1

Introduction

At Diversified Reimbursement Systems, Inc., we realize that practice management is a very complex and demanding task requiring an increasingly larger knowledge and technological base to maximize reimbursement and increase efficiency. DRS offers a variety of systems and services specifically designed to maximize reimbursement and to automate and simplify the process of medical billing and healthcare receivables management.

Under the *Full Service Medical Billing* plan, DRS provides complete billing services to the both private and hospital based medical practices. DRS' experienced staff will review and then bill all charges to insurance payers and patients. DRS will also post all payments and adjustments and will be responsible for follow-up activities with payers and patients. We use our own Smartware system, complete with Electronic Remittance Advice Posting facilities, and automated downloading facilities to insure maximized collections for clients. Our Full Service Medical Billing Division effectively services from hospital-based practices, individual Practitioners to City EMS.

Vision, Values and Beliefs…

DRS realizes that becoming the leader in our market requires hard work and dedication. Our Vision has been created as a foundation which expresses our goals and manner of conducting business. It is the cohesive factor which binds all company employees together in a perpetual commitment to excellence.

Our Vision

Our vision is to be the leader in the field of healthcare receivables systems and services. We will achieve that vision –

- Through a highly motivated, skilled, and enthusiastic workforce
- By understanding, meeting, and exceeding our clients' needs and requirements
- By retaining the loyalties of our clients
- By holding ourselves accountable for all of our actions and inactions
- With an organization which advocates teamwork and is unhindered by bureaucracy

Values and Beliefs

The fulfillment of our Vision is guided by the following Values and Beliefs concerning our business, our organization, and our people.

Our Business

- Placing the best interest of the client before all else
- Maintaining the highest ethical standards in all business activities
- Understanding, meeting, and exceeding our clients' needs and requirements
- Managing for the long term

Our Organization

- Encouraging an organization exemplified by teamwork and an intolerance toward bureaucracy
- Maintaining an efficient and positive work environment for all employees

Our People

- Promoting and supporting opportunity seeking and creativity among employees
- Recognizing and encouraging outstanding achievements
- Rewarding performance with fair and competitive compensation
- Investing in the professional development and growth of employees
- Attaining diversity with reference to race, culture, and gender
- Valuing and supporting one another

Technical Requirements

Section 2

1. DRS shall promptly undertake, through ethical and lawful means, the billing and the collection of the Client's bills, with particular attention to HIPAA Compliance, OIG Compliance, the Consumer Credit protection Act, Texas Debt Collection Act, Federal Fair Debt Collection Practices Act, and all other laws applicable to this type of activity.

   A) Diversified Reimbursement Systems, Inc. will provide the following services:

      1. Invoicing, statement and dunning letter processing; rate adjudication; filing claims on behalf of patients with Medicare, Medicaid and third party insurance companies; continued collection on delinquent bills.
      2. Telephone skip tracing as necessary, telephone contact, and dunning letters.
      3. Establish monthly payment plans (maximum 4 months), when necessary.
      4. Direct deposit of all bills collected on a daily basis into the designated bank account, or other options.
      5. Submit an invoice each month to the specifying individual account information and collections received, as the basis for the monthly commission.
      6. The agency shall not have the right to refuse to bill and collect any Client fee.

   B) The Client will notify and forward to DRS any direct payments to the Client on any bills which are being processed by DRS.

   C) DRS shall suspend collection efforts on any bill upon written notice to do so by a specified representative of the Client.

   D)On a monthly basis, after making every reasonable effort to collect, DRS shall return accounts which are deemed uncollectible. Such returns shall be made in a report format acceptable to the Client, and shall document all collections efforts made by DRS on each account.

2. DRS shall maintain adequate records of the services performed, billing, phone calls, and dunning letter processing, and actual collections remitted to the Client for audit by the Client, and all such records shall be available for inspection and audit, without prior notice, by the Internal Audit and/or Management Departments of the Client.

3. All billing, collections and account status reporting will be in a format acceptable to the Client. DRS's proposal report shall include proposed report forms and the desired schedule for furnishing each. Minimum report requirements are shown on a monthly basis.

   A) Acknowledge, upon transmittal, of accounts received from the Client;

   B) Daily bank deposit status report and deposit slips (if applicable);

   C) A monthly status report, in last name alphabetical sequence, itemizing all fees billed since the previous report. This report shall include account number, full patient name, date of service, incident number, date billed, insurance classification (private insurance, Medicare or Medicaid, or self-pay), and total amount billed.

   D) A monthly status report, in last name alphabetical sequence, itemizing all current accounts listing all payments received since the last report (payments identified by payer), and amount of the dollar commission charged on collections for all accounts.

E) A monthly status report, in last name alphabetical sequence, including account number, of all past due accounts on which collection efforts were discontinued the prior month;

F) A monthly status report, in last name alphabetical sequence, including account number, of all persons reported to the credit bureaus for non-payment of accounts (not in dispute);

G) A monthly aged trial balance of all outstanding fees, including account billed, account number, patient name, date of service, incident number, date billed, insurance classification (private insurance, Medicare or Medicaid, or self-pay), total amount billed, total paid, total adjusted and balance on account.

H)A monthly report with a dollar summary breakdown by age of all accounts billed; including the total original balance billed, the total collected, the total adjustments by Medicare/Medicaid, and the current balance including current month billings, with previous months listed as "31-60 days old", "61-90 days old", "91-120 days old" and ">120 days old";

I) A cumulative monthly report listing a breakdown by insurance with totals billed, collected and adjusted including Medicare, Medicaid, private insurance, and self-pay (no insurance) of all active accounts; and

J) A summary list of fee billing and collections, in last name sequence, of all Medicare/Medicaid accounts and a separate list of all other accounts by individual month of transport; including patient name, date of service, incident number, date billed, insurance classification (private insurance, Medicare or Medicaid, or self-pay), total amount billed, total paid, total adjusted and balance on account;

K)A monthly report in account number sequence, showing patient name, date of service, incident number, and amount owed (for cross-referencing purposes).

L) For additional reports that can be requested see section 6.

4. DRS has secured and maintained, throughout the duration of this contract, insurance of such types and in such amount as may be necessary to protect the Agency and the Client from claims for damage and personal injury including death, as well as claims for property damage which may arise from the Agency's operations under this contract.

   The form and limits of such insurance, together with the underwriter thereof in each case, shall be acceptable to the Client but regardless of such acceptance, it shall be the responsibility of DRS to maintain adequate insurance coverage at all times. Failure of the DRS to maintain adequate coverage shall not relieve DRS of any contractual responsibility or obligation. If for any reason, any of the required insurance should be canceled, DRS shall renew same insuch a manner that continuos insurance as required is maintained at all times.

   A) At Clients request, DRS will provide a satisfactory certificate of insurance covering the work required in these specifications as evidence that the policies of insurance required herein will be maintained in force for the duration of the work performed under this agreement. The certificates shall state that thirty (30) days advance notice will be given to the Client before any policy covered thereby is changed or canceled.

      1. All required certificate of insurance coverage required shall be tendered within fifteen (15) days of receipt of contract by DRS for execution.
      2. DRS's insurance company is licensed to engage in the business of insurance in the State of Texas.

B) The amount of such insurance shall be as follows:

1. Public liability insurance in the amount not less than $500,000 for injuries, including death, to any one person and subject to the same limit for each person in an amount not less than $1,000,000 on an account of one occurrence. Property Damage insurance in an amount not less than $100,000 for each occurrence and $300,000 for the aggregate of operations.

2. Worker's compensation and employer liability insurance shall protect the Billing Agency against all claims under applicable state worker's compensation laws. The Billing Agency shall also be protected against claims for injury, disease, or death of employees which, for any reason, may not fall within the provisions of a worker's compensation law. The policy shall include an "all states" endorsement. The employer's liability insurance limit shall not be less than $100,000 per person.

C) In addition to the insurance requirements called for herein, DRS hereby agrees to indemnify and hold harmless the Client of any loss it might sustain as a result of the relationship established by the contract to be entered into between the Client° and DRS.

5. DRS shall comply with all Federal, State and local laws and ordinances relating to Social Security, Unemployment Insurance, Income Tax Withholding, Workers' Compensation, pensions and similar matters.

QUESTIONNAIRE

SECTION 3

1. What type of technical and financial resources does you Billing Agency have?
DRS maintains all the latest technical and financial resources necessary to operate a successful operation.

DRS also has access to three (3) programmers, and two (2) NT Microsoft personnel to assure our network and systems are maintained properly.

2. Identify the location where actual billing efforts will take place:
2550 Midway Road, Suite 200, Carrollton, Texas 75006

3. Explain the role of the Billing Agency as related to Client staff, including the division of tasks between the Agency and Client staff.

A) DRS RESPONSIBILITIES

Under this agreement DRS will perform the following functions and assume the following responsibilities:

1. Posting of all practice charges, payments and adjustments.
2. Electronic submission of insurance claims to appropriate carriers including Medicare, Medicaid, Blue Cross/Blue Shield and all payers within the NEIC network.
3. Generation and mailing of non-electronic insurance claims. (see section 5)
4. Generation and mailing of patient statements. (see section 5)
5. Handling of all patient billing inquiries. (see section 5)
6. Telephone and written correspondence follow-up activities to "slow payment" patients and insurance payers.
7. Referring and tracking of accounts turned over to attorneys and collection agencies. (see section 6)
8. Assumption of all paper costs associated with the above responsibilities including stock forms, HCFA-1500 forms, sending envelopes, return envelopes (for patient statements) and report generation.
9. Assumption of all labor, telephone and postage charges as directly related to the above responsibilities.
10. Generation of standard practice end-of-month reports.

B) CLIENT'S RESPONSIBILITIES

Under this agreement, the client will be responsible for the following:

1. Transfer and release of all information regarding all patient demographics and insurance information to DRS in a timely manner.
2. Notification of all charges/procedures, insurance payments and adjustments in a timely manner.
3. Notification of any and all patient payments and co-payments received by client.
4. Deposit of funds received at Clients office into the Client's bank account, if applicable.

4 How many and what type of branches throughout the continental United States does your Agency have? None

5. Provide an overall work program (i.e., analytical steps involved).

Step 1- Upon receiving information from the Client, we will enter demographics, payments, and charges throughout the work day.

Step 2 - Our control center "polls" our system after hours to retrieve billing and other information needed to submit your claims and process your patient statements. This unique feature is the most accurate and user friendly method of claims submission on the market today.

Step 3 - Our clearinghouse control center processes your claims for submission. Claims are scanned for errors and omissions and are then sorted for transmission to various insurance payers. Patient statement information is also processed at this stage and is prepared for printing.

Step 4 -Your claims are submitted electronically to Medicare, BC/BS, Medicaid, and to the over 300 commercial, HMO, and managed care plans within the NEIC network including Aetna, CIGNA, Travelers, Met, Prudential..etc. Payment can be expected as soon as 14 to 30 days from the date of submission.

Step 5 - Any remaining claims which are addressed to insurance companies which do not currently accept claims electronically are automatically printed and mailed from the clearinghouse.

Step 6 - Patient statements are printed and mailed with return envelopes to the patient. Statements are usually on a 28-day cycle and the Client may choose for their statements to be printed and mailed either daily or weekly.

Steps 1 thru 6 are normally completed within 48 hours.

Step 7 - Payments, correspondence, attorney letters, payment plans, insurance appeals, worker compensations, etc... are handled on a daily basis.

6. Provide disclosure and supporting documentation, such as "Collection Policy", that will be used by the Agency when directing collection service personnel on dealing with accounts by the telephone or in writing.

Our policy is to provide quality service and maximize recovery. DRS employs only qualified, professional personnel and since our founding, we have not received any complaints from patients or clients that we serve.

7. Provide disclosure and supporting copies of any and all letters and dunning notices presently being utilized. See Attached

References

Section 4

REFERENCES

CARE FLITE DIVISION
BAYLOR UNIVERSITY MEDICAL CENTER
HOLLAN FENNER -
DIRECTOR OF BUSINESS SERVICES
3500 Gaston Ave.
Dallas, Texas 75246
(214) 820-3160

ADVANCED MEDICAL SYSTEMS
DR. MARLON PADILLA
2550 Midway
Carrollton, Texas 75006
(214) 507-3415

THE COLONY
CHIEF VAN MORRISON
4900 Blair Oaks
The Colony, Texas 75056
(972) 625-3944

DR. ANNE COLEMAN
4101 E. Park
Plano, Texas 75074
(972) 422-0303

ER/FIRST CARE
CHILDREN'S MEDICAL CENTER OF DALLAS
MERLINE WILSON
1935 Motor Street
Dallas, Texas 75235
(214) 456-2915

DR. DARRELL E. THIGPEN
1001 N. Bishop Ave.
Dallas, Texas 75208-5619
(214) 941-1227

CITY OF RICHARDSON
JODY WHITEHEAD/BRENDA HIRSH
411 W. Arapaho
Richardson, Texas 75080
(214) 238-4127

DIAGNOSTIC ASSOCIATES OF NORTH TEXAS
DR. SASTRY
9300 Wade Blvd.
Frisco, Texas, 75035
(972) 731-7717

Supporting Documents

Section 5

Full-Service Billing Reports

Practice Management Reports Available To You.

Our system has extensive reporting capabilities. Reports are broken down into three main categories; Month End/Year End Reports, Daily Reports, and On-demand Reports. New or modified reports become available on a regular basis, many of which are based upon suggestions from our clients. Reports may be generated on paper or diskette.

Standard Month End/Year End Reports

- Management Summary Report
- Provider Revenue and Cash Review
- Service Revenue and Cash Analysis
- Department Revenue and Cash Analysis
- Transaction Code Revenue Analysis
- Accounts Receivable Aged Trial Balance
- Return Statement Listing
- No Statement Sent Listing
- No Dunning Message Listing
- Credit Account Listing
- Recall Patients Report
- Financial Class Statistics
- Selected Delinquency Report
- Collections Recap Report
- Provider by Service Location Statistics
- Monthly Log Report
- Deposit/Reversal Recap Report
- Detailed Trial Balance Report
- Referring Provider Statistics Report
- Accounts Below Minimum Balance to Bill Report

Daily Closing Reports

- Daily Log Report
- Print Provider Month-to-date/Year-to-date Totals
- Department Provider Break (Daily Log)
- Deposit Report
- Receipt Report
- User Log Report
- Daily User in Posted Order
- Provider Statistics
- Account Posting Activity
- Closing Audit Report
- Transaction Purge Report
- Transfer Responsibilities Report
- Reapply Open Credits Report
- Statement Audit Report
- Direct Billing Audit Report
- Closing Status Report
- Pre-Authorization Countdown Report

On-Demand Reports

- System
- Practice Definition List
- Parameter Setup List
- Service Locations
- Financial Class Listing
- Transaction Codes
- Transaction Code Profiles
- Insurance Code Alpha Listing
- Insurance Code Profile
- Alpha Remit to Address Report
- Default Message List
- Guarantor Relationships
- Department List
- Medication Code List
- Superbill Setup Report
- Physical Code List
- Client Category Reports
- Clinician Category Report
- Appointment type Report

Full-Service Billing Reports

Patient

- Patient Summary Report
- Patient by Provider Report
- Patient Profiles
- Patient Miscellaneous Fields
- Patients by Miscellaneous Fields
- Recall Listing
- Yes/No Statement Report
- Statement by Age Report
- Clinical Research Reports
- Diagnosis History Report
- Daily Posting Report
- Procedure History Revenue
- Patient Labels
- Zip Code Breakdown
- Patient by Provider/History

Guarantor

- Guarantor Summary
- Guarantor Profile
- Miscellaneous Guarantor Reports
- Guarantor Dependents

Financial

- Open Item Reports
- Open Credits
- Aging by Carrier
- Aging by Service Location
- Patient Aging
- Guarantor Aging
- Selected Delinquency
- Department Revenue and Cash Analysis
- Provider Revenue and Cash Analysis
- Service Revenue and Cash Analysis
- Aged Trial Balance by Provider
- Aged Trial Balance by Financial Class
- Aged Trial Balance by Provider and Financial Class
- Financial Follow-up Report
- Detailed Provider Income
- Collection Recap Report
- Referring Provider Statistics

Insurance

- Patient by Carrier
- Guarantor by Carrier
- Insurance Direct Billing (Electronic Billing) Report
- Insurance Pending Reports
- Insurance Direct Billing Audit Reports
- Insurance Reimbursement Reports
- Re-Submission of Insurance by Date
- PreCertification Countdown Report
- Open Insurance by Provider
- Insurance Company Address Labels

Miscellaneous Reports

- New Born Reports
- Due Date Reports
- Category Statistics
- Anesthesia Type Statistics
- OB Follow-up Report
- Provider Exam Amount Report
- Provider Volume by Year
- Insurance Pending by Provider
- Insurance Paid by Provider
- VISN Insurance Paid by Provider
- Biopsy/Mastectomy Report
- Patient Balance by Aging Category
- Accounts Below a Minimum Balance
- Recall List by Provider
- Patients Seen Count
- Delinquency Follow-up Report
- PreAuthorization Listing

Full-Service Billing Reports

Managed Care - Specific Reports

- Zip Code Count by Carrier
- CPT Summary by Provider
- CPT Summary by Payer
- Referrals by Carrier
- Carriers by Referring Providers
- Referrals by Providers
- Referrals by CPT Code
- Referrals by CPT and Financial Class
- Clinical Research
- Procedure History Revenue
- Procedure History Follow-up
- CPT by Carrier by Age
- Insurance History Follow-up
- Providing MD Referrals
- Patient Count by Carrier