

Council Summary

Departments of Finance and Public Safety

October 10, 2025

Ordinance No.: 1082-2025

Legislative Purpose: Authorizing the Directors of Public Safety and Finance to enter into one or more contracts with Heritage Health Solutions, Inc. for medical billing services for inmates and prisoners, for the Departments of Public Safety and Finance, for a period of one year, with two one-year options to renew, exercisable by the Director of Finance

Legislative Summary:

To authorize the Directors of Finance and Public Safety to enter into one or more contracts with Heritage Health Solutions, Inc. for professional services necessary for inmate/ prisoner medical billing services. This agreement will include the professional services for processing the medical claims and the actual cost of the approved claims. The contract term is for a period of one year with two one-year options to renew, exercisable by the Director of Finance.

The City of Cleveland (“the City”) is responsible for costs associated with medical care for incarcerated individuals in its legal custody in the criminal justice system. This obligation continues to apply to arrested individuals receiving treatment in facilities not owned by the City until such time as legal custody transfers to another entity (e.g., Cuyahoga County). The City is responsible for reimbursing medical providers and facilities at current State Medicaid rates pursuant to current law, i.e. Ohio Revised Code Section 341.192 (B). The City may also submit claims for medical care costs to the third- party provider of any individual currently covered by a policy, i.e. Ohio Revised Code Section 341.191 (B).

Historically, Medical Mutual of Ohio (MMO) has provided medical claims processing for the City. These responsibilities include adjudicating the claims; reviewing the claims for accuracy, coding errors and charge adjustments; re-pricing all in-custody claims to the State’s Medicaid rates; rejecting claims for individuals that are determined to be not in the City’s custody and notifying the providers that the claim is the responsibility of another entity; and denying payment for duplicate claims. These processes are currently performed manually.

As a result of MMO notifying the City that they would no longer be providing these services, the administration began researching options for medical claims processing services that maximize claims processing efficiencies; are able to receive and process claims electronically; establish efficient lines of communication with the City and with the medical providers and facilities to streamline the claims adjudication process; and support online, real-time claims adjudication and inquiry of claims.

A Request for Proposal was developed and advertised by the Departments of Finance and Public Safety and six responsive proposals were received. Vendors were evaluated on their experience processing claims for governmental agencies, their capacity to process the number of claims submitted for the City, the type of services they offer (online access to claims, electronic processing, etc.), and the personnel resources they could commit to the services required for the City.

The proposal submitted by Heritage Health Solutions, Inc. was selected as their services most closely fit the City's needs for these services.

Heritage Health Solutions, Inc. ("Heritage") is based in Coppell, Texas. Heritage was established in 2005 and has been providing medical claims processing services since 2007. Heritage is able to receive claims electronically, has an online portal that can be used by the City and medical providers and facilities to track the status of claims. In addition, Heritage currently provides this service to other large volume law enforcement entities in the State of Ohio and are familiar with the State's Medicaid rates, medical billing codes, and the Ohio Revised Code.

Moving to an electronic claims processing system with an online portal provided by the vendor will provide real-time adjudication and inquiry of claims. This online system will enable the City to more efficiently validate custodial status and review the processed claims for accuracy prior to payment of the claims to the medical providers and facilities. This should significantly decrease the turn-around time for the payment of the approved claims without sacrificing the accuracy of the claim amounts.

The City personnel that currently validate custodial status, review processed claims for accuracy, and process payments to the vendor for the actual approved medical claims and administrative fees will continue to provide these services as part of their respective job duties in the same capacity.

The anticipated cost of the contract is the amount of the actual, approved medical claims (the City is responsible for costs associated with medical care for incarcerated individuals in its legal custody in the criminal justice system) plus the cost of administrative fees of \$50 per claim. The amount of the administrative fees would be reduced if the City's total processed claims are less than 500 claims for the contract year.

Historically, the cost of the medical claims and administrative fees have been budgeted in the Division of Correction budget in the annual amount of \$750,000.00. We anticipate that this amount will be sufficient for this contract.