

**COUNCIL ACTION FORM**

**SUBJECT: RENEWAL OF CONTRACT FOR WORKERS COMPENSATION AND MUNICIPAL FIRE AND POLICE SYSTEM MEDICAL CLAIMS ADMINISTRATION**

**BACKGROUND:**

This request for Council action involves the contract with EMC Risk Services, LLC, of Des Moines, Iowa, for third party administration of workers compensation and municipal fire and police “411 System” injury medical claims. This request is for the period of August 1, 2015 through July 31, 2016.

Services provided by EMC in this contract include workers compensation claims administration for all City employees, Medical Bill Review, self-insured loss fund management, pharmacy and medical expenses. EMC also performs regulatory filings and maintaining on-line claims data that City staff can access. Fees are based on a combination of annual administrative fees, per claim set up fees and 30% reimbursement to EMC based on medical bill review invoice reductions. The fees, along with actual claims expenses, are charged to individual departments.

**The City's 2015/16 Budget anticipated the renewal cost to be \$60,500, and the price quoted for 2015/16 is the same as the expiring agreement, written as a not to exceed contract amount of \$55,000.** The average monthly expenses incurred for the 11 months ending June 30, 2015 were lower than anticipated, at \$3,380, and approximately \$1,200 below the monthly average included in the *not to exceed* \$55,000 amount. The anticipated ending cost is therefore estimated at around \$41,000 for the 12 months ending July 31, 2015, which is lower than the historical average. The projected cost for 2015/16 is \$48,000, based on historical averages and combinations of annual and per claim fees, Medical Bill Review fees and savings reimbursements.

**EMC Fee Administration Charges, Expiring vs. New Contract**

<b>Fee Component</b>	<b>Fee Components Fiscal Year 2014-15</b>	<b>Fee Components Fiscal Year 2015-16</b>	<b>Change</b>	<b>FY 2014/15 Contract</b>	<b>FY 2015/16 Contract</b>
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%	Included	Included
Claim Set Up, Medical Only	\$125 per claim	\$125 per claim	0%	Included	Included
Claim Set Up, Lost Time	\$950 per claim	\$950 per claim	0%	Included	Included
Medical Bill Review Fees & Reimbursement	\$9.50/claim 30% Savings \$12,000 per claim cap	\$9.50/claim 30% Savings \$12,000 per claim cap	0% 0% 0%	<b>Not to exceed \$55,000</b>	<b>Not to exceed \$55,000</b>
	<b>Claims Count = 60</b>	<b>Claims Count = 70</b>			

**ALTERNATIVES:**

1. Approve the renewal contract with EMC Risk Services, LLC, Des Moines, Iowa, to provide third party administration of the City's workers compensation and municipal fire and police "411 System" claims for the period from August 1, 2015 through July 31, 2016 at a cost not to exceed \$55,000.
2. Reject the EMC renewal option and direct Staff to seek other claims administration alternatives.

**MANAGER'S RECOMMENDED ACTION:**

EMC Risk Services, LLC, has been an effective provider of professionally administered Workers' Compensation claims and associated services. They've been responsive and sensitive to the needs of City employees in managing their injury and disability claims. The online claims system makes cost and causation data accessible to City staff and provides a frequently utilized tool for analyzing injury types and safety program effectiveness.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the renewal contract with EMC Risk Services, LLC, Des Moines, Iowa, for third party administration of workers compensation and municipal fire and police "411 System" claims for the period from August 1, 2015, through July 31, 2016, at a cost not to exceed \$55,000.