

COUNCIL ACTION FORM

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

BACKGROUND:

The City contracts with EMC Risk Services, LLC, of Des Moines, Iowa, to provide third party administration of workers' compensation and Municipal Fire and Police "411 System" injury medical claims. The City's current contract with EMC for these services is set at an amount not to exceed \$55,000, and it will expire July 31, 2020. EMC has provided a renewal contract for the same services for the period from August 1, 2020 to July 31, 2021, in an amount not to exceed \$55,000.

Services provided by EMC in this contract include workers' compensation claims administration for all City employees, medical bill review, self-insured loss fund management, and pharmacy and medical expense consultation. EMC also performs regulatory filings and maintains an online claims database accessible to City staff. Fees are based on a combination of annual administrative fees, per-claim setup fees and 30% reimbursement to EMC based on medical review invoice reductions. The fees, along with actual claims expenses, are charged to individual departments.

The table below compares the FY 2019/20 fees to the proposed FY 2020/21 fees. Expecting similar claim volume in FY 2020/21, staff expects similar results. Additionally, the fees are contractually capped at \$55,000.

Fee Component	Fee Components FY 2019/20	Fee Components FY 2020/21	Change	FY 2019/20 Contract	FY 2020/21 Contract
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%	Included	Included
Claim Set Up, Medical Only	\$170 per claim	\$185 per claim	9%	Included	Included
Claim Set Up, Lost Time	\$995 per claim	\$1048 per claim	5%	Included	Included
Medical Bill Review Fees & Reimbursement	\$9.50/claim 30% of Savings \$10,000/claim cap	\$9.50/claim 30% of Savings \$10,000/claim cap	0% 0% 0%	Not to exceed \$55,000	Not to exceed \$55,000

ALTERNATIVES:

1. Approve the renewal contract with EMC Risk Services, LLC, of Des Moines Iowa, to provide third party administration of the City's worker's compensation and municipal fire and police "411 System" claims for August 1, 2020 through July 31, 2021, at a cost not to exceed \$55,000.
2. Reject the EMC renewal option and direct City staff to seek other claims administration alternatives.

CITY MANAGER'S RECOMMENDED ACTION:

EMC Risk Services, LLC, has been an effective provider of professionally administered workers' compensation claims and associated services. Its staff has been responsive and sensitive to the needs of City employees in managing their injury and disability claims. The online claims system makes cost and other 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, as described above.