

COUNCIL ACTION FORM

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

BACKGROUND:

On July 14, 2009, City Council awarded a contract to EMC Risk Services, LLC, of Des Moines, Iowa, for third party administration (TPA) of Workers' Compensation and Municipal Fire and Police system claims for the period from August 1, 2009, through July 31, 2010. The award was based on a competitive proposal process. The contract included a renewal option for up to four additional one-year periods through July 31, 2014.

The scope of services provided by EMC includes claims administration, medical management, loss fund management, temporary disability claims assistance, and representing the City's financial interests by controlling Workers' Compensation costs. EMC also performs administrative services including preparation and filing of Federal, State, and local filings, applications for the City's continued qualification as a self-insurer, statistical information required by rating bureaus, representation at Workers' Compensation hearings and mediations as requested, and data reporting.

The approved FY 2010/2011 budget for Workers Comp administration includes \$55,000 for these services, and the proposed renewal contract includes a not-to-exceed total of that same amount. Fees under the contract are based on unit prices for claims administration and medical bill review with a percentage fee for bill reduction. There is also an annual lump-sum reporting and auditing fee. Active access to the provider's Internet-based system is on a per-user basis, with view-only access available at no charge. Additional services are compensated on a per-hour basis. Actual costs are charged to departmental budgets as applicable. The total paid in FY 2009/10 was \$25,045.09.

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 Retirement System for the period from August 1, 2010, through July 31, 2011, at a cost not to exceed \$55,000.
2. Reject the renewal option and revert to performance of these services by Human Resources staff and outside consultants hired on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

Third party administration of Works Compensation and Municipal Fire and Police System provides responsive services to injured employees and helps reduce overall City expenses. EMC Risk Services, LLC provides trained professionals who administer Workers' Compensation claims and, just as importantly, assist injured employees in returning to productive work as quickly as possible.

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 Workers' Compensation and Municipal Fire and Police Retirement System for the period from August 1, 2010, through July 31, 2011, at a cost not to exceed \$55,000.