

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF CONTRACT 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 part administration of workers compensation and Municipal Fire and Police “411 System” injury medical claims. The City’s current contract with EMC for these services, which is set at an amount not to exceed \$55,000, expires on July 31, 2016. EMC has provided a renewal contract for the same services for the period from August 1, 2016 to July 31, 2017, in an amount not to exceed \$55,000.

Services provided by EMC under 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. These fees, along with actual claims expenses, are charged to individual departments.

Although the City anticipated the FY 2016/17 renewal not-to-exceed amount to be the same as the expiring agreement (\$55,000), the average expenses for the FY 2015/16 contract are estimated to be \$3,863 per month, for a total contract amount of \$46,358. This is approximately \$720 per month less than the monthly average required to reach the \$55,000 not-to-exceed amount.

Fee Component	Fee Components FY 2015/16	Fee Components FY 2016/17	Change	FY 2015/16 Contract	FY 2016/17 Contract
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% of Savings \$12,000/claim cap	\$9.50/claim 30% of Savings \$12,000/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, 2016 through July 31, 2017, at a cost not to exceed \$55,000.
2. Reject the EMC renewal option and direct City 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. 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 stated above.