

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 expires July 31, 2017. EMC has provided a renewal contract for the same services for the period from August 1, 2017 to July 31, 2018.

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.

As of May 31, the City had paid EMC \$98,400 for its services under the existing contract. The table below compares the FY 2016/17 fees to the proposed FY 2017/18 fees. Due to the low volume of workers' compensation and municipal fire and police system medical claims, the fee increases for Medical Only and Lost Time claims will not significantly increase the cost to the City. If the types and numbers of claims in FY 2017/18 were identical to what was experienced in FY 2016/17, staff estimates the City would pay an additional \$2,645 in fees to EMC.

Fee Component	Fee Components FY 2016/17	Fee Components FY 2017/18	Change	FY 2016/17 Contract	FY 2017/18 Contract
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%	Included	Included
Claim Set Up, Medical Only	\$125 per claim	\$160 per claim	28%	Included	Included
Claim Set Up, Lost Time	\$950 per claim	\$970 per claim	2%	Included	Included
Medical Bill Review Fees & Reimbursement	\$9.50/claim 30% of Savings \$12,000/claim cap	\$9.50/claim 30% of Savings \$10,000/claim cap	0% 0% -16%	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, 2017 through July 31, 2018, 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:

It is important to note that the per claim fees for medical only, lost time and "411 System" claims have remained unchanged since 2009. While EMC proposed greater increases, City staff was able to negotiate the fees in the table above. 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, thereby approving the renewal contract with EMC Risk Services, LLC, of Des Moines Iowa, to provide third party administration of the City's workers' compensation and municipal fire and police "411 System" claims for August 1, 2017 through July 31, 2018, at a cost not to exceed \$55,000.