

**COUNCIL ACTION FORM**

**SUBJECT: EMC CONTRACT RENEWAL 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 annual amount not to exceed \$55,000, and expired on July 31, 2018. EMC has provided a renewal contract for the same services for the period from August 1, 2018 to July 31, 2019, in an amount not to exceed \$55,000.

Services provided by EMC 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 table below compares the FY 2017/18 fees to the FY 2018/19 fees. Due to the low volume of workers' compensation and municipal fire and police system medical claims, the fee increases to the City for Medical Only and Lost Time claims should not cause the total expense to exceed the cap. With the expectation of similar claim volume in FY 2018/19, staff expects similar costs.

Fee Component	Fee Components FY 2017/18	Fee Components FY 2018/19	Change	FY 2017/18 Contract	FY 2018/19 Contract
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%	Not to exceed \$55,000	Not to exceed \$55,000
Claim Set Up, Medical Only	\$160 per claim	\$170 per claim	6%		
Claim Set Up, Lost Time	\$970 per claim	\$995 per claim	2%		
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%		

**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, 2018 through July 31, 2019, 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 stated above.