

**COUNCIL ACTION FORM**

**SUBJECT: CONTRACT RENEWAL 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, 2021. EMC has provided a renewal contract for the same services for the period from August 1, 2021 to July 31, 2022, 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 2020/21 fees to the proposed FY 2021/22 fees. Expecting similar claim volume in FY 2021/22 staff expects similar results. Additionally, the fees are contractually capped at \$55,000.

Fee Component	Fee Components FY 2020/21	Fee Components FY 2021/22	Change	FY 2020/21 Contract	FY 2021/22 Contract
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%	Included	Included
Claim Set Up, Medical Only	\$185 per claim	\$196 per claim	6%	Included	Included
Claim Set Up, Lost Time	\$1,048 per claim	\$1,069 per claim	2%	Included	Included
Medical Bill Review Fees & Reimbursement	\$9.50/claim 30% of Savings \$10,000/bill cap	\$9.50/claim 30% of Savings \$10,000/bill cap	0% 0% 0%	<b>Not to exceed \$55,000</b>	<b>Not to exceed \$55,000</b>

**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, 2021 through July 31, 2022, 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.