



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-115

SYNOPSIS -

AGENDA:

MARCH 22, 1999

SUBJECT:

OCCUPATIONAL
HEALTH SERVICES
CONTRACT

Based on an Employee Review Committee's assessment of current and perspective Employee Clinic Providers, City staff recommends approval of a contract with Concentra Medical Center. The recommended contract for occupational health services, effective March 23, 1999 through March 22, 2000, with an option for three, single-year extensions upon mutual agreement.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

The cost of the Concentra contract will be \$134,512, payable in 12 monthly installments. Funds for this contract will be paid from Trust and Agency monies included in Fiscal Year (FY) 1999 Operating Budget, page 5, and FY 2000, page 11.

SUBMITTED BY:

WILLIAM STOWE
HUMAN RESOURCE
DIRECTOR

Approval.

RECOMMENDATION -

BACKGROUND -

In January 1998, the City opened an employee health clinic to provide occupational health services for its employees. Previously, the City provided these services through outsourcing to medical providers at their facilities. These outsourcing experiences provided the City's Review Committee (including representatives from the Des Moines Police, Fire, and Human Resources staff) with insights into three of the four responders to the City's request for proposal, including corporate health (an Urbandale, Iowa corporation, Dr. James Blessman President), Health South (a Birmingham, Alabama corporation), Concentra (an Addison, Texas corporation and the current clinic contract provider), and Iowa Methodist (a Des

Moines, Iowa Corporation).

The existing City clinic was established in 1998 on the premise that it would be more effective and cost efficient to operate a City facility rather than contract with an outside vendor for all services. In addition to the extraordinary hardships caused to employees and their families because of occupational injuries and injuries, City occupational losses provide an opportunity for significant improvement. For the most recent year in which complete data is available, medical expenses for employee injuries approached \$1.5 million in 1997 with additional wage replacement costs of nearly \$750,000.

In response to the Request for Proposal (RFP), four vendors submitted proposals to provide professional medical staffing at the City clinic in December 1998. Concentra Medical Centers' bid of \$134,512, plus an additional \$23,000 for estimated services, was \$1,776 above the low bid from Health South. An Employee Evaluation Committee, including operating representatives with significant occupational medical experience, evaluated all responders based on cost, experience in providing occupational services, and the ability to meet the City's occupational services needs.

On the basis of the cost, Concentra's first year performance, the value of continuity in providing occupational health services, and the City's experiences, staff recommends awarding the clinic contract to Concentra Medical Center for one year, with options for three, one-year extensions. To date, Concentra has provided responsive and cost-effective occupational health services aimed at reducing the human tragedy and taxpayer burden of occupational losses.