

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

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

**00-173**

**SYNOPSIS -**

**AGENDA:**

APRIL 24, 2000

It is recommended that the City renew an agreement with Employers Mutual Co. (EMC) Risk Services Inc. (Bruce Kelley, CEO) for one year to furnish bill review and bill payment services for medical expenses incurred as a result of occupational injuries to City employees.

**SUBJECT:**

OCCUPATIONAL  
MEDICAL REVIEW  
SERVICES

**FISCAL IMPACT -**

The City anticipates a \$50,000 net reduction of Workers' Compensation medical expenses, after payment of service fees. Workers' Compensation expenses are paid from Trust and Agency Accounts included in the 1999-2000 Human Resources Operating Budget, page 12 of 12.

**TYPE:**

RESOLUTION  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Approval.**

**SUBMITTED BY:**

TOM TURNER  
HUMAN RESOURCE  
DIRECTOR

**BACKGROUND -**

In 1999, the City entered into a contract with EMC Risk Services for review of all Workers' Compensation Medical Expenses to determine if they were reasonable and customary, to obtain discounts through their PPO networks or negotiation, and to pay the medical bill on behalf of the City. As part of the original contract, EMC guaranteed the City would save sufficient money to cover the fee for the bill review services. It was estimated that medical bill could be reduced by \$110,000 the first year. EMC's projected fee was \$60,000 with the City's net savings being \$50,000.

The actual savings exceeded the estimates as shown below:

<u>1999</u>	
Total Vendor Charges	\$687,313
EMC Discounted Charges	<u>580,811</u>
Gross Savings	\$106,502
EMC Fees	<u>39,694</u>
Net Savings (1999)	\$66,808 (9.7%)

EMC Risk Services proposes the following changes in the 2000 agreement.

- Eliminate the Guarantee
- Increase Fees: Bill/Claim Review: \$8.50 to \$8.85 (35¢)

Bill/Claim Payment: \$6.50 to  
\$6.75 (25¢)

The above changes represent a \$600 increase (1.5%) over 1999 fees. The estimated saving to the City in 2000 is \$50,000.