

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 11, 2018
	Agenda Item No. 47 Roll Call No. <u>18-1004</u> Communication No. <u>18-279</u> Submitted by: James R. Wells, Human Resources Director

AGENDA HEADING:

Approval of agreement with EMC Risk Services (EMC), LLC for provision of occupational medical and pharmacy claim administration services for City employees.

SYNOPSIS:

Approve and authorize the Mayor to sign agreement with EMC, Bruce Kelley, CEO, Des Moines, Iowa for provision of workers’ compensation bill review, bill payment, claims administration and other related services for the period July 1, 2018 through June 30, 2021 with the option of three (3) 1-year renewals.

FISCAL IMPACT:

Amount: \$399,000 estimate based on historical workers’ compensation data.

Funding Source: Fees relating to workers’ compensation are paid by the injured employee’s home department.

ADDITIONAL INFORMATION:

- EMC provides workers’ compensation services to the City that includes claim adjusting, injury reporting, bill review and payment, subrogation, and statutory injury reporting. EMC began providing limited bill review services to the City in 1999 and expanded the scope of services to its current level in 2003. The most recent agreement with EMC expires June 30, 2018.
- A Request for Proposal (RFP) for these services for the period beginning July 1, 2018 was initiated on January 10, 2018. Four (4) companies submitted proposals (EMC, Corvel, Sedgwick and York). An evaluation committee representing key departments reviewed all proposals. The City’s benefit consultant, Holmes Murphy, guided the City through the process and audited responses to the claims repricing. Based on the criteria listed in the RFP, EMC submitted the winning proposal (scorecard included).
- EMC received the highest score on the qualitative criteria and submitted the lowest fee proposal. Fees for workers’ compensation services are assessed primarily through three (3) areas. The areas included: 1) a flat fee for each claim; 2) a fee for each medical and pharmacy bill reviewed and paid; and 3) a network fee, which is a percent of the savings realized by using EMC’s medical and pharmacy networks.

- EMC’s proposed fees are:
 - Claim Fee
 - \$185 per medical only claim
 - \$950 per lost-time claim
 - Bill Review Fee
 - \$8.75 per bill reviewed
 - Network Access Fee
 - 26% of savings from EMC’s PPO and non-PPO networks; individual claims negotiated by EMC; and early payments negotiated by EMC
 - 27% of savings from EMC’s pharmacy networks
 - Other
 - 14% of the amount recovered through subrogation

- Costs were based on historical claims and injury data. EMC submitted the lowest cost proposal of the two (2) vendors who re-priced claims. The total estimated annual costs for adjudicating workers’ compensation claims is \$399,000, which is derived from \$111,000 in fixed per claim charges; \$245,000 in medical network fees; and \$43,000 in pharmacy network fees. Fixed costs remain frozen for the first three (3) years of the agreement with 2% annual increases each year for the final three (3) years of the agreement.

	Corvel	EMC	Sedgwick	York
Experience & Staff Qualifications				
Overall Worker's Compensation Experience (5)	2	5	1	1
Chapter 411 Experience (10)	0	10	0	3
Similar Customers (5)	5	5	4	5
Technology (10)	10	6	10	10
Qualitative Total	17	26	15	19
*Fees/Claims Re-pricing (70)	0	70	0	62
Local Presence (1)	0	1	0	0
TOTAL	17	97	15	81

*Corvel and Sedgwick received no points for fees because they declined to re-price claims.

PREVIOUS COUNCIL ACTION(S):

Date: August 26, 2013

Roll Call Number: [13-1341](#)

Action: [Agreement](#) with EMC Risk Services, LLC (Bruce Kelley, CEO) for services related to the administration of workers’ compensation claims for the period October 1, 2013 through June 30, 2015 with three one-year options to renew. ([Council Communication No. 13-443](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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