


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>24-233</b>	Meeting:	<b>June 3, 2024</b>
	Agenda Item:	<b>23</b>	Roll Call:	<b>24-0805</b>
	Submitted by:	<b>James R. Wells, Human Resources Director</b>		

## AGENDA HEADING:

Approving exception to request for proposal (RFP) process for good cause and approving agreement with EMC Risk Services, LLC, dba, EMC Claims Solutions (EMC) for provision of occupational medical and pharmacy claim administration services for City employees.

## SYNOPSIS:

Approve and authorize the Mayor to sign agreement with EMC (Scott R. Jean, President and CEO, Des Moines, Iowa) for the provision of workers' compensation bill review, bill payment, claims administration, and other related services for the period July 1, 2024, through June 30, 2030. The City Manager is recommending approval of the exception to the City's RFP process for good cause.

## FISCAL IMPACT:

Amount: Estimated \$550,000/year in claim fees. Through EMC's provider networks, the City saves approximately \$1,000,000/year in medical and pharmacy claims.

Funding Source: Fees related to work-related injuries and illnesses are paid by the injured employee's home department.

## ADDITIONAL INFORMATION:

- EMC began providing limited medical bill review services to the City for work-related injuries and illness in 1999, and in 2003 the scope of services expanded to its current level as the City's third-party workers' compensation administrator. This includes: management of all work related injuries and illnesses incurred by civilian and sworn City employees; reporting injuries and claims to Medicare's Secondary Payment Program and the State of Iowa EDI; coordinating injury information and status between occupational health provider, employees, city departments, human resources, legal and the State of Iowa Industrial Commissioner's Office; generating a Monthly Safety Dashboard; subrogating claims; establishing claim reserves; prescribing nurse case management; serving notices and reports to City's excess loss carrier; producing quarterly and annual loss reports; drafting and supplying City OSHA 300 and 300A forms; assisting City legal with litigated claims; and maintaining a comprehensive database of all injuries and illnesses.
- EMC is a Des Moines based company with decades of experience working with City of Des Moines employees and administration. EMC has gained in-depth knowledge of how the City operates, the work of City employees and what's expected of employees and their supervisors following an injury, including the City's return-to-work program. This knowledge of Iowa

workers' comp statutes, especially chapter 411 for public safety employees is critical for the City maintaining compliance with applicable rules and regulations as well as the City utilizing best practices in work comp administration. It also provides a system where employees are assured the benefits provided to them by law are done so in a consistent and timely manner.

- On January 10, 2018, the City issued an RFP to provide Occupational Medical and Pharmacy Claim Administration Services. The City entered into an agreement with EMC Risk Services for three (3) years with three (3) one (1)-year renewal terms. There are no additional renewal terms to exercise; however, it is in the City's best interest to remain with EMC so that there is no disruption in service to the injured employee.
- EMC has proposed nominal fee increases for their services, with no increase in year 2 of the agreement (FY 2026). Claim fees will increase three percent (3%) per year in the last four (4) years of the agreement, while all other fees will remain unchanged. For the 12-month period from May 2023 to April 2024, EMC fees totaled \$528,000; however, medical and drug claims were reduced by \$1,590,000 through EMC's provider networks, which provides a net savings of over \$1 million. The three percent (3%)/year increase in adjuster fees and one percent (1%) overall increase in medical claim review is estimated to increase costs by \$15,000 per year.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: June 11, 2018

Roll Call Number: [18-1004](#)

Action: [Proposal](#) and authority to enter into an agreement with EMC Risk Services, LLC (Bruce Kelley, CEO) to provide services related to the administration of workers' compensation claims for the period July 1, 2018 through June 30, 2021 with three one-year options to renew. ([Council Communication No. 18-279](#)) Moved by Gatto to adopt. Motion Carried 7-0

#### **BOARD/COMMISSION ACTION(S): NONE**

#### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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