

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 01/08/07		Item Number: <u>A-2</u>	
AGENDA ITEM: Approve a Request for Proposal for Third Party Claims Administration, Medical Bill Review Services, and Utilization Review Services for the Workers' Compensation Program.			
Contact Person/Dept.: Nick Kimball, Administration/Budget & Finance		Phone Number: (310) 253-6013	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List 01/--/07;			
Department Approval: Marlee Chang (01/03/07)		City Manager Approval: Jerry B. Fulwood (01/03/07)	
City Controller Approval: Marlee Chang (01/03/07)		City Attorney Approval Heather Iker (01/03/07)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve the Request for Proposal (RFP) for third party claims administration, medical bill review services, and utilization review services for the workers' compensation program and authorize its release. <u>BACKGROUND/DISCUSSION:</u> The Risk Management Division is seeking proposals for three key components to the effective administration of the workers' compensation program; 1) third party claims administration, 2) medical bill review services, and 3) utilization review services. <i>Third Party Claims Administration (TPA) Services</i> A third party claims administrator (TPA) is responsible for administering the City's self insured workers' compensation program. As such, a TPA must be very familiar with current labor code requirements and industry best standards. The primary duties of a TPA include setting initial claim reserve amounts; reviewing medical treatment to ensure that it is appropriate; acting as a liaison between employees, doctors, attorneys, and the City; generating and mailing statutorily required notices to employees; processing and filing required forms with the appropriate parties; consulting with Risk Management staff to provide recommended courses of action; paying claims related costs on behalf of the City; and generating and providing reports to Risk Management staff for use in analysis and enhanced program management.			

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Currently, the City's TPA for the workers' compensation program is Colen & Lee. Colen & Lee has provided third party claims administration services for the City since July 1986. Their current contract expires on June 30, 2007.

Medical Bill Review Services

The purpose of the medical bill review service is to ensure that the City is being billed accurately for the medical treatment provided to injured workers and to make sure that the City is taking advantage of treatment discounts provided by medical provider network doctors. Over the past few years, medical bill review has successfully reduced bills hundreds of thousands of dollars by correcting errant medical bills and taking advantage of medical provider network discounts.

Often times, this service is provided by the TPA in-house, or by a company affiliated with the TPA, to decrease cost and increase efficiency. However, there are firms that specialize in medical bill review services that are not affiliated with any particular TPA. The City is also interested in soliciting responses from firms that are not affiliated with a TPA.

Utilization Review Services

As mandated by the California Labor Code, Utilization Review is responsible for the review of requests for medical services by healthcare facilities. Utilization Review ensures that those services are necessary and within ACOEM (American College of Occupational and Environmental Medicine) treatment guidelines. These guidelines are used to evaluate the appropriateness of the recommended treatment plan relative to the injury. The review process typically involves pre-review, or pre-authorization, and concurrent review, or inpatient evaluation of care and needs.

Utilization Review may be performed by the TPA or insurer itself, or it may be contracted out to either a third party review specialist or to the hospital/lab/etc. providing the service.

Timeline for RFP Process

Staff anticipates the following timeline for the selection of a firm(s):

Release of RFP	January 12, 2007
Proposals Received by City	February 15, 2007
Evaluation of Proposals	March & April 2007
Firm Presentations (if necessary)	April 2007
Consideration of Contract Award	May 2007
Notification of Selection	May 2007
Contract Effective Date	July 1, 2007

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Pending approval and release of this RFP, a Notice Inviting Proposals will be mailed on Tuesday, January 9, 2007 to various third party administrators and workers' compensation service providers (Attachment 2) and posted on the Public Agency Risk Management Association (PARMA) website. Additionally, a Notice Inviting Proposals will be published in the Culver City News on Thursday, January 11, 2007. All proposals must be received by the City Clerk by 3:00 p.m. on Thursday, February 15, 2007.

FISCAL ANALYSIS:

Funds for third party claims administration, medical bill review, and utilization review services, including RFP preparation, publishing and mailing, are included in the fiscal year 2006-07 Adopted Budget.

ATTACHMENTS:

1. RFP for Workers' Compensation Third Party Claims Administration, Medical Bill Review, and Utilization Review Services.
2. List of firms to receive the RFP.

MOTION:

That the City Council:

Approve the Request for Proposal (RFP) for third party claims administration, medical bill review services, and utilization review services for the workers' compensation program.