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September 18, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to extend the contract with Tristar Managed Care, Inc., for workers' compensation claims management citywide for additional years as necessary to maintain service levels in compliance with state and federal laws. (Citywide)

DISCUSSION

On January 12, 2005, the City entered into an agreement with Tristar Managed Care to serve as the City's preferred source for managed care for its Workers' Compensation claimants. The agreement allowed the parties to extend the term for two separate, consecutive periods, of one year each. The City now desires to further extend the agreement for five one-year options at the discretion of the City Manager.

The services provided by Tristar, as described below, have contributed to the savings the City has seen over the past two years in the payments made for work-related injuries. They have also maintained control of the errors in the payments to vendors through proper re-pricing to the State's Fee Schedule, eliminating duplicate charges and fraud. Additional savings are seen for services provided by Preferred Provider Networks. Utilization Review allows the City to insure the treatment provided is reasonable and necessary for the injury. Medical Managed Care assists the City in the delivery of treatment to those employees who need it and control the costs related to long-term care issues.

The City will contract for an audit on the performance of Tristar Managed Care in September of 2007. The audit will evaluate Tristar's performance in carrying out the terms of this agreement and any corrective action needed will be addressed following the audit.

TIMING CONSIDERATIONS

City Council action on this matter is requested on September 18, 2007. as the current contract expires on October 1, 2007.

FISCAL IMPACT

Expenditures for the term of the agreement will fluctuate from year-to-year, depending upon the volume of claims and nature of the treatment that is needed. It is expected that the impact to the Insurance Fund will not exceed \$200,000 in the next fiscal year. This expenditure is already included in the 07-08 budget.

SUGGESTED ACTION:

Approve recommendation.

for 
ANTHONY W. BATTS
City Manager


ROBERT E. SHANNON
City Attorney

RES:fl
#07-04346