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March 7, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP LW 16-071 and award a contract to Medata, Inc. for medical bill review services in an annual amount of \$575,000, authorize a 20% contingency in the amount of \$115,000 annually, for a total contract amount not to exceed \$690,000 annually; and authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary amendments thereto, for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with Medata, Inc. to furnish and deliver Workers' Compensation related medical bill review services. This type of service has historically provided the City with significant annual cost savings related to medical provider billing in workers' compensation cases. If approved, this contract will replace an existing long term agreement.

A Request for Proposal (RFP) was advertised in the Long Beach Press-Telegram on February 12, 2016, and potential proposers specializing in medical bill review and services were notified of the RFP opportunity. Of those proposers, 40 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. Approximately 4,200 potential proposers were notified of the RFP opportunity. The RFP announcement was also

included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Fourteen proposals were received on March 12, 2016. Of those 14 proposers, one was a Minority-owned Business Enterprise (MBE), two were Women-owned Business Enterprises (WBEs), one was a certified Small Business Enterprise (SBE). No Long Beach businesses (Local) responded. The selection committee determined that Medata, Inc., of Irvine, CA, a WBE, was the most qualified firm to provide the services.

The selection committee reviewed and evaluated all of the proposals in accordance with the following criteria:

- Demonstrated competence
- Experience in performance of comparable engagements
- Expertise and availability of key personnel
- Reasonableness of cost
- Financial stability
- Conformance with the terms of this RFP

The selection committee included an expert consultant, an Assistant City Attorney, a Principal Deputy City Attorney, the Workers' Compensation Claims Manager and Claims Supervisors. After the selection committee's initial review, five respondents were invited to participate in the selection interview, which included the expert consultant, the Principal Deputy City Attorney, the Workers' Compensation Claims Manager and Claims Supervisors, as well as a representative from Financial Management.

Medata, Inc. was selected as the organization whose business approach and experience best aligned with the City of Long Beach's Workers' Compensation program goals and objectives for performing bill review services. Medata, Inc. brings over 100 years of combined experience and expertise, and demonstrated a thorough and comprehensive approach to medical bill review. In addition, they offer a proprietary state of the art bill review process with the ability to deliver an effective and cost efficient bill review program to the City of Long Beach.

Workers' Compensation costs remain a significant statewide issue. As a result, the Governor and Legislature negotiated a reform package in 2012 to combat the deleterious effects of those costs on the California economy. The City will incorporate current reform measures with medical bill review as the foundation of cost management. Additionally, the City continues to build upon its cost containment program, in an effort to reduce costs and improve efficiencies, while providing superior care and treatment to affected employees.

Medata, Inc., as the selected vendor, will provide bill review services in accordance with the Workers' Compensation Laws of California. They will analyze medical provider bills for errors, duplication or fraud. Billed charges will be repriced to accurate and correct charges pursuant to the applicable State-mandated Fee Schedule, or in non-Fee Schedule states to usual and customary charges. Bill review

will also provide any applicable additional savings for services provided by a preferred provider in the medical treatment network. Bill review services are designed to ensure that payment for medical treatment is being made with an optimal cost savings benefit to the City.

This matter was reviewed by Principal Deputy City Attorney Anne Lattime on February 8, 2017, and Revenue Management Officer Geraldine Alejo on January 26, 2017.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFP LW 16-071 and award a contract concurrently is requested on March 7, 2017, to ensure that the contract is in place expeditiously.

FISCAL IMPACT

The City's contract with Medata, Inc. is not expected to exceed \$690,000 annually. The contract cost is budgeted in the Insurance Fund (IS390) in the Citywide Activities Department (XC). The Workers' Compensation Division has an annual medical bill volume of approximately 15,000 bills, resulting in annual medical bill charges of approximately \$23,000,000. Through the bill review process, with Fee Schedule savings, and other reductions and savings, the City paid approximately \$9,017,747 in fiscal year 2016 in medical costs, representing an annual savings of approximately 60.8% off the total cost of the bills.

There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

CHARLES PARKIN, City Attorney

By 

ANNE LATTIME
Principal Deputy City Attorney