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September 17, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP LW19-075 and award a contract to MEDEX Managed Care, Inc., of Newport Beach, CA, for providing Utilization Review services for the City of Long Beach Workers' Compensation Program, in an annual amount of \$132,000, authorize a 20% contingency of \$26,400, for a total annual contract amount not to exceed \$158,400 for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary amendments. (Citywide)

DISCUSSION:

City Council approval is requested to enter into a contract with Medex Managed Care, Inc. (MEDEX) to provide Utilization Review services, for the City of Long Beach Workers' Compensation Program. In January 2019, the professional services of Maureen Kohl Mahoney & Associates were enlisted to initiate a Request for Proposal (RFP) process to select a managed care vendor to provide Utilization Review (UR) through the City's Workers' Compensation Program.

UR services will be provided by MEDEX upon direct referral, for the review of medical treatment recommended by physicians for adherence to the American College of Occupational and Environmental Medicine (ACOEM) guidelines, the Medical Treatment Utilization Schedule (MTUS) or those treatment guidelines mandated by the State of California in accordance with any other medically accepted scientifically based

guidelines. UR services are designed to provide the City of Long Beach (City) with tools to insure the City and the injured worker receives the reasonable and necessary medical care to treat Workers' Compensation injuries.

All eligible City employees are provided the best medical care available at the earliest time indicated, in addition to all appropriate workers' compensation indemnity benefits. In tandem, the City has a fiduciary responsibility to its citizens to minimize medical and indemnity expenditures. Partnering with established managed care service providers is critical to achieving cost containment goals.

Under the umbrella of managed care services, UR was evaluated with the intent of identifying the best opportunity for operational efficiencies and cost savings within the City's Workers' Compensation Program, while providing superior medical treatment to affected employees. The aim is to align with a service vendor who demonstrates the ability to incorporate industry best practices, along with the California workers' compensation regulations in their approach to servicing the City of Long Beach.

The City's proposed contract with MEDEX establishes an agreed-upon fee schedule for the various components of the contract (below). The City averages approximately 1,800 requests for authorizations from medical providers each year. Approximately 80% are handled in-house as a log only authorizations. The remaining 20% are split between a physician review, physician review by specialty, or an expert/Medical Director review.

The RFP was advertised in the Long Beach Press-Telegram on February 7, 2019, and 222 potential proposers specializing in UR were notified of the RFP opportunity. Of those proposers, 32 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. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 26 local, minority and women-owned business groups. Nine proposals were received on March 6, 2019. Of those nine proposers, one was a Minority-owned Business Enterprise (MBE), two were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and none were Long Beach businesses (Local). The selection committee determined that MEDEX Managed Care, Inc., of Newport Beach, CA (not an MBE, WBE, SBE, or Local), was the most qualified firm to provide these services. MEDEX has a demonstrated track record of expert key personnel, long-term client relationships, and a philosophy of cost containment and exceptional service.

LOCAL BUSINESS OUTREACH:

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division assists

businesses with registering on the PlanetBids database to download the RFP specifications. Through outreach, 28 Long Beach vendors were notified to submit proposals, of which two downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Principal Deputy City Attorney Anne Lattime on September 6, 2019 Purchasing Agent Tara Yates on September 4, 2019, and by Budget Analysis Officer Julissa José-Murray on September 5, 2019.

TIMING CONSIDERATIONS:

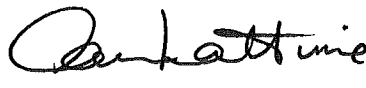
City Council action to adopt Specifications No. RFP LW19-075 and award the contract concurrently is requested on September 17, 2019, to ensure the contract be effective October 1, 2019 to ensure the contracts are in place in a timely manner. Based on the average annual volume and complexity, the total estimated cost for this contract will not exceed, \$158,400 annual or \$316,800 over the next two years. Although this contract represents a slight increase over the prior vendor, MEDEX will provide an expanded level of service by assuming the task of maintaining the Treatment Authorization Log, preparing and mailing the corresponding authorization letters. Sufficient appropriation for the contract is budgeted in the Insurance Fund Group in the Citywide Activities Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

CHARLES PARKIN, City Attorney

By: 

ANNE C. LATTIME
Principal Deputy Attorney