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CHARLES PARKIN
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August 13, 2013

MICHAEL J. MAIS
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HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications RFP No. HR-13-016 authorizing the City Manager, or designee, to execute contracts and any necessary amendments thereto with Excel Managed Care and Disability Services, Inc. (EMCDS) to provide Utilization Review services and with Rehab West, Inc. (RWI) to provide Medical Case Management services for the City of Long Beach Workers' Compensation Program, in a total aggregate annual amount not to exceed \$212,000 for a period of one-year, with the option to renew for two additional one-year periods, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is requested to enter into contracts with Excel Managed Care and Disability Services, Inc. (EMCDS) to provide Utilization Review services, and with Rehab West, Inc. (RWI) to provide Medical Case Management services, for the City of Long Beach Workers' Compensation Program. In September 2012, through the City's Risk Management Division, the professional services of Maureen Kohl Bennington & Associates were enlisted to initiate a Request for Proposal (RFP) process for the purpose of selecting a managed care vendor following the expiration of the current contract with Tristar Managed Care, Inc. The scope of work in the RFP was to provide select managed care services, to include utilization review (UR) and medical case management (MCM) through the City's Workers' Compensation Program.

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 and MCM were evaluated independently, 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 select managed care service vendors who demonstrate the ability to incorporate industry best practices, along with the new California workers' compensation regulations in their approach of servicing the City of Long Beach.

Utilization Review services will be provided by EMCDS to the City of Long Beach's Workers' Compensation program upon direct referral, for the review of medical treatment recommended by physicians through the City's workers' compensation program. These services are designed to provide the City of Long Beach with tools to insure that the City and the injured worker receives the reasonable and necessary medical care to treat Workers' Compensation injuries.

Medical Case Management services will be provided by RWI to the City of Long Beach's Workers' Compensation program upon direct referral, in the form of telephonic, field, or task-based case management. These services will assist the workers' compensation office with direct nursing services for the management of treatment for injured workers, including but not limited to, long-term disability, severe or catastrophic injuries, or intervention to assist in return to work.

The RFP was advertised in the Press-Telegram on February 16, 2013 and 1,691 potential proposers were notified of the bid opportunity. Of those bidders, 45 downloaded the bids via the City's electronic bid system. The bid 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. A bid announcement was also included in Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 37 local, minority and women-owned business groups.

For the UR services component, ten (10) proposals were submitted and for the MCM services component, twelve (12) proposals were submitted. Of those proposers, none was a Minority-owned Business Enterprise (MBE), one (1) was a women-owned business, and none was Long Beach businesses (Local). A review of the proposals submitted was conducted by a selection committee consisting of representatives from Maureen Kohl Bennington & Associates, the City of Long Beach Risk Management Division and Long Beach City Attorney's Office. The selection committee recommended EMCDS and RWI (a women-owned business) as the proposers able to best meet the City's needs. The selection was based upon proposed costs, established technical criteria, demonstrated competence, and verification of references. EMCDS and RWI have 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 bids for City contracts. The Purchasing Division assists businesses with registering on the Bids Online database to download bid specifications. Through outreach, four (4) Long Beach vendors were notified to submit bids, of which four 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 August 1, 2013, and by Budget Management Officer Victoria Bell on August 1, 2013.

TIMING CONSIDERATIONS

City Council action to adopt Specifications RFP No. HR-13-016 and award the contract is requested on August 1, 2013 to ensure the contracts are in place in a timely manner.

FISCAL IMPACT

The City's proposed contracts with EMCDS and RWI establish an agreed-upon fee schedule for the various components of the contracts (see attached).

The City spends approximately \$15 million per year on workers' compensation related claims, with approximately \$83,000 on UR services and \$142,000 on MCM services. The total estimated charges for these services will not exceed \$212,000, with approximately \$78,000 and \$134,000 for UR services and MCM services, respectively. Executing these contracts with EMCDS and RWI represents approximately a 5.5 percent savings over the current contract.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

By 
CHARLES PARKIN
Acting City Attorney

FEE SCHEDULE FOR SERVICES

Excel Managed Care and Disability Services, Inc.	
Utilization Review	
Hourly Rate - RN Review	\$75
Hourly Rate - Physician Review	\$200
Hourly Rate - Physician Review by specialty if applicable	\$115/Chiro
Hourly Rate - Expert Review/Medical Director if rates vary from Physician Review	\$200
Note: Clearly delineate any variation in hourly billing applicable to Proposer services	
Flat Rate - RN Review	\$75*
Flat Rate - Physician Review	\$215*
Flat Rate - Physician Review by specialty if applicable	\$215*
Flat Rate - Expert Review/Medical Director if rates vary from Physician Review	\$215*
Note: Clearly delineate any variation in flat billing applicable to Proposer services	
	* Includes 3 medical request in a single review

Rehab West, Inc.	
Medical Case Management	
1-30 days TCM Flat Rate	\$300
31-60 days TCM Flat Rate	\$200
61-90 days TCM Flat Rate	\$100
Other TCM Fee Structure: Reopened > 60 after closing	\$200
Hourly TCM Rate (billed in 1/10 of an hour increments - 6 minute increments)	\$85
Hourly Field Rate (billed in 1/10 of an hour increments - 6 minute increments)	\$95
Flat Rate Task Rate	
- MD Visit	\$300
- MD Visit & Home Visit	\$450
Half Time - Travel/Wait Rate	N/A
Mileage for Field (IRS Rate)	.56.5¢/mile