



# Request for City Council Committee Action from the Finance & Property Services Department

**Date:** February 16, 2015

**To:** Ways & Means Committee

**Referral to:** None

**Subject:** Authority to negotiate and enter into a contract with Alpha Review Corporation for the provision of Workers' Compensation (WC) & Employment Services (ES) Medical Billing Services.

**Recommendation:** Authorization for the proper City Officials to negotiate and enter into a contract with Alpha Review Corporation to provide WC & ES medical billing at a \$1.50/FTE (with a minimum of 3,750) for year one and two at an estimated \$224,000/yr. with a 4% increase for year three, four, & five plus a 20% charge over our network savings discounts. Monthly allocated expenses may increase or decrease dependent on the volume of specialized medical needs, claims, or court appeals. This potential five year contract periods shall begin on April 1, 2015.

**Previous Directives:** A RFP was released for these services on January 14, 2015. Civil Rights has approved the updated Affirmative Action Plan on September 30, 2014.

### Department Information

Prepared by:	Sean Curran/Risk Manager 673-2364 & Ellen Velasco-Thompson, Director, Risk Management & Claims, 673-3994
Approved by:	Kevin Carpenter, City Finance Officer _____ Spencer Cronk, City Coordinator _____
Presenters in Committee:	Sean Curran, Risk Manager & Ellen Velasco-Thompson, Director, Risk Mgmt. & Claims

### Reviews

- Permanent Review Committee (PRC): Approval  Date 11-13-14
- Civil Rights Approval Approval  Date 9-30-14
- Policy Review Group (PRG): Approval  Date \_\_\_\_\_

### **Financial Impact**

- The financial impact on admin. fees are projected at a rate that is less than the previous five year contract.
- Action is within the Business Plan

### **Community Impact**

- City Goals

### **Supporting Information:**

The present contract & extensions for Medical Billing of WC and ES will expire on February 28, 2015. This new contract is anticipated for a five year period to end services on March 31, 2020.

A team of end-users for Workers' Compensation claims and Employment Services have reviewed four responders to our Request for Proposals (RFPs) for services. All four are national firms. The final candidate was chosen due to the overall reduction in financial administrative costs, the quality of services offered, the numerous preferred provider networks for physicians, hospitals, pharmaceuticals, durable medical equipment, and systems to review of complex billing.

MS.62J.536 requires MN e-billing by providers as of 2009. This incumbent vendor has been compliant since 2008 and federally compliant for ICD-10 coding prior to its implementation on October 2015. Alpha Review continues to have cyber coverage protection for the city and the private data of our City employees. The City uses an EDI process in uploading and downloading files, copies of invoices, and verification of payments through our database system RiskMaster. To decrease administrative costs, the City is moving away from a manual to a fully digital storage method. Ftp sites are used to protect current data from HRIS/Compass soon to be COMET. Approvals or challenges to medical bills are logged into separate databases by WC/Department Liaisons with specific directions recorded and communicated online. Alpha Review is responsible for verification and the filing of annual 1099's to medical providers, as well as IRS inquiries and penalties.

In 2014, 809 bills/mo. were submitted for WC with a total payout of \$4.1M. For ES in 2014, \$700,456 was screened and paid out to medical providers.