



# City of San Antonio

## Legislation Details (With Text)

<b>File #:</b>	19-1131			
<b>Type:</b>	Miscellaneous Item			
		<b>In control:</b>	City Council A Session	
<b>On agenda:</b>	1/17/2019			
<b>Title:</b>	Ordinance approving a three year contract with Injury Management Organization, Inc. to provide medical cost containment services through a Workers' Compensation Health Care Network beginning March 1, 2019 for an estimated annual cost of \$455,000.00 with renewal options. Funds are available in the Self-Insurance Workers' Compensation Fund FY 2019 Adopted Budget and costs will be offset by efficiencies introduced by the Health Care Network Program. [Ben Gorzell, Chief Financial Officer; Debra Ojo, Director, Office of Risk Management]			
<b>Sponsors:</b>				
<b>Indexes:</b>				
<b>Code sections:</b>				
<b>Attachments:</b>	1. SAdmin Scan18110617150, 2. HCN Fiscal Impact Form, 3. Draft Ordinance, 4. Revised Staff Presentation, 5. Ordinance 2019-01-17-0041			

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Office of Risk Management

**DEPARTMENT HEAD:** Debra M. Ojo, MPA

**COUNCIL DISTRICTS IMPACTED:** City Wide

**SUBJECT:** Workers' Compensation Health Care Network Services

### SUMMARY:

This ordinance authorizes the City Manager or her designee to enter into a contract with Injury Management Organization, Inc. (IMO) to provide medical cost containment services through a Workers' Compensation Health Care Network (HCN), which is in accordance with chapter 1305 of the Texas Insurance Code for the City of San Antonio. The term of the contract is three (3) years with two (2) additional one year renewal options subject to and contingent upon funding by City Council, beginning March 1, 2019 and ending February 28, 2022. The estimated annual cost is \$455,000, and \$265,300 for the remainder of FY 2019. If all options are exercised, the estimated total cost of the contract is \$2,275,000. The cost of the HCN will be offset by efficiencies introduced by the HCN program.

### BACKGROUND INFORMATION:

The City receives an average of 1,300 workers' compensation claims, annually. The City retains the services of

Tristar Risk Management for third-party claims management, which involves the investigation, adjusting and payment of benefits and medical providers.

Under the current workers' compensation program, City employees have provider of choice for workers' compensation injuries. The HCN will provide and manage a network of contracted and credentialed physicians and specialists to provide the highest quality and appropriate care to City employees. The HCN will ensure a broad range of Network coverage throughout San Antonio and surrounding areas; facilitate faster access to medical care through telephonic or field case nurse services; assist with facilitating a "Return-to-Work" program with physicians and employees; implement a Network Quality Improvement Program; and adhere to established performance measures. The HCN will also be responsible for the medical cost containment, which includes medical bill review, utilization review, peer review and pharmacy bill auditing in accordance with Texas Department of Insurance fee guidelines.

The Finance Department, Purchasing Division, released a Request for Proposals (RFP) for 1305 Workers' Compensation Health Care Network Services on March 5, 2018. The RFP was advertised in the San Antonio Express-News, the City's SAePS portal, Website and TVSA, and outreach notices were sent notifying potential respondents of the RFP and how to apply. A pre-submittal conference was held on March 12, 2018, to allow for Respondent questions and clarification to the RFP. One proposal was received by the April 6, 2018 deadline.

The response was evaluated by the Evaluation Committee ("committee"), which included representatives from the City's Office of the City Manager, Office of Risk Management, Finance Department, Human Resources Department, San Antonio Police Department, San Antonio Fire Department and VIA Transportation. On May 18, 2018, the committee reviewed the respondent's Experience, Education and Qualifications; Proposed Plan and Pricing. By consensus vote, the committee is recommending to enter into agreement with IMO for the provision of providing 1305 Workers' Compensation Health Care Network Services.

#### **ISSUE:**

This ordinance will authorize a contract with Injury Management Organization to provide medical cost containment services through a Workers' Compensation Health Care Network which will provide and manage a network of contracted and credentialed physicians and specialists to provide the highest quality and appropriate care to City employees while allowing for continued enhancements of the workers' compensation program in keeping with City Council policy.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

The Local Preference Program and the Veteran-Owned Small Business Preference Program are applicable to this RFP.

#### **ALTERNATIVES:**

The City could attempt to establish its own Network or perform internal cost containment and associated services. This would require additional specialized and experienced personnel and associated staffing costs, and would not necessarily guarantee the same level of claims handling expertise, cost containment, nor the highest quality and most appropriate medical treatment. The City may also elect to remain out of network and experience increases in workers' compensation costs.

#### **FISCAL IMPACT:**

This ordinance authorizes entering into a contract with Injury Management Organization, Inc. (IMO) to provide medical cost containment services through a Workers' Compensation Health Care Network (HCN), which is in accordance with chapter 1305 of the Texas Insurance Code for the City of San Antonio. The term of the contract is three (3) years with two (2) additional one year renewal options subject to and contingent upon funding by City Council, beginning March 1, 2019 and ending February 28, 2022. The annual cost of this contract is \$455,000 with approximately \$265,300 for the remainder of FY 2019. The cost of the HCN will be offset by efficiencies introduced by the HCN program and funds in the amount of \$265,300 are available in the Self-Insurance Workers' Compensation Fund FY 2019 Adopted Budget. Subsequent funding will be contingent upon City Council approval.

**RECOMMENDATION:**

Staff recommends approval of this ordinance to execute a professional services agreement for 1305 Workers' Compensation Health Care Network with IMO for a term beginning March 1, 2019 and ending on February 28, 2022, with an option to extend the contract up to two additional one year extensions, subject to and contingent upon funding by City Council. This contract is procured by means of Request for Proposals. The Contract Disclosure Form is attached.