

**CITY OF SAN ANTONIO  
HUMAN RESOURCES DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Sharon De La Garza, Director, Human Resources Department

**SUBJECT:** Third Party Administration and Medical Cost Containment Services

**DATE:** September 22, 2005

**SUMMARY AND RECOMMENDATIONS**

An ordinance authorizing execution of necessary contracts to provide third party claims administration and medical cost containment services for the City's self-insured workers' compensation and liability program.

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

This ordinance will approve the selection of, and authorize contract negotiation for a Third Party Administrator and Medical Cost Containment Services provider. The City employs a Third Party Administrator to process, investigate, adjust, negotiate, and make payments for claims in accordance with the requirements of the Texas Workers' Compensation Act and the Texas Tort Claims Act. The current contract for this service, provided by Cambridge Integrated Services Group, Inc., expires September 30, 2005. The City has had its self-funded Workers' Compensation program administered since 1974 and its Liability program administered since 1983 through various third party administrators. The Third Party Claims Administrator provides a vital service to the City by processing approximately 1,900 Workers' Compensation, and 1,100 Liability claims per year.

This contract will also provide for Medical Cost Containment services. The current contract for these services with Medical Audit Consultants also expires September 30, 2005. These services include, but are not limited to medical bill review, hospital bill audits, occupational provider network, pre-authorizations, utilization reviews, peer reviews, vocational and rehabilitation evaluation, discharge planning, and case management. All medical bills are audited by the service contractor to eliminate bill overcharges and unrelated medical treatment. The service contractor also works closely with the Third Party Administrator to ensure quality medical care to the City's injured employees.

These services are necessary to meet the reasonable, necessary, and related medical needs of injured workers and for the expedient handling of liability claims made against the City. Services under this contract will assist in managing and reducing workers' compensation and liability costs, will aid in the timely and proper processing of claims, and will ensure the proper

delivery of service and treatment to injured workers.

The City released a Request for Proposals (RFP) on July 16, 2005 to which seven (7) firms responded: Each Respondent's proposal was evaluated based upon responsiveness to the RFP, the Respondent's proposed fee schedule, Respondent's background, capability and experience, and the level of local and disadvantaged business enterprise participation. The Selection Committee included representatives from the Police, Fire, Human Resources, Public Works, Public Utilities, Convention Facilities, Parks and Recreation, Asset Management, Finance, and Economic Development Departments as well as the City Attorney's Office. From the seven Respondents, the committee recommended four (4) firms for further evaluation due to the quality of services they offered and the quoted costs. Representatives of these four firms, Attenta of Texas, L.P., Cambridge Integrated Services Group, Inc., CMI Barron Risk Management Services, Inc. and TRISTAR Risk Management made presentations and were interviewed by the selection committee.

The contract term for these services will begin upon execution of the contract, shall continue through December 31, 2008, and shall be renewable for up to two (2) successive one (1) year periods, at the option of City, upon the same terms and conditions and subject to funding by City Council. City shall also have the right to extend this contract under the same terms and conditions beyond the term or any renewal thereof, on a month to month basis, not to exceed a total of 180 days. Said month to month extensions shall be in writing, signed by the City Manager, or the City Manager's designee, or the Director, and shall not require City Council approval.

### **POLICY ANALYSIS**

Approval of this ordinance will be a continuation of City Council approval of services necessary for the reasonable, necessary, and related medical treatment for injured employees and for the expedient handling of liability claims made against the City.

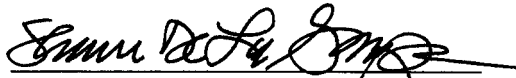
### **FISCAL IMPACT**

Funds for this Contract are appropriated each fiscal year in the Workers' Compensation and Liability self-insurance funds. The sources of these funds include operating revenues through departmental assessments for risk management services and non-operating revenues. Non-operating revenues include interest on time deposits, stop loss payments and recovery of subrogated claims. This Ordinance authorizes an estimated expense in the range of \$1.1 to \$1.7 million in Fiscal Year 2005-06, contingent upon annual budget authorization by the City Council.

### **COORDINATION**

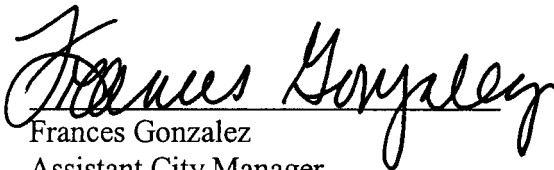
This request for ordinance has been coordinated with the City Attorney's Office, the Office of

Management and Budget, and the Finance and Contract Services Departments.



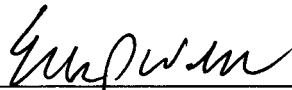
Sharon De La Garza

Director of Human Resources



Frances Gonzalez

Assistant City Manager



J. Rolando Bono

City Manager