



City of Huntington Beach

File #: 21-739

MEETING DATE: 10/5/2021

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Brittany Mello, Deputy Director of Administrative Services

Subject:

Approve and authorize execution of three-year Professional Services Contracts for Workers' Compensation managed care services with Lien on Me, Inc., for Bill Review, and Arissa Cost Strategies, LLC, for Utilization Review; and authorize a two-year contract extension with Acclamation Insurance Management Services (AIMS) to serve as the Third-Party Administrator of the City's Workers' Compensation Program

Statement of Issue:

The City of Huntington Beach issued a Request for Proposals (RFP) for Managed Care Services in support of the administration of its self-insured Workers' Compensation program. Staff recommends awarding three-year, fixed-fee contracts to the most responsive bidders for each program: Lien on Me for Medical Bill Review services, and Arissa Cost Strategies for Utilization Review services. Additionally, staff recommends a two-year contract extension with the City's current third-party administrator of Workers' Compensation program, Acclamation Insurance Management Services (AIMS).

Financial Impact:

These services will be funded out of the Workers' Compensation Internal Services Fund (551). The proposed contract with Lien On Me is for an amount not to exceed \$525,000 for a three-year period. The proposed contract with Arissa Cost Strategies is for an amount not to exceed \$300,000 for a three-year period. For the prior contract period from 2018 - 2021, AIMS provided a three-year flat rate of \$446,691 per year. The proposed two-year contract extension for 2021 - 2023 is for \$460,091 per year, a modest 3% increase. The Funds for Fiscal Year (FY) 2021/22 have been included in the approved budget. No additional appropriation is required.

Recommended Action:

A) Approve and authorize the Mayor and City Clerk to execute, "Professional Services Contract Between the City of Huntington Beach and Lien on Me, Inc., for Medical Bill Review Services," in an amount not to exceed \$525,000.00 for the three-year period; and,

B) Approve and authorize the Mayor and City Clerk to execute, "Professional Services Contract Between the City of Huntington Beach and Arissa Cost Strategies, LLC, for Utilization Review

Services of City's Workers' Compensation Claims," in an amount not to exceed \$300,000.00 for the three-year period; and,

C) Approve and authorize the Mayor and City Clerk to execute, "Amendment No. 1 to Professional Services Contract Between the City of Huntington Beach and Acclamation Insurance Management Services (AIMS) for Workers' Compensation Third Party Administration," in an amount not to exceed \$920,182.00 for the two-year period.

Alternative Action(s):

Do not authorize the proposed contracts and direct staff accordingly. This action could result in delays and increased expenses administering the City's Workers' Compensation program until new contracts are approved.

Analysis:

The City of Huntington Beach is required by law to provide Workers' Compensation benefits to employees who are injured or become ill in the course and scope of their employment. In order to achieve operational efficiencies, the City partners with a third-party administrator to administer its Workers' Compensation program. The City also contracts out for ancillary managed care services, including medical bill review, utilization review, and pharmacy management.

In June 2021, the City of Huntington Beach issued a Request for Proposals (RFP) regarding these managed care services. The City's intent via the RFP process was to evaluate and select the best qualified respondents for each service. The proposals were evaluated and scored against the criteria listed in the RFP by a panel of subject matter experts, including the City of Huntington Beach Risk Manager, City of Anaheim Workers' Compensation Claims Manager, El Monte Union High School District Director of Risk Management and Safety, Genex Services Managed Care Consultant, and Director of Medical Services, MSA Settlements. Based on this initial scoring, the panel then interviewed the nine qualified respondents for Bill Review and seven qualified respondents for Utilization Review.

Lien on Me received the highest evaluation score for Medical Bill Review services. Lien on Me is the Bill Review incumbent, and the City has been satisfied with their services. Over the last three years, their services have resulted in significant cost savings, estimated at \$200,000 per year. Additionally, Lien on Me slightly decreased their pricing to remain competitive. The proposed three-year contract is estimated at \$175,000 per year.

Arisa Cost Strategies received the highest evaluation score for Utilization Review services. Arissa Cost Strategies is the Utilization Review incumbent, and the City has been satisfied with their services. Over the past three years, their services have resulted in significant cost savings, estimated at \$69,000 per year. Arissa Cost Strategies also decreased their pricing to remain competitive. The proposed three-year contract is estimated at \$100,000 per year.

On December 17, 2018, the City Council approved a three-year contract with AIMS for third-party administration of the City's Workers' Compensation program in the amount of \$1,340,073, following a competitive RFP process. Staff recommends a two-year contract extension at a flat rate of \$460,091 per year to provide claims administration and coordination of the ancillary managed care services, in

order to achieve cost savings.

Staff recommends the City Council award Professional Services Contracts to Lien On Me and Arissa Cost Strategies, and extend the contract with AIMS for continued coordination of the City's Workers' Compensation program and ancillary services, and authorize the City Manager to execute the agreements in a form approved by the City Attorney.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Non Applicable - Administrative Item

Attachment(s):

1. Professional Services Contract with Lien on Me, Inc.
2. Professional Services Contract with Arissa Cost Strategies, LLC
3. Amendment No. 1 to the Professional Services Contract with Acclamation Insurance Management Services (AIMS)
4. Professional Services Contract with AIMS
5. Professional Service Award Analysis