

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

December 19, 2023

FROM

VICTOR TORDESILLAS, Director, Department of Risk Management

SUBJECT

Amendment To Contract with Careworks Managed Care Services Inc for Workers' Compensation Bill Review Services

RECOMMENDATION(S)

Approve **Amendment No. 1 to Contract No. 19-206** with Careworks Managed Care Services, Inc. for workers' compensation medical bill review and utilization review services, extending the agreement by eight-months, for a total contract period of April 16, 2019, through December 31, 2024, with no change to the not-to-exceed amount of \$2,500,000 or the fee schedule.
(Presenter: Victor Tordesillas, Director, 386-8623)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in Additional Discretionary General Funding (Net County Cost). Fees for these services will be per the contracted fee schedules, Attachment A of the contract, and will be paid from Risk Management's workers' compensation insurance funds. These insurance funds are financed via rates charged to departments based on actual payroll cost. The estimated cost for the current year is approximately \$383,000 and has been included in the 2023-24 budget. The estimated additional cost for 2024-25 of approximately \$256,000 will not cause the total amount paid pursuant to the contract to exceed the original contract estimate of \$2,500,000 and will be included in the 2024-25 Recommended Budget.

BACKGROUND INFORMATION

San Bernardino County's workers' compensation program has been self-insured and self-administered since 1978. The Department of Risk Management (DRM) has developed and used various cost containment programs, including a medical bill review that ensures compliance with the State's Medical Fee Schedule for Workers' Compensation.

Medical bill review services include review of all medical and hospital charges, verification that charges are reasonable and for the appropriate procedure, identification and correction of fee schedule excesses, elimination of duplicate charges, identification of billing infractions, unbundling of service codes to achieve savings, and inclusion of Preferred Provider Organization (PPO) discounts with certain medical providers. Since the current contract with Careworks Managed Care Services, Inc. (Careworks) has been in place, DRM has experienced a 57% reduction in medical expenses from \$114,991,795 to \$66,103,703.

**Amendment To Contract with Careworks Managed Care Services Inc
for Workers' Compensation Bill Review Services
December 19, 2023**

On September 26, 2023 (Item No. 62), the Board of Supervisors (Board) approved Contract No. 23-1026 with Origami Risk LLC for an Automated Claim System (ACS), in an amount not-to-exceed \$1,665,375, for the period September 27, 2023, through September 26, 2028. The ACS will provide the latest technology in administering all types of claims, including Workers' Compensation claims that are subject to bill review by Careworks.

The implementation of the new ACS began in November 2023 and has an approximate nine-month implementation timeline. The implementation includes developing interfaces to and from existing applications and external systems, including the interface with Careworks. The contract with Careworks expires on April 15, 2024, two months prior to implementation of the new ACS. As a critical application, the interface with Careworks will be developed prior to the expiration of the existing contract to ensure it has full functionality upon final implementation.

To facilitate a smooth implementation of the new ACS, eliminate the development of multiple medical bill review interfaces during implementation, and to ensure business continuity, the DRM seeks to maintain the existing Careworks service until the new ACS is fully implemented and functional in a live environment.

Amendment No. 1 to Contract No. 19-206 with Careworks will extend the contract term for an additional eight (8) months, for a total contract period of April 16, 2019, through December 31, 2024, and allow Careworks to provide uninterrupted workers' compensation bill review services under the same contract terms and conditions during DRM's transition to the updated automated claims system.

PROCUREMENT

On November 9, 2018, RFP No. RMG119-RMADM-3157 was released and posted on the County's Electronic Procurement Network (ePro) for workers' compensation medical bill review and utilization review services. Eight vendors submitted proposals and with oversight from the Purchasing Department, staff from DRM and County Counsel evaluated the proposals and found that Careworks was the best able to meet the needs of the County.

On April 16, 2019 (item No. 41), the Board of Supervisors approved Contract No. 19-206 with Careworks at the estimated aggregate cost of \$2,500,000 for a five-year period of April 16, 2019, through April 15, 2024.

A new RFP for medical bill review services will be released in 2024, with a vendor chosen following the implementation of the new ACS.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Feingold, Principal Assistant County Counsel, 387-5455) on November 22, 2023; Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on November 22, 2023; Human Resources (Diane Rundles, Assistant Executive Officer, 387-5572) on November 27, 2023; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on November 28, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on November 30, 2023.

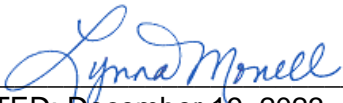
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Col. Paul Cook (Ret.)
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: December 19, 2023



cc: Risk - Tordesillas w/agree
 Contractor - c/o Risk w/agree
 File - w/agree
CCM 01/8/2024