



# San Bernardino County

## Legislation Text

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**File #: 5113, Agenda Item #: 61**

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

**November 16, 2021**

#### **FROM**

**VICTOR TORDESILLAS, Director, Department of Risk Management**

#### **SUBJECT**

Contract with MEDEX Managed Care, Inc. to Provide Worker's Compensation Utilization Review Services to the County's Self-Insured Workers' Compensation Claims

#### **RECOMMENDATION(S)**

Approve a contract with MEDEX Managed Care, Inc. to provide Workers' Compensation Utilization Review Services to San Bernardino County and other public entities' workers' compensation claims, per the Fee Schedule (Attachment A), with an estimated total cost of \$3,650,000, for the period of November 17, 2021 through November 16, 2026.

(Presenter: Victor Tordesillas, Director, 386-8621)

#### **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 the use of additional Discretionary General Funding (Net County Cost). The estimated annual cost of \$730,000 for workers' compensation review services will be funded through the Department of Risk Management's (DRM) workers' compensation insurance funds (4082 and 4104) in accordance with the contracted fee schedule. Sufficient appropriation is available in the 2021-22 DRM budget and will be included in future recommended budgets.

#### **BACKGROUND INFORMATION**

San Bernardino County's workers' compensation program has been self-insured and self-administered since 1972. Since then, DRM has utilized various cost containment programs, and in more recent years the program has added a medical utilization review (UR) process.

The DRM manages the workers' compensation claims resulting from the operations of San Bernardino County (County), Board Governed Special Districts, County Service Areas, and other self-governed entities like San Bernardino International Airport Authority (SBIAA), Inland Valley Development Agency (IVDA), and San Bernardino County Employees' Retirement Association (SBCERA).

A contract with MEDEX Managed Care, Inc. will allow them to implement an automated process to provide UR services for the County in a more innovative and cost-effective manner. UR services include review of requests for authorization of medical treatments and procedures on a case-by-case basis, to assess their

appropriateness, frequency, and duration, prior to the provision of services. UR provides a structured process for making a determination regarding whether or not the medical services requested are medically necessary and reasonable, based on professionally recognized standards and specialized nurse or physician (peer) reviews, as required by state regulations to manage cost and improve patient care.

### **PROCUREMENT**

On May 17, 2021, DRM released Request for Proposal (RFP) No. RMG120-RMADM-3763, soliciting proposals for workers' compensation UR services. The RFP was posted on San Bernardino County's Electronic Procurement Network (ePro), and the following 11 proposals were received:

<b>VENDOR NAME</b>	<b>HEADQUARTERS LOCATION</b>
Allied Managed Care, Inc.	Sacramento
Arisa Cost Strategies, LLC	Irvine
Claims Eval, Inc.	Rocklin
CorVel Healthcare Corporation	Orange
EK Health Services, Inc.	San Jose
Metadata, Inc.	Irvine
MEDEX Managed Care, Inc.	Newport Beach
Professional Dynamics, Inc. (PDI)	El Dorado Hills
Rehab West, Inc.	San Marcos
Risiko Total Managed Care, Inc.	Fresno
TRISTAR Managed Care, Inc.	Long Beach

An evaluation panel composed of staff from County Counsel and DRM evaluated the proposals based on compliance with the RFP requirements, qualifications & experience, proposed work plan, expertise in workers' compensation utilization review services, references, and cost. The evaluation panel recommended a contract be awarded to Rehab West, Inc. However, Rehab West, Inc. did not accept the County's standard insurance and indemnity requirement as stated in the RFP and withdrew its proposal. Consequently, the contract was awarded to the second highest rating vendor MEDEX Managed Care, Inc., the County and the vendor successfully negotiated a flat fee of \$87 per nurse utilization review, or a flat fee of \$200 per physician and/or specialty utilization review.

DRM estimates the new vendor rates will result in annual savings of approximately \$100,000, compared to the terms under the current contract.

On August 18, 2021 the Purchasing Department received an appeal to the award of contract from the current provider of UR services Arissa Cost Strategies, LLC. The appeal was reviewed by the Compliance Officer of the Purchasing Department and was denied on September 3, 2021.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Cynthia O'Neill, Principal Assistant County Counsel, 387-5397) on October 21, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on October 22, 2021; Human Resources (Diane Rundles, Human Resources Director, 387-5572) on October 21, 2021; Finance (Sofia Almeida, Administrative Analyst, 387-4378) on October 25, 2021; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on October 29, 2021.