

ITEM #:	<u>25</u>
DATE:	<u>06-25-24</u>
DEPT:	<u>HR</u>

COUNCIL ACTION FORM

**SUBJECT: CONTRACT RENEWAL FOR WORKERS' COMPENSATION AND
MUNICIPAL FIRE AND POLICE SYSTEM MEDICAL CLAIMS
ADMINISTRATION**

BACKGROUND:

The City contracts with EMC Risk Services, LLC, of Des Moines, Iowa, to provide third party administration of workers' compensation and Municipal Fire and Police "411 System" injury medical claims. The City's current contract with EMC for these services will expire July 31, 2024. EMC has provided a renewal contract for the same services for the period from August 1, 2024 to July 31, 2025.

Services provided by EMC in this contract include workers' compensation claims administration for all City employees, medical bill review, self-insured loss fund management, and pharmacy and medical expense consultation. EMC also performs regulatory filings and maintains an online claims database accessible to City staff. Additionally, EMC collects for medical bill review and savings identified through that process. The fees, along with actual claims expenses are charged to individual departments.

The table below compares the current FY 2023/24 fees to the proposed FY 2024/25 fees. There are slight increases for medical claim set up and lost time claim set up. The other services remain at the current prices.

Fee Component	Fee Components	Fee Components FY	Change
	FY 2023/24	2024/25	
Claim Set Up, Incident Only	\$35 per claim	\$35 per claim	0%
Claim Set Up, Medical Only	\$240 per claim	\$254 per claim	5%
Claim Set Up, Lost Time	\$1,122 per claim	\$1,142 per claim	2%
	\$9.50/claim	\$9.50/claim	0%
Medical Bill Review Fees Reimbursement	30% of Savings	30% of Savings	0%
	\$10,000/bill cap	\$10,000/bill cap	0%

The actual costs incurred under this contract vary depending on the number and nature of claims. The expenses under the current agreement total \$22,827 to-date, while the claims under the contract in the prior year totaled \$20,168. The FY 2024/25 budget contains \$55,000 for these services.

ALTERNATIVES:

1. Approve the contract renewal with EMC Risk Services, LLC, of Des Moines Iowa, to provide third party administration of the City's worker's compensation and municipal fire and police "411 System" claims for August 1, 2024 through July 31, 2025.
2. Reject the EMC renewal option and direct City staff to seek other claims administration alternatives.

CITY MANAGER'S RECOMMENDED ACTION:

EMC Risk Services, LLC, has been an effective provider of professionally administered workers' compensation claims and associated services. Its staff has been responsive and sensitive to the needs of City employees in managing their injury and disability claims. The online claims system makes cost and other data accessible to City staff and provides a frequently utilized tool for analyzing injury types and safety program effectiveness. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT(S):

[2024-2025 City of Ames Claims Handling Proposal.pdf](#)