

**Board Report**

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**File #:** 2019-0545, **File Type:** Contract**Agenda Number:** 17.

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
OCTOBER 16, 2019****SUBJECT: WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. PS61721000 to Lien On Me, Inc. for Workers' Compensation Medical Bill Review Services, in an amount not-to-exceed \$2,576,976 for the four-year base term, effective July 1, 2020 through June 30, 2024, plus \$1,314,258 for the first, two-year option period, and \$1,340,724 for the second, two-year option period, for a combined not-to-exceed amount of \$5,231,958, subject to resolutions of protest(s), if any.

**ISSUE**

The current contract for this service expires on June 30, 2020. Review of medical bills for workers' compensation claims ensures Metro pays for various medical services in accordance with the State of California approved fee schedules and pre-established rates contracted with Preferred Provider Organization (PPO) providers.

**DISCUSSION**

The review of medical bills is consistent with industry best practice and is one of a variety of techniques government agencies and private entities employ to lower workers' compensation related medical expenditures. Bill review service providers take gross medical billings from physicians, hospitals, pharmacies and other medical service providers and recommend reductions in conformance with the State of California Fee Schedule and negotiated rates between service providers (PPO contracts). Bill review service providers have custom dedicated software that apply the bill review reduction in accordance with the California Fee Schedule and detect duplicate billings at the line level. In addition to reviewing bills, bill review service providers have the ability to integrate PPO networks with their bill review system to determine the highest level of savings per line item and maintain the appropriate software to facilitate submission of California regulatory reporting requirements via Electronic Data Interchange (EDI) with the California Workers' Compensation Information System (WCIS). Bill review vendors represent Metro in legal proceedings involving bill payment disputes with service providers. The review of medical bills is consistent with industry best practice and is one of a variety of techniques to lower our medical expenditures.

### **DETERMINATION OF SAFETY IMPACT**

Approval of this recommendation will not impact the safety of Metro's patrons or employees.

### **FINANCIAL IMPACT**

Funding for this action is not included in the FY20 budget given the contract starts in FY21. Since this is a multi-year contract, the Chief Risk, Safety and Asset Management Officer will be responsible to budget the cost in future years, including any options exercised. In FY19, \$304,000 was expended on these services.

#### **Impact to Budget**

Approval of this action has no impact on the FY20 budget.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports strategic plan goal # 5 "Provide responsive, accountable and trustworthy governance within the LA Metro organization." The responsible administration of Metro's workers' compensation claims within the guidelines of California's regulatory requirements lowers Metro's medical expenditures.

### **ALTERNATIVES CONSIDERED**

The alternative of not reviewing medical bills will result in Metro overpaying for medical treatment costs and foregoing savings that could have been generated through the application of bill review services. For FY19, bill review services generated an average monthly savings of approximately \$1.5 million.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. PS61721000 with Lien On Me, Inc. for workers' compensation medical bill review services, effective July 1, 2020.

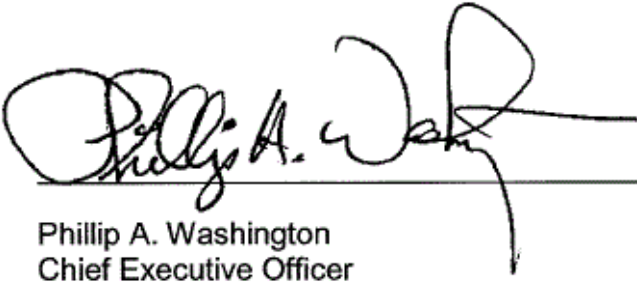
### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Chief Executive Officer