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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 05/17/04 Communication
No.: 04-226
Agenda Item Type: Resolution, Ordinance, or Receive/File Roll Call
No.:

Submitted by: Tom Turner, Human Resources Director

SUBJECT—

Amendment to Occupational Health Care Services Agreement between Des Moines University Clinic (Governor Terry Branstad, President) and the City of Des Moines

SYNOPSIS—

Amend agreement with Des Moines University (DMU) Clinic by removing language that requires City to direct pay DMU for specialty services. City employs EMC Risk Services for workers' compensation bill review and bill payment and is desirous of having EMC review and pay DMU claims as well.

FISCAL IMPACT—

Specialty services provided by DMU should cost the City less as discounts through EMC's network are, in most cases, less than the five percent (5%) discount offered by DMU. The DMU contract renewal for FY 05 has increased 10.9 percent to \$227,345.

RECOMMENDATION—

Approval

BACKGROUND—

On April 1, 2003, Des Moines University Clinic (DMU) began providing occupational health care for City employees. The agreement with DMU is effective through June 30, 2004 with two additional one-year renewal options. Per the original agreement, DMU offered specialty services at a reduced rate (5% discount) and required the City to pay DMU directly, i.e., not billed through insurance or a third party payer. At issue, is that the City uses EMC Risk Services to review and pay workers' compensation claims. By doing so, claims are reviewed for medical necessity and the City receives a discount through EMC's provider network- in most cases, greater than the 5% offered by DMU. The amended contract recognizes that EMC will process all DMU claims for specialty services.

The DMU renewal for period, July 1, 2004 through June 30, 2005, has increased 10.9 percent. Over eight percent of the increase is attributed to Physical Therapy services exceeding original projections. The remainder of the increase is due to medical trend and services for work-injury care, fire physicals, and other physicals exceeding projections provided in the RFP. For comparison purposes, group health increased 15.8 percent for the same period. To date, the relationship and services provided by the Des Moines University Clinic have exceeded expectations.