



**Request for City Council Committee Action
From the Finance Department**

Date: November 12, 2002
To: Ways and Means Committee
Referral to: None

Subject Contract extension with CorVel Corporation

Recommendation Authorize execution of Amendment #2 to Contract #C98-13050 with CorVel Corporation payable from Fund 6900 Agency Org 8290 to provide Certified Managed Care and Employment Medical Services extending the contract to December 31, 2003 with no increase in administrative fees.

Previous Directives

In July 2001, the City Council authorized extension of this contract through December 31, 2002.

Prepared or Submitted by Robert Knight, Risk Manager

Approved by: Patrick Born, City Finance Officer _____

John Moir, City Coordinator _____

Presenters in Committee Ellen Velasco-Thompson, Director; Robert Knight, Risk Manager

<p>Financial Impact (Check those that apply)</p> <p><input checked="" type="checkbox"/> No financial impact - or - Action is within current department budget. (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input type="checkbox"/> Other financial impact (Explain):</p> <p><input type="checkbox"/> Request provided to the Budget Office when provided to the Committee Coordinator</p>

<p>Community Impact (use any categories that apply)</p> <p><input type="checkbox"/> Neighborhood Notification</p> <p><input type="checkbox"/> City Goals</p> <p><input type="checkbox"/> Comprehensive Plan</p> <p><input type="checkbox"/> Zoning Code</p>
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Other

Not applicable

Background/Supporting Information Attached

The present contract for workers' compensation Managed Care Services and Employment Medical Services will expire on December 31, 2002. Acknowledging that potential medical insurance plan designs must be reviewed prior to the 2004 implementation, it was felt that the City's 2 other medical administrative program contract (Managed Care and Employment Medical Services) should be aligned to expire at the same time. In 2003, an RFP will be issued that coincides with the RFP that will be issued for City Employee Health Care. There are potential savings should a single provider be identified for all of the medical services.

Our present contract with CorVel was extended with City Council approval through December 31, 2002. That extension established a new multiplier of the CPI plus 2% added to the base rate as an increased fee for management services. An increase of 0% has been negotiated for 2003 contract extension period. There are no additional changes to the contract under this extension.

It is our recommendation that the City Finance Officer be authorized to extend the CorVel Corporation contract to vice Workers' Compensation Managed Care and Employment Medical Services to the City Until December 31, 2003.