



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services
Department No.: 063
For Agenda Of: 8-25-09
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Bob Nisbet, General Services Director
Director(s) 568-2626
Contact Info: Luci Rogers, Assistant Director, General Services Department
884-6866

SUBJECT: StrataCare, Inc. Contract to Provide Workers' Compensation Medical Review
and State Reporting Services

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute a standard Agreement with StrataCare, Inc, not a local vendor, to review all workers' compensation medical bills and to report medical bill payment information to the State of California as required by regulations, for one year beginning September 1, 2009, and ending August 31, 2010, at a cost not to exceed \$475,000.
- b) Authorize the General Services Director to execute two, one-year extensions following the same terms of the original Agreement, provided StrataCare is performing the service in a satisfactory manner, and in accordance with the requirements of the Agreement.

Summary Text:

Last year, Risk Management processed 13,045 medical bills totaling approximately \$9,828,000. By utilizing StrataCare's professional bill review service, at a cost of \$598,000, the department was able to reduce bills by approximately \$5,786,000, a net 53% reduction in billed medical costs. Other years have produced similar results.

StrataCare, Inc. has provided bill review services for the County for approximately 10 years. The terms of the recommended contract are more favorable than the prior contract. Bill review fees will now be

calculated at 6% of savings realized under all circumstances, whereas under the prior contract we paid 12% for hospital inpatient fees. In addition, under the prior contract, Stratacare could also earn a higher fee through the PPO Network but that fee has now been locked in at the access fee that Stratacare currently pays the PPO plus 6%. Furthermore, the contract contains a “not to exceed” \$475,000 annual cap. If that amount is paid to Stratacare before the end of the contract year, then the services will be free of charge for the remainder of the term of the Agreement. The County also has the option, at its sole discretion, to renew the Agreement at the same terms for up to two additional years. Finally, StrataCare has agreed to provide an employee onsite at the Risk Management office to assist with processing the bills to Stratacare at no additional cost for a period of up to one year, which allows County staff to concentrate on claims management. Stratacare continues to provide mandated State reporting services at no additional cost as well.

Background:

The County of Santa Barbara, as self-insured for Worker’s Compensation, is responsible for reviewing medical bills to ensure that the amount paid does not exceed the standard fee schedule or other negotiated rate with the medical services provider. While there is no mandate to conduct medical bill review, best practices of claims administration and risk management typically use outside bill review specialists to ensure that the lowest possible cost is paid for medical services. Bill review has been contracted out by the County for over eighteen years.

The fees for the service are charged directly to the individual workers’ compensation claims.

Fiscal and Facilities Impacts:

Budgeted: Yes

Narrative: Costs are included in the budget for Fund 1911, an Internal Service Fund.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

Forward the fully executed duplicate original contract and Minute Order to: Luci Rogers, General Services, Risk Management Division

Attachments:

Statacare Contract, 2 originals

Authored by: Luci Rogers, ext 6866