

LRB-RESEARCH AND ANALYSIS SECTION

FINANCE AND PERSONNEL COMMITTEE

ITEM 4, FILE # 060096

MAY 24, 2006

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File # 060096 is a resolution approving a technical change in Council File 051366 authorizing an extension of a contract between the City of Milwaukee, other government employers and Corvel Corporation to provide preferred provider network discounts and pharmacy benefit management services for those employees using worker's compensation services.

Background

1. This resolution will amend Common Council File 051356 that authorized the extension of a contract between the City of Milwaukee, other government employers and Corvel Corporation to provide preferred provider network discounts and pharmacy benefit management services for those employees using worker's compensation services.
2. The Worker's Compensation Fund covers expenses incurred by the city as a result of employee job-related injuries. Payments are made from the fund to those injured. These payments are partially offset by the recovery of payments from third parties.

Discussion

1. The Corvel Corporation specializes in medical bill review and case management. Corvel has an extensive preferred provider network for medical care and pharmaceutical services in Wisconsin and the Milwaukee area.
2. The Department of Employee Relations (DER), Worker's Compensation section submits all *bona fide* worker's compensation claims to Corvel for review. If the provider of medical services is within the Corvel network, Corvel discounts the medical bill and returns it to DER for payment. Cost savings are realized through avoided charges per the Corvel discount.
3. The City of Milwaukee has been participating in the Corvel Corporation network for the past six years. Other participants include the Milwaukee Public Schools, the Metropolitan Sewerage District and Milwaukee County.
4. Formerly, the Corvel Corporation reviewed 1-2 claims per month at a cost of \$72.20 per hour. This review was undertaken for larger Worker's Compensation claims in order to determine the suitability of the charges related to the services provided. Corvel will now review approximately 15-20 claims per month (claims over \$25,000) at a charge of 22% of the avoided costs. Corvel and DER

anticipate that, since more claims will be reviewed, greater avoided costs will be realized.

Fiscal Effect

There is no fiscal impact to the city. However, cost savings will be realized through review of a larger number of claims. Corvel will be paid 22% of the avoided charges which will result in larger payments to Corvel but with the realization of a higher cost savings to the City by the avoidance of costs determined in the professional claims review.

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