

LRB-RESEACH AND ANALYSIS SECTION

FINANCE AND PERSONNEL COMMITTEE

ITEM 5, FILE # 051366

FEBRUARY 23, 2006

MARK A. RAMION

File # 051366 is a substitute resolution 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 authorizes 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.
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 three years. Other participants include the Milwaukee Public Schools, the Metropolitan Sewerage District and Milwaukee County.
4. The contract period in this resolution is for a period of (not to exceed) three years, subject to review and approval of the Milwaukee City Attorney.

Fiscal Effect

1. There is no fiscal impact to the city. However, cost savings are realized through a percentage of the discounts provided by Corvel's relationship with area providers of medical and pharmacy services.
2. The Department of Employee Relations estimates that savings in worker's compensation payments for medical and pharmaceuticals are:
 - 2004 - \$1.382 million
 - 2005 - \$1.521 million
3. In 2008, Corvel will increase its share for contract expenses from 22% to 23%.

Prepared by: Mark A. Ramion, X8680
LRB-Research and Analysis Section
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Cc: Marianne C. Walsh
W. Martin Morics
Maria Monteagudo
Michael Brady
Edwin Reyes
Dennis Yaccarino