



Agenda Submittal

Agenda #: 18 **Status:** Approved
Type: Contract **Department:** Human Resources
File #: 18-868 **Contact:** Marc Fox, 784-2552
Agenda date: 12/11/2018 **Final action:** 12/11/2018
Title: Approve a second contract amendment to the agreement with Athens Administrators, Inc., provider of third party workers' compensation claims services through June 30, 2020, to include the Athens Administrators Medical Provider Network as an Allocated Loss Adjustment Expense of \$2.50 per claim; Authorize County participation in the Athens Administrators Medical Provider Network; and Authorize the County Administrator to execute the amendment
Governing body: Board of Supervisors
District: All
Attachments: 1. A - Amendment, 2. B - Link to Original Contract and Amendment, 3. Executed Agreement, 4. Minute Order

Date	Ver.	Action By	Action	Result
12/11/2018	1	Board of Supervisors	Approved	

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Director of Human Resources recommends the approval of a second contract amendment to the agreement with Athens Administrators, Inc., provider of third party workers' compensation claims services through June 30, 2020, to include the Athens Administrators Medical Provider Network as an Allocated Loss Adjustment Expense of \$2.50 per claim; Authorize County participation in the Athens Administrators Medical Provider Network; and Authorize the County Administrator to execute the amendment.

SUMMARY:

On March 24, 2015, the Board approved the contract with Athens Administrators, Inc. (Athens) to provide third party claims services for workers' compensation for the period July 1, 2015 through June 30, 2018 with an option to extend the contract for two additional one-year terms, through June 30, 2020. On June 5, 2018, the Board approved the extension to June 30, 2020. This second amendment to the contract will enable the County to participate in the Athens Administrator Medical Provider Network (MPN) at a cost of \$2.50 per medical claim. This fee is an Allocated Loss Adjustment Expense (ALAE) that is directly attributable to a specific worker's compensation claim and charges directly to the claim when MPN services are provided.

FINANCIAL IMPACT:

The proposed second amendment includes a \$2.50 fee per medical claim for MPN services that is directly attributable to a specific worker's compensation claim. There is no increase in the five-year contract amount with Athens, which is a net total of \$2,011,891 and included in the Human Resources' Risk Management Division budget. There will be no additional costs in Athens' monthly claims administration fee, and no additional appropriation is requested. The MPN service costs will be recovered through charges back to departments as an ALAE charged through individual workers' compensation claims.

Based on medical claims filed in FY2016/17, the cost attributed to the claims for participation in this service would have been approximately \$15,703.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

DISCUSSION:

Solano County is permissibly self-insured for workers' compensation insurance. Third-party administrators are companies that self-insured employers contract with to administer the claims administration process. The process of properly and effectively administering claims is very complex as there are numerous mandated deadlines in which actions must be taken. Effectively providing benefits and facilitating the injured worker to return to work has a direct effect on controlling the costs associated with an employer's workers' compensation program. By participating in an MPN, there is a potential for a reduction in total claims costs because the MPN allows for employer medical control throughout the life of the claim. Injured workers experience speedier referrals for prompt and appropriate medical care, reduction in delay in treatment, and increased satisfaction with delivery of benefits which facilitate the safe and prompt return of the employee to work and sustained employment.

The current contract provides an option for Athens to provide MPN services to the County. An MPN is akin to a workers' compensation health maintenance organization in that it is a network of physicians and other qualified medical providers created to provide medical treatment for work injuries of employees. Self-insured employers may have an MPN which must be approved by the Department of Industrial Relations, Department of Workers' Compensation (DWC) before it can be implemented. Unless exempted by law or the employer, all medical care for workers injured on the job whose employer has an approved MPN will be handled and provided through the MPN.

Those exempt from medical through the MPN are:

- Employees who have properly predesignated a personal physician before the injury occurred; or
- Employees with injuries prior to the effective date of the MPN and whose care has not been transferred into the MPN; or
- Those employees who are otherwise exempted by the MPN insurer or employer that would include those who are receiving treatment for an acute condition, a serious chronic condition, a terminal illness or performance of a surgery within 180 days of the MPN coverage effective date.

MPNs present a mechanism for employers to create networks for physicians and other qualified medical providers.

The goal of the employer is to help the employee recover and return to useful employment as soon as it is medically possible. The MPN includes occupational health clinics and doctors who will provide medical treatment and manage the return-to-work. Under the MPN Program, employees will be provided:

- A primary care physician
- Other occupational health services and specialists
- Emergency health care services
- Medical care if the employee is working/traveling outside the geographic services area

The network is built to provide employees with timely and quality medical care. The MPN is easy to access and provides quality medical care to assist the employee to return to health and a productive life.

An MPN is required to provide one or more individuals within the United States to serve as "medical access assistants" to help an injured employee find an available physician of the employee's choice, as well as subsequent physicians if necessary. This legal requirement was adopted to address concerns from employees that it was difficult to find available MPN physicians.

An MPN medical access assistant is a different position from the MPN contact and the claims examiner.

The medical access assistant is the individual or individuals designated by the employer in the employee notification materials that is responsible for responding to complaints, answering employees' questions about the MPN, assisting the employee in arranging for an MPN independent medical review, and ensuring timely and appropriate medical treatment is provided through the MPN to the injured worker.

The Legislature has provided for an exclusive resolution process when an applicant disputes either the diagnosis or the treatment prescribed by the treating physician within the MPN network. This process may provide earlier resolution of treatment issues by not having to wait for a Qualified Medical Evaluator/Agreed Medical Evaluator opinion. This could reduce delays in medical care and move claims to conclusion sooner. The Labor Code allows an applicant to seek an opinion from another physician within the network. A third opinion also may be sought, and if that is not acceptable, one more medical opinion is allowed. The last opinion is performed by a physician called the independent medical reviewer, and is selected by the California Department of Workers' Compensation Administrative Director.

Having an MPN in place allows for control of medical for the life of the claim, prompt and appropriate medical care; facilitates safe and prompt return-to-work and sustained employment; reduces delays encountered through the use of out-of-program physicians/providers; increases satisfaction with delivery of workers' compensation benefits, and improves job satisfaction and overall morale. In so doing, the costs to the employer, direct and indirect, are lowered.

Advantages of the MPN for Employee:

- Prompt and appropriate medical care
- Reduces delays in care
- Easy access to medical care
- Provides access to Primary Care, Specialists, Emergency Services and Care Outside of the Area
- Provides for a Medical Access Assistant to help employees locate treaters
- Exclusive resolution process for disputes for diagnosis and treatment issues
- Up to three medical opinions from other physicians within network and one independent medical review selected by the administrative director
- Increased satisfaction of delivery of workers' compensation benefits
- Continues to allow for predesignation of physician

Advantages of the MPN for Employer:

- Medical control for the life of the claim
- Reduction in both paid and total incurred costs of the claims, indemnity and expenses
- Manage return to work more efficiently
- Facilitates prompt return to work and sustained employment
- Reduces delays encountered by use of the out-of-program physicians and providers

The Athens MPN is an established network of providers that have already been approved by the Department of Workers' Compensation. The County need only choose its preferred providers.

In summary, an MPN is a network of providers created to provide medical treatment to employees that sustain work place injuries. By participating in the Athens MPN, the County can provide employees quality medical care faster, and assist the employee to return to health and work. Having the MPN in place allows for the control of the medical treatment provided through the life of the claim, allows the employee to receive prompt and appropriate medical care, facilitates safe and prompt return to work and sustained employment, reduces delays in medical treatment, and increases satisfaction with the delivery of benefits. The MPN may provide

the County savings realized in the both direct and indirect costs. Through this process, the County will:

- Identify the preferred providers in the program and designated facilities for Solano County
- Prepare and distribute information as required to employees and those currently being treated for workers' compensation injuries

ALTERNATIVES:

The Board of Supervisors may choose not to execute this contract amendment and not participate in the Athens MPN. However, this is not recommended as participating in the Athens MPN may provide the County savings in the treatment of workers' compensation injuries.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the contract amendment to ensure it meets all of the legal and contractual requirements.

The Countywide Safety Health Board approved the participation in the Athens Administrators MPN for the duration of the contract that expires on June 30, 2020.

Notification of, and an opportunity to meet on, the proposed changes was provided to all bargaining unit representatives. Closing letters to all bargaining units were sent on October 30, 2018.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION