



Memorandum

TO: Board of Administration,
Police & Fire Department
Retirement Plan

FROM: **Barbara Hayman**
Deputy Director

**SUBJECT: Request for Proposal for Disability
Medical Evaluation Services Provider**

DATE: July 27, 2021

Approved:

Date:

Roberto L. Pena

July 27, 2021

RECOMMENDATION

Approval for the CEO to negotiate and execute an Agreement with Work Health Solutions to provide Disability Medical Evaluation Services for an amount not to exceed \$250,000 for fiscal year 2021-22 with two one-year extension options to extend beyond June 30, 2022.

BACKGROUND

The Police and Fire Board uses a medical evaluation services to assist in reviewing medical records for its disability retirement process. Although, the San Jose Municipal Code ("SJMC") has been modified to discontinue the current process, the Board is currently unable to move to the new process due to two failed attempts to procure services meeting the new criteria. The Board has continued to proceed with its current process while the City and Bargaining Groups discuss the SJMC requirements.

In January 2021, the provider of Disability Medical Evaluation Services, Dr. Susan Tierman, announced that she was retiring effective June 16, 2021. On March 10, 2021, the Office of Retirement Services ("ORS") issued a Request for Proposal ("RFP") for disability medical evaluations services. The purpose of the RFP was to secure professional and affordable medical evaluation services to assist the Board in determining the medical status of disability retirement applicants. Staff posted the RFP on Biddingo, the online e-procurement system for government agencies used by the City's purchasing department.

The selected proposer will provide services that will include, but are not limited to:

1. Pre-Medical Evaluation Services:

The firm/individual will provide pre-examination services to assess the medical information available regarding each applicant's claims for disability, including administrative assistance for ORS.

2. Examination Services:

The physician selected by the firm/individual is to conduct the physical examination process. Each and every examining physician is to meet a standard level of performance consistent with ORS service goals and practices.

3. Post-Examination Services:

The firm/individual will provide post-examination services that include summarizing medical records, analyzing and presenting on incapacity and work-relatedness consistent with the standards in the San Jose Municipal Code.

4. “Ad Hoc” Disability Medical Evaluation Services

The firm/individual will provide “ad hoc” disability medical evaluation services that include writing supplemental medical reports and providing expert testimony as needed.

Three proposals were submitted in response to the RFP, all three respondents met the required minimum qualifications.

ANALYSIS

Managed Medical Review Organization, Work Care, and Work Health Solutions submitted proposals and were evaluated and scored based on the following criteria:

| CRITERIA | WEIGHT |
|---|---------------|
| Experience of Firm/individual | 40% |
| Experience and Qualifications of Assigned Member Team | 40% |
| Fee Structure | 10% |
| Local Business Enterprise | 5% |
| Small Business Enterprise | 5% |

Managed Medical Review Organization, Inc. (“MMRO”)

MMRO’s headquarters is located in Novi, Michigan and they have over 75 state, county and municipality retirement disability medical evaluation clients, 5 of which are located in California. They have access to a large network of physicians with over 35 specialties in the San Jose area. In addition, they have a robust staff process that would assist ORS staff with the processing of a disability application.

MMRO timeframe for a completed case starts upon receipt of all medical records. Within 30 days of receipt of records, they anticipate the applicant’s medical examination will be complete and report received from the examining physician approximately 28 days after the exam.

MMRO has a sustainable operations practice in place to insure timely processing of cases. They have an online portal for applicants to access the status of their case throughout the process and securely

upload additional medical records. This same interface is used by staff for document sharing and notifications on cases.

MMRO did not name a doctor that would be able to review the IME report and write an independent report for the Board as well as attend all meetings. They indicated to staff that they would name somebody, if they were the successful bidder.

MMRO did not provide basic disability medical evaluation fees nor for supplemental reports. They requested that these “be discussed at the time of implementation regarding using current IME contractor”. Fees for attending meetings was \$425/hour (virtually) and expert testimony at \$1000/hour. Vendor administration duties are \$1,750 per case and a maximum 400 pages of records (per ORS Staff, records can number 500-5000 pages). They will add \$75 per additional 100. They also had one-time fees of \$13,250 to set up our account and portal. Miscellaneous fees include Late Cancel/No-show fees, to be determined; transportation fee at \$105 per hour plus request fee; onsite medical evaluation and special tests, to be determined.

Work Care

Work Care is located in Anaheim, CA and has over 25 years of experience providing IME and Peer Review services through its partners Network Medical Review Company. Through these partners, they have a network of over 1500 physicians for the IME work. They currently have 90 disability medical evaluation services clients, with 10 of those in the public sector.

Work Care has administrative staff that will assist in the processing of the application. They will assign a Case Analyst that will gather records for the IME. Like MMRO, the case analyst will schedule the IME appointment within 40 miles of the applicant’s home. Upon receipt of medical records, Work Care estimates up to 40 days to get appointment scheduled and report back from IME. Work Care proposed Dr. Irene Grace as Consulting Medical Director, who has been a Board Certified Occupational and Environmental Physician since 1997. Prior to working at Work Care, she was the Occupational Health Services Officer at the City of Long Beach from 2002-2013. In that role was required to make recommendations to CalPERS when a safety member applied for a disability retirement. She would provide expert testimony as required. She is located in the Pacific Northwest and would prefer to attend meetings virtually, but will attend in person if required.

Work Care quoted an average of \$3,850 per case for IME review. Cost is dependent on type of specialty needed and hourly rate ranges from \$200 to \$1000/hour. Pre-Medical Evaluation Service is \$550/case. All supplemental work will be billed at \$275/hour, including online attendance at meetings. If onsite attendance is required, cost will be \$2,500 per meeting plus travel costs. Miscellaneous costs include \$1,350 for no show appointments or cancellation within 4 days; transportation services at \$300 per trip; onsite medical consulting at \$2,500 each plus travel cost at 110% of cost; special tests cost varies.

Work Health Solutions

Work Health Solutions is a San Jose based client-centric occupational health services provider. They have over 100 employees and have clients ranging from small businesses to Fortune 25 companies.

Whereas the company was founded 4 years ago, their professional team has provided disability medical evaluation services and other related services to the public sector for over 17 years. Work Health Solutions will assign Dr. Rajiv Das for disability medical evaluations., he was formally the Board's disability medical director from 2003 to 2015 before he left the City of San Jose. Dr. Das is Board Certified in Physical Medicine and Rehabilitation; Occupational Medicine; Pain Medicine, Subspecialty; and Medical Review Officer. Work Health Solutions will utilize the Board's current IME contracting firms (ExamWorks and MedLink). They also have the capability and offered to conduct the exams directly with Dr. Das or other specialists.

Work Health Solutions will assign a client concierge. The client concierge will be responsible for the customer service provided by the company and be one point of contact for all of issues. The client concierge proposed is Dean Frieders who is a licensed attorney and 17 years of experience serving as a risk manager, city manager, city attorney and pension fund attorney, representing pension funds and municipalities in all facets of disability medical evaluation. Work Health solutions has administrative staff that will assist in the processing of the applications, including sending out correspondence to departments and return-to-work coordinators. They estimate it will take 30 days from the IME evaluation to get a final report.

Work Health Solutions provided costs at an hourly rate. Medical Doctor services at \$450/hour; Medical Doctor Patient home visits at \$600/hour; Record Summarization by Nurse Practitioner at \$300/hour; Administrative Services (healthcare data team) at \$150/hour.

RFP/Interview Evaluation:

ORS staff and Dr. Tierman reviewed responses to the RFP and conducted interview of all three respondents.

It was evident that MMRO did not fully understand the role of the Disability Medical Evaluator as most of their written proposal was focused on the work of an IME and administrative work. Therefore, they did not name an Occupational Medicine physician who would review the work of the IME and present their findings at meetings. When given the opportunity to submit a "Last Best and Final Offer" MMRO modified their pricing as listed above, but did not submit a name for a medical evaluator. Dr. Tierman clearly explained to them that an Occupational Medicine specialist is critical in assessing work-relatedness based on studies and other medical literature. Her experience is that an IME will base work-relatedness on their opinion or experience.

Work Care offered a physician, Dr. Irene Grace who specialized in Occupational Medicine, but did not anticipate having to come to meetings in person as she lives out of state in the Northwest. Dr. Tierman advised the RFP Committee that she felt it was important when possible to attend the meetings in person to build relationships with the Board, staff, and applicant's attorneys. Dr. Grace's experience was safety personnel only.

Work Health Solutions offered Dr. Rajiv Das, who served in the capacity of the Board's Medical Advisor for 12 years. He had the most direct experience of all the proposers. They recommended that he perform the medical exams as the IMEs still operate from the Worker's Compensation perspective, but they would adhere to whatever process we wanted. Work Health Solutions also has a strong administrative arm that would assist ORS staff with very time-consuming work.

For the RFP Panel, Work Care and Work Health Solutions were viable candidates to consider. Work Care uses ExamWorks for their IME work and the Board also contracts with them and would be used if Work Health Solutions is selected, so the two are equal there. Work Care did not quote a separate fee for Administrative Services, the organization of records could be part of their Pre-Medical Evaluation Services at \$550/case which starts once they receive medical files from ORS. Work Health Solutions offered Administrative Services for \$150/hour but included all administrative duties normally performed by ORS staff. For the hourly rate on the medical professional Work Care has the lower rate of \$275/hour vs. \$450 per hour for Work Health Solutions. However, the cost for Work Care to attend meetings in person was \$2,500 per meeting plus travel expenses.

Overall, the panel agreed to recommend Work Health Solutions. Dr. Das has more direct experience in this position and with the strength of Work Health Solutions administrative arm, they offered more help to ORS in the processing of disability cases.

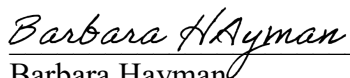
Cost

Dr. Tierman charged \$425/hour and spent approximately 8 hours per case and an average of 2.5 hours per meeting. The Police and Fire Plan averaged about 29 cases per year (2012-2019), pre-covid. According to ORS staff, it takes at least 24 hours per case to gather and organize records for Dr. Tierman. Estimated cost for Work Health Solutions:

| Service | Hourly Rate | # Hours/Case | \$/Case | Est. # Cases Annually | Annual Estimate |
|--------------------|-------------|--------------|---------|-----------------------|-----------------|
| Medical Advisor* | \$450 | 8.5 | \$3,825 | 30 | \$114,750 |
| Meeting Attendance | \$450 | 2.5 | \$1,125 | 16 | \$18,000 |
| Admin. Services ** | \$150 | 24 | \$3,600 | 30 | \$108,000 |
| Total Estimate | | | | | \$240,750 |

* - Summary of records could be done by Nurse Practitioner at \$300/hour to reduce cost.

** - This cost could be reduced by more medically knowledgeable staff or working closer with the physician sorting through up to 500-5000 pages of medical records.


Barbara Hayman
Deputy Director
Office of Retirement Services