



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

27

2. Council Meeting Date:
February 28, 2008

TO: **MAYOR & COUNCIL**

3. Date Prepared: February 11, 2008

THROUGH: **CITY MANAGER**

4. Requesting Department: Management Services.

5. SUBJECT: Approve Amendment No. 1 to the agreement with Frank Gates Service Company for Workers' Compensation Third Party Claims Administration.

6. RECOMMENDATION: Recommend approving Amendment No. 1 to the agreement with Frank Gates Service Company for Workers' Compensation Third Party Claims Administration.

7. HISTORICAL BACKGROUND/DISCUSSION: To reduce worker's compensation medical bills, the City retains the use of a bill review service provider. In the past, the City used CorVel Corporation for bill reviews. After evaluating several organizations, it was determined maximum savings would be realized by using Frank Gates Service Company for bill review adjudication services at a rate of \$8.00 per bill. This is a flat rate regardless of the number of lines contained in the billing or the overall saving achieved by the state of Arizona fee schedules, and usual, customary and reasonable (UCR). Preferred provider discounts above and beyond state of Arizona fee schedules are billed at the rate of thirty-three percent of saving.

8. EVALUATION PROCESS: On September 20, 2007, Council approved a one-year contract with four one-year renewal options (RFP No. RM8-953-2479) to The Frank Gates Service Company for Workers' Compensation Third Party Claims Administration services. Staff is requesting approval of an amendment to the agreement to include bill adjudication services.

9. FINANCIAL IMPLICATIONS: This service will further reduce the overall cost of medical expense associated with work related injuries.

10. PROPOSED MOTION: Move to approve Amendment No. 1 to the agreement with The Frank Gates Service Company for Workers' Compensation Third Party Claims Administration.

APPROVALS

11. Requesting Department

Ladd Leder, Risk Manager

12. Department Head

Dennis Strachota, Management Svcs. Director

13. Procurement Officer

Glenda Shackelford, CPPB

14. City Manager

W. Mark Pentz

AMENDMENT NUMBER ONE
TO AGREEMENT BETWEEN THE CITY OF CHANDLER AND THE FRANK GATES SERVICE
COMPANY FOR THIRD PARTY CLAIMS ADMINISTRATION
AGREEMENT NO. RM8-953-2479

This Amendment One to that certain Agreement between the City Of Chandler (CITY) and The Frank Gates Service Company (CONTRACTOR) for Third Party Claims Administration dated January 1, 2008 is entered into this ___ day of _____, 2008.

WHEREAS, an agreement was awarded to The Frank Gates Service Company to provide Third Party Claims Administration services. WHEREAS, The parties agree to amend the contract to include the services described herein.

NOW THEREFORE, the parties agree as follows:

1. Agreement is amended to include medical fee bill adjudication services.

Medical Fee Bill Adjudication & Audit Services shall be provided by the Contractor at a fee rate of \$8.00 per fee bill processed, for the Medical Fee Bill Adjudication and Audit Services. City will participate in Contractor's nationwide Preferred Provider Organization (PPO) Network, with any savings/reductions, below state fee schedules, usual and customary fee rates and/or other enhanced savings subject to a fee rate at thirty-three percent (33%) of any such savings. Negotiated discount fees are capped at \$5,000.00.

SERVICE FEE 2008, 2009, 2010

Medical Only, per claim \$112.50, \$118.00, \$122.85

Indemnity, per claim \$571.50, \$590.63, \$614.25

Open Indemnity claims, per claim \$378.00, \$396.90, \$412.78

2. All terms and conditions in the original Agreement and any Amendments not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this ___ day of _____, 2008.

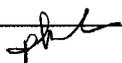
CITY OF CHANDLER:

CONTRACTOR:

By: _____
Mayor

By: _____
Title: _____

APPROVED AS TO FORM:

City Attorney 

ATTEST: (If corporation)

ATTEST:

Secretary

City Clerk

WITNESS: (If individual or Partnership)

[SEAL]

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CITY OF CHANDLER:

By: _____
Mayor

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

CONTRACTOR:

By: _____
Title: Chief Operating Officer

ATTEST: (If corporation)

Secretary

WITNESS: (If individual or Partnership)

[SEAL]