

**CITY OF AUSTIN
PURCHASING OFFICE
SOLICITATION NUMER: RFP TVN0040
WORKERS COMPENSATION THIRD PARTY ADMINISTRATION
AND UTILIZATION REVIEW AGENT**

SCOPE OF WORK

I. PURPOSE

The City of Austin (COA), hereinafter referred to as the City, seeks responses to this Request for Proposal (RFP) for Worker's Compensation Claims Administration by a Third Party Administrator (TPA) and Utilization Review Services, by a Utilization Review Agent (URA), and all other related services. City will accept separate proposals from Utilization Review Agents (URA) and Third Party Administrators (TPA) as well as one proposal for all services. The City reserves the right to tailor the program that best fits the City's requirements.

II. BACKGROUND

The City is self-insured for workers' compensation exposures and does not have excess workers' compensation insurance in place. The City's Risk Management Division is responsible for monitoring and the oversight of the program. The City's workers' compensation program covers approximately 13,045 employees in thirty-nine (39) different departments. The City operates on a fiscal year that runs from October 1st through September 30th. The City currently has a contract for annual external claims management audit services with Bickmore Claims Consulting Services. The City contracts separately for actuarial services and an actuary is conducted yearly.

The City has its own Safety, Return to Work (RTW), and Wage Continuation Programs (WCR). The City coordinates these programs through its Departmental Workers' Compensation Representatives (DWCRs), located in each department. The City encourages employees to return to work as soon as possible and makes every effort to have modified/limited duty positions available.

Current Service Provider

The City's current TPA & URA is the JI Companies, which merged with a York Company, based in Austin, Texas in 2012. JI has been the City's claims TPA since March 1, 2002. JI Companies is contracted to handle all administrative, claims processing, ancillary services, and payment services to provide statutorily required workers' compensation benefits to City employees. The current contract expires on February 28, 2015.

JI utilizes the Gensource claims system prior to the York merger. The City anticipates transfer to York Claims Expert, YCE, late 2014 or early 2015. The City currently stores approximately 100gb of claims records in this system. There is connectivity for six (6) computers from the City's Risk Management Division to the TPA's claims software. The City's thirty two (39) departments have access to the system through Internet capability and Department of Workers Compensation (DWC) 1,3, and 6 forms are completed and submitted by all departments to JI electronically using a web based reporting system. Extensive standard and Adhoc reporting capabilities are present.

The Gensource claims system interfaces with an in house bill review program, StrataWare provided by StrataCare. Pre authorization was in house on the ZeeOmega System. After the York merger with JI, in June 2012, the Pre Authorization was transferred in November 2012 to Forte' aka WellComp. There is not real time interface with preauthorization or bill review programs; however adjusters, auditors, and nurses have access to each system. Claim files have been imaged since November 2005 and all documents are scanned and viewed electronically. The bill review process separately scans documents for processing in StrataWare. All bills, attachments and explanation of benefits (EOB) are interfaced with the electronic claim file. PreAuthorization documents are sent to the JI scanning department for inclusion in the claim file. See section 5.0 for the exhibits providing the City's historical data.

III. SCOPE OF WORK

A. MINIMUM REQUIREMENTS FOR CLAIMS ADMINISTRATION SERVICES AND UTILIZATION REVIEW SERVICES

The City's objectives for this scope of work is facilitating the delivery of quality medical care, fair and reasonable claims management, monitoring medical and indemnity costs for the best probable outcome and fiscal responsibility while ensuring that City data is responsibly protected and managed.

The City requires and monitors for continuous compliance with this Scope of Work, Texas Labor Code, Texas Administrative Code, and Medicare Secondary Payor Program.

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The City requires performance measures be established and reported monthly to the City by all entities participating in the City's WC Program including **all sub-contractors, vendors, service partners, or any entity handling the City's data.**

The TPA and URA shall develop a written agreement between the two entities outlining work flow and personnel responsibilities. The City requires the URA and TPA proposers have the ability to interface electronically and communicate daily to ensure compliance with this Scope and document and data management.

The selected TPA and URA will inherit **all** workers' compensation claims. The TPA and URA, and other ancillary contractors shall demonstrate an understanding of working with a municipality and a track record of superior performance. Proposers must include a detailed list of all sub-contractors and or service partners and a summary of their responsibility. The proposers shall include an acknowledgment from all sub-contractors of their knowledge and acceptance to work on the City's Workers' Compensation Program which will include working with City Staff.

All correspondence to injured employees shall include a reference you are working on behalf of the City or the City and the City's TPA.

1) **Federal and Texas Laws and Administrative Rules, Advisories and Guidelines:**

- a. The City requires compliance with all Federal and Texas Administrative laws, rules, policies, performance requirements, and advisories.
- b. The TPA and URA, and all ancillary contractors are responsible for timely response to Federal or Texas Administrative audits, legal notices, issues of non-compliance, interest due, etc. if such is required to fulfill an obligation.
- c. The TPA & URA as well as other ancillary contractors shall forward copies of all correspondence from any Federal, Center for Medicare or Medicaid Services (CMS), Texas Administrative Office, Texas Department of Insurance (TDI) or Division of Workers' Compensation (DWC), within 2 working days of receipt when the information pertains to the City of Austin and references:
 - i. data calls
 - ii. notice of violation, sanction, or warning
 - iii. complaint submitted to DWC
 - iv. complaint made against the City of Austin
 - v. claims set for hearing
 - vi. assignment to independent review organization, medical fee, or medical necessity dispute
 - vii. performance based oversight
 - viii. data deficiencies, electronic data of any type
 - ix. or other official memorandums advising the City of Austin of actions outside of customary claim procedures
- d. The TPA & URA and other ancillary contractors shall make recommendations for the City's compliance or recourse and prepare the response for the City's approval.
- e. The TPA or URA or any of their ancillary contractors working on the City's WC Program is **NOT** permitted to voluntarily report or represent the City at any Texas Department of Insurance, TDI-DWC, or any other State or Federal Department without first explaining the purpose and obtaining the City's approval.
- f. The documentation, justification and if appropriate, remedial actions shall be coordinated and reported to the City **BEFORE** any response is made on the City's behalf.
- g. The TPA and URA shall inform the City about new legislation, TDI-DWC rules, landmark appeal or court decisions for indemnity and medical issues and advise of the potential impact to the City's workers' compensation program and how these may affect the handling of claims.
- h. The TPA and URA will be required to submit confirmations of their compliance and their ancillary contractor's compliance when new legislation is enacted or when Medicare or TDI-DWC changes rules or requirements.

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- i. Non-Compliance with this section will result in penalty, refer to Section 10.C.

2) **Dedicated Unit:**

The City requires a dedicated claims unit be located in Austin, Texas with ready access to disabled employees. The City's work shall be given first priority by those assigned to work the City's business. The TPA and URA shall staff the respective units to provide the services and response time this scope of work requires and within an average 40 hour work week. The City requires knowledge of the TPA and URA staff assigned to our account and reserves the right to request additional staff or a change in staff if problematic circumstances prevail. At a minimum staffing shall consist of the following key positions:

- a. **Account Manager** – Point person for the City's Account and familiar with workers' compensation claim management and ancillary services. Available to the City for meetings to discuss concerns, coordinate meetings, prepare account reports, and orchestrate with all staff to resolve issues at every level with all services in a timely manner. If a separate URA Contract is made the TPA Account Manager shall be recognized as account manager.
- b. **Claims Supervisor** – Dedicated to supervising the adjusting staff with oversight of the management of the claims. Must have authority to address specific claim concerns and complex claim issues. Shall have workers' compensation claim experience and the skills and expertise to train and support staff and intervene when there are heightened concerns.
- c. **Dedicated Registered Nurse** – 100% dedicated to our claims management account and available on site with adjusters on a daily basis to assist in the medical management of our claims. This nurse is not to perform Pre Authorization services or be expected to perform field case management duties.
- d. **Dedicated Claim Adjusters**– 100% dedicated and required to have adequate claim expertise. File counts must be kept at a level an adjuster has the ability to work 40 hours per week to reach claim file objectives.
- e. **Bill Review Analyst** – The City requires an experienced bill review person who has learned the requirements in workers' compensation and Medicare rules to process the City of Austin's medical bills accurately. Must be able to communicate with the adjusters, pre-authorization nurse, and have access to claim notes in some form. Must have access to medical professionals.
- f. **Pre-Authorization Nurse** – The City requires a Registered Nurse who is familiar with workers' compensation to process the pre-authorizations and has access to the URA's Medical Director and a wide variety of providers who serve as peer review doctors. Must have access to claim notes and communicate with adjusters and bill review analyst.

3) **Work Hours and Availability:**

- a. Work and telephone hours for all services shall be 8:00 a.m. - 5:00 p.m. (Central Time), Monday through Friday. The City expects a 40 hour work week.
- b. An on call staff designee as a contact is required when emergencies arise and shall also be available at all times during non business hours.
- c. The TPA and URA or other ancillary contractors shall implement a one (1) work day return call or e-mail policy on all phone calls or e-mails that require a response.
- d. The TPA and URA or other ancillary contractors shall coordinate with the City any conflict in service hours when holidays and/or office closures differ from the City's. When conflicts in holiday schedules arise, the TPA shall adhere to the City's schedule for providing services as outlined herein unless an exception is approved by the City.

4) **Claims Administration Minimum Requirements:**

- a. Adjusters shall be assigned claims within one (1) work day of receiving the First Report of Injury, FROI or DWC-1. Every first notice of injury/illness requires a determination of compensability and justification of the decision entered into the claim file within fourteen (14) days of receipt. Exceptions shall be documented and discussed with the Claim Supervisor.

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- b. Three (3) point contact on claims with any lost time (Injured Employee, City's Department Workers' Compensation Representative, DWCR, and the treating medical provider) shall begin within one (1) work day of receipt of a first report of injury/illness with injured employees contacted by telephone no later than the third (3rd) working day after receipt of the First Report of Injury.
- c. Three (3) point contact on claims with an incident only or medical only status will begin within 3 working days of receipt of a first report of injury/illness with injured employees contacted by telephone no later than the seventh (7th) working day after receipt of the First Report of Injury unless the claim file is documented with justified exception.
- d. Investigations shall be thorough and include recorded statements.
 - i. A Southwest Index Bureau (SWIB) report is required on claims that require extensive investigation. SWIB shall always be ordered on Course and Scope disputed cases, Extent of injury claims scheduled for a Benefit Review Conference, claims that exceed Medical Disability Guidelines, and claims that reopen greater than one (1) year from date of injury. The results shall be documented in the claim file.
- e. Contact shall be continuous throughout the life of an open claim. Claim file shall be documented with the contact plan and a diary follow up established.
 - i. Claims with lost time, limited/modified duty shall have adjuster contact with the injured worker, employer, and provider no less than every 15 days or as often as best claim management practice would require.
 - ii. Claims with prosthetics or open due to on-going medical shall be contacted no less than annually with a documented plan & diary in the claim file.
- f. Adjusters shall be required to receive notice of all Pre-authorizations on a claim and provide claim file information for consideration including Plain Language Notice language for the Caveat on the Pre-authorization determination letter.
 - i. Adjusters shall provide and communicate to the pre-authorization nurse when the claim file contains medical opinions (peers, rme, dd) we have in the claim file to ensure quality medical necessity decisions are made.
- g. Claim details shall be available to extended services and specifically communicated to pre- authorization and bill review if not electronically then this is an adjuster's responsibility unless other work flow processes are agreed to by the TPA, URA, and the City.
- h. Reserves and incremental changes in reserves shall be documented and justified in the claim file. The TPA shall use a system reserve screen or a boiler plate reserve worksheet in every claim file.
 - i. Claims shall be reserved for "the most probable outcome" and adjusted as they mature. Reserve methodology and outside resources utilized should be referenced on each file. Reserves must be set within ten (10) working days of receipt of the FIRST NOTICE OF LOSS, revisited in twenty-five (25) working days, and thereafter a reserve diary is required on active claims.
 - ii. Hearing Aids and prosthetics or any claim with expectations of a future need for medical expense must have reserves and may not be closed.
- i. Consistent supervisory involvement in the management of claims, adjuster and dedicated nurse activity is required. The claim files shall be documented to reflect supervisor involvement.
- j. The Claims Supervisor shall be involved when complaints are received from injured workers, DWCRs, or other employees of the COA or when concerns arise regarding adjuster's skills, not following COA protocol, poor documentation in the claim files, or an inability to be responsive is displayed.
 - i. The claims supervisor shall contact Risk Management staff within one (1) working day of receiving a complaint.
- k. The Adjuster shall provide complete, organized and comprehensive medical and clinical data from claim files in order to produce impairment rating reviews, all types of peer reviews including preauthorization peers, retrospective utilization reviews, early compensability assessments, treatment guideline reviews, RME, and DD reports.

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- i. If the Dedicated Nurse was assigned to the claim file then the documentation sent for review must include the DN review and summary up-dates.
- l. The Adjuster shall contact DWCR's by e-mail within one (1) work day when surgery has been preauthorized.
- m. Claims meeting the guidelines for nurse review shall be referred to the nurse for review or the claim file document explain why adjuster chose not to refer.
- n. A field case management request form shall be submitted prior to assignment to Risk Management staff except in the cases where there is an emergency and hospitalized injured employee. The adjuster must include goals and expectations for the assignment and may be asked to further justify the request.
- o. Adjusters shall initiate a case manager visit with injured employees whose injury requires a hospital stay of three (3) or more days. This visit shall occur no later than the third (3rd) day of the hospital stay. For other claims where field case management is warranted, approval shall be obtained from Risk Management before the assignment is made.
- p. Adjusters shall work with the dedicated nurse to review treatment, ODG/MDA guidelines, medical improvement, pharmaceuticals, and to identify appropriate avenues to medically manage the claim.
- q. The Adjuster shall review the work that goes into a claim file for quality and accuracy. Including provider reports, Peer Reviews, DD reports, RMEs, Investigations, Case Management reports, Bill Review's recommendation for payments, Pre-authorizations approvals and adverse determinations, and other work products from ancillary contractors. The Adjuster shall report sub-standard or questionable activity to the City's dedicated claim supervisor for appropriate intervention to ensure the expected level of quality is provided.
- r. Impairment ratings over ten percent (10%) shall be verified for correct formulation.
- s. Adjusters shall coordinate payment of all waiting period checks with Risk Management staff to ensure compliance with the City's Wage Continuation Program.

5) **Utilization of Nationally Recognized Treatment and Disability Guidelines by TPA and URA:**

The TPA and the URA shall utilize the Occupational Disability Guidelines (ODG) as treatment guidelines and Medical Disability Advisor (MDA) for disability guidelines. The City requires work flow that utilizes these guidelines to manage the claims and medical treatment. At a minimum the following applications shall be included in the TPA and URA's processes:

- a. Pre-Authorization approvals on treatment outside of guidelines shall have justification and the medical necessity from the requesting provider documented.
- b. Peer Review and RME Doctors shall consider the guidelines when writing medical opinions to be paid for by the City of Austin.
- c. Bill Review processes shall include a system of identification of claims when medical is consistently paid and falls outside of these guidelines.
- d. Claim management shall include:
 - i. System notes identifying the diagnosis & treatment references. The treating doctor shall be asked to justify if guidelines are exceeded.
 - ii. The expected length of disability. The treating doctor shall be asked to justify if guidelines are exceeded.
 - iii. Diary dates utilized to manage the claim by the disability guideline.
 - iv. Any exceptions noted in the claim file and managed relative to the severity of the claim.
 - v. Claim file shall have the justifications for medical necessity outside of the treatment guidelines.
 - vi. Outcomes from peer reviews, RMEs, DDs, must be clearly visible and communicated with pre-authorization and bill review systems or so noted with their access to claim notes information.

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6) **Dedicated Nurse/Medical Management/Treatment Guidelines:**

A dedicated nurse shall serve as a resource for adjusters to address medical claim issues and recommend a coordinated medical management plan. The nurse shall regularly provide initial and follow-up written reviews, facilitate communication between medical providers, adjuster, employer, and injured employee to achieve return to work goals, identify claims outside the Official Disability Guidelines/ Medical Disability Advisor, and provide information to injured employees when a medical procedure is not approved by pre-authorization.

The dedicated nurse shall be located with the claim management team.

The Dedicated Nurse shall follow a process approved by the City's Risk Management staff. A sample of the current procedures is included as Exhibit F, F (1), and F (2). The Dedicated Nurse will

- a. Complete Review forms; make recommendations, and use boiler plate forms and letters approved by Risk Management.
- b. Communicate with medical providers in writing per established timeframes, regarding:
 - i. Treatment and disability guidelines appropriate for claimant's injury/illness
 - ii. Inquiry/justification for treatment or work status exceeding ODG/MDA guidelines
 - iii. On-going communication concerning medical management aspects of claim
 - iv. The COA's RTW program and temporary limited duty assignment possibilities
- c. Maintain a monthly on going medical status/RTW report for all claims assigned. Information fields to be determined by Risk Management.
- d. Coordinate information with pre-authorization and adjusters when medical procedures are denied and communicate with the injured worker about reason for denial.
- e. Actively work with adjusters, pre-authorization nurse, and bill review analyst to provide plans of action, explanations, and recommendations for medical management. Duties shall include reviews of medical treatment and ODG/MDA guideline expectations, identification of over utilization, and to identify appropriate avenues to medically manage the claim.
- f. Consult with the City's Corporate Return to Work Coordinator (RTWC) on RTW cases that have exhausted the Department's 30 Day RTW program.

7) **Return to Work:**

The adjuster or the dedicated nurse shall inform the treating physician of the City's RTW program and coordinate with the DWCR for a copy of the Essential Functions/Job Task List for the claimant's assignment within ten (10) working days of employees' losing fourteen (14) days or more of work.

The dedicated nurse or adjuster shall provide the following information:

- a. Advise the RTW Coordinator of injured employees with lost time exceeding 30 days.
- b. Provide the RTW Coordinator a copy of the Dedicated Nurse bi-weekly report by email.
- c. Provide consultation on specific files that have been assigned to the City's Corporate RTW program upon request.

8) **Wage Continuation Coordination:**

The City recovers specific TIB payments because of our salary continuation program and the Civil Service Line of Duty Leave. The TPA shall supply the following in order for the City to administer the program:

- a. Issue a weekly check register report.
- b. Deliver copies of Plain Language Notices (PLN) daily, electronically, in PDF form.
- c. The TPA must communicate with the Wage Continuation Coordinator daily with information on claims where the waiting period may be due. The Coordinator will advise the TPA if the waiting period check should be made payable to the injured employee or to the City.

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- d. Deliver a weekly package of waiting period checks, copies of voided checks, and stop payment forms to the Wage Continuation Coordinator.
 - e. Send an electronic communication upon first notice/receipt of a check returned & voided by the employee.
- 9) **Subrogation:**
- a. Potential subrogation cases shall be identified during the initial investigation of the claim. These cases shall be referred in writing to an attorney in the City's Law Department.
 - b. The third party tortfeasor and witness information and any additional claim information shall be provided as requested. Response to the City attorney's requests shall be made within three (3) working days.
 - c. All subrogation negotiations shall be handled by the City's subrogation attorney who will issue a Recovery Memo to the City's Risk Manager and the TPA.
 - d. The TPA shall:
 - i. The Adjuster shall note both in the claim notes and the Bill Review software the amount recovered when the Recovery Memo is received from the City Attorney's office indicating the claim has been settled with the responsible 3rd party,
 - ii. Prepare a PLN advising parties to the claim of the intent to recover amounts over \$1,000.
 - iii. Develop an on-going Excel report of all claims when the recovery memo is received. The report criteria shall be developed with advice from the City.
 - e. The TPA shall track payments made in accordance with rules that govern subrogation and identify when subrogation has been exhausted and notify the City when it is time for the City to resume payments.

B. MINIMUM REQUIREMENTS FOR UTILIZATION REVIEW AGENT AND OTHER EXTENDED SERVICES

1) **Medical Bill Review:**

The Bill Review provider must be certified by The Texas Department of Insurance as a Utilization Review Agent. The City requires a copy of the certificate and subsequent renewals. Written medical bill audit guidelines are required and shall include bills that fall outside of mandated fee guidelines. The City requires written guidelines that show how claim file activity is reviewed by the bill review staff.

The Bill Review Service Provider shall have the pertinent pre-authorization and claim file knowledge to accurately review every medical bill and apply the appropriate ANSI codes. The Bill Review process shall not include auto adjudication unless it is proven the criteria may be met in critical areas of evaluating all medical bills.

- a. A regular meeting time shall be mutually agreed to for review of the work performed by the Bill Review Service Provider and it's contractors
- b. The bill review service shall demonstrate that each bill presented for payment is reviewed in coordination with real time claim status including pre authorizations. Bill review shall include the following criteria as a minimum:
 - i. Diagnosis(s) on every bill is related to the compensable injury.
 - ii. Procedure(s) is appropriate for diagnosis.
 - iii. Service is pre-authorized, if required.
 - iv. Appropriate ANSI code application.
 - v. Medicare rules and guidelines are applied to include CCI Edits.
 - vi. Medical bill is complete.
 - vii. Bills denied for outside of ODG and not preauthorized.
 - viii. N drugs are denied if not preauthorized.
 - ix. Procedure is in place for Retrospective Utilization Review.
 - x. Tracking and logging of RURs and outcomes shall be reported monthly.

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- c. Bill charges exceeding \$20,000 must be reported to the City and the adjuster after review and before processing for recommended payment and producing an EOB.
- d. A process shall exist for identifying medical procedures that fall outside of treatment guidelines or a doctor recommended treatment plan. A procedure for communicating when treatment is outside of the guidelines shall be mutually agreed upon and coordinated with other claim management procedures.
- e. Bill Review Analysts shall have ready access to the adjusters and dedicated nurse for consultation. Lines of communication shall be established between analysts, nurse, and adjusters with a written document describing the process.
- f. Recommended payments shall be the fees required for the appropriate period of time and include the state and federal mandated components. If a usual and customary fee calculation is required the recommended payment(s) shall be agreed to by Risk Management.
- g. E-billing shall be established and include a procedure to obtain appropriate medical documentation.
- h. Fee disputes shall be coordinated with Risk Management Staff and the TPA.
- i. The bill review contractor in coordination with the TPA is expected to pursue recovery if a payment is recommended and paid in error.
- j. The bill review service shall be completed within fifteen (15) working days of receiving the bill.
 - i. Reconsiderations shall be completed within ten (10) working days of receipt.
 - ii. Bill errors process shall be completed within five (5) working days.
- k. The Bill Review Service Provider will provide a list of all contractors used for completing any service on City of Austin Medical Bills and describe their service and provide contact names.
- l. The Bill Review Service Provider and its contractors shall agree to communicate with the City's Risk Management Medical Coordinator as required by DWC Rule 134.808.
- m. The Bill Review Service Provider will be required to validate Electronic Data Records at least semi-annually utilizing the DWC's System Medical Monitoring Report specific to the City of Austin.
- n. The Bill Review Service Provider shall acknowledge they do not have permission to self-report to the Division of Workers' Compensation or any other outside party on behalf of the City.
 - i. Upon identification of any and all deficiencies the TPA and the City Risk Management Division will be consulted prior to any action regarding self-reporting or responding to requests with City data.
 - ii. There is penalty for non-compliance described on page 28, 10.C.
- o. The Bill Review Service Provider will submit a report quarterly including the following criteria:
 - i. # of bills processed
 - ii. # of rejects received
 - iii. Identification of type of rejects
 - iv. Explanation of how the reject(s) were corrected
 - v. A yes or no column for advising if any DWC – EDI requirements have changed. If yes, a detailed explanation of how this requirement was met & tested.
 - vi. A review of fields and data submitted to DWC of the City's Medical Bill data shall be a part of this quarterly report and may utilize the DWC's System Medical Monitoring Report specific to the City of Austin or by some other means mutually agreed to.
 - vii. An E-Bill report must be prepared to show # of E-bills received, rejected, reason for rejection, and total # of E-bills processed.
- p. The bill review provider shall advise the City by a monthly report the causes and if any affect about returning provider and pharmacy bills for incomplete data.
- q. The URA shall submit monthly a Performance Measurement Report to be mutually agreed upon. At minimum this will include:
 - i. A supervisor's review of 3% of the monthly bills processed.

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- ii. A summary and detail review of the electronic data transmitted to DWC for accuracy and timeliness.
- iii. Explanation of rejections, corrections, and resent bills.
- r. Representative(s) shall be available to meet with Risk Management and TPA on specific claim issues and to assess the quality and effectiveness of ongoing services.
- s. All correspondence to injured employees shall include by name a reference you are working for the City or the City and the City's TPA.

2) **Medical Utilization Reviews, Retrospective Utilization Review, Peer, RME, and DD Services.**

These would become sub-contractors to the TPA or URA. All providers must hold a License to Practice Medicine in Texas.

- a. All contractors must be Certified as a URA by the TDI and provide the City with a copy of the certification and renewals as they occur.
- b. A written document summarizing the claim and medical activity in a claim file is required prior to any medical review. The summary may be provided by the adjuster or may be requested from URA by the adjuster. The summary shall become part of the claim file.
- c. A monthly report shall be required with criteria to be agreed on but must include details of the service, provider utilized, and charge.
- d. All peer reviews, RMEs, impairment ratings, and prospective and retrospective utilization reviews shall produce accurate reports based on the medical and clinical data supplied. The medical opinions shall be supported within the written document. A poor quality report will be returned and unpaid until it responds to the questions asked and supports the opinion.
 - i. Medical Providers writing a report for a City of Austin Claim shall reference the historical information known on the injury, medical procedures performed, and provide reasoning on how and why they have arrived at their opinion.
 - Specific clinical criteria utilized in the evaluation shall be referenced.
 - Official Disability Guidelines and other reference chosen by the medical professional shall be identified.
 - When evaluating an impairment rating, the appropriate tables and reference pages in the correct edition of the Guides shall be identified.
 - The opinion of the reviewer must be justified how they arrived at this opinion.
- e. When a Post DD RME service is requested a thorough order form shall be utilized to detail what is being requested and any additional questions regarding medical necessity.
- f. All correspondence to injured employees shall include by name a reference you are working for the City or the City and the City's TPA.
- g. Representative(s) shall be available to meet with Risk Management and TPA on specific claim issues and to assess the quality and effectiveness of ongoing services.

3) **Field Case Management and Vocational Rehabilitation**

- a. A variety of professional staff including nurses and therapists shall be employed by the sub-contractor. Providers shall have proficient bilingual (English/Spanish preferred) ability if requested for an assignment.
- b. Providers shall utilize the same medical and disability guidelines as this Scope requires of the TPA and URA.
- c. A City employee referred for shall be contacted within one (1) working day of assignment, and twenty-four (24) hour contact for emergency assignments is required.
- d. Management objectives to meet the goals set by the TPA or Risk Management shall be established for each assigned claim file.

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- e. File documentation shall provide:
 - i. Insight and recommendations to support timely coordination of medical care, diagnostics, and rehabilitation.
 - ii. An assessment of the potential for Return to Work in the current or an alternate job.
 - iii. An action plan for ongoing open communication between all involved parties and service providers.
 - f. Initial and Closure reports shall be submitted within ten (10) working days of assignment; interim case updates shall be provided by e-mail to the TPA and Risk Management within two (2) working days of attending a doctor's appointment with an employee.
 - g. Use of local medical case managers is expected. If a local case manager cannot be utilized and the TPA must use a case manager from outside the Austin area, **the City shall not be liable for the costs associated with travel time and mileage from outside the Austin area.**
 - h. Vocational Rehabilitation shall be identified accordingly for assigned files and used when an injury has the potential to change the employee's career, high impairment exists, or semi-disability is imminent.
 - i. Representative(s) shall be available to meet with Risk Management and TPA on specific claim issues and to assess the quality and effectiveness of ongoing services.
- 4) **Pre Authorization Services:**
- The service provider must be certified by The Texas Department of Insurance as a Utilization Review Agent. The City requires a copy of the certificate and subsequent renewals. The pre-authorization nurse and supervisors shall work in a team effort to ensure the City's workers' compensation claims are appropriately managed.
- a. Written pre-authorization guidelines specific to the City shall be coordinated with the TPA and the City. These guidelines shall include how each type of pre-authorization is managed including
 - i. Timely processing of pre-authorizations in compliance with the URA rules and DWC's Rule 134.600.
 - ii. A process for identification when a request for pre-authorization from a medical provider is not required by Texas Labor Code Administrative rule 134.600, or a standing request from actions of the TPA.
 - iii. A process that identifies when the pre-authorization request is because the adjuster has an ODG Peer Review and has advised the treating doctor that pre-authorization is required.
 - iv. A process that differentiates a pre-authorization from a Retrospective Utilization Review.
 - b. A Registered Nurse shall be assigned to the City's account.
 - c. Specific staff for in-take shall be assigned to the City's account and the City advised when staff changes.
 - d. URA shall work with the TPA to coordinate the best way to access information on claims. This process will be written and agreed to by the City.
 - e. The URA and TPA shall agree how the TPA will access information on pre-authorizations and nurses notes and have the information available to Bill Review and in the claim files. This process shall include time frames and shall be written and agreed to by the City.
 - i. All pre-authorization activity shall be reflected in the claim file including:
 - In-take notes, nurses notes, peer reviewer notes shall be included in the claim file.
 - Pre-authorization request and all medical documentation
 - Letters approving for medical necessity and adverse determinations
 - f. Pre-authorization personnel shall communicate with the City's dedicated adjusting unit as soon as each and every pre-authorization request is received. A written process for this activity shall be required and shall include:
 - i. How the pre-authorization process will include the PLN language.

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- g. Letters of approval or adverse determinations are required to include and shall include all claim disputes, extent of injury issues, and all Plain Language Notice language that limits the injury to compensable diagnosis.
 - h. The ODG treatment guidelines shall be considered in the pre-authorization process by the RN and when a Peer Reviewer is utilized.
 - i. When the medical care is an exception to ODG the requesting provider shall be asked to document extenuating circumstances, patient co-morbidities, objective signs of functional improvement for treatment conducted thus far, measureable goals and progress points expected from additional treatment, and any other additional evidence that supports the health care provider's request.
 - i. Peer Reviewers utilized for determining medical necessity shall consider information adjusters may point to on previous medical procedures, treating doctor reports and opinions, peer, RME reports, and any other medical information as appropriate to make a well informed medical decision for the medical necessity of the requested procedure(s) for the injured employee.
 - j. Notification letters to injured employees shall include reference to the City.
 - k. Utilization Reviews Plans for Certification as a URA and submitted to TDI shall be submitted to Risk Management as a part of the contractual agreement if awarded the contract.
 - l. The URA will be required to produce monthly reports reflecting the activity for the month to include
 - i. By claimant the pre-authorizations received and the Retrospective Reviews processed.
 - ii. The outcomes of the pre-authorization request.
 - iii. Other information as mutually agreed to.
 - iv. Pre-authorization reports on a per claim basis shall be provided upon request.
 - m. The URA shall be required to show the City a list of the their contracted peer review doctors semi-annually though that list will remain the property of the URA and will not be provided to the City as a document.
 - n. The URA shall submit monthly a Performance Measurement Report to be mutually agreed upon prior to the URA beginning work for the City. At minimum this will include a supervisor's review of 3% of the monthly pre-authorizations and provide the City with justifications.
 - o. Representative(s) shall be available to meet with Risk Management and TPA on specific claim issues and to assess the quality and effectiveness of ongoing services.
- 5) **Pharmacy Benefit Manager Network & Durable Medical Provider Network**
- a. If a PBM and/or DME network(s) is proposed by the TPA or the URA the network provider(s) shall be located in the Austin area, which shall include the City of Austin and the contiguous counties. The City may decline the use of any network.
 - i. The PBM shall be URAC Accredited and the City requires a copy of that certification and subsequent renewals.
 - b. Networks shall be accessible to Adjusters, Risk Management, DWCRs, and injured employees and shall be transparent in their operations with the TPA and the City.
 - i. Transparency shall include a detailed savings report that shows the difference between the Pharmacy Fee Guideline cost or cost before discount and what the Pharmacy Benefit Manager (PBM) is charging the City for the drugs or Durable Medical Equipment.
 - ii. Any Fee arrangements with the TPA shall be communicated and transparent to the City.
 - iii. A list of the providers who are in the network with address and phone numbers shall be made available electronically.
 - iv. A list of all subcontractors, name, address, and contact information utilized by the PBM to complete the processes required to receive, pay, and transmit data on the City's pharmacy bills.

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- c. The PBM and DME Provider Networks and their contractors that perform work on City Claims shall be required to acknowledge in writing the City of Austin as a client and customer and work with the City and its TPA and URA to ensure compliance with Texas Law & TDI-DWC Rules including the Medical Coordinator Rule 134.808 and the Pharmacy Rules as well as meet other criteria.
- i. All City of Austin Pharmacy bills will be paid upon recognition of this type of criteria or a written procedure with the TPA to acknowledge how this criteria will be met:
- Diagnosis(s) on every bill is related to the compensable injury.
 - Pharmaceutical (s) is appropriate for diagnosis.
 - Appropriate ANSI code application.
 - Pharmacy bill is complete.
 - N drugs are denied if not preauthorized.
 - Claim notes available for consideration.
 - Recommend Retrospective Review if prescription is considered inappropriate.
 - Retrospective Utilization Reviews on Y Drugs
 - Compound drugs are identified and information provided to the adjuster with recommendations.
- d. The PBM Provider will submit various reports monthly, quarterly, and semi-annually to be agreed upon with the TPA, URA, and the City. Every six months a conference call meeting shall be required to review the work performed by the PBM Provider and its contractors and the DME Network Provider and its contractors.
- i. A review of fields submitted to DWC of the City's Medical Bill data shall be a part of this quarterly report and shall utilize the DWC's System Medical Monitoring Report specific to the City of Austin or by some other means mutually agreed upon.
- ii. An E-Bill report must be prepared to show # of E-bills received, rejected, reason for rejection, and total # of E-bills processed.
- iii. A report on paper bills shall also be prepared for the same criteria listed above.
- e. The PBM Provider shall be responsible for the submission of the Electronic Data Information required by the Division of Workers' Compensation unless a written process and procedure is agreed to with the City's bill review provider. The PBM shall acknowledge they do not have permission to self-report to the Division of Workers' Compensation or share City data with any outside party without express written permission from the Risk Manager at the City.
- i. Upon identification of any and all data deficiencies the TPA and the City Risk Management Division shall be consulted prior to any action regarding self-reporting or responding to requests with City data.
- f. The PBM shall submit monthly a Performance Measurement Report to be mutually agreed upon prior to the PBM beginning work for the City. At minimum this will include a supervisors review of a random 3% chosen by the City of the monthly pharmaceuticals processed and provide the City with justifications.
- i. A supervisor's review of 3% of the monthly bills processed against specific criteria.
- ii. A summary and detail review of the data transmitted to DWC for accuracy and timeliness.
- Explanation of rejections, corrections, and resent bills.
- 6) **Required Utilization Reviews (RUR)**

The URA and TPA shall coordinate a work flow to identify how RURs will be processed, completed timely and accurately, the pool of providers utilized, and who will be responsible for tracking and logging for an end of month report. The City at their discretion shall be given the privilege to approve or disapprove RURs before processing.

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7) **Legal Services**

The TPA shall contract with a qualified law firm with an office located in Austin Texas. The law firm shall:

- a. Appoint one attorney to be the City of Austin's principal contact and representative.
- b. Handle all hearings before the Texas administrative office for dispute resolution, complaints, violations, and performance based oversight issues.
- c. Represent the COA at DWC Benefit Review Conferences (BRC), Contested Case Hearings (CCH) and other functions required by the DWC. All hearing activity shall be coordinated with Risk Management Staff and Adjuster.
- d. For specific claim files/cases set for hearing:
 - i. Review the file and be prepared prior to the hearing.
 - ii. Advise and assist adjusters to resolve disputes prior to hearings.
 - iii. Communicate with the adjuster and Risk Management regarding hearing dates, cancellations, and any other things that affect the date and time of a BRC or CCH.
 - iv. Provide a written report within ten (10) working days after each BRC or CCH.
 - v. Coordinate agreements with Risk Management and the Adjuster's supervisor.
- e. Be available for two (2) presentations per year to DWCRs.
- f. Be available to advise and discuss claim files with adjusters and COA Risk Management on WC issues and law, rules, and legal decisions.
- g. Meet and Confer on WC issues where the COA with (or without) the TPA must make policy decisions.
- h. Share bulletins, opinions, and interpretations with the TPA and Risk Management Staff when WC is affected by case law, land mark appeal panel decisions, legislation signed by the Governor, or DWC's activities, including rule making.
- i. Cases in litigation, proceeding to court, or up for Judicial Review are not included in the services requested.

8) **Investigation and Surveillance Services**

- a. All investigation requests shall be submitted to Risk Management for approval and include justification and expected outcomes and contact information
- b. Goals shall be established by the TPA or City and accepted by the investigative service for each assignment.
- c. The investigation shall begin within three (3) working days of assignment.
- d. A status report shall be received within ten (10) working days of assignment.
- e. The final detailed report shall be submitted within ten (10) working days after completion of the assignment and include supporting documentation and details of how the information was obtained.

9) **Medicare Secondary Mandatory Reporting and Recovery, Section 111**

- a. The TPA shall assume this responsibility and act on behalf of the City of Austin as Account Manager.
 - i. The TPA shall develop a work flow to be shared with the City.
 - ii. All staff working on this item will be introduced to the City and staff changes announced.
- b. All correspondence regarding this activity received by the Account Manager shall be shared with the RRE, City of Austin, by way of e-mail.
- c. Any activity or deficiencies shall be communicated with the City within 3 days of discovery or receipt.
- d. Any change in the MSMR requirements shall be communicated to the City within 10 days of the Account Manager knowledge.

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- e. A quarterly report is required with criteria to be agreed upon with the City.
 - i. This report shall include an itemized list of the injured employees who met the MSMR criteria and confirmation of the final results submitted to MSMR.
 - f. Any request for claim inquiry or reimbursement by MSMR shall be communicated to the City.
 - g. The TPA shall have written processes for managing all MSMR specific claim inquiries, request for reimbursements and keeping the City informed of this activity.
- 10) **Information Systems (MIS) including Claims Management, Bill Review, and Pre-Authorization**
- a. The TPA and URA and PBM shall provide a comprehensive, Electronic Management Information System that meets specific requirements to be agreed to by all service partners with the City in the contract.
 - b. The Claims Management System shall have interface and data transmission capabilities between the bill review and pre-authorization service partners.
 - c. Service partners shall have shared access to these systems to be agreed upon prior to the award of the contract.
 - d. The Claim Management system shall provide interactive web based access to authorized City employees for searching, viewing and printing claim information; and the ability to generate, download or print statistical reports. It is important to know the City allows each department to view and download information specific to that department.
 - i. The TPA shall have ability to identify claims by specific City departments.
 - e. The TPA and URA shall not be required to provide any standard computer hardware or software to the City.
 - f. The TPA and URA and PBM shall develop an integrated process for document and data management and shall provide a written document of that integration that will send and receive the necessary data for the City's workers' compensation program.
 - g. The TPA shall notify the City of any specialized computer hardware or software required for City computers to interface with the Claim Management System. Specialized equipment or software shall be provided to the City without additional charges.
 - h. The TPA shall accommodate and map all existing claim information, bill review history, and pre-authorization history into their systems. **See Exhibit D**
 - i. **Before the first day of service, the TPA and URA and PBM shall:**
 - i. Transfer, map and verify all existing claim data from the previous TPA, bill review, and pre-authorization systems to the new TPA and URA and PBM.
 - ii. Establish, test and verify data transfer functions between the TPA, URA, the City and all partners or subcontractors.
 - iii. Successfully download and verify employee information from the City's Human Resources Database and Payroll Systems.
 - iv. Develop, implement, test and verify the data entry interface the City will use to enter claim information.
 - v. Develop implement, test and verify the standard and ad hoc report generating interface the City will use to extract specific claim information and summary and detailed statistical information.
 - vi. Develop implement, test and verify the claim search, viewing, and printing interface the City will use to review claim details, claim management activity and provision of benefits.
 - vii. Train selected City employees on the use of the system.

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- j. **The Management Information Systems of the TPA and URA shall provide the following functions and features as they apply:**
- i. All electronic data transmission to or from shall be routed through a secure, firewalled server and encrypted using a minimum 128 bit encryption algorithm such as the Advanced Encryption Standard (AES); or as required by government agencies such as The Texas Department of Insurance.
 - ii. The TPA's MIS shall retrieve employee information from the City's payroll system biweekly; in a format mutually agreed upon.
 - iii. The TPA and URA and PBM, service partners and subcontractors shall provide electronic data submission capability as required by the Texas Department of Insurance, TDI-DWC rules, Centers for Medicare-Medicaid Services (CMS) and any administrative guidelines mandatory to the City's WC program
 - The TPA and URA shall provide the City with verification reports that the data has been successfully sent and accepted.
 - The TPA and URA shall comply with the Mandatory Reporting Requirements for the Medicare Secondary Payor Program through CMS and all other mandatory reporting requirements through a governmental entity.
 - A written quality monitoring process shall be provided by each entity that provides data to TDI-DWC or Medicare.
 - iv. The TPA shall have the capability of transferring data in claim files to the City's Electronic Data Imaging Management System (EDIMS).
- k. **Data Access and Security of the Management Information Systems of the TPA and URA (MIS)**
- i. The implementation of the MIS including archives, backups, mirrored sites, etc. shall be on secured servers and systems with access restricted to authorized personnel only.
 - ii. All City claims and employee data stored on the MIS shall be protected from unauthorized access.
 - iii. The TPA shall provide the City with direct access to the MIS for as many users as the City requires, for the term of this Contract, including any extensions or renewals hereof, and for an additional 30 days following termination. The estimated number of simultaneous users at the City is twelve (12).
 - iv. Risk Management shall authorize MIS access to individuals based on job duties and level of information needed.
 - v. The TPA shall maintain a current list of MIS users including access levels, date access granted, date access withdrawn and authorizing individual.
 - vi. The MIS shall be accessible to authorized City employees twenty-four (24) hours a day, seven (7) days a week, from any computer with internet capability.
 - vii. Problems accessing the MIS shall be corrected within twenty-four (24) hours of notification to the TPA.
- l. **Backup And Recovery**
- i. Backup of all City claims and City data shall be performed daily.
 - ii. Back up data shall be readily accessible and available to restore the MIS within twenty-four (24) hours of a system failure.
 - iii. Back up data shall be stored off-site for a minimum of ninety (90) days.
- m. The TPA and URA shall implement all system upgrades required to maintain the MIS in compliance with the Texas administrative office guidelines, state and federal requirements and EDI changes at no additional cost to the City.
- n. Claims shall be managed and benefits paid through the MIS (Claims system). The System shall have check generating capabilities.

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- o. **Submission of Claim Forms by the City**
 - i. The MIS shall provide the capability for the City to access, complete and submit the First Report of Injury (DWC-1), Supplemental Report of Injury (DWC-6), and Employers Wage Statement (DWC-3) Forms through a web based application.
 - ii. The selected form shall be automatically populated with the essential employee information retrieved from the City's payroll system when a valid employee identification number or social security number is entered.
 - iii. In the event of a system failure, a back up submittal system shall be available utilizing facsimile transmission, email, or any other mutually agreed upon system.
 - p. The MIS for the TPA and URA shall provide scanning, imaging, and OCR capability as appropriate for their operation and necessary for the conversion of hard copy documents to an electronic format suitable for storage on the Claims MIS with other claim related information. The TPA and URA shall describe to the City in a written process how this will occur.
 - q. **Reporting**
 - i. The TPA and URA shall have the capability of generating detailed and summary reports consisting of financial and other claim related information as specified by the City.
 - ii. Claim data used in report generation shall be updated daily and accurately maintained with respect to lost and limited duty days, and financial information.
 - iii. Report functionality must be capable of being utilized via a secure web browser session.
 - iv. The TPA shall enable the City to do *ad hoc* reporting from the Claims MIS on any information requested by the City.
- 11) **Provider Networks – Certified or 504**
- a. The TPA and URA shall have the capability to operate within a Network should one be chosen through a separate RFP process after this contract is rewarded. No RFP is planned or anticipated at this time or this year.
- 12) **Reports, Meetings and Audits**
- a. **Weekly Check Register or Report** for the City's Wage Coordinator consisting of indemnity payments disbursed weekly, stub notes must include the reason for the payment, i.e. waiting period, no duty status, partial duty status, limited duty status, for claimant's attorney, or wage garnishment. Voided checks or stop payments must be noted on the register.
 - b. **Monthly Check Register**
 - c. **End of Month Pay Category Report**
 - d. **Bill Review Service Reports** providing system reports weekly and monthly verifying transmissions of all medical bills are timely and accurately submitted to the appropriate Texas Administrative Office (DWC) and reporting results of monthly required audits. This shall include validating data and data fields by way of the DWC's System Monitoring Office Monitoring Medical Report or other verifiable means.
 - e. **Executive Summary, Exhibit A**
 - f. **Performance Measures, Exhibit B**
 - g. **End of Month Reports** that support the data included in the **Exhibit A**, Executive Summary, and **Exhibit B**, Performance Measures. Additional criteria may be added to the reports, and shall be supported by the data. May be mutually agreed on.
 - h. **End of Month Overpayment Report** listing the injured employee name, claim number, type of indemnity payment error, reason for error, error date and amount due, check number, recovery activity and reimbursement date.

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- i. **Monthly DWC-1 Report** listing all new claims in the previous month, including the date the DWC-1 was received; the date of knowledge by the City and whether this meets “timely”, criteria.
 - j. **Monthly Reserves Report** with parameters as defined by the City.
 - k. **Monthly Reserve Change Report** listing all reserve changes is due seven (7) days prior to the end of month and reserve changes \$20,000 or more shall be included with **Exhibit A**, Executive Summary.
 - l. **Monthly Financial Reports** required by the City’s WC Fund Financial Manager; as listed in Scope of Work, 0500, Section 8.N.
 - m. **Monthly Dedicated Nurse Report** identifying the medical status/RTW status and other data as specified by Risk Management for all active cases reviewed by the Nurse.
 - n. **Monthly Medical Bill Reports** showing medical bill pending payment activity, duplicate/irregular payments, detail and summary reports by provider type, ANSI Code, claimant and other specific reporting elements to be agreed upon.
 - o. **Monthly Pre-Authorization Report** is required that displays the activity for the month by claimant, merged quarterly, semi-annually, and annually.
 - p. **Quarterly Pre-Authorization Report** providing the status of system up-dates; new components, IROs, Peer Reviewer up-dates, DWC up-dates, and new or change of Initiatives under taken in Pre-Authorization
 - q. **Quarterly Medical Bill Report** providing the status of system up-dates; i.e. Fee components, Center for Medicare and Medicaid Service (S) rate modifications, ANSI code adjustments, DWC up-dates, PBM, and PBO up-dates. Initiatives under taken in the Bill Review Department.
 - r. **Quarterly Field Case Management Active Cases Report** will be required indicating the active cases for telephonic, field management, or vocational rehabilitation, the date assigned, and confirmation that TPA’s criteria and the objectives are being met. A quarterly closure report shall be generated with date of closure, reason for closure, and total days for the assignment.
 - s. **Quarterly Subrogation Report** identifying the employee, claim number, amount subrogated, and amount tracked as processed and date a PLN was issued.
 - t. **Quarterly Investigation and Surveillance Report** listing the claims referred for private investigation, time frame for the investigation, hours billed and the quality of the report and timeliness of the investigation.
 - u. **Annual Actuary Data Report** includes all data required by the actuary to produce an actuary report for the City.
 - v. **Claim Severity Report** – An YTD report includes monthly medical costs of all open claims by month and listed by claim #.
 - w. **Financial Analysis Report** – a Fiscal Year to date report showing total amounts on each pay category, by claim year and # of claims paid on in that year. A separate pivot table that carves out medical expenses and lists medical costs of claims by claim year and # of claims we are still paying on. Example available in the exhibits.
 - x. **Monthly Sub-Contractor Payment Report** – shows work performed and the allocated expenses made to the claim file; supporting documentation may be required.
- 13) **Required Meetings**
- a. **Monthly Operations Meeting** -- with Risk Management at the City of Austin to review account issues, including Bill Review, pre-authorization and progress reports of issues tracked in an issue and resolution log, a summary of business transacted in the previous month, identification of trends, and other topics appropriate for a high level operations meeting.

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- b. **Claim Review Meetings with City Departments** – TPA staff shall meet with specific City Departments on request to review open claims and other issues that may be important to the claim management of that Department. This meeting is coordinated by a Risk Management staff person and may be set up as recurring.
 - c. **Training/Presentations** -- the TPA and URA shall include the Risk Management staff and DWCRs in trainings and presentations when rule/law changes impact the City workers' compensation process or when training is necessary to educate City staff on the use of the web based application and other computer systems functions.
 - d. **Claims Review Meetings with Dedicated Adjusting Staff** – aka Adjuster's Meeting held regularly between the TPA and Risk Management at dates and times to be mutually agreed upon. Topics may include strategy to manage claims, medical management, and RTW and may include supervisor, adjusters, dedicated nurse, bill review, pre-authorization, VP of Claims, and account manager
 - e. **Account Management meeting** currently held monthly prior to the operations meeting to review status of issues and project chart, status of outstanding concerns. The Account Manager and Risk Management's Risk Analyst conducts this meeting and regularly invites Claims Supervisor, Bill Review Manager, or other parties to discuss specific topics.
 - f. **Reserve Review and Claim Management Review** utilizing various report tools in example ODG- Black Flag report, New Claims Report, and over payment report. This meeting is attended by the Claims Supervisor and the Risk Analyst at the City.
 - g. **Other Meetings as Required** – to review any aspect of the program as necessary and to be agreed upon.
- 14) **Audits**
- a. **Monthly DWC 3 & DWC 1 Audits** – for all new claims that in the previous month have indemnity payments *initiated*, or that were upgraded to an indemnity claim within the previous month, or that were flagged for potential lost time. TPA shall conduct an audit for timely receipt of DWC-3 and DWC-1.
 - b. **DWC-6 & General Claim File Activity Audits** – the TPA shall send to the City all PLNs issued for the previous month by the 10th of the following month.
 - c. **SSAE 16** -- required at TPA's own cost, conducted annually, by a certified and licensed auditing firm with respect to internal controls for all contracted/subcontracted work pertaining to this proposal. The audit shall be conducted in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards. The audit does not have to be specific to City of Austin but of the vendor's Account Service Provider environment. Final audit reports shall be delivered to the City by November 1st of each year.
 - d. **Annual TPA AND URA Audit** -- The City shall coordinate and advise the TPA of the onsite audit to be performed by a qualified outside auditing firm. The TPA and URA shall allow the auditing firm access to claim files, procedures, pre-authorization, bill review, and other ancillary services utilized in our program.
 - e. **Claim files, Bills Reviewed, Pre-Authorizations, and other work products are subject to audit on a random basis from various sources available to the Risk Management Division.** The TPA and URA shall respond within a 5 work day period unless the urgency of the situation requires a more immediate response.
 - f. **The URA shall respond to a monthly 3% Audit of Bills Reviewed and Pre-Authorizations processed** – The City will randomly choose from the end of month reports and return to the manager of the respective departments. Audit results will be returned with end of month reports and outcomes included on the Performance Measure Monthly Report.

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14) **General Requirements**

- a. The TPA shall maintain an imaged file for each reported claim, and old hard copy files that are re-opened shall be imaged. Each file shall contain all data pertinent to the claim. All files and data are the property of the City and not the TPA and URA.
- b. The City reserves the right to audit the TPA and URA and claim files for compliance with Texas administrative guidelines and other standards in this proposal.
- c. Invoices submitted for the payment of vendor or subcontractor services will only be paid if the services provided by the vendor or subcontractor have occurred within sixty (60) days prior to the invoice date.
- d. The TPA shall allocate expense to the claim files. On a monthly basis all allocations made shall be reported in an end of month report by service provider format and information to be agreed to with the TPA, URA, and City.
- e. The City shall define claim file closing criteria and any storage and handling procedures that shall be followed. The City will maintain a closed file storage facility and/or Electronic Data Imaging Management System and is responsible for all costs associated with the physical storage of these files and data.
- f. The TPA shall pay compensation, medical expense, and allocated loss expense out of funds provided by the City and issue checks, drafts or other payments out of their Austin office.
- g. The TPA and URA shall provide adequate internal control procedures to protect the City from any type of financial loss. Payments of any type made solely in error by the TPA and URA shall be the responsibility of the TPA and URA.
- h. The TPA and URA shall reimburse the City for unrecovered payments that result solely from the TPA and URA's or a service partner's error or negligence.
- i. The TPA and URA shall be responsible for any monetary fines and interest that becomes due as a result of non-compliance with Texas administrative and regulatory bodies if the duty was the responsibility of the TPA and/or URA or its subcontractors. The TPA and URA shall not be held to this requirement when the fine arises solely from the City's error or delay.
- j. The TPA and URA is responsible for any fines resulting from a Texas administrative office audit that finds evidence of noncompliance with a required standard. This responsibility shall continue throughout the life of all claims or parts thereof managed by the TPA and URA, regardless of contractual relationship with the City.
- k. The City shall disclose all DWC or other Texas Administrative audit activity that has occurred and/or is pending. The TPA and URA shall implement any improvements named in the audit. The TPA and URA shall accept the financial responsibility, if any, for the failure to improve in past audited areas and the lack of improvement causes fines to be brought forward and added to current fines in the same category.
 - i. As of the date of this document there are no outstanding audits or exposures.
 - ii. As of the date of this document there are no notices of Texas administrative audits to be performed.
- l. The successful TPA and URA shall submit a Business Continuity Plan that shall detail how the TPA and URA will recover and maintain critical operations in the event of business disruptions from system failures, natural occurrences, acts of man, or other events.

15) **Financial Requirements**

Any costs associated with the establishment of this account shall be the responsibility of the TPA including check stock. However, since the City requires that this account be established with its current banking institution, no additional administrative services fees shall be incurred. TPA shall:

- a. Establish a "zero balance" account with JP Morgan. With this type of account, payment checks are presented to the bank for daily payment and City funds are transferred at close of each business day so as to maintain a zero account balance.

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- b. Cooperate with the bank to facilitate its (the bank's) "positive pay" process in order to eliminate check fraud. In the "positive pay" process, the TPA presents the bank a list of checks and payment amounts on a daily basis. The bank then verifies check number sequence and payment amounts before a check is cleared for payment.
- c. Prepare and supply checks and drafts for claims payment from a local claims office at no additional cost to the City. Approximately 22,000 drafts are issued per year.
- d. Financial Reports are required monthly and include:
 - i. Payments by pay type
 - ii. Payment by fund
 - iii. Reserves by City Department
 - iv. Check register by pay type
 - v. Check register standard
 - vi. Indemnity chargeback
- e. Be responsible for the generation and mailing of 1099 information to service providers and Internal Revenue Service (IRS).
- f. Comply with State of Texas requirements for unclaimed property reporting.
- g. Provide a monthly bank reconciliation report. By the 15th of each month the TPA will receive a month end bank statement with a detailed listing of paid exceptions, outstanding settlement report, reconciliation report and a diagnostic summary. The TPA and URA's Chief Financial Officer (CFO) will approve this reconciliation report and deliver to the City by the 25th of each month. The report shall include:
 - i. Bank reconciliation showing the check number, date issued, date cleared, vendor, and amount.
 - ii. Monthly check register
 - iii. Monthly cleared checks
 - iv. Aged outstanding checks
 - v. Voids and stop payments
- h. A Pay Category Report is required monthly. This report discloses the injured worker, benefits paid, and the date of incident by the specific City department.

16) INSURANCE AND BOND REQUIREMENTS

- a. The selected TPA and URA shall provide certificates of insurance for all required lines of coverage to the Purchasing Office before contract award.
- b. The selected **TPA** shall provide a performance bond in the amount of **\$820,000.00**, naming the City as obligee.
- c. The selected **URA** shall provide a performance bond in the amount of **\$420,000.00**, naming the City as the obligee.
- d. In the event that the **TPA and URA** are incorporated into a single entity, the amount of the Performance Bond shall be **\$1,240,000.00**, naming the City as the obligee.

17) TPA AND URA PERFORMANCE STANDARDS AND COMPLIANCE

THE COA REQUIRES CONSISTENT ABOVE AVERAGE PERFORMANCE AND WILL UTILIZE AN INDEPENDENT AUDITOR AND THE DIVISION OF WORKERS' COMPENSATION PERFORMANCE BASED OVERSIGHT PROGRAM TO DETERMINE THE TPA'S PERFORMANCE IN THE FOLLOWING CATEGORIES:

- a. Income benefits shall be paid timely as required by TDI-DWC and shown on the Performance Measure ***Exhibit B***.
- b. Medical Bills shall be processed timely as required by TDI-DWC and shown as item #7 on ***Exhibit B***.

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- c. Electronic data submissions required by DWC and reflected in item #s 11, 12, 13, 14 in **Exhibit B** are completed accurately with all fields properly submitted with appropriate data as required by rule and on time.
 - d. Average industry standards shall be met, at a minimum, for overall claims management and payment of benefits.
 - e. Reference to Section A. 1. – 4. Federal and Texas Laws, Administrative Rules, Bulletins, and Advisories will be adhered to 100% and the City will be conferred with prior to any type of self-reporting or any representation on behalf of the City with Federal or Texas Law Administrators.
- 18) **Requirements for Compliance with Performance Standards**
- The TPA and URA may be subject to a fee of one percent (1%) of the annual contract amount IF:
- a. The Annual Audit finds the performance is below ninety percent (90%) or below average as compared to the independent auditor's rating definitions of the industry's average performance; or
 - b. The City is a chosen participant of DWC's Performance Based Oversight program and one of the items in 3.R.1, 2, or 3, listed above, falls below ninety (90%) success rating.
 - c. The City identifies and presents documentation that R. 4. or R. 5. has failed.
- 19) **Transition Requirements**
- a. **At The Beginning Of The Contract**
 - i. In order to effect a smooth transition, the selected TPA and URA shall develop and implement a written transition plan to ensure successful implementation of the requirements within this scope of work.
 - ii. The transition plan shall be very specific and provide a clear delineation of tasks for all parties. The City shall require the written transition plan within two (2) weeks of award of the contract.
 - iii. The plan shall address all areas, including but not limited to:
 - Establishment of staff and office
 - establishment of banking arrangements
 - transfer of claim files
 - claims data electronic transfer
 - medical bill and pre-auth electronic data transfer
 - installation of any system hardware
 - payment of benefits on all claim files
 - communications to injured workers
 - training of city staff.
- 20) **Failure to meet the following key outcomes may result in contract cancellation:**
- a. Establish a fully operational local office within ninety (90) calendar days of contract award.
 - b. Establish a fully operational claims database with all claims information mapped within ninety (90) calendar days of contract award.
 - c. Establish a fully operational web based claims reporting system with access capabilities by all departments within ninety (90) calendar days of contract award.
 - d. Ensure benefit payments are issued on time utilizing the established account on the first day of service.
 - e. Ensure electronic data transfer of medical bill data, including provider information, occurs no later than thirty (30) calendar days prior to service start date.
 - f. Ensure claim file imaging capabilities are established by the service start date.
 - g. If TPA and URA is not able to meet the contract start date for all services.

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21) **At The Completion Of The Contract**

Three months prior to the completion date of this contract the TPA and URA shall cooperate with the City and assist the City in all efforts to coordinate and transition the City's account to a new TPA and URA. The outgoing TPA or URA shall not receive the final month of the City's payment obligation until fifteen (15) calendar days after the transition is complete. The City requires that the closing of the City's account be processed without interruption of service(s). All data shall be transferred to the City or its designee as directed by the City in a format mutually agreed upon by all parties. The TPA shall follow the City's closing account instructions.

C. CITY RESPONSIBILITIES

- 1) The City shall monitor and audit for continuous compliance with this Scope of Work, Texas Labor Code, Texas Administrative Code, Medicare Secondary Payor Program, and any other rule or regulation that has an impact on the City's Workers' Compensation Program.
- 2) The City shall reserve the right to request additional staff or a change in staff if problematic circumstances prevail.
- 3) The City shall have a Human Resource Specialist as a liaison between the TPA and URA and the City's Departments.
- 4) The City's Risk Manager shall approve any binding "settlement" on any claim and approval must be documented in the file.
- 5) The City shall monitor and confer with TPA and URA in authorizing expenditures.
- 6) The City shall define claim file closing criteria and any storage and handling procedures that shall be followed. The City will maintain a closed file storage facility and/or Electronic Data Imaging Management System and is responsible for all costs associated with the physical storage of these files and data

IV. PERFORMANCE MEASURES FOR TPA AND URA (REFER TO EXHIBIT B)

The TPA and URA shall report monthly on their respective responsibilities. If a performance measure is not 100% the TPA and URA shall submit a memo of identification, explanation, and plan of improvement.

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PERFORMANCE MEASURES/DELIVERABLES

Deliverables/Milestones	Description	Timeline (due/completion date, reference date, or frequency)	Performance Measure/ Acceptance Criteria	Contract Reference/ Section
Timely and accurate payment of Income and medical Benefits.	Eligible injured employees are paid in compliance with the Texas Labor Code.	Continuous throughout the contract.	Texas Labor Code and DWC Administrative Rules.	III.B.17.a.
Timely and accurate processing of medical and pharmacy bills.	The Texas Labor Code has specifics on why and how medical benefits should be paid.	Continuous throughout the contract.	Texas Labor Code and DWC Administrative Rules.	III.B.17.b.
Timely and accurate processing of preauthorizations.	The Texas Administrative Code and Utilization Review Rules and the Texas Labor Code govern this activity	Continuous throughout the contract.	Texas Administrative Code, Utilization Review Rules, Texas Labor Code.	III.B.4.a.i.
Timely and accurate Electronic Medical Bill submissions.		Continuous throughout the contract.	Texas Labor Code and DWC Administrative Rules.	III.B.17.c.
Timely and accurate Electronic Claim submissions.		Continuous throughout the contract.	Texas Labor Code and DWC Administrative Rules.	III.B.17.c.

V. Appendices/Exhibits

EXHIBIT A - Executive Summary provides FY13, FY12, FY11 data relative to the City's WC program.

EXHIBIT B - Performance Measures, provides a baseline report of tracked measurements.

EXHIBIT C - Utilization Review data relative to the City's WC program carved from the Executive Summary, Exhibit A

EXHIBIT D - Management Information System (MIS) Special Requirements and Location Structure

EXHIBIT E - Financial Analysis Report

EXHIBIT F, F1 & F2 - Designated Nurse

EXHIBIT G – Contractor Experience

EXHIBIT H – Cost Sheet