



AGENDA MEMORANDUM

Future Item for the City Council Meeting of May 15, 2018

Action Item for the City Council Meeting of May 22, 2018

DATE: May 15, 2018

TO: Keith Selman, Interim City Manager

FROM: Steve Viera, Director of Human Resources
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Service Agreement for Medical and Pharmacy Claims Audit
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CAPTION:

Motion authorizing a six-month service agreement, with Claim Technologies Incorporated, of Des Moines, Iowa to perform an audit of the claims processing associated with the self-funded medical and pharmacy plans for an amount not to exceed \$72,193.00.

PURPOSE:

Approval to execute a contract for a medical and pharmacy claims audit.

BACKGROUND AND FINDINGS:

Claims audits are performed regularly in most self-insured plans. The auditor verifies that that our Third Party Administrator and Pharmacy Benefit Manager are accurately administering the plans according to our instructions, abiding by contractual agreements, and accurately processing claims. The audit also measures plan reimbursements provided under performance guarantees and other contractual provisions such as pricing, discounts, rebates, claim payment timeliness and accuracy, and customer service.

The primary reason for undertaking a claims audit at this time is that we have experienced many issues related to plan set-up and misprocessed claims in our Pharmacy Benefit Program with Express Scripts Inc, so we expect that other errors likely exist. Where

errors are found, the auditing firm will document those errors and communicate them to our Plan Administrators and will assist us in our efforts of receiving reimbursement for any plan administration, performance guarantee, or eligibility errors made by the vendors. In addition, Express-Scripts Inc has agreed to reimburse the City for \$21,000 of the audit's cost as outlined in section 2.6 of their contract executed in August 2016.

A Request for Proposal No. 1551 was released January 19, 2018 to start the process for a contract. The City received four proposals, for these services, and evaluations of the proposals began by the City's evaluation committee. One proposer was deemed non-responsive, and the remaining three firm's technical proposals and price were evaluated and scored by the evaluation committee. The firm ranked highest in the evaluation process, Claim Technology Incorporated is being recommend for award as the firm providing the best value for this service.

ALTERNATIVES:

No feasible alternative

OTHER CONSIDERATIONS:

No feasible considerations

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State Statues regulating procurements.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Human Resource Department, Financial Services Department, Legal Department and Budget Department

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	\$0.00	\$0.00	\$0.00
Encumbered / Expended Amount	\$0.00	\$0.00	\$0.00
This item	\$42,508.00	\$29,685.00	\$72,193.00
BALANCE	\$0.00	\$0.00	\$0.00

Fund(s): N/A

Comments:

RECOMMENDATION:

Staff recommends approval of the Motion.

LIST OF SUPPORTING DOCUMENTS:

Evaluation Matrix
Service Agreement