



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting May 11, 2021

**DATE:** May 11, 2021

**TO:** Peter Zaroni, City Manager

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### **Wellness Clinic Services**

#### **CAPTION:**

Resolution authorizing a three-year service agreement with two one-year extension options with Concentra Health Services, Inc., to provide employee health care management and operation for the City's employer-sponsored Wellness Clinic in an amount not to exceed \$2,623,835.00 for a three-year period, or \$4,598,999 if both one-year extension options are exercised, with funding budgeted in the Fire, Police and Citicare Health Benefits funds.

#### **SUMMARY:**

The purpose of the Wellness Clinic is to deliver low-cost and convenient access to high-quality health care services, improve productivity through lower absenteeism, identify early health-risk concerns, and improve employee maintenance of a chronic illness. The employee clinic also provides the City with alternative cost saving benefits to assist in the management of health care spending for our employees' overall cost of care.

#### **BACKGROUND AND FINDINGS:**

The City offers its employees, retirees, and dependents access to an onsite City sponsored Wellness Clinic as part of an overall employee health care management strategy. Concentra has provided Wellness Clinic Services for the City of Corpus Christi for the past five years. Some of the services include primary care and urgent care health management, lab work, vaccinations, COVID-19 testing, and pharmacy prescriptions.

The City integrates a collaborative health and wellness strategy to improve employees' health and productivity by providing direct access to health care services which includes our medical insurance plan designs, pharmacy management, biometric screenings, and wellness programs and incentives. The Wellness Clinic offers employees a continuum of care at low to no cost with the convenience of scheduling appointments within 24 hours. The clinic has become the primary care facility for many City employees.

The City experienced approximately 4% growth in clinic participation through 6,214 visits in 2018, as compared to 5,994 visits in 2017. Participation continued to increase in 2019 by approximately 6%, with 6,603 annual visits. In 2020, the number of annual visits decreased to 4,530 resulting in a 31% decrease due to the pandemic and related COVID concerns and protocols. However, even during the pandemic, City employees still received over 1,400 prescriptions through the Wellness Clinic. There were 1,370 labs, injections, and vaccines, with 2,622 visits designated as primary care visits and 2,120 designated as Urgent Care replacement visits. These combined services produced a 2020 Return on Investment (ROI) of 1.20%, with a total cost avoidance savings of \$884,369.62.

During the first fiscal year operations, which were held in FY 2017, the Wellness Clinic performed at a ROI rate of 1.15%. This offered a cost avoidance savings on first-year operation costs of \$648,725. This ROI trend rate has continued each year. Cost avoidance factors include the cost of care if sought elsewhere, cost savings from absenteeism (assuming a two-hour difference in treatment times for each visit), and cost savings from redirections of medical plan claims.

### **PROCUREMENT DETAIL:**

Contracts and Procurement conducted a competitive Request for Proposal (RFQ 3525) to obtain qualified firms for employer-sponsored wellness clinic services of health care needs for employees choosing health benefit coverage. Six firms submitted proposals for Wellness Clinic Services. Concentra was selected as the provider for the Wellness Clinic Services and was the highest ranked firm.

The selection committee was comprised of representatives from the Fire and Police Associations, Legal and Human Resources departments. The final evaluation ranked Concentra as the highest ranked firm based on five factors: 1) firm's experience and qualifications, 2) experience and qualifications of the project manager and key staff, 3) project approach and management plan, 4) capacity to meet the project requirements and timelines, and 5) past performance.

Concentra has provided Wellness Clinic Services for the City of Corpus Christi for the past five years. Some of the services include primary care and urgent care health management, lab work, vaccinations, COVID-19 testing, and pharmacy prescriptions.

### **ALTERNATIVES:**

The City can choose not to continue offering an Employee Wellness Clinic. Without the City's onsite Wellness Clinic, we would have expectations of higher medical claims cost within our self-funded medical insurance plans. We also would expect a lower utilization of employee primary care physician visits and an increase costs related to in urgent care and emergency room visits.

### **FISCAL IMPACT:**

The first-year renewal rate of \$832,303 represents a 7% increase from our previous year's cost. This is a three-year contract, with two one-year extension options not to exceed a total contract cost of \$2,623,835.00 for the three-year period, or \$4,598,999 if both one-year extension options are exercised.

This contract is an onsite offer with a near-site option. If the City requires a temporary relocation of the Wellness Clinic off City premises, this contract's near-site option would include a \$1,200.00 per month first year rental rate. If extended into a multiple year near-site temporary relocation there would be a 5% annual rental rate increase resulting in a \$14,400 annual rental fee for year one, \$15,120 in year two, and \$15,876 in year three (in additional to the overall contract cost). The near-site contract, with two one-year extensions, is not to exceed a total contract cost of \$2,669,231.00 for the three-year period, or \$4,678,568.09 if both one-year extension options are exercised. The funding required for the five months remaining in FY 2021 is in the amount of \$285,656.66 and is budgeted in the Fire, Police and Citicare Health Benefits funds.

## **FUNDING DETAIL:**

### **Fire Employees**

Fund: 5608 EmpHth Fire  
Organization/Activity: 40602 Citicare Fire  
Mission Element: 213 Employee Benefits  
Project # **(CIP Only)**: N/A  
Account: 537360 Wellness Clinic  
Amount: \$24,824.66

### **Fire Employees**

Fund: 5608 EmpHth Fire  
Organization/Activity: 40606 Fire CDHP  
Mission Element: 213 Employee Benefits  
Project # **(CIP Only)**: N/A  
Account: 537360 Wellness Clinic  
Amount: \$27,406.12

### **Police Employees**

Fund: 5609 EmpHth Police  
Organization/Activity: 40605 Police CDHP  
Mission Element: 213 Employee Benefits  
Project # **(CIP Only)**: N/A  
Account: 537360 Wellness Clinic  
Amount: \$48,514.88

### **Civilian Employees**

Fund: 5610 EmpHth Citicare  
Organization/Activity: 40600 Citicare  
Mission Element: 213 Employee Benefits  
Project # **(CIP Only)**: N/A  
Account: 537360 Wellness Clinic  
Amount: \$139,050.19

### **Civilian Employees**

Fund: 5610 EmpHth Citicare  
Organization/Activity: 40601 Citicare CDHP  
Mission Element: 213 Employee Benefits  
Project # **(CIP Only)**: N/A  
Account: 537360 Wellness Clinic  
Amount: \$45,860.81

## **RECOMMENDATION:**

Staff recommends approval of this motion authorizing a three-year service agreement with two one-year extension options with Concentra for Wellness Clinic services, as presented.

## **LIST OF SUPPORTING DOCUMENTS:**

Evaluation Matrix  
Service Agreement