

**Board Report**

File #: 2019-0545, **File Type:** Contract**Agenda Number:** 17.

**FINANCE, BUDGET AND AUDIT COMMITTEE
OCTOBER 16, 2019****SUBJECT: WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed unit rate Contract No. PS61721000 to Lien On Me, Inc. for Workers' Compensation Medical Bill Review Services, in an amount not-to-exceed \$2,576,976 for the four-year base term, effective July 1, 2020 through June 30, 2024, plus \$1,314,258 for the first, two-year option period, and \$1,340,724 for the second, two-year option period, for a combined not-to-exceed amount of \$5,231,958, subject to resolutions of protest(s), if any.

ISSUE

The current contract for this service expires on June 30, 2020. Review of medical bills for workers' compensation claims ensures Metro pays for various medical services in accordance with the State of California approved fee schedules and pre-established rates contracted with Preferred Provider Organization (PPO) providers.

DISCUSSION

The review of medical bills is consistent with industry best practice and is one of a variety of techniques government agencies and private entities employ to lower workers' compensation related medical expenditures. Bill review service providers take gross medical billings from physicians, hospitals, pharmacies and other medical service providers and recommend reductions in conformance with the State of California Fee Schedule and negotiated rates between service providers (PPO contracts). Bill review service providers have custom dedicated software that apply the bill review reduction in accordance with the California Fee Schedule and detect duplicate billings at the line level. In addition to reviewing bills, bill review service providers have the ability to integrate PPO networks with their bill review system to determine the highest level of savings per line item and maintain the appropriate software to facilitate submission of California regulatory reporting requirements via Electronic Data Interchange (EDI) with the California Workers' Compensation Information System (WCIS). Bill review vendors represent Metro in legal proceedings involving bill payment disputes with service providers. The review of medical bills is consistent with industry best practice and is one of a variety of techniques to lower our medical expenditures.

DETERMINATION OF SAFETY IMPACT

Approval of this recommendation will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Funding for this action is not included in the FY20 budget given the contract starts in FY21. Since this is a multi-year contract, the Chief Risk, Safety and Asset Management Officer will be responsible to budget the cost in future years, including any options exercised. In FY19, \$304,000 was expended on these services.

Impact to Budget

Approval of this action has no impact on the FY20 budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports strategic plan goal # 5 "Provide responsive, accountable and trustworthy governance within the LA Metro organization." The responsible administration of Metro's workers' compensation claims within the guidelines of California's regulatory requirements lowers Metro's medical expenditures.

ALTERNATIVES CONSIDERED

The alternative of not reviewing medical bills will result in Metro overpaying for medical treatment costs and foregoing savings that could have been generated through the application of bill review services. For FY19, bill review services generated an average monthly savings of approximately \$1.5 million.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS61721000 with Lien On Me, Inc. for workers' compensation medical bill review services, effective July 1, 2020.

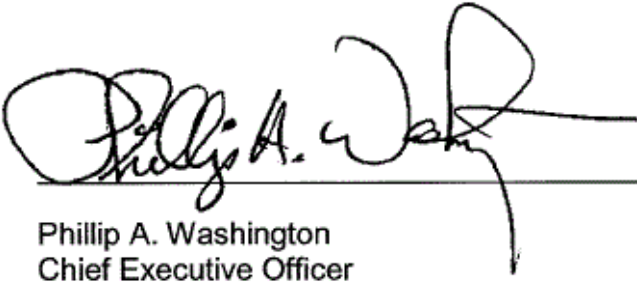
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES/PS61721000

1.	Contract Number: PS61721000	
2.	Recommended Vendor: Lien On Me, Inc.	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: May 7, 2019	
	B. Advertised/Publicized: May 7, 2019	
	C. Pre-Proposal Conference: N/A	
	D. Proposals Due: June 5, 2019	
	E. Pre-Qualification Completed: September 5, 2019	
	F. Conflict of Interest Form Submitted to Ethics: August 28, 2019	
	G. Protest Period End Date: October 22, 2019	
5.	Solicitations Picked up/Downloaded: 28	Bids/Proposals Received: 2
6.	Contract Administrator: Marc Margoni	Telephone Number: (213) 922-1304
7.	Project Manager: Cathy Yates	Telephone Number: (213) 922-4297

A. Procurement Background

This Board Action is to approve the award of Contract No. PS61721000 to Lien On Me, Inc. (LOM) to provide medical claims review services in support of Metro's Risk Management Workers' Compensation Claims unit.

Request for Proposal (RFP) No. PS61721 was issued as a competitive negotiated procurement in accordance with Metro's Acquisition Policy and the contract type is firm fixed unit rate. The RFP was issued as a Small Business Prime Set Aside.

No amendments were issued during the solicitation phase of the RFP.

A total of 28 firms downloaded the RFP and were included on the plan holders list. A total of two proposals were received by the due date of June 5, 2019 and are listed below in alphabetical order:

- Innovative Claims Strategies LLC
- Lien On Me, Inc.

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from the Risk Management Department convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were initially evaluated based on the pass/fail minimum qualifications criteria as outlined in the RFP. The pass/fail requirements included experience in reviewing and processing anticipated monthly volume of medical bills; possession of a web-based software application that can interface with Metro’s Ventiv/IVOS system, knowledge of current California Bill Review Regulations, including documentation of Bill Reviewers State Designation certification, and the ability to provide references to demonstrate the performance of similar required services.

Of the two proposals received, LOM passed the minimum qualifications and was further evaluated based on the following weighted evaluation criteria:

- Experience 30 percent
- Technical Capacity 30 percent
- Other Criteria (approach, and data transition plan) 20 Percent
- Cost 20 Percent

Several factors were considered when developing these weights, giving the greatest importance to the proposer’s experience and technical capacity of the firm.

On August 16, 2019, the PET met and conducted an independent technical evaluation of the proposals received and determined that LOM was responsive and met the technical requirements of the RFP.

Qualifications Summary of Firm:

Lien On Me, Inc.

Lien On Me, Inc. (LOM) was founded in 1991 and has been providing cost containment services for over 27 years. It has expertise in the fields of medical bill review, lien defense, claims administration and technology. Their client list includes City of Long Beach, City of Santa Ana, City of Glendale, Los Angeles Community College District (LACCD), and City of Monterey Park.

The following is a summary of the PET scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Lien on Me Inc.				
3	Experience	100.00	30.00%	30.00	
4	Technical Capacity	93.33	30.00%	28.00	
5	Other Criteria (approach and data transition plan)	86.65	20.00%	17.33	

6	Cost	100.00	20.00%	20.00	
7	Total		100.00%	95.33	1

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based on price analysis, technical analysis, an Independent Cost Estimate (ICE), fact finding, and negotiations.

	Proposer Name	Proposal Amount	Metro ICE	Negotiated or NTE amount
1.	Lien On Me, Inc.	\$8,566,704	\$5,195,863	\$5,231,958

D. Background on Recommended Contractor

The recommended firm, Lien On Me, Inc. (LOM) is located in Glendale, CA. It evaluates medical provider statements using state-adopted fee schedules, national Preferred Provider Organization (PPO) networks, experienced bill review analysis and its own proprietary database. Further, LOM has a lien defense process that enables it to handle any dispute, defend clients against liens and reduce claims portfolio, medical expenses and litigation costs.

LOM's Medical Bill Review and Lien Defense Manager has 14 years of experience in the workers compensation industry. Their medical bill reviewers are certified biennially with the Insurance Commissioner of the State of California. Their staff are required to complete continuing education classes to maintain and upgrade their skills related to coding new legislations and fee schedule changes.

DEOD SUMMARY

WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES/PS61721000**A. Small Business Participation**

Effective June 2, 2014, per Metro's Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute a Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro's website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only**.

Lien On Me, Inc., an SBE Prime, is performing 100% of the work with its own workforce.

SMALL BUSINESS SET-ASIDE

	SBE Prime Contractor	SBE % Committed
1.	Lien On Me, Inc. (Prime)	100%
	Total Commitment	100%

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.