



CITY AND COUNTY OF DENVER

Finance Office
Risk Management
Workers' Compensation Unit

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Interoffice Memorandum

TO: City Council, Finance Committee
 FROM: Raymond F. Sibley
 Director of Risk Management
 DATE: October 28, 2010
 RE: Contract with CorVel Corporation

This is a request to approve an agreement with CorVel Corporation for services related to the City's workers compensation program.

All medical bills for services provided to claimants under the City and County of Denver's workers' compensation program are reviewed and compared to corresponding medical reports to determine accuracy and medical necessity.

After each medical bill is verified and approved it is adjusted to comply with the Colorado State fee schedule and specific pricing agreements between the providing physicians/vendors, the City and/or CorVel Corporation.

The City has contracted with CorVel Corporation to provide these services for over 10 years. A competitive process (RFP) was initiated in 2009 and a new contract was awarded to CorVel Corporation.

After reviewing and repricing the City pays the approved amounts to specific physicians/vendors. This process has saved significant amounts over the last few years.

	Amount Billed	Amount Paid	Reduction/Savings
2006	9,916,444	4,403,166	5,513,267
2007	11,146,769	4,103,973	7,042,734
2008	11,524,877	4,976,848	7,548,130
2009	9,639,760	3,030,972.98	6,608,788

Savings over the last 4 years have ranged from 55% to 65% of total billed charges.

Fees paid to CorVel are generated in three ways:

- 23% of savings identified through professional review and hospital line item review.
- 20% of savings realized through pricing contracts between CorVel and physician/vendor.
- \$4.50 per bill for review and adjustment.

Fees vary annually depending on the number of workers' compensation claims and the volume of medical services provided/bills received.

2009	\$411,746	Paid
2010	\$750,000	Budgeted
2011	\$700,000	Budgeted

This is the second year of the contract entered into in 2009.

Please contact me if you have questions or require additional information.

RFS:gla