

AMENDATORY AGREEMENT

THIS AMENDATORY AGREEMENT is made and entered into by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado (the “**CITY**”), and **CORVEL HEALTHCARE CORPORATION**, a California corporation doing business at, 6455 South Yosemite Street, Suite 700, Greenwood Village, Colorado 80111 (the “**Consultant**”), jointly “the parties”.

RECITALS:

A. The City and Consultant entered into an Agreement dated January 8, 2015 to provide Workers’ Compensation “Re-pricing” services (the “**Agreement**”); and

B. The City and the Consultant desire to amend the Agreement to extend the term and increase compensation to the Consultant.

NOW, THEREFORE, the parties hereby amend the Agreement as follows:

1. Paragraph 3 of the Agreement entitled “**TERM**” is hereby amended to read as follows:

“**3. TERM**: The Agreement will commence on January 1, 2015 and will expire on December 31, 2017 (the “**Term**”). The term of this Agreement may be extended by the City under the same terms and conditions for up to one (1) additional two (2) year renewal term by a written amendment to this Agreement. Subject to the Director’s prior written authorization, the Consultant shall complete any work in progress as of the expiration date and the Term of the Agreement will extend until the work is completed or earlier terminated by the Director.”

2. Paragraph 4 of the Agreement entitled “**COMPENSATION AND PAYMENT**”, subsections (A) “**Fee**” and (C-1) “**Maximum Contract Amount**”, are hereby amended to read as follows:

“**a. Fee**: The City shall pay and the Consultant shall accept as the sole compensation for services rendered and costs incurred under the Agreement an amount not to exceed **ONE MILLION FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS AND NO CENTS (\$1,425,000.00)** at the rates set forth in **Exhibit B**. The rates set forth in Exhibit B will apply for the term of this Agreement including any extensions of the term by written agreement. The only reimbursable expenses allowed under the Agreement are those listed in **Exhibit B**.”

c. Maximum Contract Amount:

(1) Notwithstanding any other provision of the Agreement, the City's maximum payment obligation will not exceed **ONE MILLION FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS AND NO CENTS (\$1,425,000.00)** (the "Maximum Contract Amount"). The City is not obligated to execute an Agreement or any amendments for any further services, including any services performed by Consultant beyond that specifically described in **Exhibit A**. Any services performed beyond those in **Exhibit A** are performed at Consultant's risk and without authorization under the Agreement."

3. Except as herein amended, the Agreement is affirmed and ratified in each and every particular.

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Contract Control Number:

IN WITNESS WHEREOF, the parties have set their hands and affixed their seals at Denver, Colorado as of

SEAL

CITY AND COUNTY OF DENVER

ATTEST:

By _____

APPROVED AS TO FORM:

REGISTERED AND COUNTERSIGNED:

By _____

By _____

By _____



Contract Control Number: FINAN-201419255-02

Contractor Name: CORVEL HEALTHCARE CORPORATION

By: Michael D. Saverien

Name: Michael D. Saverien
(please print)

Title: Senior Vice President
(please print)

ATTEST: [if required]

By: _____

Name: _____
(please print)

Title: _____
(please print)



EXHIBIT A
Scope of Work

A. General Description

Vendor will provide Workers' Compensation "Re-pricing Services" to the City, as further described herein.

B. Definitions:

Bill(s): Is used in the Scope of Work as meaning a bill/invoice, related medical record and request for payment.

Business Day: Days that the City is open for business and shall not include Saturdays, Sundays, or official City holidays.

Collection Date: Each business day Vendor shall collect or cause to be collected, bills, invoices, and medical records by an authorized Vendor representative. Such pick-up service may be at the direction of the City, either a pick-up from City offices, or a direct receipt of all bills/invoices, medical records from the medical service provider at no additional cost.

Date Processed Date: When a bill is designated as reviewed, the Date Processed Date is the actual date on which the review was completed.

Exclusive Provider Organization ("EPO"): Client-directed provider organizations.

Explanation of Benefits (EOB): Is the explanation of the bill prepared by Vendor.

Preferred Provider Organization ("PPO"): Provider organizations that have negotiated volume-based discounts with City unaffiliated physicians and medical facilities, and the payment discounts offered by these organizations.

Physician – means licensed physicians, nurse practitioners, and physician assistants who have agreed to provide review services

C. Scope of Work:

All Workers' Compensation Bills are to be submitted directly to CorVel Corporation (CorVel) from various medical providers. CorVel shall provide to the City and County of Denver a post office box to receive all medical bills. All bills will be opened, date stamped, and scanned into vendor's system within twenty-four (24) hours of receipt for processing. The City receives approximately 17,000 bills per year. All original bills are sent directly to vendor. The City will generate a letter that will be sent to all providers directing them to send bills directly to CorVel. Some providers continue to send bills to City office, and those bills will be picked up by CorVel, along with other correspondence from adjusters. No additional fee is charged to the City for this service.

Work to be performed under the resulting contract shall include, at a minimum, the following services:

1. Medical Bill Review: Vendor shall review all bills received by the City's Risk Management Department for all worker's compensation claims, and review and make appropriate payment recommendations on all Reviewable Bills. Reviewable Bills shall be reviewed in accordance with the City's authorized payment codes as well as claims, vendor and UR decision files. MBR

includes but is not limited to the application of state fee schedules, the application of usual/customary medical billing data and databases, the application of CCI Edits, manual review to ensure correction of billed procedure/billing/diagnosis codes and/or designations are inconsistent with services provided, manual review of bills to identify and correct billings that are unrelated to compensable injury or injuries, and manual audit by senior MBR analysts or nurses.

2. PPO: Vendor shall administer one or more Networks that have negotiated contract rates with hospitals and providers.
3. Negotiation: Vendor may employ internal bill negotiation techniques and resources to achieve additional discounts beyond those achieved through MBR and PPO. Vendor shall only employ Negotiation techniques when it determines that Negotiation will yield incremental medical payment reductions in addition to reductions achieved through MBR and PPO, and on bills where MBR and PPO reductions are not available. MBR savings will be identified and applied to every bill reviewed by Vendor. For savings and fee calculation purposes, Vendor shall only attribute to Negotiation services the incremental savings beyond the maximum savings achievable by Vendor through MBR and PPO.
4. Turnaround Time: Standard medical bill review turnaround time is 5 business days. Complex surgical or inpatient/outpatient hospital surgical bills have a turnaround time of 7-10 business days.
5. Review Results: Communicate with Risk Management as to the accuracy/appropriateness of the bill.
6. Provider Disputes: Communicate directly with the medical provider/hospital on any appeal. Identify and communicate any problems with medical providers and verify appropriate provider licensing and credentials. At the City's direction, Vendor will provide documentation or in-person representation by a Bill Review Manager at all conferences and hearings related to disputes over the allowances and payments resulting from Vendor's review of the City's medical bills at no additional cost to the City.
7. Overpayment Reimbursement: Vendor will be responsible for any and all provider overpayments that solely result from incorrect payment recommendations issued City by Vendor or any of its subcontractors. In the event an overpayment is identified that led to City overpayment of a medical provider, Vendor will seek overpayment reimbursement from that provider on behalf of City. If Vendor cannot recapture overpayment within 120 days of the identification of the overpayment, Vendor will reimburse City directly for the total amount of the overpayment. Overpayments shall be determined by mutual agreement between the City and Vendor.
8. Data Stewardship: Vendor will maintain in its entirety all of the City's electronic workers' compensation medical billing/payment data it receives or generates through the course of Services provided. In the event that this Agreement is terminated or completed, Vendor will provide all such data to the City's new service provider, in a format approved by Vendor.

Vendor shall be regularly engaged in the business of providing data entry and electronic transmittal services in the area of on-line bill review of medical and hospital bills with an emphasis on Workers Compensation.

Vendor is not authorized, required, or permitted to make any decisions as to whether any Workers' Compensation Bill shall be deemed to be an obligation of the City.

Vendor's bill review services shall be limited to administrative functions including but not limited to

administration, recovery, processing, transmitting, making determinations as to the correctness, accuracy, appropriateness and completeness of said bills by analyzing and verifying the charges contained therein.

These bills are to be consistent with the fee schedule for such fees as established pursuant to C.R.S. 8-42-101, et. seq., and rules promulgated pursuant thereto, as such schedule, rules and provisions may be amended from time to time; providing reports; and providing claim data in an electronic data interface format upon request by the Risk Manager or his designated representative.

Vendor will receive a daily electronic file from the City of all new claims filed so Vendor can load new claims into their system and be able to match and attach medical bills that arrive to correct claims. There is no charge incurred by the City for the data transfer of daily EDI services. Vendor will send one file daily which will contain previous days approved bills.

Such files will ultimately be presented to the City's adjuster for review and approval or denial. Vendor will furnish the system that allows for on line bill review and approval for the City's claims adjusters. Vendor will perform conflict claims adjusting. The City's bills are approved only by the adjuster. No physician or nurse approves bills.

Vendor's services shall also include reviewing the City's Workers' Compensation Bills to determine whether a provider has issued duplicate or additional copies of bills/invoices previously paid or which are currently being reviewed by Vendor and/or Risk Management. Vendor is to conduct subsequent evaluations, at the request of a provider or the City, on Workers' Compensation Bills previously paid or currently being reviewed by Vendor for payment under the resulting Contract. Vendor shall complete its review of services for requested re-evaluations within 7-10 working days from the date of re-evaluation request. Only when a bill is fee scheduled does a fee occur.

The City currently experiences savings for its workers' compensation claims through the fee schedule and PPO network reductions that Vendor contracts with or for which the City identifies a desire for Vendor to engage in a contracting process that will be beneficial for Vendor and the City.

The City desires that the successful vendor for administrative functions as related to claims administration have the ability to do this review on-line. The City requires that if this service is used that a physician or nurse must review all bills to verify charges contained are consistent with the schedule for such fees as established pursuant to C.R.S. §8-42-101. All bills are reviewed pursuant to the current fee schedule adopted by the State of Colorado's Division of Workers' Compensation and Colorado Workers' Compensation Rules of Procedure

Vendor must be able to interface with the Risk Management Information System "STARS Enterprise" (and any future upgrades as the City deems) workers' compensation software for on-line bill paying. Currently, the City and its current Vendor use an electronic data interface between themselves and the City Controller's Office who issues the warrants to pay for the approved services. Vendor will be responsible for maintaining a link to those locations as well. The City's Controllers Office will not have access to the Vendor's system. The file that the Controller's Office receives is generated out of the STARS Enterprise system.

The STARS software may undergo upgrades during the term of the contract. All requested modifications required to the vendor's software program(s) to interface with STARS will be completed, tested, approved and implemented within fifteen (15) working days from receipt of a request from the Risk Management Division's Workers' Compensation Unit's designated contract administrator

Once a bill/invoice has been processed and investigated and it is found to be deficient or not acceptable based upon the schedule as established pursuant to C.R.S. §8-42-111, an Explanation of Benefits (EOB) or denial explaining why the bill or a portion thereof is inaccurate, incomplete or duplicated, etc., is to be sent to the individual client of Workers Compensation by Vendor on behalf of the City. If it is felt that the information can be identified by the provider of the medical services than the provider is to receive the EOB. The EOB is to identify any further information needed for processing if the bill/invoice could be paid. If a bill comes through and no fee scheduling occurs because the bill is incorrect, and/or needs more documentation, no fee is assessed. Only when a bill is fee scheduled does a fee occur.

Each business day, Vendor shall collect or cause to be collected bills, invoices from the City's Workers' Compensation Unit located at 201 W. Colfax Ave, Dept. 1105, Denver, CO 80202. For purposes of the resulting contract, a "business" or "working" day shall mean those days that the City is open for business and shall not include Saturdays, Sundays, or official City holidays. In addition, the original bills that were received by Vendor will be returned to the City within seventy-two (72) hours of receipt by vendor.

Upon receipt of Bills, Vendor shall designate elsewhere on each bill so as to not obstruct the bill, its own stamp or other proprietary marking, the actual date on which the bill was collected from the City (the "Collection Date")

Vendor shall conclude its review and shall either verify the accuracy, correctness, appropriateness and completeness of any and all pending Bills or portion thereof. Vendor shall either have charges for adjuster approval or it shall return said Bills to the provider of issuance along with a detailed explanation as to why the Bill or any portion thereof is inaccurate, incorrect, inappropriate or incomplete and a request for all appropriate additional information or documentation.

Upon receipt of such additional information or documentation, Vendor shall then review the pending Workers' Compensation Bill for a determination of accuracy, correctness, appropriateness and completeness. Vendor shall be able to provide the City with any and all necessary documentation with the provider of issuance to reach a final resolution of each pending Workers' Compensation Bill within the schedule of authorized medical fees as established pursuant to C.R.S. §8-42-101, et. seq., most recent version. Upon verifying each pending Bill for correctness, accuracy, appropriateness and completeness, Vendor shall designate on each pending Bill the Date Processed Date and return each pending Bill to the City within twenty-four (24) hours of the Date Processed Date.

Vendor shall, at its own cost and expense, maintain and operate facilities and personnel necessary to provide its services under this contract. Within thirty (30) days from the date of execution, Vendor shall report in writing the number of personnel performing this service for the City to the city's authorized contract administrator. Vendor's personnel are to be available to the City during regular business hours, Mountain Standard Time, to provide support and information services.

Vendor shall be able to provide monthly reports as requested by the City. Currently, the City receives facility specific reports. The City will need to receive reports showing breakdown of charges, fee schedule reductions, PPO reductions, and others as requested. These reports may be submitted to the Risk Management Division with invoices in hard copy form. Electronic copies are acceptable but they shall be accompanied with hard copies.

Provide additional services as requested. Fees for services not included in Exhibit A and Exhibit B will be negotiated and agreed upon in writing prior to the provision of such services.

Exhibit B Pricing

CorVel Contract Rates:

1. Charge Per Bill: \$4.50
2. Professional Review Services: 20% of savings
 - a. Review and analysis of charges for multiple billing, bundling, data errors, and upcoding of procedures with no Fee Schedule values;
 - b. Review of bills, records, and documentation by a nurse and/or coder;
 - c. Separation of charges not related to the injury;
 - d. Diagnostic related group validation (i.e., verification that the diagnostic related group billed is appropriate for the services rendered); and
 - e. Cost shifting of revenue and CPT codes.
3. PPO Network Access: 20% of savings

The City and County of Denver shall receive the savings realized through the discounted fee schedule from CorVel CorCare Network which consists of over 13,000 providers throughout the state who have agreed to discount their fees below the fee schedule.

4. Access to discounts provided through other CorVel contracts shall be billed at the rate established in those agreements or at 20% of savings, whichever is less.

These services include at no additional cost:

- The entering of the header onto the “read” document
- Mailing of the EOR to the provider
- City and County of Denver – Designated Provider Contract application/re-pricing
- EDI with STARS Program
- CareMC Program Access
- Monthly Reporting
 - Access to the more than 100 report templates that CorVel has created
 - The CareMC Program Access is to allow the City the ability to produce and print its own reports.

- Scanning/OCR application to Achieve a Document Management Process
 - Courier Service
 - Duplicate Bills and Pending Bills
 - Setup and maintenance of MedCheck, updates to fee schedule
 - CorVel shall enter 98% of bills within the specified timeframe(s)
5. Medical Reviews pursuant to Rule 16.
- An administrative fee of \$450.00 shall be charged for file preparation, scheduling, file review, obtaining and retrieving physician reports, and providing physician report for City review.
 - Cost of medical review process shall be paid directly to medical provider after invoices are fee scheduled.
6. City and County of Denver's Preferred Provider Contracts.

CorVel will host the City and County of Denver's Preferred Provider contracts and will continue to apply these contracted rates at no charge. In addition, CorVel will continue to provide the detailed reporting to the City on those PPO contracts.

CorVel's fee does not apply to the City's Denver Health network provider agreement or any other provider agreement initiated by the City. The City and County of Denver's Network discounts are to be applied without any additional percentage of discount charge.

7. Performance Charges:

If the contractor fails to deliver the supplies or perform the services within the time specified in paragraphs 6 and 8 of Exhibit A, the contractor shall pay to the City the amount of \$.05/line. This performance charge is not in lieu of any actual damages that may be incurred by the City as a result of any such delay.

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