



DENVER
 THE MILE HIGH CITY
 MICHAEL B. HANCOCK
 Mayor

CITY AND COUNTY OF DENVER

Department of Finance
Cash Risk & Capital Funding
Workers' Compensation Unit

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Interoffice Memorandum

TO: City Council, Finance Committee
 FROM: Raymond F. Sibley, Director of Risk Management
 DATE: September 24, 2013
 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 pursuant to XO8. A competitive process will be initiated in 2014 for services beginning January 1, 2015.

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
2008	11,524,877	4,976,848	7,548,130
2009	9,639,760	3,030,973	6,608,788
2010	12,090,943	3,258,407	8,755,908
2011	9,175,675	2,823,307	6,352,368
2012	7,409,470	2,590,374	4,819,096

Savings over the last 5 years have ranged from 55-65% 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.

2010	\$500,585	Paid
2011	\$487,099	Paid
2012	\$226,533	Paid
2013	\$400,000	Estimated
2014	\$600,000	Budgeted

This is the fifth and final year of the contract entered into as a result of the 2009 competitive process.

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

RFS:rg