



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent
June 17, 2008

**Honorable Mayor and
Members of the City Council**

Title: Agreements: Medical Services

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) awarding three year agreements with two one-year renewal options to a) CHW Medical Foundation - Sacramento, b) The Permanente Medical Group, Inc., and c) Sacramento Occupational Medical Group for non-industrial occupational medical services in amounts not to exceed \$275,000 per year or a total of \$1,375,000 over the term of these contracts and any renewals providing that sufficient funds are available in the budget adopted for the applicable fiscal year; 2) awarding three-year contracts with two one-year renewal options to each CHW Medical Foundation - Sacramento and The Permanente Group for industrial medical services related to work related injuries covered under the City's self-insurance program to be paid to the contractors as required by statute providing that sufficient funds are available in the budget adopted for the applicable fiscal year: and, 3) authorizing the City Manager or designee to execute these agreements.

Contact: Barbara Brenner, Loss Prevention Manager

Presenters: N/A

Department: Human Resources

Division: Risk Management

Organization No: 08001321

Description/Analysis

Issue: The City has a continuing need for industrial medical treatment for employees who suffer work related injuries as well as occupational medical services including pre-placement physical examinations, physicals for commercial drivers and return to work examinations for employees recovering from serious non-industrial illnesses or accidents. Medical services are also required to implement monitoring

programs mandated by state and federal statutes for employees in classifications with exposures to biological or physical hazards.

Policy Considerations: The evaluation and selection process implemented to procure industrial and non-industrial occupational medical services is consistent with City purchasing policies and City Council direction to implement efficient and effective loss prevention programs.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: None

Commission/Committee Action: None

Rationale for Recommendation: In April of 2008, a Request for Proposals for Medical Services was issued. Three medical facilities submitted proposals for non-industrial medical and two submitted proposals for industrial medical services. A team comprised of subject matter experts evaluated the proposals. The Risk Management Division has previously conducted business with all of these providers and received good service.

All three providers were selected to provide non-industrial occupational medical services. CHW Medical Foundation, The Permanente Medical Group and Sacramento Occupational Medical Group offer a selection of high quality services, at a reasonable cost, in readily accessible locations. Referrals for non-industrial occupational medical services will be distributed between the providers based upon desirability of pricing, flexibility in scheduling appointments, availability of specialized services and delivery of high quality customer service

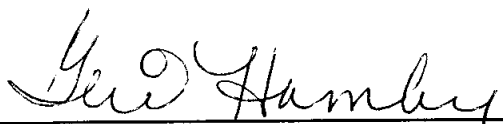
Both The Permanente Medical Group and CHW Medical Foundation were selected to provide industrial medical services. These providers offer the highest quality service for treatment of employees with workers' compensation claims, at the most reasonable cost, in readily accessible locations.

Financial Considerations: The total cost of non-industrial occupational medical services is approximately \$275,000 per year. Payment to each contractor may range from 0-100% of the \$275,000 each year or a combined total of \$1,375,000 over the entire term of all three contracts including renewal options. Funding for these contracts already exist in the Human Resources, Risk Management Division budget. No additional appropriation is necessary.

The City is obligated by statute to pay all legitimate costs associated with worker's compensation claims. Funding to pay for these industrial medical services is included in the Human Resources, Risk Management Division budget.

Emerging Small Business Development (ESBD): Sacramento Occupational Medical Group is certified by the Office of Emerging and Small Business Development (ESBD) as a small business enterprise.

Respectfully Submitted by: 
Barbara Brenner, Loss Prevention Manager

Approved by: 
Geri Hamby, Director of Human Resources

Recommendation Approved:

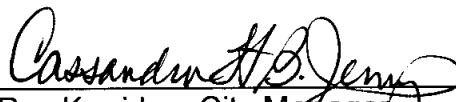

Ray Kerridge, City Manager

Table of Contents:

Report	pg. 1-3
Attachments	
1 Resolution	pg. 4-5

RESOLUTION NO.

Adopted by the Sacramento City Council

CONTRACTS FOR MEDICAL SERVICES

BACKGROUND

- A. In April of 2008, a Request for Proposal for Medical Services was issued. Three medical facilities submitted proposals. A team comprised of subject matter experts evaluated the proposals.
- B. All three providers, CHW Medical Foundation - Sacramento, The Permanente Medical Group, Inc., and Sacramento Occupational Medical Group, were selected to provide non-industrial occupational medical services. These providers offer a selection of high quality services, at a reasonable cost, in readily accessible locations.
- C. The combined cost of non-industrial medical services provided by CHW Medical Foundation - Sacramento, The Permanente Medical Group, Inc. and Sacramento Occupational Medical will not exceed \$275,000 per year or a total of \$1,375,000. Payment to each contractor may range from 0-100% of the \$275,000 per year.
- D. The Permanente Medical Group, Inc. and CHW Medical Foundation - Sacramento were selected to provide industrial medical services. These providers offer the highest quality service for treatment of employees with workers' compensation claims, at the most reasonable cost, in readily accessible locations.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. CHW Medical Foundation - Sacramento is awarded a three year contract with two one-year renewal options for the purpose of providing non-industrial and industrial medical services. The cost of non-industrial medical services will not exceed \$275,000 per year or a total of \$1,375,000 over the term of the contract and any renewals. The cost of industrial medical services provided by CHW Medical Foundation - Sacramento will be paid as required by statute.
- Section 2. The Permanente Medical Group, Inc. is awarded a three year contract with two one-year renewal options for the purpose of providing non-industrial and industrial medical services. The cost of non-industrial medical services will not exceed \$275,000 per year or a total of \$1,375,000 over the term of the contract and any renewals. The cost of

industrial medical services provided by The Permanente Medical Group, Inc. will be paid as required by statute.

Section 3. Sacramento Occupational Medical Group is awarded a three year contract with two one-year renewal options for the purpose of providing non-industrial medical services. The cost of non-industrial medical services will not exceed \$275,000 per year or a total of \$1,375,000 over the term of the contract and any renewals.

Section 4. The City Manager or designee is authorized to execute these agreements with CHW Medical Foundation - Sacramento, The Permanente Medical Group, Inc. and Sacramento Occupational Medical Group.