

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

MINUTES OF THE ADMINISTRATION AND FINANCIAL SERVICES  
SUBCOMMITTEE MEETING OF AUGUST 28, 2008

A meeting of the Administration and Financial Services Subcommittee of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on August 28, 2008, at the Piccadilly Inn in, Fresno, California.

SUBCOMMITTEE MEMBERS PRESENT: Greg Applegate, Chairperson, Sonora  
Dave Elias, Fowler  
Joe Donabed, Hughson  
Tim Przybyla, Kerman  
Leon Compton, Ripon

SUBCOMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Jeanette Workman, Administrator  
Mary Ann Reilly, Board Secretary  
Tammy Vitali, Workers' Compensation Manager  
Dominic Russo, AIMS  
Dave Whiteside, AIMS

1. CALL TO ORDER

Meeting was called to order by Greg Applegate at 9:34 a.m.

2. INTRODUCTIONS

Introductions of those present took place.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**Dave Elias moved to approve the agenda as posted. Seconded by Joe Donabed. Motion passed unanimously.**

4. PUBLIC COMMENTS

None.

5. REVIEW OF SERVICE PROVIDER FEES

A. AIMS Workers' Compensation Claims Administration Services

Chairperson Applegate reminded the Subcommittee that at their August 21, 2008, meeting the Subcommittee requested that AIMS submit a proposal for a cap on their bill review service fees at the next meeting.

The bill review services are part of the CSJVRMA's Agreement with AIMS for Workers' Compensation Claims Adjusting Services. The bill review services are contracted out by AIMS to AMC. Bill review services are provided to ensure that payments made to providers are paid within the Official Medical Fee Schedule, any Preferred Provider Organization (PPO) contracts negotiated by group health carriers, and amounts pre-negotiated by AMC. The fee schedule for these services as outlined in AIMS' contract are as follows:

Bill Review

|  |   |
|--|---|
| Standard Official Medical Fee Schedule       | \$1.33 per line with a minimum of \$7.99 per bill and a maximum of \$16.00 per bill |
| Preferred Provider Organization (PPO)        | 20% of savings including inpatient and outpatient services                          |
| Negotiated and hospital/surgical bill audits | 25% of savings  |
| Duplicate Bills                              | No Charge   |
| Re-evaluation/ provider inquiries            | No Charge   |
| Expert Testimony in Defense of reviews       | No Charge   |
| EDI (Electronic Data Interface)              |   |
| With Claims System                           | No Charge   |
| Mandatory State Reporting                    | \$0.20 per bill   |

Mr. Dave Whiteside, AIMS, reported that he researched the 10,873 bills that were reviewed by AMC last year on behalf of the CSJVRMA, and reported the majority of the bills were charged the minimum of \$7.99 or in the range between the minimum of \$7.99 and the maximum of \$16.00.

Mr. Whiteside reported that the issue of a clerical error leading to a windfall profit, which was discussed at the August 21, 2008, meeting would actually result in a \$7.99 to \$16.00 bill review fee. Mr. Whiteside noted that larger fees are incurred when AMC personnel review treatment plans.

Regarding the proposal for a cap on fees, Mr. Whiteside noted he prepared an analysis capping the fees for "negotiated and hospital/surgical bill audits" at \$25,000, and based on claims for the past year, it would only have resulted in a \$15,000 savings for

the CSJVRMA over the current fee structure, as the fees for only four medical bills reached this level. A \$15,000 cap on the fees resulted in a \$63,527 savings based on the previous year's claims and still provided AMC with the incentive to achieve the savings. AIMS reported they are prepared to start calculations based on this option effective September 1, 2008.

Ms. Workman noted that at the August 21, 2008, meeting it was requested that AMC consider changing the Standard Official Medical Fee Schedule (Standard OMFS) to a 10% cap. As noted at that meeting, AMC has this agreement with other clients whereas the CSJVRMA's average fee for 2007/08 was 12%. Mr. Whiteside replied that the 12% average is based on this year's claims and if claims were higher or lower on any succeeding year, the fees would also change. Ms. Workman countered that indeed, if claims for the coming year were higher than those for the 2007/08 year, the fee to AMC would be even higher than 12%. Mr. Whiteside reported that there is an opportunity for savings for the CSJVRMA using the capping method on profits as proposed by AIMS. Ms. Workman inquired whether AMC could do a flat fee with a cap of 10%. Mr. Whiteside stated that they could provide for the 10% cap on the Standard OMFS, but AMC would then have to adjust the \$15,000 cap on the fees to make up for the adjustment. Mr. Dave Elias, City of Fowler, stated he would be comfortable with the current proposal being offered by AIMS and AMC.

Chairperson Applegate then asked each member of the Subcommittee for their opinion on the proposal. Mr. Leon Compton, City of Ripon, thanked AIMS and AMC for their efforts but stated that it would be impossible to determine if the proposal is beneficial enough for the CSJVRMA until one or two years of claims have been processed under the proposal. Mr. Joe Donabed, City of Hughson, also stated that this savings proposal will need to be monitored to ensure the CSJVRMA is realizing the intended savings. Mr. Tim Przybyla, City of Kerman, asked if the approximate total fees for 2007/08 amounted to \$800,000. Mr. Russo replied those were the gross fees but that AMC has to pay for subscriptions to various contract services from those fees in addition to staffing costs. Mr. Przybyla stated that at the August 21, 2008, meeting AIMS and AMC indicated that they could not reduce contract fees and now are proposing an approximate savings to the CSJVRMA of \$63,000. Mr. Przybyla noted that this savings will be realized as a result of Mr. Compton's diligence on this issue and he thanked Mr. Compton. Mr. Elias stated he is also in agreement with the proposed change to medical bill review service fees and reiterated that the change will need to be monitored. In addition, Mr. Elias noted that just as the CSJVRMA monitors this change they will need to monitor the need to request that BRS extend its contract reduction beyond June 2010.

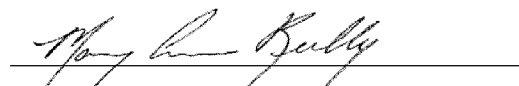
The Subcommittee reached consensus to recommend that the Executive Committee accept the proposed reduction to bill review service fees.

Ms. Workman asked Mr. Whiteside to clarify the proposed change in regards to the cap. Mr. Whiteside stated that the cap is on the areas that have 25% of savings; Negotiated Hospital and Surgical Bill Audits. Mr. Russo clarified that if AMC's fee on the savings of a bill in this category is in excess of \$15,000, the maximum amount AMC would bill the CSJVRMA would be \$15,000. Mr. Whiteside replied that was correct, and that the two categories affected were those at the 25% level, specifically negotiated hospital bills and surgical bill audits. Ms. Vitali noted that in addressing this issue with the Executive Committee, the Subcommittee cannot compare savings based on 2007/08 claims to any other year as they may differ greatly. Mr. Whiteside agreed.

Mr. Whiteside then addressed the topic of full-time equivalent employees (FTEs) assigned to the CSJVRMA for bill review services. Mr. Whiteside reported that no employees are dedicated 100% to the CSJVRMA but that the nurse's services are approximately 75% allocated to the CSJVRMA for both nurse case management and bill review services. Mr. Whiteside reported that company-wide AMC provides approximately three FTEs (including a portion of the nurse's total hours) to conduct bill review services for the CSJVRMA including bill review to fee schedule and the recoding of bills.

6. ADJOURNMENT

The August 28, 2008, CSJVRMA Administration and Financial Services Subcommittee meeting adjourned at 9:55 a.m.

  
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Mary Ann Reilly, Board Secretary