



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT: SEE BELOW

DATE: June 10, 2021

Approved

Date

6/11/2021

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL AND ACTIONS RELATED
TO EMPLOYEE HEALTH SERVICES**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with Concentra to provide employee health services with an initial term beginning July 1, 2021 through June 30, 2024, with three options to extend annually through June 30, 2021 for total compensation not to exceed \$1,095,000 for the initial 3 year term and a total amount not to exceed \$375,950 for Option 1, \$387,229 for Option 2 and \$398,845 for Option 3 for a maximum total amount of compensation not to exceed \$2,257,024, subject to annual appropriation of funds.

OUTCOME

Authorizing the City Manager to negotiate and execute an agreement with Concentra will replace the Employee Health Services (EHS) hybrid service model and fully outsource all EHS occupational health and medical services to a single third-party administrator (TPA).

BACKGROUND

The City currently operates an Employee Health Services (EHS) clinic that provides employee-related occupational health and medical services. The current service model is a hybrid program, with certain services provided in-house and physician duties and overflow functions provided through a TPA. The current in-house services are provided by a full-time Employee Health Services Supervisor, a full-time Medical Assistant, and a part-time contracted licensed Nurse Practitioner, and physician duties and overflow functions provided through a TPA. The current TPA providing physician duties and overflow functions is Concentra.

Table 1 below represents cost to provide Employee Health Services In-House:

Table 1	FY 2020-2021 Cost to Provide Employee Health Services In-House			
	FY 2020-2021	FTE	General Fund	
	Personal Services	2	\$263,917	
	Non-Personal		\$259,800	
	- Rent		\$73,924	
	Total		\$597,641	

The 2021-2022 budget deletes a full-time Medical Assistant with the EHS Supervisor remaining on staff residing in the Human Resource Department at City Hall to coordinate all occupational health and medical services for employees with Concentra.

The City EHS clinic, located at 393 Blossom Hill Road in San Jose, will be permanently closed at the end of 2020-2021. All City EHS occupational health and medical services provided by our on-site medical team to Police, Fire and other departments will be fully outsourced to a third-party medical clinic beginning in July 2021. The decision to permanently close the City EHS clinic was based primarily on Medical Assistants not being able to perform medical task and procedures in the clinic due to not being under the daily on-site supervision of the contracted licensed Nurse Practitioner. The contracted licensed Nurse Practitioner is budgeted to work one day a week; therefore, Medical Assistants are unable to perform medical tasks and procedures on the other four days during the week resulting in the majority of medical tasks and procedures being referred to the TPA. The one open FTE position for a Nurse Practitioner was eliminated in the 2020-2021 budget to off-set revenue reductions (Total salary/retirement/fringe savings was \$185,502).

As part of the analysis to close the City's EHS clinic, staff evaluated whether the level of customer service would be affected by fully outsourcing all occupational health and medical services to a TPA. In our current hybrid model, Concentra currently serves as the TPA for all physician duties and overflow functions since May 2019 when they purchased Alliance Occupational Health Services. This contract is set to expire at the end of 2020-2021, on June 30, 2021. EHS staff has partnered with Concentra to streamline overflow physician and overflow functions. In this overflow capacity, Concentra has conducted all aspects of health and medical services provided by EHS and are fully knowledgeable and competent in meeting all City processes and protocols in achieving compliance. In addition, keeping the EHS Supervisor on staff in 2021-2022 will ensure continuity and coordination of services between City Departments and Concentra.

Staff also recognized the importance of selecting a vendor that was experienced with physical exams for public sworn safety officers, qualified and licensed in occupational health and medicine, and had a reputation in providing exceptional customer service. Consequently, scoring for the RFP was highly weighted on Experience & Qualification/Services (30%) and Customer Satisfaction/Firm Reputation (20%).

ANALYSIS

A Request for Proposals (RFP) for occupational health and medical services was released on March 26, 2021 with a due date of May 3, 2021. Pursuant to the RFP, the intent was for a six-year agreement with the successful vendor. In the RFP process, an evaluation committee rated the proposals submitted.

There were two (2) proposals submitted and evaluated from the following vendors:

- Concentra
- Mobile-Med Work Health Solutions, Inc. d/b/a Work Health Solutions

Both proposals were evaluated and rated on the following weighted criteria: Proposal Responsiveness, Experience and Qualifications/Services, Customer Satisfaction/Reputation, Administration, Fee Structure/Cost, Local Business Enterprise, and Small Business Enterprise.

The scores of the two proposals received are provided in Table 2 below.

Table 2	Max Points	Concentra - Committee Average	Work Health Solutions - Committee Average
FINAL SCORING			
Proposal Responsiveness (Pass/Fail)	Pass/Fail	Pass	Fail
Experience & Qualification/Services (30%)	90	79	16
Customer Satisfaction/Firm Reputation (20%)	60	54	19
Administration (20%)	60	52	21
Fee Structure/Cost (20%)	60	51	15
Local Business Enterprise	15	15	15
Small Business Enterprise	15	0	0
Total Points	300	251	86
Weighted Averages		83.67%	28.67%

As detailed in the RFP, Section 10, the evaluation criteria consisted of the Proposal Responsiveness (Pass/Fail), Experience and Qualifications/Services (30%), Customer Satisfaction/Firm Reputation (20%), Administration (20%), Fee Structure/Cost (20%), Local Business Enterprise (5%), and Small Business Enterprise (5%). Proposal Responsiveness which included minimum qualification was also considered on a Pass/Fail basis. Concentra received a Pass score while Work Health Solutions received a Fail score due to their inability to meet the minimum qualification of having two clinics in the San Jose area.

The Minimum Qualifications criterion considered factors such as: ability to complete all exams/tests/surveillance listed in Section 3; must have minimum of two clinics in San Jose; medical staff must have required certifications; medical providers must follow guidelines with recent NFPA (National Fire Protection Association) 1582 medical exams; medical providers must follow guidelines with recent POST medical exams; Providers must be certified with NRCME (Nationally Registered Certified Medical Examiners); have a Certified Medical Review Officer available to review positive drug results; all components of physical to be done in clinic office (chest x-ray, blood work, drug screen, TB skin test, vaccines, spirometry, 12 lead EKG, audiogram and vision acuity (Titmus) and Ishihara (color); must give minimum of 2 City of San Jose staff access to view all test result and medical exams.

As detailed in the RFP Cost Proposal Form, proposers were asked to provide cost detail for physical exams. In comparing physical exam costs between Concentra and Work Health Solutions, Concentra costs were lower in every physical exam category with the exception of Zookeepers Surveillance. Table 3 outlines cost and cost differences for physical exams for both Concentra and Work Health Solutions.

Table 3	Cost Comparison - Physical Exams	
	Concentra	Work Health Solutions
Public Safety Exam	\$1,731.00	\$1,986.00
Fire & Police Dispatchers	\$467.25	\$612.00
Tuberculosis Screening	\$117.50	\$220.00
Periodic Exams	\$474.25	\$794.00
DOT Surveillance	\$209.75	\$390.00
Hearing Conservation Surveillance	\$31.50	\$115.00
Respirator Surveillance	\$105.00	\$175.00
Asbestos Surveillance	\$288.75	\$509.00
Lead Surveillance	\$68.25	\$170.00
Hazmat Surveillance	\$355.50	\$560.00
Bomb Squad (police)	\$481.75	\$623.00
Bloodborne Pathogen Surveillance	\$388.50	\$672.00
Park Ranger	\$331.34	\$584.00
Zoo Keepers Surveillance	\$195.20	\$110.00
Material Lab Handlers Surveillance	\$305.00	\$557.00
DOT or Non-DOT Drug Screen and Alcohol- Random, Suspicion or Follow- up including MRO fees	\$94.50	\$130.00

As Concentra received the highest overall score through the RFP process, Staff recommends that the City Council authorize the City Manager to negotiate and execute an agreement with Concentra to provide all occupational health and medical services for the City of San Jose.

EVALUATION AND FOLLOW-UP

No additional follow-up is anticipated at this time.

PUBLIC OUTREACH

This item will be posted on the City's website for the June 22, 2021 City Council Agenda.

COORDINATION

This memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

There is no City commission action necessary on this item.

COST SUMMARY/IMPLICATIONS

Pursuant to the RFP, the intent is to enter an agreement for a six-year period, three of which will be option years. The TPA has agreed during the initial three years the costs per exam/task will be fixed per the pricing in the RFP. However, during the option years, the costs will increase by 3%. Costs were calculated by using current tracking of services currently provided by the TPA or EHS in-house. Total cost for the TPA during the initial three years is \$1,095,000. Costs will be subject to appropriation of funds.

The 2021-2022 Proposed Operating Budget provides funding of \$312,629 in Employee Health Services Program to support this contract for fully outsourcing all functions for EHS. During the RFP, it was determined that this would not be sufficient to cover the FY 2021-2022 costs estimated at \$365,000. As a result, a recommendation was included in Manager's Budget Addendum #35, *Recommended Amendments to the FY 2021-2022 Proposed Operating and Capital Budgets*, to increase the budget by \$53,000. With the City Council's anticipated approval of the adjustment as part of the process to adopt the budget, sufficient funding will be in place to fully fund the TPA contract in 2021-2022.

HONORABLE MAYOR AND CITY COUNCIL

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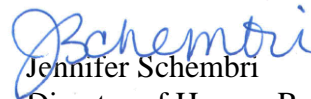
BUDGET REFERENCE

Fund #	Appn #	Appn Name	Current Appn	Rec. Budget Action	Amt for Contract	2021-2022 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	0482	NP/Equipment-Human Resources	\$5,763,548	N/A	\$365,000	VIII-196	NA

*The FY 2021-2022 Proposed Operating Budget is scheduled for City Council approval on June 15, 2021, and formal adoption on June 22, 2021.

CEQA

Not a Project, File No. PP17 003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.



Jennifer Schembri
Director of Human Resources and
Director of Employee Relations

For questions, please contact Eric Fortes, Division Manager, Workers' Compensation Health & Safety, at (408) 975-1418.