



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: April 12, 2012 REPORT NO:

ATTENTION: Budget and Finance Committee
Agenda of April 25, 2012

SUBJECT: Approval of the first and second extension to the Industrial Medicine
Contracts with Sharp Rees Stealy Medical Group and U.S. Healthworks
Medical Group

REQUESTED ACTION:

Accept the report and forward the action to the City Council for approval.

STAFF RECOMMENDATION:

1. Authorize the Mayor to enter into a two-year agreement extension with Sharp Rees-Stealy Medical Group (SRSMG) and U.S. Healthworks Medical Group (USHMG) to provide industrial medicine services to City employees.
2. Authorize the Chief Financial Officer to appropriate and expend \$4,750,000 for fiscal year 2012 from the Workers' Compensation Fund 720044, contingent upon the Chief Financial Officer first furnishing one or more certificates certifying that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer.
2. Authorize the Chief Financial Officer to appropriate and expend \$5,000,000 for fiscal year 2013 from the Workers' Compensation Fund 720044, contingent upon the Chief Financial Officer first furnishing one or more certificates certifying that the funds necessary for expenditure are, or will be, on deposit with the City Treasurer.

SUMMARY:

The City of San Diego has a commitment to provide a safe working environment for all its employees. When an employee is injured, their Workers' Compensation claim is processed by the Risk Management Department in accordance with the laws of the State of California for self-insured and self-administered agencies.

In order to provide the best medical care available to its injured workers and to comply with Workers' Compensation benefit mandates and California Occupational Safety and Health Administration (Cal-OSHA) required testing, the City issued a Request for Proposals (RFP) in July 2009 for industrial medical providers resulting in a contract award to Sharp Rees Stealy

Medical Group (SRSMG) and U.S. Healthworks Medical Group (USHWMG) who were the top two candidates in the competitive RFP bid process. In order to provide a robust medical panel and ensure the availability of specialty physicians both SRSMG and USHWMG were selected to provide industrial medicine services and serve as the City's Medical Provider Network (MPN).

California Labor Code and California Code of Regulations allow for insurers and employers to create a "Medical Provider Network" consisting of a variety of physicians where injured workers can be directed for treatment of industrial injuries. This MPN must be approved by the State. The City's State approved MPN consists of a large base of quality specialty care physicians from both the SRSMG and USHWMG. These contractual agreements result in cost containment for the City while allowing the City's injured employees to have a wide choice of healthcare providers in the San Diego region.

FISCAL CONSIDERATIONS:

The funding source for this contract is the Workers' Compensation Fund 720044. The current authorized expenditure amount is \$4,500,000. This action includes a request to increase the authorized expenditure amount to \$4,750,000 for FY 2012 and to \$5,000,000 for FY2013.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

This item was originally approved by City Council Resolution 305787 on April 26, 2010. The City Council unanimously approved a (2) two year agreement with (3) three one year extension options contingent on City Council approval.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

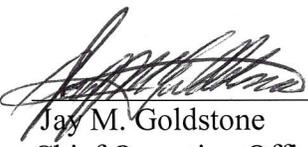
Not applicable.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Injured City employees.



Greg Bych
Risk Management Director



Jay M. Goldstone
Chief Operating Officer