



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Waive Formal Competitive Procurement Procedures and Execute a Second Supplemental Agreement to the Professional Services Agreement with CorVel Healthcare Corporation for Medical Bill Review and Payment Utilization Review Services to Increase the Maximum Compensation from \$150,000 to \$300,000 and Extend the Term Through August 2, 2026 **(Finance & Admin)**

Submitted By: Michael Mitchell, Director of Human Resources; Danny Wan, Executive Director

Parties Involved:
CorVel Health Corporation
Irvine, CA

Amount: \$300,000 (Operating Expense)

EXECUTIVE SUMMARY: Port of Oakland (Port) contracts with CorVel Healthcare Corporation (CorVel) to review the accuracy and compliance of workers' compensation related medical, legal, and pharmacy bills with State or contracted fee schedules. This service efficiently identifies duplicate invoices and inappropriate billing practices prior to payment. In 2023, the Port requested CorVel expand services to include facilitating payment to medical providers, after payment is authorized, further streamlining processes. This additional service ultimately increased the overall cost of the services for the term of the contract and requires an increase in maximum compensation of the existing contract above the Executive Director's authority. The requested increase will allow the Human Resources Department to continue established efficient processes and fully address workers' compensation expenses through August 2, 2026.

BACKGROUND & ANALYSIS

In 2020, the Port entered into a 3-year-contract for professional services from 2020-2023 with CorVel for an amount not to exceed \$150,000, within the Executive Director's spending authority as described in the Port's Purchasing Ordinance. CorVel provides the Port's Workers' Compensation unit with medical bill review services, patient management, which includes nurse case management, utilization review and pharmacy benefit management services. CorVel has established its network through negotiated contract rates with hospitals and physicians. The negotiated rates are applied to the Port's workers' compensation bills which results in significant savings for the Port.

In 2023, the contract was extended by three years from 2023 to 2026 and the Port expanded services to include payment of approved medical bills. Utilizing the additional payment service created significant efficiencies for the Port's operations, however, it has increased the average monthly cost of services, which are billed on a per transaction basis and fluctuate monthly. It is in the best interest of the Port to increase the authorized contract amount beyond the Executive Director's spending authority and waive formal competitive procurement procedures to ensure the Port can continue to meet its

operational needs through the end of the current contract in 2026. In addition, CorVel has a favorable history of providing patient management services for the Port, to include the processing, payment, and management of patient bills on behalf of the Port. CorVel has demonstrated that they are able to meet the occupational needs and demands of the Port through providing qualified services. CorVel is also in compliance with the Official Medical Fee Schedule that is mandated by the Division of Workers' Compensation of the State of California.

Considering the Port's workers' compensation needs and based on the CorVel medical services utilized to date, as well as anticipated ongoing needs for the remainder of the contract term, a \$150,000 increase to the total maximum compensation with CorVel to a not-to-exceed total of \$300,000 through August 2, 2026, should allow the Workers' Compensation unit to adequately address the ongoing expenses for medical services.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

Not a "Project" under CEQA, as defined in Public Resources Code § 21065.

Other/Notes:

BUDGET

Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

Operating

Non-Operating

Capital

Analysis: There is no impact to the FY 2025 budget as the expense for these services have been included in the Board adopted FY 2025 Operating Budget.

STAFFING

No Anticipated Staffing Impact.

Anticipated Change to Budgeted Headcount.

Reason:

Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

Additional Notes:

SUSTAINABLE OPPORTUNITIES:

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Applies?</u> No. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that present sustainability opportunities.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Grow Net Revenues <input checked="" type="checkbox"/> Improve Customer Service <input type="checkbox"/> Strengthen Safety and Security <input type="checkbox"/> Care for Our Environment <input type="checkbox"/> Modernize and Maintain Infrastructure <input checked="" type="checkbox"/> Pursue Employee Excellence <input type="checkbox"/> Serve Our Community 	