

TOWN OF PALM BEACH

Information for Town Council Meeting on: August 9, 2022

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

VIA: Jane Le Clainche, CPA Finance Director

FROM: Dean Mealy II, NIGP-CPP, CPPO Procurement and Contract Manager

RE: Resolution Approving the Award of RFI No. 2022-HCS, On-Site Occupational Health Clinic to Concentra in the Amount of \$344,635 for the initial year which includes implementation costs and then \$315,348 for year two, \$331,115 for year three and \$347,671 for year 4 for a year for a potential four-year award in the amount of \$1,338,769 based on satisfactory performance and budget authorization-
Resolution No. 088-2022

DATE: August 1, 2022

STAFF RECOMMENDATION

Town staff recommends that Town Council Approve the Award of RFI No. 2022-HCS, On-Site Occupational Health Clinic to Concentra in the Amount of \$344,635 for the initial year which includes implementation costs and then \$315,348 for year two, \$331,115 for year three and \$347,671 for year 4 for a year for a potential four-year award in the amount of \$1,338,769 based on satisfactory performance and budget authorization.

BACKGROUND

The Town's Clinic was first established in 1973 and was located at the Town's facility on Old Dixie Highway. Later, the Town Clinic moved to the Public Works building in West Palm Beach. The Clinic was staffed by a Town contracted full-time Registered Occupational Health Nurse and part-time administrative assistant with a part-time contract physician making visits twice per week. The clinic handled a full range of occupational health and workers' compensation needs, including, but not limited to

- Pre-employment physical and drug screens
- Annual physicals for Police & Fire
- Voluntary physicals for employees 50 years of age or older
- DOT physicals
- Random Quarterly DOT drug screens
- Random Monthly Police & Fire drug screens
- Vaccines – Hepatitis, Tetanus, Flu
- Return to work
- FMLA
- Training for Occupational Exposure, Drug & Alcohol reasonable suspicion
- Managed contracts with 3rd party vendors, including, but not limited to LabCorp, MRO, diagnostic testing

These services provided the Town and its employees a value-added service and benefits for many years and reduced absenteeism through immediate and convenient access to a medical facility.

In 2014, the longstanding Registered Occupational Health Nurse retired, and was replaced a year later by another Registered Occupational Health nurse who separated from the Town in 2017. The administrative assistant separated with the Town in 2016 and was not replaced. Throughout the years, the roles and responsibilities formerly borne by the clinic were redistributed between the Assistant HR Director, the Risk Manager, the HR Coordinator, the Police and Fire Rescue Departments and several outsourced medical service providers.

Experience & Lessons Learned

Since the time the Town Clinic closed its doors, the Town has experienced a significant number of challenges which included:

- Difficulty coordinating and executing the vast range of services required between so many Town employees and external service providers
- HIPAA-related risks associated with pre-employment screenings records for police & fire candidates circulating throughout the Town via unencrypted emails.
- Outsourced service providers no longer providing required testing.
- Difficulty in arranging appointments with outsourced service providers.
- Lack of knowledge of outsourced service providers in occupational health needs specific to the Town.
- Disadvantage of external services geographically located in multiple locations (some of which are difficult for staff to reach)
- Reduction in workforce availability due to inaccessibility of external services (e.g., minor injury/ailments or workers compensation cases)
- Lack of on-site services during the COVID 19 pandemic which placed extra strain on Fire Rescue, Police, Human Resources, and Risk Management staff to track COVID cases, assist with scheduling testing, obtaining vaccines, approving COVID related payroll, return to work per CDC guidelines, and updating procedures
- Overtime expense for Police & Fire employees to obtain annual physicals off-site

Many of these challenges were soon identified in the period following the close of the Clinic. The HR Senior Staff at the time then explored the possibility of partnering with clinics of other municipalities (e.g., City of West Palm and Palm Beach County). These inquiries, however, were unsuccessful due to unwillingness of the other parties to share their facilities. HR staff also conducted preliminary inquiries to outsource the entire clinic but did not pursue them as it was not considered cost effective (it is believed that invisible cost factors and risks were not included in the assessment). In the period following, those invisible cost factors and risks have become increasingly concerning which has led to the current proposal.

GENERAL INFORMATION

During Spring of 2022, People & Culture began to examine the possibility of re-establishing a clinic using a single external provider. Discussions with the Gehring Group, the Town's Group Health broker, revealed a trend of several municipalities contracting with a single sourced provider able to provide the majority of occupational health services required onsite.

On March 17, 2022, the People & Culture Department received approval from the Town Manager's Office to proceed with an RFI (Request for Information) process to solicit submissions

from several potential suppliers for the establishment of an on-site occupational health clinic. Immediately following, together with the Procurement & Contract Management Division, an RFI process was undertaken.

On April 22, 2022, in tandem with the 2023 budgeting schedule, a preliminary proposal was put forth to the Town Manager's office for the clinic and, once approved, a placeholder of \$500,000 was entered into the preliminary draft of the People & Culture health budget. By early May, following a pre-bid meeting with four potential suppliers, a single submission was received from the leading candidate, Concentra.

Established in 1979 and as the largest company in the country specializing in occupational health, their initial submission was well received and was, pleasingly, considerably lower than the amount provisioned for the 2023 budget (\$500K) based on market recommendations. Two subsequent meetings were held with Concentra representatives and other Town user Department Heads to iron out further details, ensure there were no gaps in the services required by the Town and to establish an optimal model for final submission.

While the initial six to nine months would focus on occupational health services, the provider clearly has the capacity to assume an increased patient load that could soon include family members and provisions for group health and prescription services, all of which have the potential of reducing the Town's contribution to healthcare premiums. It would also be an excellent recruitment and retention benefit to the Town as many other municipalities offer and house their own Clinics.

It is difficult to do a cost comparison between the model in use by the Town now and the new outsourced clinic model because of the large number of invisible costs and risks embedded in the current practice:

- Lost/paid work time due to waiting for and attending off-site appointments
- Lost/paid work time due to lack of preventive care and immediate follow up options
- Insurance claims due to personal physician visits and prescriptions costs
- Insurance claims due to delayed visits to personal physicians and exacerbation of illness (also partially attributed to COVID)
- Investment of staff time in multiple departments required to secure, coordinate, administer multiple suppliers throughout the region and country.
- Overtime costs for public safety to attend annual physicals outside of normal shifts
- Lack of HIPAA compliance with multiple departments exchanging confidential employee health information via email

Comparing the 2022/23 Town Clinic Model against the 2016 Model would be equally difficult due to the number of value-add features provided by Concentra that were not in place in previous years.

Notwithstanding the difficulty of illustrating hidden and former costs, the following table attempts to provide a summary of the different services, models and costs associated with the current and potential model.

Service	Current Model	Town Clinic Model
Phase I (Year 1)		
Post-offer Physical Exams ¹	Jupiter Medical & Corporate Health Resources (CHR)/Town staff coordination	Full service
DOT/CDL Physical Examinations	Jupiter Medical/Town staff coordination	Full service
Annual Physical Examinations	LifeScan/Town staff coordination	Full service
Occupational injury and illness treatment	Jupiter Medical/MD Now/Concentra	Full service
Drug Screenings (pre-employment and random-public safety & DOT)	Jupiter Medical/NMS/CHR/ Town staff coordination	Full service
Fit for Duty exams	Concentra or Physician of Choice	Full service
Vaccinations (Hepatitis, tetanus, flu, COVID 19)	Jupiter Medical/Employee Physician/town staff coordination (flu and COVID)	Full service
COVID 19 Testing	Employee responsibility	Full service
Medical Subject Matter Expert	Individual physicians	Full service
Return to work exams and management	Individual physicians	Full service
Open Enrollment Services	Town staff coordination with Quest for biometrics	Full service
Record keeping – HIPAA compliant	Town staff (multiple departments exchange of private health information via email which is currently <i>not</i> HIPAA compliance)	Full service
Critical crisis management	EAP/CISM/Command Counselling	Full service plus some existing
Preventive services	Employee responsibility/ health insurance carrier	Full service
Urgent Care services	Employee responsibility/ health insurance carrier	Full service
Online appointment scheduling	Town staff coordination or individual responsibility with personal physician	Full service
Aggregate Reporting and ROI estimates.	Insurance company provided.	As pertaining to clinic services
Specialized Case and Disease Management	Town staff coordination	Full service

¹ Provision of full requirements for public safety

Prescription management for workers compensation	Urgent Care or Employee Physicians	Full service
Medical leave verification (FMLA)	Prudential	Coordination of return to work and medical filing
Tele-med solutions (workers compensation and health insurance)	Cigna & Concentra	Full service
Budget Dollar Figures	\$107,516*	\$344,635 (including \$44,304 first year startup costs)

- Not including hidden costs of current model.

PROCUREMENT AND CONTRACT

Procurement and Contracts issued RFI No. 2022-HCS, On-Site Occupational Health Clinic on the Town's e-procurement platform. Procurement and Contracts received the names of four known firms from the Gehring Group.

A site visit was scheduled on April 13th and then again on April 19th for interested firms to view the old clinic site located at the Public Works Building. Our goal of holding two site visits was to engage as many firms as possible that would show interest. Site visits always provide the opportunity to share ideas and as well as gather information.

The Town only received one proposal from the four firms that had initially been contacted. Concentra has worked with the Town on initial startup costs in addition to services to be provided with People and Culture Department.

There has been considerable engagement with Concentra as to the Town's requirements and expectations. In all exchanges, the supplier presented themselves as extremely well equipped and professionally sound with an advantageous focus on total employee health and return on investment to the Town. References were checked with other contracting municipalities, and all came back as highly positive. Concentra's final proposal and costing were received on August 1, 2022, with a proposal for \$344,635 in the first year of operation, with \$44,304 representing first year startup costs.

FUNDING/FISCAL IMPACT

The funding for this program will be from the FY23 Health Insurance Fund budget.

USER DEPARTMENT CONCURRENCE

This item has been reviewed by the People and Culture Department and is approved as recommended.

TOWN ATTORNEY REVIEW

This format has been utilized by the Town in previous recommendations and was approved by the Town Attorney.