

ORDINANCE NO. 186830

*Amend contract with Managed Healthcare Northwest to increase compensation in the amount of \$104,000 to provide payment for additional discounted medical provider services shared with the Bureau of Fire and Police Disability and Retirement. (Ordinance; amend Contract No. 30000931).

The City of Portland ordains:

Section 1. The Council finds:

1. On January 1, 2010, the Bureau of Fire and Police Disability and Retirement (FPDR) entered into Contract No. 30000931 with Managed Healthcare Northwest (MHN) to gain access to their network providers who treat FPDR plan members and to obtain discounts for the medical services FPDR members receive.
2. Under Chapter 5 of the Charter of the City of Portland and its Administrative Rules, the FPDR is obligated to pay for the medical treatment of members of the plan who have been injured as a result of a service-connected injury, illness or occupational disability.
3. Without the contracted discounts for the medical services FPDR members receive, the FPDR would have to pay for services generated by non-managed care organization (MCO) providers and would not take advantage of network savings offered for utilizing contracted MCO providers, which will increase FPDR's overall medical costs.
4. This past year, FPDR experienced a rise in the number of serious disabling injuries which increased the utilization of MHN hospital and ambulatory service center facilities and increased the portion of savings experienced by FPDR and the fee paid to MHN for utilizing their facilities and providers.
5. The only change to the contract is to include the requirement that the FPDR share fifty percent (50%) of a ten percent (10%) network hospital and ambulatory service center discount.
6. The current contract requires the FPDR to share fifty percent (50%) of an eleven percent (11%) network provider discount and fifty percent (50%) of a five percent (5%) hospital and ambulatory service center discount.
7. Effective January 1, 2014, MHN increased the network discount for utilization of MHN hospital and ambulatory service center facilities from five percent (5%) to ten percent (10%) which resulted in additional savings to the FPDR.
8. The additional savings resulted in an increase of the FPDR's payment for their fifty percent (50%) of the MHN network provider, hospital and ambulatory service center discounts.

9. In order to secure additional savings and provide for compensation to MHN through the end of this calendar year, it is necessary to amend the MHN contract for additional compensation in an amount not to exceed \$26,000.00 for the remaining months of the year 2014.
10. In order to secure additional savings for the calendar year 2015 which is the remaining term of the contract, it is necessary to amend the MHN contract for additional compensation in an amount not to exceed \$78,000.00 for the calendar year 2015. This is an increase of \$38,000.00 over the cost presently allowed in the existing contract.
11. The FPDR Board of Trustees were advised of the contract amendment at its September 23, 2014 Board meeting and had no objection to the amendment of the MHN contract.
12. Funds are available in the FPDR budget.
13. Amendment No. 1 to Contract No. 30000931, dated February 11, 2013, increased the original compensation by \$120,000.

NOW, THEREFORE, the Council directs:

- a. The FPDR Director is hereby authorized to execute an amendment to MHN Contract No. 30000931 in a form substantially in accordance with Amendment No. 2 to Contract No. 30000931 attached hereto as Exhibit "A" for managed occupational health care services for an additional \$104,000. The compensation amount shall not exceed \$225,000 for the term of the contract.
- b. The FPDR Director is hereby authorized to pay for said contract from the FPDR budget.

Section 2. The Council declares that an emergency exists in order that the discounted medical services continue as stated in Exhibit "A" without undue delay; therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council:

OCT 08 2014

Mayor Charlie Hales
Samuel Hutchison/kk
September 22, 2014

LaVONNE GRIFFITH-VALADE
Auditor of the City of Portland

By


Deputy

Agenda No. **186830**
ORDINANCE NO.
 Title

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<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Mayor Charlie Hales</p>	<p>CLERK USE: DATE FILED <u>OCT 03 2014</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales <i>JCH</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p style="text-align: center;"><i>[Signature]</i> Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Fire & Police Disability & Retirement Bureau Head: Samuel Hutchison <i>[Signature]</i></p> <p>Prepared by: Samuel Hutchison/kk Date Prepared: September 22, 2014</p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i></p> <p>Council Meeting Date</p>	<p>ACTION TAKEN:</p>

AGENDA
<p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	