

STAFF REPORT

Date: June 12, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of a professional services agreement with ARC Health and Wellness for employee physical exams and other medical services for the period of July 1, 2024, through June 30, 2027, with two (2) additional one (1) year renewal options in an annual amount not to exceed \$500,000. (Self-Funded Workers' Compensation Fund)

From: Adria White, Risk Manager

Department: City Manager's Office – HR

Summary:

The City of Reno (City) has used ARC Health and Wellness (ARC) for approximately 16 years to provide statutorily mandated workers' compensation heart and lung annual exams and other medical services to City employees. Previously, the City has contracted for these services under the joinder provision of the Master Service Agreement between Washoe County and ARC in order to benefit from the discounted fee schedule for these services. The City has negotiated with ARC the same discounted pricing model used for Washoe County and is moving forward with a professional services agreement directly between the City of Reno and ARC.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?		X
3. Is this item included in the current budget approved and adopted by Council?	X	
Other Considerations		
What percent of the total City budget does this item represent?	5%	

Alignment with Strategic Plan:

Fiscal Sustainability

Public Safety

Previous Council Action:

On August 23, 2023, Council approved the joinder provision renewal option to the Master Service Agreement 3086-19 between Washoe County and ARC for the period of July 1, 2023, through June 30, 2024, in an annual amount not to exceed \$450,000.

On August 10, 2022, Council approved the joinder provision renewal option to the Master Service Agreement 3086-19 between Washoe County and ARC for the period of July 1, 2022, through June 30, 2023, in an annual amount not to exceed \$400,000.

On December 11, 2019, Council approved the joinder provision to the Master Service Agreement 3086-19 between Washoe County and ARC for the period of January 1, 2020, through June 30, 2022, with two additional one-year renewal options, in an annual amount not to exceed \$280,681.

Background:

The City provides annual physical exams to all public safety employees covered by Nevada Revised Statutes (NRS) Chapter 617 regarding presumptive workers' compensation claims. The statute requires annual physicals with specific testing and other medical services to be provided and paid for by the City. ARC has been the provider for the City for approximately 16 years through joinder agreements between both the State of Nevada and Washoe County.

The current contract approved by Council on August 23, 2023, allowed for an annual extension through June 30, 2024, with an annual cost not to exceed \$450,000. This was a rate increase from the prior extension due to medical inflation and the increase in police and fire personnel covered by the provisions of NRS Chapter 617, which was the reason for the increase to \$450,000 annually on the July 1, 2023, through June 30, 2024, joinder extension.

Discussion:

The City will be contracting directly with ARC for these services going forward and has negotiated with ARC to receive the same discounted rates available through the joinder to Washoe County's agreement.

Risk Management is requesting an increase in the not-to-exceed amount from \$450,000 to \$500,000. The reason for this increase is due to the increase in both fire and police personnel for fiscal year (FY) 2025. ARC has also increased its pricing due to the rising costs of medical expenses, however, these increased costs are still at a discounted rate.

The City's professional services agreement will be effective July 1, 2024, through June 30, 2027, with two (2) additional one (1) year renewal options.

Financial Implications:

The NRS requirement for these tests and medical services is unchanged. Sufficient funds for this contract are budgeted in FY24/25 (Self-Funded Workers' Compensation Fund).

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law. NRS 332.115 (1)(b) allows the City to enter into this professional services agreement without observing an individualized bidding process. Approval of the professional services agreement will keep the City in compliance with NRS Chapter 617.

Recommendation:

Staff recommends Council approval of the professional services agreement with ARC Health and Wellness for employee physical exams and other medical services for the period of July 1, 2024, through June 30, 2027, with two (2) additional one (1) year renewal options in an annual amount not to exceed \$500,000.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

2024 Agreement for Employee Medical Services_Final
Cost Proposal Reno v2
Reno Pricing Matrix 2024