



Agenda Report

June 8, 2026

TO: Honorable Mayor and City Council

FROM: City Manager's Office

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH LIEN ON ME FOR BILL REVIEW ADMINISTRATION OF THE CITY'S WORKERS' COMPENSATION PROGRAM FOR UP TO FIVE YEARS FOR AN AMOUNT NOT TO EXCEED \$1,031,265

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action in the agenda report is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the "Common Sense" Exemption that CEQA only applies to projects that may have an effect on the environment; and
2. Authorize the City Manager to enter into a contract, as the result of the competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with Lien on Me to process Workers' Compensation bill reviews for the City's entire Workers' Compensation claims division in an amount not-to-exceed \$1,031,265 for a period of five years. Competitive price bidding is not required pursuant to City Charter Section 1002(F) contracts for professional or unique services.

BACKGROUND:

The Risk Management Division of the City Manager's Office manages the City's Workers' Compensation program. Over the past three fiscal years, the City's Workers' Compensation Program has processed an average of 24,425 Workers' Compensation transactions. Each medical bill received must be reviewed for compliance and reconciled with the State's fee schedule for medical services. A workers' compensation bill review provider evaluates medical bills for accuracy, compliance with fee schedules, medical necessity, and relation to the compensable injury, then determines the correct amount to pay. This process is required by state law to maintain fiscal integrity and prevent inappropriate billing, and it is a critical cost containment component of the City's Workers' Compensation Program as the fee schedule for medical services is substantially lower than health care providers' usual and customary charges.

On February 25, 2026, the City Manager's Office issued a Request for Proposals for Workers' Compensation Medical Bill Review Services. The City sought a qualified vendor to review medical bills in a timely and accurate manner in compliance with all applicable regulations to achieve maximum cost savings. Six responses were received by the submission deadline.

The following is the list of respondents and their respective scoring:

<u>Firm Name</u>	<u>Location</u>	<u>Score (Max Score 100)</u>
Lien on Me, Inc.	Glendale, CA	83.86
Allied Managed Care, Inc.	Sacramento, CA	76.31
EK Health Services Inc.	San Jose, CA	75.25
Health Care Consultants Inc.	Santa Clarita, CA	61.29
Innovative Claim Strategies	Piscataway, NJ	57.36
The Chappelle Grp, LLC	Greenbelt, MD	45.26

Each of the submitted proposals were evaluated based on the overall strength of their respective proposals by an evaluation committee comprised of City staff from the Public Works Department, Parks, Recreation and Community Services Department, Department of Water & Power, Fire Department and the City Manager's Office. Specifically, the proposals were evaluated based on the following evaluation criteria:

1. System Requirements (20%)
2. Proposed Solution (35%)
3. Experience and References (15%)
4. Cost Proposal (20%)
5. Local Pasadena Business (5%)
6. Small or Micro-Business (5%)

Lien on Me, the City's incumbent vendor for medical bill review services was identified as the preferred vendor based on their experience and competitive cost proposal. Lien on Me's cost proposal reflects an estimated cost savings of \$88,264.84 per year over the current rate schedule. The compensation set forth in the Proposal shall remain valid and in effect during the full term of the contract.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the "Common Sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

COUNCIL POLICY CONSIDERATION:

The proposed action advances the City's commitment to employee safety and prudent Risk Management practices and supports the City Council's strategic objectives of maintaining fiscal stability and responsibility.

FISCAL IMPACT:

The total cost of the recommended action will not exceed \$1,031,265. Funding to support the contract costs is included in Fund 506 (Risk Management - Workers Compensation Fund). Future contract costs will be budgeted as part of the department's annual operating budget. There is no impact to the General Fund.

Respectfully submitted,



ALEX SOUTO
Deputy City Manager

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Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager