



BOARD OF RETIREMENT

Staff Report

File #: 21-159.1

Agenda Date: 11/4/2021

Agenda #: 14.

FROM: Barbara Hannah, Chief Counsel

SUBJECT: Approve proposed changes to the Independent Medical Examiners' Fee Schedule.

RECOMMENDATION:

Approve the new fee schedule for the Independent Medical Examiners through First Medical Experts and authorize the Chief Executive Officer to execute an amended Agreement with First Medical Experts including the newly adopted fee schedule.

BACKGROUND:

On April 1, 2021, the Division of Workers' Compensation adopted new rules governing payment for Agreed Medical Evaluations. The new rules raised the flat fee for most medical-legal reports from \$1,200.00 to \$2,015.00. The flat fee includes 200 pages of record review, thereafter, the doctor is paid \$3.00 per page reviewed. Most, if not all, SBCERA's independent medical examiners (IME) provide medical-legal evaluations in the workers' compensation system, and are requesting to be paid under the newly adopted fee schedule for IME evaluations. The request is industry wide among all examiners performing either Workers' Compensation or independent medical evaluations.

SBCERA's current IME fee schedule with First Medical Expert has been in place since 2009. (See Exhibit C) To maintain the quality of SBCERA's evaluations and reports for SBCERA members while keeping these costs under control to remain competitive, staff is recommending the Board adopt a fee schedule for its IME panel that closely matches the workers' compensation fee schedule by adopting the flat fee provided in the workers' compensation systems, but not the \$3.00 per page cost for record review, and instead adopted an hourly fee for record review.

If adopted, the proposed schedule (Exhibit B) would result in an approximate 58% increase in fees. SBCERA currently budgets \$600,000 for medical consultant fees for fiscal year 2021/2022. As of September 30, 2021 SBCERA has expended \$41,716 on medical consultant fees; thus, even with an estimate of about 50% increase, SBCERA will remain under budget for this fiscal year.

Staff is not recommending an RFP for this service for several reasons. SBCERA contracts with First Medical Experts to provide physician services to perform independent medical evaluations for SBCERA. First Medical Experts has access to a network of physicians across all medical disciplines. This has proven to be beneficial for staff in selecting IMEs for evaluations of disability retirement applicants. Instead, an RFP could potentially result in SBCERA having individual contracts with each physician.

Moreover, the fee schedule adopted by the Department of Industrial relations applies to all physicians performing a med-legal examination. As mentioned above, the physicians performing med-legal

examinations under the Workers' Compensation system are also the same physicians performing independent medical examinations for disability retirement. Lastly, SBCERA has experienced IMEs refusing to perform an evaluation under the current fee schedule and staff believes this will continue if the current fee schedule remains in place; thus, causing a disruption to the process and affecting SBCERA's members by slowing down the processing time for applications, including not having experienced IMEs to perform an evaluation.

COMMITTEE REVIEW:

This item was reviewed by the Administrative Committee at its October 21, 2021 meeting, and recommended Board approval with a 3-0 vote. Trustee Hatch was absent from the meeting.

BUDGET IMPACT:

Costs for this item are included in the current year administrative budget.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Operational Excellence & Efficiency

STAFF CONTACT:

Barbara Hannah

ATTACHMENTS:

- Exhibit A: Confidential Memorandum
- Exhibit B: Proposed SBCERA Independent Medical Evaluation Fee Schedule
- Exhibit C: Cost Comparison Chart
- Exhibit D: Division of Workers' Compensation Fee Schedule Law