Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2025-0882, **File Type:** Contract **Agenda Number:** 11.

FINANCE, BUDGET, AND AUDIT COMMITTEE
MARCH 19, 2026

SUBJECT: WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 3 to Contract No. PS61721000, with Lien On Me, Inc. for workers' compensation medical bill review services to exercise the second, two-year option in the amount of $2,541,000, increasing the total contract amount from $5,160,225 to $7,701,225, and extending the period of performance from July 1, 2026, to June 30, 2028.

ISSUE

Metro's workforce has increased by 20%, rising from 10,219 FTE employees in FY21 to 12,260 in FY26. With this expansion, the Workers' Compensation division has seen an increase in the average monthly number of claims filed, leading to higher volume of medical bills received and processed. Approval of this recommendation exercises the second, two-year option term to continue providing medical bill review services through June 30, 2028. This will ensure that Metro pays for various medical services in accordance with the State of California approved fee schedules and pre-established rates contracted with Preferred Provider Organization (PPO) providers. The current contract expires on June 30, 2026.

BACKGROUND

The review of medical bills is consistent with industry best practices and is a primary technique employed by government agencies and private entities to lower workers' compensation-related medical expenditures. Bill review service providers analyze gross medical billings from physicians, hospitals, pharmacies, and other providers to recommend reductions in conformance with the State of California Fee Schedule and negotiated PPO contract rates. These providers utilize dedicated software that automatically applies reductions in accordance with the state schedule while detecting duplicate billings at the line-item level.

In addition to reviewing bills, service providers integrate PPO networks into their system to identify the maximum savings per line item. They also maintain the necessary software to facilitate California regulatory reporting requirements via Electronic Data Interchange (EDI) with the California Workers' Compensation Information System (WCIS). Furthermore, bill review vendors represent Metro in legal proceedings involving payment disputes with medical providers.

On October 24, 2019, the Board awarded the eight-year (inclusive of two, two-year options) firm fixed unit rate Contract No. PS61721000 to Lien On Me, Inc. (LOM) for workers' compensation medical bill review services. On March 28, 2024, the first two-year option in the amount of $2,083,248 was approved by the Board. Metro's average monthly medical bill reduction under this contract is $2.6 million.

DISCUSSION

The second, two-year option term amount reflects the current volume of medical bills and factors in an increased margin for the next two contract years. The contract award was based on 2018 data, with a monthly average of 2,902 medical bills. Recent medical bill volume averages 4,300 per month and reflects the current open claims inventory of 2,374 (compared to 1,429 open files at the start of FY21). Metro has implemented and is actively working to further implement various mitigation strategies to reduce workers' compensation claims and costs. Mitigative measures include implementing full bus barriers, bolstering Metro's Return to Work program, implementing Bus Riding Teams by System Security and Law Enforcement, providing de-escalation training created by Corporate Safety, and partnering with Operations to enhance claims investigations. LOM provides excellent services and averages 59% medical expenditure savings. Due to the savings results and excellence in the delivery of services, staff recommends that the second, two-year option period be exercised.

DETERMINATION OF SAFETY IMPACT

Receiving timely medical care is critical to injured Metro employees. Approval of this item will support the Workers' Compensation division's ability to administer claims promptly.

FINANCIAL IMPACT

The FY26 Budget includes $3.01 million for the recommended modified contract in Project 100004, PRMA - Workers' Compensation, under Cost Center 0531, Non-Departmental Operations Risk Management.

Since this is a multi-year contract, the cost center manager and the Chief Risk, Corporate Safety, and Asset Management Officer will be responsible for budgeting the cost in future years.

Impact to Budget

The source of funding for this action will come from federal, state, and local funding sources that are eligible for bus and rail operations.

EQUITY PLATFORM

The proposed action supports Metro's ability to safely serve the communities and customers who rely on Metro's transportation services and assets by supporting the use of industry best practices that reduce costs associated with the administration of Metro’s WC program. Lien On Me, Inc., a Small Business Enterprise (SBE) Prime, made a 100% SBE commitment, with 100% SBE participation to date, meeting its commitment.

VEHICLE MILES TRAVELED OUTCOME

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro’s significant investment in rail and bus transit.* Metro’s Board-adopted VMT reduction targets align with California’s statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides workers’ compensation medical bill review services in accordance with State approved fee schedules, and determines the highest level of savings to reduce medical expenditures. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans’ Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goals #1) “Provide high-quality mobility options that enable people to spend less time traveling,” and #5) “Provide responsive, accountable, and trustworthy governance within the Metro organization.” This Board action supports the use of industry best practices that reduce costs associated with the administration of Metro’s WC program.

ALTERNATIVES CONSIDERED

The Board may elect not to approve the recommendation. This option is not recommended as it will result in Metro overpaying for medical treatment costs and foregoing an average monthly savings of $2.6 million in workers’ compensation expenditures which is generated through the application of bill review services.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 3 to Contract No. PS61721000 with Lien On Me, Inc., to continue to provide workers’ compensation medical bill review services and exercise the second, two-year option term.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log

Attachment C - DEOD Summary

Prepared by: Claudia Castillo del Muro, Executive Officer, Risk Management, (213) 922-4518

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Reviewed by: Kenneth Hernandez, Chief Risk, Corporate Safety, and Asset Management Officer, (213) 922-2990

Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY
WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES / PS61721000

1.	**Contract Number**: PS61721000			
2.	**Contractor**: Lien On Me, Inc.			
3.	**Mod. Work Description**: Exercise the second, two-year option extending the period of performance from July 1, 2026 through June 30, 2028.			
4.	**Contract Work Description**: Provide Workers' Compensation medical bill review services.			
5.	**The following data is current as of**: 2/2/26			
6.	**Contract Completion Status**		**Financial Status**	
	Contract Awarded:	10/24/19	**Contract Award Amount:**	$2,576,976
	Notice to Proceed (NTP):	N/A	**Total of Modifications Approved:**	$2,583,249
	Original Complete Date:	6/30/26	**Pending Modifications (including this action):**	$2,541,000
	Current Est. Complete Date:	6/30/28	**Current Contract Value (with this action):**	$7,701,225
7.	**Contract Administrator**: Greg Baker		**Telephone Number**: (213) 922-7577	
8.	**Project Manager**: Claudia Castillo del Muro		**Telephone Number**: (213) 922-4518	

A. <u>Procurement Background</u>

This Board Action is to approve Modification No. 3 to Contract No. PS61721000 for Workers' Compensation Medical Bill Review services to exercise the second, two-year option and extend the period of performance from July 1, 2026, to June 30, 2028.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit rate.

In October 2019, the Board awarded an eight-year (inclusive of two, two-year options) contract to Lien On Me, Inc. to provide workers' compensation medical bill review services.

A total of two modifications have been issued to date.

Refer to Attachment B – Contract Modification/Change Order Log

B. Price Analysis

The recommended price has been determined to be fair and reasonable based on the firm's fixed unit rates that were established and evaluated as part of the competitive award in October 2019. The unit rates for the option term are 2% higher than the current contract rates. This 2% increase is lower than the current US Bureau of Labor Statistics Employment Cost Index of 3.6%.

Proposal Amount	Metro ICE	Negotiated Amount
$2,541,000	$2,541,000	$2,541,000

CONTRACT MODIFICATION/CHANGE ORDER LOG
WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES / PS61721000

Mod. No.	Description	Status (approved or pending)	Date	$ Amount
1	Increase level of effort.	Approved	2/7/24	$257,698
2	Exercise the first, two-year option term, extending period of performance (POP) from July 1, 2024 through June 30, 2026.	Approved	3/28/24	$2,325,551
3	Exercise the second, two-year option term, extending POP from July 1, 2026 through June 30, 2028.	**Pending**	**Pending**	**$2,541,000**
	Modification Total:			**$5,124,249**
	Original Contract:		**10/24/19**	**$2,576,976**
	Total:			**$7,701,225**

DEOD SUMMARY

WORKERS' COMPENSATION MEDICAL BILL REVIEW SERVICES / PS61721000

A. Small Business Participation

Lien on Me, Inc., an SBE Prime, made a 100% SBE commitment on this contract. Based on payments the contract is 86% complete and the current level of SBE participation is 100%, meeting the commitment.

Small Business Commitment	**100% SBE**	**Small Business Participation**	**100% SBE**

	SBE Subcontractors	% Committed	Current Participation[1]
1.	Lien on Me, Inc. (SBE Prime)	100%	100%
	Total	**100%**	**100%**

[1]Current Participation = Total Actual amount Paid-to-Date to SBE firms ÷Total Actual Amount Paid-to-date to Prime.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of $2.5 million.

E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least $50 million.

Workers' Compensation Medical Bill Review Services

Finance, Budget, and Audit Committee
March 19, 2026
File #2025-0882

Recommendation

AUTHORIZE the Chief Executive Officer to execute Modification No. 3 to Contract No. PS61721000, with Lien On Me, Inc. for workers' compensation medical bill review services to exercise the second, two-year option in the amount of $2,541,000, increasing the total contract amount from $5,160,225 to $7,701,225, and extending the period of performance from July 1, 2026, to June 30, 2028.

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Background

- Review of medical bills is consistent with industry best practice.
- It is a primary technique employed to lower workers’ compensation-related medical expenditures.
- Bill review service providers analyze gross medical billings to recommend reductions in conformance with the State of California Fee Schedule and negotiated PPO contract rates.
- Metro Board of Directors awarded the eight-year (inclusive of two, two-year options) firm fixed unit rate Contract No. PS61721000 to Lien On Me, Inc.
- Metro’s average monthly medical bill reduction under this contract is $2.6 million.

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Medical Bill Review Services

- Second two-year option amount reflects current volume of medical bills and an increased margin for the next two contract years.
- Recent medical bill volume averages 4,300 per month and reflects the current open claims inventory of 2,374 (compared to 1,429 open files at the start of FY21).
- Lien On Me, Inc. provides excellent services and averages 59% medical expenditure cost reductions.

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Next Steps

Upon Board approval, staff will execute Modification No. 3 to Contract No. PS61721000 with Lien On Me, Inc. to continue to provide workers' compensation medical bill review services and exercise the second two-year option term.

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Thank you.

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