
File ID: 2026-00928

5/12/2026

[Contract Supplement] Workers' Compensation Cost Containment Services

File ID: 2026-00928

Location: Citywide

Recommendation: Pass a **Motion** authorizing the City Manager or designee to execute a Supplemental Contract with Allied Managed Care to increase the not-to-exceed (NTE) amount by \$300,000 for an additional one year of service for Workers' Compensation Cost Containment Services.

Contact: Natalie Dempsey, Risk Manager, (916) 808-8587, ndempsey@cityofsacramento.org, Department of Human Resources

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-PSA-Allied Managed Care Supplemental Contract

Description/Analysis

Issue Detail: On July 11, 2023, the City executed Contract No. PRC002457 with Allied Managed Care to provide critical Workers' Compensation cost containment services necessary to support the City's self-insured, self-administered Workers' Compensation program. These services include Nurse Case Management, Utilization Review, Peer Review, Medical Bill Review, and Pharmaceutical Benefit Management.

To maintain continuity of these essential services and ensure ongoing compliance with State regulations and to support appropriate and timely medical treatment for injured employees, a Supplemental Agreement is proposed.

The initial contract term was for three (3) years, with provisions for two renewals in one (1) year increments. The total cost for the initial term was \$1,400,000. To extend services through June 30, 2027, an additional \$300,000 is recommended, increasing the total not-to-exceed amount to \$1,700,000.

Policy Considerations: Council approval is required to execute agreements for services if the amount to be expended under each such agreement is \$250,000 or more. This recommendation is consistent with City Code section 3.56 and in accordance with Procurement Policy Number AP-4101 Section 1.1(b).

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report contains administrative activities that will not have a significant effect on the environment and that do not constitute a “project” as defined by the California Environmental Quality Act (CEQA) Guidelines Sections 15061(b)(3) and 15378(b)(2).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The proposed contract extension will ensure the continued delivery of essential Workers’ Compensation cost containment services, maintaining continuity of care for injured employees and compliance with statutory requirements. Allied Managed Care has demonstrated reliable performance, including timely processing, effective cost control, and strong customer service. Extending the existing agreement supports program stability, avoids disruption to active claims, and mitigates the risks and costs associated with transitioning to a new provider.

Financial Considerations: The estimated total not-to-exceed amount of \$1,700,000 for the contracts, plus any subsequent contracts included through additional sourcing events, will be funded through the Human Resources Department Workers’ Compensation/Risk Fund. Funding for future fiscal years beyond FY2026/27 and any supplemental contracts is subject to Council approval.

Local Business Enterprise (LBE): LBE Preference was included in the sourcing event. Allied Managed Care is headquartered in Sacramento, CA.

CONTRACT #: PRC002457
AMENDMENT #: 01
CONTRACT NAME: Nurse Case Management Utilization Review, Peer Review, Medical Bill Review, and Pharmaceutical Benefit Management Services
NOT TO EXCEED AMOUNT (INCLUDING SUPPLEMENTS): \$1,700,000.00

DATE: 5/18/26
PROJECT:
SOLICITATION: P23081371008
MOTION / DATE OR FILE ID: 2026-00928

CITY OF SACRAMENTO

**CONTRACT AMENDMENT
CHANGE IN SCOPE AND NOT-TO-EXCEED AMOUNT**

The City of Sacramento (“City”) and Allied Managed Care (“Contractor”), as parties to that certain contract designated as Contract Number PRC002457 , including any and all prior amendments modifying the contract (the contract and all amendments are hereafter collectively referred to as the “Contract”), hereby amend the Contract as follows:

1. The scope set forth in Exhibit A of the Contract is amended as follows:

This Contract Amendment exercises the City’s first of two one-year extensions, extending the Time of Performance through 6/30/27

2. The maximum not-to-exceed amount that is specified in the Contract for payment of Contractor’s fees and expenses is **increased** by \$300,000.00, and the Contract’s maximum not-to-exceed amount is amended as follows:

Contract’s original not-to-exceed amount:	\$1,400,000.00
Net change by previous amendments:	\$0.00
Not-to-exceed amount prior to this amendment:	\$1,400,000.00
Increase by this amendment:	\$300,000.00
New not-to exceed amount including all amendments:	\$1,700,000.00

3. Contractor agrees that the amount specified in section 2 above shall fully compensate Contractor under the Contract, as modified by this amendment, including any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised services, and costs associated with any changes and/or delays in schedules or in the delivery of other services by Contractor.
4. Contractor warrants and represents that the person or persons executing this contract amendment on behalf of Contractor is duly authorized by Contractor to sign this amendment and bind Contractor to the terms hereof.
5. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform as required under the Contract, as modified by this amendment.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURES

The parties have signed this Contract, effective as of the day and year first stated above.

CONTRACTOR

Under penalty of perjury, I certify that the information provided here is correct.

Signature: *Dominic Russo*
Dominic Russo (Apr 20, 2026 10:28:24 PDT)

Title: President & CEO


Additional Signature (if required):

Title:

CITY OF SACRAMENTO

A Municipal Corporation

APPROVED AS TO FORM:

Signature: 
Brett Witter (Apr 20, 2026 16:13:04 PDT)

Title: Chief Assistant City Attorney

Reviewed By:

Signature:

Title:

Approved By:

Signature:

Title:

Additional Signature (if required):

Title: