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Title: APPROVE AND RATIFY CONTRACT AMENDMENT NO. 1 TO THE ADMINISURE INC. CONTRACT FOR THE PERIOD AUGUST 15, 2018 THROUGH AUGUST 14, 2020 (CITY COUNCIL)

Sponsors:

Indexes:

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Attachments: 1. Rating Sheet, 2. Adminsure Contract Amendment, 3. Adminsure Contract

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, January 08, 2019

Consent

SUBJECT:

APPROVE AND RATIFY CONTRACT AMENDMENT NO. 1 TO THE ADMINISURE INC. CONTRACT FOR THE PERIOD AUGUST 15, 2018 THROUGH AUGUST 14, 2020 (CITY COUNCIL)

I. SUMMARY

The City has been self-insured for its Workers Compensation Program since July 1, 1981. The City maintains a contract with a third party claims administrator (TPA) to administer the self-insured workers compensation program. AdminSure Inc. (AdminSure) has provided TPA services to the City since 2015. On June 23, 2015 the City Council awarded a three-year contract with two one-year renewal options. City Staff (Staff) negotiated terms for the two-year contract extension, which covers the period August 15, 2018 to August 14, 2020. Staff is seeking consideration by the City Council to review the contract amendment and, if acceptable, to ratify the continued provision of services pursuant to the terms of this Agreement from August 15, 2018 through August 14, 2020 for a total contract sum of Seven Hundred Ninety-Three Thousand Six Hundred Seventy-Four Dollars (\$793,674).

II. RECOMMENDATION

1. APPROVE and ratify a two-year contract amendment with AdminSure for the period of August 15, 2018 to August 14, 2020.

2. AUTHORIZE the Mayor to execute the amendment to the AdminSure contract after approval as to form by the City Attorney

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

AdminSure has provided TPA services for the City since 2015. A Request for Proposal (“RFP”) was issued on February 4, 2015 to fourteen (14) firms. Eight (8) firms responded with complete and acceptable proposals. The proposals were evaluated and scored based on the TPA responses to the RFP. A copy of the evaluation form (rating sheet) used by the review committee is attached as Exhibit No. 1. In summary, the seven criteria used were: 1) TPA Service Fee; 2) Personnel Qualifications; 3) References; 4) Scope of Work Ability; 5) Claims Management Approach; 6) Early Return to Work Approach and 7) Medical and Legal Cost Control Approach.

The scores were averaged, ranked and a final list compiled:

<u>TPA Name</u>	<u>Three-Year Contract Amount</u>	<u>Rank</u>
AdminSure	\$272,682	1
Tristar	\$323,196	2
Keenan & Associates	\$357,617	3
Hazelrigg	\$194,900	4

The City Council awarded a three-year contract to AdminSure on June 23, 2015, which included two one-year renewal options covering the period August 15, 2018 to August 14, 2020. Staff is seeking consideration by the Council to review the contract amendment and, if acceptable, to ratify the continued provision of services pursuant to the terms of this Agreement from August 15, 2018 through August 14, 2020.

The AdminSure contract also provides for the provision of Medical Bill Review at a cost of not to exceed \$23,000 per year (\$115,000 for 5 years), Utilization Review at a cost of not to exceed \$23,000 per year (\$115,000 for 5 years), and Nurse Case Management at a cost of not to exceed \$20,000 per year (\$100,000 for 5 years). These ancillary services are important components of effective claims management.

The three-year contract provides that AdminSure’s fees will not increase more than 2% per

year if the City exercises the two-year optional extension. The costs for Medical Bill Review, Utilization Review and Nurse Case Management will remain the same.

With this amendment, the total compensation for the Services shall not exceed Seven Hundred Ninety-Three Thousand Six Hundred Seventy-Four Dollars (\$793,674).

The administration of a self-insured worker compensation program requires a TPA that is competent and performance oriented. Managing worker compensation claims must be handled in accordance with state law, have cost containment procedures, including medical and litigation control, a light duty/early return to work program, Medical Provider Network, audit controls and prompt communication with City employees, staff and service vendors. These areas are extremely important in providing timely workers' compensation benefits and curtailing worker compensation costs.

Staff and Worker's Compensation Counsel agree that AdminSure has and continues to meet and/or exceed expectations currently as well as since they began administering the workers compensation program in 2015. Staff is seeking consideration by the City Council to review the contract amendment and, if acceptable, to ratify the continued provision of services pursuant to the terms of this Agreement from August 15, 2018 through August 14, 2020.

V. FISCAL IMPACT

The fiscal impact of the proposed two-year amendment is \$190,524. Funds for the first year of this contract amendment are included in FY 2018/19 general fund budget.

VI. EXHIBITS

1. TPA Evaluation Rating Sheet (pg. 4)
2. AdminSure Contract Amendment (pgs. 5 to 10)
3. AdminSure Contract (pgs. 11 to 43)

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