



CITY OF CARSON

Legislation Text

File #: 2019-643, Version: 1

Report to Mayor and City Council

Tuesday, July 02, 2019

Consent

SUBJECT:

CONSIDER AWARD OF GENERAL LIABILITY THIRD PARTY ADMINISTRATOR SERVICES TO ADMINSURE, INC. FOR FY 2019/20, FY 2020/21 AND FY 2021/22 (CITY COUNCIL)

I. SUMMARY

The City has been self-insured for its General Liability Program since its incorporation in 1968. The City maintains a contract with a third party administrator (TPA) to administer the self-insured general liability claims. Carl Warren and Company has provided TPA services to the City since 1978. That contract will expire on June 30, 2019. On April 11, 2019, the City issued a Request for Proposal (RFP) for General Liability Claims Administration. Five proposals were received and evaluated. Staff recommends AdminSure, Inc.

II. RECOMMENDATION

Staff recommends that the City Council award a three-year contract for general liability Third Party Administrator services to Adminsure, Inc. for the period of July 1, 2019 through June 30, 2022 with an option to extend the contract for an additional two-year period (in one-year increments) through June 30, 2024 and authorize the Mayor to execute the contract.

III. ALTERNATIVES

1. Select another firm as the City's general liability Third Party Administrator.
2. Reject the proposals and DIRECT staff to reissue the RFP.
3. Take another action the City Council deems appropriate.

IV. BACKGROUND

The administration of a self-insured general liability program requires a third party claims administrator that is competent and performance oriented. General liability claims must be managed in accordance with the Tort Claims Act of the State Government Code. The City's third party administrator must have litigation cost containment measures in place, have knowledge of City issues and provide prompt and professional communication with City staff and citizens.

The existing TPA contract will expire on June 30, 2019. An RFP was issued on April 11, 2019. Five firms responded with complete, accepted proposals.

The proposals were evaluated and scored based on the firms' response to items requested in the RFP. A copy of the evaluation form (rating sheet) used by the review committee is attached as Exhibit No. 1. In summary, the six criteria are: 1) TPA Service Fee; 2) Personnel Qualifications; 3) References; 4) Scope of Work Ability; 5) Claims Management Approach and 6) Settlement and Legal Costs Control. The review committee interviewed the top two proposers in accordance with the RFP evaluation criteria and cost of the proposal. The scores were averaged and then ranked and a final list compiled:

RFP Proposal Summary Chart

Rank	Firm	3-year fees	Additional Fees
1	Adminsure	\$ 61,280.18	\$2,500 flat fee for data conversion. Subrogation fee: 18% of recovery.
2	Carl Warren	\$ 215,400.00	Subrogation fee: \$50 (one-time setup fee) PLUS 21% of recovery. Time and Expense \$93 per hour.
3	George Hill	\$ 185,454.00	One time startup Fee 5,000; Annual Admin Fee 5,000; MMSEA Set up 150; MMSEA Annual 250; Conversion Fee 15,000; Subrogation fee: 30%; Time and Expense \$115/\$90/\$75 per hour.
4	Tristar	\$ 199,307.00	Tristar included a table of additional fees for workers compensation claims administration. Proposal is not responsive.
5	Beringer & Associates	\$ 142,617.80	Account Set up \$2,500; Data Conversion \$2,500; Annual Admin Fee \$2,400; Annual Admin Fee (separate from above admin fee) \$2,125.

With the exception of Carl Warren which is the incumbent, each TPA's proposal included one-time data conversion costs in addition to the three-year contract amount. George Hill and Beringer & Associates also included other administrative fees.

Each proposer was asked to disclose their public entity clients, including cities. In addition, litigation cost controls and communication with staff and claimants are very important for effective claims administration.

After proposals were reviewed, the top two bidders were interviewed. Both Carl Warren & Co and AdminSure presented acceptable work plans, qualified account teams and were deemed capable of handling the City's claims. The most significant difference between the two was pricing. After careful consideration, it is staff's recommendation to award the contract to AdminSure, Inc.

AdminSure provides liability TPA services to many municipalities and other public and private entities. Reference checks provided positive feedback on the firm's performance. Moreover, AdminSure is the current TPA for City's workers compensation claims. They have performed well since 2015 when they were awarded that contract.

V. FISCAL IMPACT

Funds for this item are included in the FY 2019/20 budget.

VI. EXHIBITS

1. Sample Rating Sheet (Page 5).
2. Draft Agreement for Third Party Claims Administrator Service between the City of Carson and AdminSure, Inc. (Pages 6 - 39).
3. AdminSure, Inc. Proposal (available upon request).

Prepared by: Faye Moseley, Director of Human Resources and Risk Management