

COUNCIL ACTION FORM

SUBJECT: THIRD PARTY ADMINISTRATION CONTRACT FOR WORKERS' COMPENSATION AND MUNICIPAL FIRE AND POLICE SYSTEM

BACKGROUND:

On March 23, 2009, a request for proposals was issued for professional services for third party administration (TPA) of Workers' Compensation and Municipal Fire and Police system services for 2009/10. The scope of services includes claims administration, medical management, loss fund management, temporary disability claims assistance, and representing the City's financial interests by controlling Workers' Compensation costs. The consultant would also perform administrative services including preparation and filing of Federal, State, and local filings, applications for the City's continued qualification as a self-insurer, statistical information required by rating bureaus, representation at Workers' Compensation hearings and mediations as requested, and data reporting. These services are currently provided by Human Resources staff and outside consultants hired on an as-needed basis.

Proposal documents were initially provided to firms known to provide these services. A Notice of Requests for Proposals (RFP) was published in the Tribune on March 24, 2009, and the City Purchasing Division's web site posted notice of the RFP. Five additional firms were provided with proposal documents in response to these notices.

Four proposals were received on April 28, 2009:

EMC Risk Services, LLC, Des Moines, Iowa
Gallagher Bassett Services, Inc., Plano, Texas
American Risk Pooling Consultants, Inc. Southfield, Michigan
Alternative Service Concepts, LLC, Flower Mound, Texas

The evaluation team determined that the proposal best meeting the requirements stated in the RFP was submitted by EMC Risk Services, LLC, of Des Moines. Fees would be based on unit prices for claims administration and medical bill review with a percentage fee for bill reduction. The reporting and auditing fee would be an annual lump-sum amount. Active access to the provider's Internet-based system would be on a per-user basis, with view-only access available at no charge. Additional services would be compensated on a per-hour basis. The proposed contract includes a not-to-exceed total amount of \$50,000. Funding for this first year's services will come from the City's Risk Management fund balance, and subsequent years' costs will be charged to departmental budgets. The proposed one-year contract has an option to renew for up to four additional one-year periods.

ALTERNATIVES:

1. Award a contract to EMC Risk Services, LLC, Des Moines, Iowa, for 2009/10 third party administration of the City's Workers' Compensation and Municipal Fire and Police Retirement System.
2. Reject all proposals and continue to perform services by Human Resources staff and outside consultants hired on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

In order to provide more responsive services to injured employees and help reduce overall City expenses, it is vital to have trained professionals administer Workers' Compensation claims and, just as importantly, assist injured employees in returning to productive work as quickly as possible. The proposed contract will provide for these professional services for third party administration (TPA) of workers' compensation and Municipal Fire and Police system services for 2009/10.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract to EMC Risk Services, LLC, Des Moines, Iowa, for 2009/10 third party administration Workers' Compensation and Municipal Fire and Police Retirement System at a cost not to exceed \$50,000.