

# Agenda Report

May 9, 2016

**TO:** Honorable Mayor and City Council  
**FROM:** Human Resources Department  
**SUBJECT: AWARD OF CONTRACT FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION FOR THE CITY'S WORKERS' COMPENSATION PROGRAM**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is not a "project" as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(2) of the State CEQA Guidelines and, as such, is not subject to environmental review; and
2. Authorize the Interim City Manager to enter into a contract, without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services, with AdminSure for workers' compensation administration of claims in an amount not to exceed \$613,110, with four (4) optional, one-year periods in an amount not to exceed \$646,475 per year without further City Council authorization.

## **BACKGROUND:**

In September 2011, the City contracted with Keenan & Associates to provide third party administration of the City's workers' compensation claims. The term of the contract was for one year with four optional one year extensions. The contract term with Keenan expires on June 30, 2016. Consequently, staff prepared and issued a new Request for Proposals (RFP) in February 2016. A total of nine responses were received by the deadline of February 29, 2016.

The proposals were evaluated according to the specific criteria in the RFP including: project understanding, project approach, staffing and ability to perform, experience, cost effectiveness, and whether the company was a local Pasadena business or small/micro business. Based on the scoring, as well as interviews with each proposer, AdminSure was chosen as the most qualified candidate for contract award. AdminSure was chosen

based on the firm's experience in administering workers' compensation claims in California for over thirty years as well as the depth and breadth of experience in the industry.

Proposer	Project Understanding	Project Approach	Staffing/ Ability to Perform	Experience	Cost Effectiveness	Local Pasadena Business	Small/Micro Business	Total Points
AdminSure	39	67	38	38	45	0	0	227
Intercare	42	64	43	43	28	0	0	220
CCMS	42	61	35	31	44	0	0	213
AIMS	41	52	43	42	28	0	0	206
ACME	36	48	33	34	30	0	15	196
Tristar	35	48	43	40	24	0	0	190
Hazelrigg	43	31	32	38	26	0	0	170
JT2	23	18	10	18	4	0	0	73
LWP	5	8	8	8	0	0	0	29

Point values shown are combined scores of three panel members with a maximum of 300 total points

AdminSure will assist the City's Workers' Compensation program by providing professional services that are unique in that they specialize in providing services to municipalities. Services include, but are not limited to, timely workers' compensation claims processing per the laws of the State of California and adequate provision of monthly loss run reports which provide claim data and detailed claims expenditures. AdminSure will provide a dedicated team of claims professionals trained and certified/licensed specific to State requirements, with specific experience handling safety and municipality claims. There are a limited number of companies who specialize in providing, such services.

AdminSure currently contracts with 49 cities, as well as a number of other municipal organizations, and has direct knowledge of public agencies, CalPERS retirees, and safety personnel injuries. The company prides itself on responsive customer service and claims productivity.

AdminSure offers an enhanced version of the City's current claims computer system. Its system will allow workers' compensation staff to obtain "real-time" reports through secure access on the AdminSure website and direct access to claims information and Cal-OSHA data for the City's Safety Division. It offers web-based training specifically designed for claims personnel which will be of benefit to City's current claims staff.

AdminSure examiners will receive a claims inventory of approximately 600 claim files. The firm will administer safety (Fire and Police) claims as well as non-safety claims with date of injury beginning July 1, 2012 and forward. The success of the AdminSure program will be measured by semi-annual claim file reviews with each non-safety department and bi-monthly claim file reviews with the safety departments. In addition, the City's Workers' Compensation Supervisor will conduct quarterly audits of claim files handled by AdminSure to assure quality control.

**COUNCIL POLICY CONSIDERATION:**

This action supports City Council's strategic goal to maintain fiscal responsibility and stability.

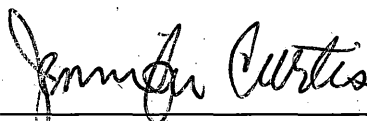
**FISCAL IMPACT:**

Maximum costs under the terms of the proposed contract with AdminSure are listed below.

Base Year Fee	\$ 613,110
Optional Year 1	\$ 609,390
Optional Year 2	\$ 621,508
Optional Year 3	\$ 633,868
Optional Year 4	\$ 646,745

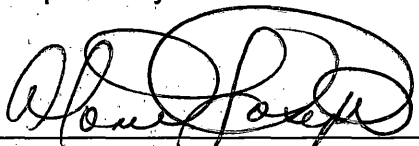
The cost of this action will be \$613,110 in the first year, which is \$260,610 above FY2016 contract costs. Funding for this action will be addressed through the FY2017 budget.

Respectfully submitted,



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Director of Human Resources

Prepared by:



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Approved by:



Steve Mermell  
Interim City Manager