

# Agenda Report

June 7, 2021

**TO:** Honorable Mayor and City Council

**FROM:** Human Resources

**SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH ACCLAMATION INSURANCE MANAGEMENT SERVICES (AIMS) FOR WORKERS' COMPENSATION THIRD-PARTY CLAIMS ADMINISTRATION SERVICES, IN AN AMOUNT NOT TO EXCEED \$851,630**

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the contract for Workers' Compensation Third-Party Administration Services is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15378(b)(2);
2. i) Accept the proposal dated February 22, 2021, submitted by Acclamation Insurance Management Services (AIMS); ii) Reject all other proposals; and iii) Authorize the City Manager to enter into a contract, as the result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with Acclamation Insurance Management Services (AIMS) for Workers' Compensation Third-Party Claims Administration services in an amount not to exceed \$851,630; and
3. Authorize the City Manager, or his designee, to extend the contract with Acclamation Insurance Management Services (AIMS) for Workers' Compensation Third-Party Claims Administration services for up to four additional years in an amount not to exceed \$4,368,858

**BACKGROUND:**

The Human Resources Department, Workers' Compensation Division manages the benefit delivery and administration for the City's Workers' Compensation program with 748 open claims. The City has averaged 240 workers' compensation claims per year

over the last five years across all City Departments. The annual averaged costs of the Workers' Compensation program are \$3.3 million per year over the past five years.

On May 16, 2016, the City of Pasadena entered into a contract with AdminSure to provide third-party administration of the City's workers' compensation claims under Contract # 30604. That contract expired on June 30, 2017, and was thereafter extended under optional extension provisions through June 30, 2021. Inasmuch as the contract with AdminSure expires June 30, 2021, a new Request for Proposal (RFP) was issued on December 28, 2020. The City received six qualified responses. None of the proposers is a Pasadena business and none identified in their proposals opening a location in Pasadena.

The proposals were evaluated by an internal panel consisting of representatives from the Departments of Human Resources, Workers' Compensation and Safety Divisions, Police, Fire, Water & Power, and the City Attorney's Office. Police, Fire and Water & Power are the three departments with the highest workers' compensation claims.

All six responses were evaluated by the internal panel and scored according to specific criteria detailed in the RFP that consisted of project understanding, project approach, staffing, experience, cost effectiveness, and whether the company was a local Pasadena business or small business. Specific to the RFP, proposers were also asked to detail their experience with Workers' Compensation Carve-Out programs as the City's program with the Pasadena Police Officer Association (PPOA) was implemented on March 1, 2021. The internal panel individually scored each of the written proposals and the scores were tabulated.

The scores were validated in a discussion with the members of the internal panel. The internal panel requested oral presentations of two RFP responders, and then made their recommendation to enter a new contract with AIMS for Workers' Compensation Third-Party Administration services.

Proposer	Headquarters	Proposed Solution	Experience	Cost Proposal	Local Pasadena Business	Small/Micro Business	Total Score
AIMS	Sacramento, CA	156	161	173	0	0	490
Adminsure	Ontario, CA	158	161	162	0	0	481
LWP	Mill Valley, CA	160	156	146	0	0	462
Athens	Concord, CA	148	153	124	0	0	425
ICS	San Ramon, CA	147	151	119	0	0	417
ACM	San Diego, CA	140	118	116	0	0	374

AIMS will assist the City's Workers' Compensation program by providing professional administration of the Workers' Compensation claims with their proven approach and 48 years of experience working with California public entities including experience with similar Carve-Out programs. AIMS demonstrated through their written proposal and oral presentation their familiarity with public safety injuries, early return-to-work programs, and collaboration with the City staff on establishing action plans to ensure timely claim resolutions.

AIMS uses a partnership approach to effective claims management that includes supervision of the claim staff, manager oversight and audit protocols to ensure best practices are applied to all claims, with the overall goal of providing timely treatment and getting employees back to work promptly. AIMS demonstrates their effectiveness with their current accounts which include municipalities, counties and state employees.

AIMS uses the same claims management software system that currently houses the City's Workers' Compensation claims. This management system supports the City with scheduled, ad hoc and customizable reporting, the Annual Inventory of Claims and the Annual Financial Report required by the state of California and the annual report required by OSHA. AIMS articulated a plan to ensure a smooth transition.

AIMS will administer over 700 current claims transferred from AdminSure and all new claims, including those in the PPOA Carve-Out program. The program will include quarterly review of claims with Fire and Police Departments and Semi-Annual review of claims with Water & Power and Public Works Departments. Review of claims with the other City Departments will be annual at the request of the Departments. The Workers' Compensation Division will manage AIMS compliance to the contract requirements.

AIMS cost proposal was the lowest of the proposers. AIMS has not provided services previously to the City.

It is recommended that the City Council authorize the City Manager to enter into a contract with AIMS for a one-year contract and four additional, optional one-year extensions in an amount not to exceed \$4,368,858. The Workers' Compensation Division will track the performance of work throughout the contract period.

**COUNCIL POLICY CONSIDERATION:**


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

**FISCAL IMPACT:**

The maximum cost under this contract will be an amount not to exceed \$4,353,858 if the four additional one-year extensions are exercised. The minimum cost under this contract will be an amount not to exceed \$851,630 for the one-year contract beginning in FY 2022. Funding for this contract will utilize the Workers' Compensation Fund 501 (50617007-811400), which is currently budgeted for annual expenditure of \$646,745.

Base Year Fee	\$851,630.00
Optional Year 1	\$853,363.00
Optional Year 2	\$870,430.00
Optional Year 3	\$887,839.00
Optional Year 4	\$905,596.00
Total Contract	\$4,368,858.00

Respectfully submitted,

  
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Director of Human Resources

Prepared by:

  
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Approved by:

  
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