

June 3, 2011



**AUTHORIZE EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH YORK RISK SERVICES GROUP, INC., RELATIVE TO REQUEST FOR PROPOSALS NO. 2011-D-2, THIRD PARTY ADMINISTRATOR FOR WORKERS' COMPENSATION PROGRAM CLAIMS ADMINISTRATION AND ANCILLARY SERVICES**

**Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors approve actions relative to RFP No. 2011-D-2, *Third Party Administrator for Workers' Compensation Program Claims Administration and Ancillary Services*, as follows:

1. Authorize execution of a Professional Services Agreement with York Risk Services Group, Inc., Orange, CA, for workers' compensation claims administration and ancillary support services of Medical Case Management, Utilization Review and Medical Provider Network, in an amount not to exceed \$943,000, plus a Take-Over Fee to cover the transition from the incumbent administrator of \$5,000, for a three-year base term effective July 1, 2011;
2. Approve two one-year options to be exercised at the General Manager's discretion in an amount not to exceed \$323,935 for Year 4 and \$333,653 for Year 5; and,
3. Approve ancillary support services of Bill Review in an amount not to exceed \$390,000, for a three-year base term effective July 1, 2011, with two one-year options to be exercised at the General Manager's discretion in amounts that will be negotiated.

Requisite funds are included in the FY 11/12 District Division Operating Budget and will be budgeted accordingly for future years.

**Summary**

The District is self-insured for workers' compensation for up to \$1 million. The District has used a Third Party Administrator (TPA) to adjust workers' compensation claims on our behalf for many years. The scope of these services includes coordinating medical treatment, paying indemnity payments in a timely manner, using approved cost containment programs, assisting in our structured return-to-work services and providing the District with risk management information on the program.

The services are critical to the District in several key areas including ensuring our employees receive the best available medical care, maintaining good employee relationships with the District, and returning employees to work in order to minimize costs.

On April 1, 2011, the District issued RFP No. 2011-D-2, *Third Party Administrator for Workers' Compensation Program Claims Administration and Ancillary Services*. By the proposal due date of April 26, 2011, the District received proposals from seven TPA firms as follows:

1. Athens Administrators
2. CorVel Enterprise Comp, Inc.
3. Innovative Claims Solutions, Inc.
4. Intercare Holdings Insurance Services, Inc.
5. LWP Claims Solutions, Inc.
6. TRISTAR Risk Management
7. York Risk Services Group, Inc.

In addition to the TPA firms that submitted proposals, three Ancillary Services firms submitted proposals as follows:

1. MHM, A Nursing Corporation
2. The Simon Companies, dba Status, Inc.
3. Qmedtrix

An Evaluation Committee (Committee) comprised of District staff reviewed and evaluated the proposals based on: Proposal Understanding and Approach (30%), TPA's Qualifications and Experience (30%), TPA Cost Proposal (20%), Ancillary Support Services - Qualifications/Experience (10%), and Ancillary Support Services - Cost Proposal (10%). Four firms were found to be in the competitive range based on the evaluation criteria and invited to interview as part of the final selection process. Following interviews, the Committee completed the final evaluation and unanimously determined that York Risk Services Group, Inc. (York) was the highest ranked firm. York will be handling claims through their office in Concord, CA.

York distinguished itself from the other firms in the competitive range through a combination of factors, including the following:

- Exceptional qualifications and experience in both the TPA category and the ancillary support services category.
- A flexible, user-friendly risk management information system developed in-house by York, with superior risk management reports and the potential to integrate more readily with District information systems such as IFAS to allow for more efficiency in new claim entry and leave tracking.
- Paperless claims files, which will integrate easily with the District's new Electronic Records Management system.

- York's subsidiary and internal affiliate, WellComp, is the Medical Provider Network (MPN) of choice, the same MPN that was approved for the District with the State of California.
- Excellent references from public entities. Currently, York handles over 1,000 public entities and 29 transit agencies.
- A low employee turnover rate.
- A thorough claims transition plan, ensuring seamless claims handling transition from the current administrator. This is essential in providing our employees with timely medical services and indemnity benefits.
- Competitive pricing on Claims Administration.
- Transparent and competitive pricing on Ancillary Services such as Bill Review, Utilization Review and Medical Case Management provided through WellComp.

In the years going forward "best of class" medical management and cost controls will be the driving factors in a successful Workers' Compensation Program at the District.

Since there were no subcontracting opportunities for this contract, there were no Disadvantaged Business Enterprise (DBE) forms required for submittal. The DBE Program Administrator has determined that York is not certified as a DBE. Therefore, no DBE participation is anticipated during the performance of this contract.

#### **Fiscal Impact**

There are sufficient funds available in the FY 11/12 District Division Operating Budget with the understanding that requisite funds will be budgeted accordingly for future years.