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Title:	Report regarding a resolution approving an agreement with Athens Administrators for worker's compensation claims administration services for a total amount of \$620,977 for July 1, 2019 through June 30, 2022. (Leah Lockhart, Human Resources Director)		

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Attachments: 1. Attachment A - Workers Compensation Services Agreement 6.12.pdf

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Report regarding a resolution approving an agreement with Athens Administrators for worker's compensation claims administration services for a total amount of \$620,977 for July 1, 2019 through June 30, 2022. (Leah Lockhart, Human Resources Director)

RECOMMENDATION

It is recommended that Council adopt a resolution approving an agreement with Athens Administrators for worker's compensation claims administration services for a total amount of \$620,977 for July 1, 2019 through June 30, 2022.

BACKGROUND

The City of South San Francisco is a self-insured employer for worker's compensation claims, up to a self-insured retention (SIR) of \$500,000. In order to maintain an effective and compliant claims administration program, the City contracts with a third-party administrator (TPA) for claims administration. For this service, the City has contracted with Tristar Risk Management since 1987, with service agreement renewal on a year-to-year basis. In 2018, the City experienced a significant rate increase, in part due to substantial increase in open worker's compensation claims. In order to ensure the City maintained a cost-effective program with a high service level, staff sought to review other options for third-party administrators prior to recommending renewal of the City's current agreement for 2019-2020.

DISCUSSION

A request for proposals (RFP) was issued in March 2019 for a three-year contract beginning July 1, 2019 with the option to renew for two additional one-year periods. A total of six proposals were received and reviewed by Human Resources staff (Human Resources Director, Human Resources Manager, and Human Resources Analyst). Proposals were evaluated based on the degree to which the proposals met the stated requirements of the City, resulting in a short list of four proposers for further consideration. The short list of proposers included:

Athens Administrators

Intercare Holdings Insurance Services
Tristar Risk Management
York Risk Services Group

A panel presentation and interview was conducted on May 17, 2019. Internal panelists included City employees holding the positions of Human Resources Manager, Financial Services Manager, Administrative Police Lieutenant, and Deputy Fire Chief. External panelists included a Senior Human Resources Analyst (City of San Mateo) and a Principal Worker's Compensation Analyst (City of Redwood City). As a result of this process, Athens Administrators ranked first overall based on the rater dimensions of experience, customer service, claim management, additional services, and pricing/value. A breakdown of total scores by dimension is included as Table 1, and a breakdown of total score by panelist is included as Table 2 (Attachment A). A reference check was conducted by the Human Resources Director, and favorable feedback for Athens Administrators was provided by all listed references.

Athens Administrators has significant experience with cities and other public agencies, with 60% of current clients within the public sector. During the panel process, Athens demonstrated an understanding of the unique needs of public employees including public safety personnel, an emphasis on communication and customer service, and sound strategies for expediting services while maintaining appropriate cost-control standards within State guidelines. Athens maintains an in-house information system, which allows for web-based claim reporting, flexible configuration for staff access, and sophisticated reporting and analytical tools to evaluate claim trends and costs. In addition, Athens maintains a high client retention rate and low staff turnover rate, which is important for maintaining continuity of assigned claims adjusters. Some of the additional services available to enhance customer service include on-site Worker's Compensation 101 training for managers and supervisors and text alert system for injured workers to receive claim updates, and a 1-800 number for injured employees to access advice from a registered nurse when injured on the job.

FISCAL IMPACT

The service fee for Athens Administrators is \$196,052 for fiscal year 2019-2020, \$201,933 for fiscal year 2020-2021, and \$207,991 for fiscal year, plus an annual administration fee of \$5,000, bringing the total three-year cost to \$620,977. As the second-lowest cost proposer, Athens' fees are approximately 12% higher than proposed by the City's current TPA, however, also this includes a commensurately higher level of designated claims staff. Managed care services, which are charged directly to the cost of the claim, are comparable to the City's current rates. The total cost of services is within the City's projected estimates and will be included in the proposed self-insurance budget for 2019-2021.

RELATIONSHIP TO STRATEGIC PLAN

The City's worker's compensation program supports the City's strategic priorities of *Workforce Development*, by ensuring injured employees are supported in their recovery and return to work, and *Fiscal Sustainability* by ensuring that claims are evaluated appropriately and that medical treatment and benefits are provided to injured workers in a cost-effective manner.

CONCLUSION

It is recommended that Council adopt a resolution approving an agreement with Athens Administrators for worker's compensation claims administration services to support the City's ongoing efforts to improve services to employees while containing costs.