

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	06/08/15	Open	Action	05/19/15

Subject: Awarding a Contract for Workers' Compensation Third Party Administrator Services to Intercare Holdings Insurance Services, Inc.

ISSUE

Awarding a Contract for Workers' Compensation Third Party Administrator Services to Intercare Holdings Insurance Services, Inc.

RECOMMENDED ACTION

Adopt Resolution No. 15-06-____, Awarding a Contract for Workers' Compensation Third Party Administrator Services to Intercare Holdings Insurance Services, Inc.

FISCAL IMPACT

Budgeted:	Yes	Year 1, FY16:	\$ 375,000.00
Budget Source:	Operating	Year 2, FY17:	\$ 433,086.00
Funding Source:	Local	Year 3, FY18:	\$ 445,778.00
Cost Cntr/GL Acct(s):	CC 47, GL 630008	Year 4, FY19:	\$ 458,852.00
Total Budget:	\$2,185,034.00	Year 5, FY20	\$ 472,318.00

DISCUSSION

RT is self-insured for Workers' Compensation and, pursuant to the California Labor Code, must have a Certified Claims Administrator to administer its Workers' Compensation claims. Its current contract with York Services Group, Inc. expires on June 30, 2015. On January 26, 2015, the Board authorized staff to release a request for proposals for Workers' Compensation Third Party Administrator services. The RFP called for a 5-year contract.

The RFP was released on February 2, 2015. RT received 8 responsive proposals on March 10, 2015, from: Athens Administrators, Inc. (Athens); CorVel; Hazelrigg Claims Management Services (Hazelrigg); Intercare Holdings Insurance Services, Inc. (Intercare); Keenan & Associates (Keenan); LWP Claims Solutions, Inc. (LWP); TriStar Risk Management (TriStar); and York Risk Services Group, Inc. (York).

The qualifying criteria in the RFP included the Proposer's understanding of the project, staffing and experience, project work plan, and competitiveness of price. The Selection Committee scored the written proposals and invited the firms in the competitive range to oral presentations. Oral presentations were held on April 17, 2015 with Athens, Intercare and York. After oral presentations, the selection committee determined that Intercare and York remained in the competitive range and began contract negotiation with both firms.

Approved:

Presented:

Final 06/02/15

General Manager/CEO

Chief Counsel

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During contract negotiations staff determined that Intercare is the most qualified firm to provide Workers' Compensation Third Party Administrator (TPA) services. While both firms presented strengths, Intercare was selected as the stronger TPA for the following reasons:

1. It is a small local, privately owned company that is customer focused.
2. It has excellent transit experience with a client base that includes: San Francisco Municipal Transportation Agency, Orange County Transit Authority, San Luis Obispo Regional Transit Authority, South County Area Transit, and Humboldt Transit Authority.
3. It has a strong Interconnect Program - the Claims Adjuster will come on site to meet with the injured worker to discuss their benefits, settlement documents, and address questions/concerns the injured worker may have about their claim. (Benefits are that this removes fear and confusion; faster claim disposition; reduces litigation).
4. It has a robust Special Investigations Unit (SIU) program to investigate potential fraud; performed in-house; 37 convictions over the last 5 years.
5. It employs many excellent tools to control managed care costs:
 - a. Utilization Review (UR) savings – the Claims Adjuster can authorize many at no cost. Additionally, they will periodically analyze requests to identify patterns for acceptance and convert that to the adjuster's authorized list. This could save 80-90% in this area.
 - b. A Claims Adjuster reviews all bills for accuracy and ensures attachment to correct the claims file.
 - c. Prescription drug program savings.
6. In-house Information Technology staff. Reports will be delivered within two hours of request.
7. It is less expensive than incumbent over 5 year period.
8. Managed Care staff (i.e., UR, bill review, telephonic Nurse Case Managers) are in-house which provide the Claims Adjusters with immediate and valuable resources.
9. It has a heavy emphasis on partnership and team-based approach.
10. It employs aggressive litigation management in which the adjuster will handle most issues and/or retain control of the claims file thus reducing litigation costs.

The challenge for the Selection Committee was to select the firm that promised a high caliber team of experienced staff that will concentrate on closing claims as a priority and will ultimately reduce RT's claims costs. When comparing the annual fee plus the claims fees for Managed Care, bill review and utilization review, Intercare overall has competitive pricing that should result in lower overall costs for RT over the next 5 years. For a 5-year term contract, pricing from the eight proposals range from \$1,509,115 to \$2,526,204. The independent cost estimate for the 5-year contract is \$2M to \$2.5M based on historical information and adjusted for cost of living and inflation. Intercare's price of \$2,185,034 has been deemed fair and reasonable and falls within the established budget.

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The RFP included a 10% point preference to Proposers meeting the Small Business Enterprises (SBE) participation goal and a 10% point preference to Proposers meeting the Local Business Preference (LBE) goal set for this Contract. LWP, the single SBE Proposer, did not receive enough technical merit points to receive the 10% point preference. Six of the Proposers are LBE's; however, TriStar and York did not properly fill out the SBE/LBE Participation Form and were not eligible for the 10% LBE point preference. Intercare, based in Rocklin, California, filled out the SBE/LBE Participation Form correctly and received the 10% LBE point preference.

Staff recommends the Board award a Contract for Workers' Compensation Third Party Administrator services to Intercare Holdings Insurance Services, Inc. for a 5-year term, in an amount not to exceed \$2,185,034.00.

RESOLUTION NO. 15-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 8, 2015

AWARDING A CONTRACT FOR WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR SERVICES TO INTERCARE HOLDINGS INSURANCE SERVICES, INC.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Contract between Sacramento Regional Transit District, therein referred to as "RT," and Intercare Holdings Insurance Services, Inc., therein referred to as "Consultant," whereby Consultant agrees to provide Workers' Compensation Third Party Administrator services, as specified, for an amount not to exceed \$2,185,034.00 for a 5-year term, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Contract.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary