



## **AGENDA MEMORANDUM**

Action Item for the City Council Meeting June 24, 2025

**DATE:** June 24, 2025

**TO:** Peter Zaroni, City Manager

**FROM:** Sergio Villasana, Director of Finance  
[SergioV2@cctexas.com](mailto:SergioV2@cctexas.com)  
361-826-3169

Miles Risley, City Attorney  
[MilesR@cctexas.com](mailto:MilesR@cctexas.com)  
361-826-3739

**Motion authorizing execution of a three-year professional services agreement, with two one-year options, with CAS-Claims Administrative Services, Inc., dba Claims Administrative Services, of Tyler, Texas, in an amount up to \$675,000.00, with a potential up to \$1,125,000.00 if options are exercised, for workers' compensation claims third party administrator services, with FY 2026 funding of \$225,000.00 from the Risk Fund, subject to approval of the annual budget.**

### **CAPTION:**

Motion authorizing execution of a three-year professional services agreement, with two one-year options, with CAS-Claims Administrative Services, Inc., dba Claims Administrative Services, of Tyler, Texas, in an amount up to \$675,000.00, with a potential up to \$1,125,000.00 if options are exercised, for workers' compensation claims third party administrator services, with FY 2026 funding of \$225,000.00 from the Risk Fund, subject to approval of the annual budget.

### **SUMMARY:**

The motion authorizes a three-year agreement with the potential of two option year renewals with Claims Administrative Services, for workers' compensation third party claims adjusting services, and Injury Management Organization (IMO) for medical cost containment and pharmacy benefit services. The City is currently paying \$19,201 monthly or \$230,411 this fiscal year in a month to month contract with TRISTAR expiring September 30, 2025.

Municipalities in the state of Texas are required to provide workers' compensation insurance to its employees. The City of Corpus Christi, although self-insured, contracts out workers' compensation claims adjusting, claims information, medical cost containment and pharmaceutical benefits services and process all workers'

compensation indemnity and medical claims filed by city employees in accordance to strict Texas Department of Insurance statutory requirements.

The committee selected interview finalists after reviewing and scoring the technical segment, which included several criteria including value-added services. On May 20, and 21, 2025, interviews were conducted with the top four scoring proposers. After the interview process was completed, the Procurement Department incorporated technical and interview scores as well as pricing analysis. Based on these three scoring factors, staff is recommending Claims Administrative Services as the worker's compensation claims third-party administrator.

### **BACKGROUND AND FINDINGS:**

The City of Corpus Christi employs approximately 4,100 people and is self-insured up to \$1,000,000 per employee for injuries that City employees suffer on the job.

Since the City of Corpus Christi is self-insured, the City therefore contracts the following workers' compensation TPA claims adjusting services which include the following:

- Workers' Compensation Claim
  - Provide claims adjusting for medical and indemnity claims for claims submitted by employees who are injured on the job
- Claims Management Information System
  - Customized claims system to provide the City of Corpus Christi with a full array of claims reports
- Medical Cost Containment Provider Program
  - Includes a full array of services required by state law including, medical bill review, peer reviews, pre-authorization, required medical examination, designated doctor exam coordination, independent medical examinations as well as life care plan review services
  - Access to 504 Health Care Network
- Pharmaceutical Benefits Program Manager
  - Handles dispensing of medication under workers' compensation Texas Department of Insurance Division of Workers' Compensation medical fee guidelines to injured employees
- Banking infrastructure
  - All workers' compensation employee claims including indemnity, medical expenses, and other allocated lost adjustment expenses are disbursed by the third-party administrator from an established City account

### **PROCUREMENT DETAILS:**

On March 24, 2025, the City's Procurement team issued a Request for Proposal for workers' compensation claims third-party administrator services. Six proposals were received and of those five were reviewed, evaluated and scored according to the technical criteria determined by the selection committee consisting of representatives from Risk Management, Human Resources and Legal Department.

Of the five evaluated and scored proposals, the four highest scoring companies were selected and interviewed on May 20 and 21, 2025. Each proposer was scored according to 1.) company's experience 2.) account team experience in public entity worker's compensation TPA industry, 3.) understanding the project scope 4.) pricing both at a flat annual rate program cost and/or a per claim service fee not to exceed annual amount. 5.) Added value within the fee proposed.

### **ALTERNATIVES:**

Currently, Risk Management does not have licensed staff with expertise or experience capable of providing workers' compensation claims adjusting services in accordance with the state requirements nor does the city currently have a claims management information system or medical cost containment provider or health network infrastructure to support an in-house worker's compensation program of this size and complexity.

In lieu of awarding this contract, the City would be required to organically create an inhouse workers' compensation program that would entail incalculable expenses to create qualified claims adjusting staff, develop an in house claims or purchase a workers' compensation claims management information system, create its own banking system, hire qualified medical cost containment experts, create a pharmacy benefits program and manager, and create its own health network of doctors therapist and medical providers to allow the City to provide a comprehensive workers' compensation program compliant with the Texas Department of Insurance requirements. These startup costs are difficult to forecast but it would be reasonable to conclude the startup cost to greatly exceed the flat rate proposed herein.

### **FINANCIAL IMPACT:**

Risk Management budgeted for this expenditure in FY2025-26 Liability/Employee Benefits & Workers' Compensation Fund 5612. The Risk Management fund is an internal operating fund based on cost allocation to each department. Approval of this item is an annual reoccurring expenditure.

### **FUNDING DETAIL:**

Fund: 5612 Liability/Employee Benefits & Workers' Comp  
Organization/Activity: 40510 Worker's Compensation  
Mission Element: 005 Process Claims against City  
Project # (CIP Only): N/A  
Account: 537204 Third Party Admin – W/C

### **RECOMMENDATION:**

Staff recommends approval of this motion as presented to award a service contract to Claims Administrative Services.

### **LIST OF SUPPORTING DOCUMENTS**

Service agreement

Evaluation Matrix