



AGENDA MEMORANDUM

Action Item for the City Council Meeting June 28, 2022

DATE: June 28, 2022
TO: Peter Zanoni, City Manager
FROM: Miles Risley, City Attorney
MilesR@cctexas.com
826-3739

Josh Chronley, Assistant Director of Finance- Procurement
JoshC2@cctexas.com
361-826-3169

Workers' Compensation Third-Party Administrator Services

CAPTION:

Motion authorizing a one-year service agreement with four one-year options with TRISTAR Claims Management Services, Inc., for workers' compensation third party administrator services in an amount not to exceed \$172,077.00 for the initial year, with a potential total amount not to exceed \$924,717.00 if all four options are exercised, subject to future budget appropriation from the Liability/Employee Benefits & Workers' Compensation Fund.

SUMMARY:

The motion authorizes a one-year agreement with the potential of four option year renewals with TRISTAR Claims Management Inc., for workers' compensation third party administrator services that include claims adjusting services as well as medical cost containment services through its partner, Injury Management Organization, (IMO) Inc.

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 the claims adjusting, management information services and medical cost containment services to process all workers' compensation indemnity and medical claims filed by City employees.

The City is in its final year of its 2017 five-year contract expiring September 30, 2022. The

current workers' compensation third-party administrator, Sedgwick, has held this contract the last 23 years through a succession of company/name changes and is expiring on September 30, 2022.

The committee selected interview finalists after reviewing and scoring the technical segment, which included several criteria including case studies of cost savings and value-added services. On May 18, 2022, interviews were conducted with the top three scoring proposers. After the interview process was completed, the technical and interview scores were incorporated, as well as the pricing analysis. Based on these three scoring factors, staff is recommending TRISTAR Claims Management Services as the workers' compensation third-party administrator.

BACKGROUND AND FINDINGS:

The City of Corpus Christi employs over 3,000 people and is self-insured up to \$500,000 per individual for injuries that City employees suffer on the job.

Since the City of Corpus Christi is self-insured up to \$500,000 for each on the job injury, the workers' compensation third-party administrator (TPA) provides the following services on behalf of the City of Corpus Christi:

- Workers' Compensation Claims
 - TPAs provide claims adjusting for medical and indemnity claims for claims submitted by employees who are injured on the job.
- Claims Management Information System
 - Customized to provide the City of Corpus Christi with a full array of claims reports.
- Medical Cost Containment Programs
 - 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.
- Pharmaceutical Benefits Program Manager
 - Handles dispensing of medication to injured employees through this program.
- Access to Health Care Network
 - 504 Health Care Network

PROCUREMENT DETAILS:

On March 20, 2022, the City's Procurement team issued a Request for Proposal for workers' compensation third-party administrator services. Five proposals were reviewed, evaluated and scored according to the technical criteria determined by the selection committee which consisted of representatives from the Risk Management/Legal, Human Resources, Neighborhood Services and Parks and Recreation Departments during the month of May 2022.

Of the five proposals submitted, the three highest scoring companies were selected and

interviewed on May 18, 2022. Each proposer was scored according to 1.) company's experience 2.) account team experience in public entity workers' compensation TPA industry 3.) understanding of 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.

ALTERNATIVES:

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

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 personnel claims adjusting, management information claims systems, medical cost containment, pharmaceutical, and health network infrastructure to allow the City to provide these services in accordance to state requirements.

FINANCIAL IMPACT:

Risk Management budgeted for this expenditure in its FY2023 Liability/Employee Benefits & Workers' Compensation Fund 5612. The Liability/Employee Benefits & Workers' Compensation Fund is an internal operating fund based on cost allocations 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 TRISTAR Claims Management Services, Inc.

LIST OF SUPPORTING DOCUMENTS

Service Agreement
Evaluation Matrix