



# City of Rialto

## Legislation Details (With Text)

**File #:** CC-19-605    **Version:** 1    **Name:**

**Type:** Agenda Item    **Status:** Agenda Ready

**File created:** 5/28/2019    **In control:** City Council

**On agenda:** 6/11/2019    **Final action:**

**Title:** Request City Council to Approve Contract Amendment No. 1 (Three-Year Renewal Option) for Third-Party Administration of Workers' Compensation to LWP Claims Solutions, Inc. for an Amount Not to Exceed \$220,644 for FY2019/2020; \$226,160 for FY2020/2021 and \$231,814 for FY2021/2022. (ACTION)

**Sponsors:** Finance Department

**Indexes:**

**Code sections:**

**Attachments:** 1. LWP - 3-year proposal.pdf, 2. Contract Amendment No 1 - City of Rialto2.pdf, 3. Disclosure Form.pdf

| Date      | Ver. | Action By    | Action | Result |
|-----------|------|--------------|--------|--------|
| 6/11/2019 | 1    | City Council |        |        |

For City Council Meeting [June 11, 2019]

**TO:** Honorable Mayor and City Council

**APPROVAL:** Sean Grayson, Interim City Administrator

**FROM:** Cindy Balderas, Human Resources Manager

Request City Council to Approve Contract Amendment No. 1 (Three-Year Renewal Option) for Third-Party Administration of Workers' Compensation to LWP Claims Solutions, Inc. for an Amount Not to Exceed \$220,644 for FY2019/2020; \$226,160 for FY2020/2021 and \$231,814 for FY2021/2022. (ACTION)

### **BACKGROUND:**

The City of Rialto currently manages workers' compensation claims as a Self-Insured agency. The City utilizes a Third Party Administrator (TPA) to administer its workers' compensation claims ensuring efficient and effective claim management. The duties of the TPA include, but are not limited to: claims administration and adjustment within legal deadlines, setting of and monitoring reserves, scheduling of medical appointments, litigation and subrogation recovery services, organizing subrosa, reviewing and determining requests for approval for medical recommendations, bill review and adjustment, updating procedures as the applicable law changes and reporting of Medicare and Medicaid information as directed by Federal regulation.

### **ANALYSIS/DISCUSSION:**

On September 27, 2016 City Council awarded a three-year contract to LWP Claims Solutions, Inc. (LWP), with a three-year renewal option subject to satisfactory performance.

LWP has worked diligently in managing the city's worker's compensation claims. Below is a chart

showing the history of claims that have been processed and closed over the past three-years.

|        | Opened Claims - First Aid (no lost time) | Opened Claims - Indemnity | Opened Claims - Medical (no lost time) | Closed Claims - First Aid (no lost time) | Closed Claims - Indemnity | Closed Claims - Medical (no lost time) |
|--------|------------------------------------------|---------------------------|----------------------------------------|------------------------------------------|---------------------------|----------------------------------------|
| FY2016 | 1                                        | 48                        | 24                                     | 46                                       | 21                        | 24                                     |
| FY2017 | 14                                       | 34                        | 19                                     | 14                                       | 16                        | 18                                     |
| FY2018 | 10                                       | 33                        | 20                                     | 10                                       | 9                         | 16                                     |

LWP has not proposed any changes in language in the current contract and no increase in pricing for FY2019/2020. The increase for FY2020/2021 and FY2021/2022 is 2.5% per year.

LWP is committed to promptly administering and addressing concerns with all claims and assertively delaying or denying those claims that are without merit, while administering all accepted and future medical claims with a high level of service. Within the prior three years the City and LWP have implemented and developed several new processes to assist in streamlining the workers' compensation regulations for both employees and employer. These include, but are not limited to: assigning a claims examiner who is 100% focused on City of Rialto indemnity claims while another claims examiner focuses on future medical claims ensuring dedicated personnel to the City's injured workers, negotiating an Alternative Dispute Resolution (ADR) program for sworn-employees allowing appointments and reports to be made and delivered in 30 days respectively (usual timeframes can be as long as 6 to 9 months), a 24/7/365 nurse on-call service which allows for employees to call for advice rather than having to visit the Emergency Room or Occupational Health, assigning Nurse Case Managers to claims that are more complicated in nature in order to act as a conduit between all parties, and a general oversight of the City's program to ensure efficiency in all areas.

Staff is recommending approval of Contract Amendment No. 1 for Third Party Administration to LWP Claims Solutions, Inc. for Fiscal Years 2019/2020, 2020/2021 and 2021/2022 in an amount not to exceed \$220,644, \$226,160 and \$231,814 respectively.

#### **ENVIRONMENTAL IMPACT:**

The proposed action does not meet the definition of a project as defined by Section 15378 California Environmental Act (CEQA). A "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or reasonably foreseeable indirect physical change in the environment, and excludes the following:

1. Continuing administrative or maintenance activities, such as purchases for supplies, personnel related action, general policy and procedure making.
2. Organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment.

#### **GENERAL PLAN CONSISTENCY:**

This action plan is consistent with Guiding Principle 3A in the General Plan:

Our City government will lead by example, and will operate in an open, transparent, and responsible manner that meets the needs of the citizens and is a good place to do business.

#### **LEGAL REVIEW:**

The City Attorney has reviewed and approved this staff report and Contract Amendment No. 1.

**FINANCIAL IMPACT:**

Operating Budget Impact

Funding has been proposed in the FY2020 Budget in the Workers' Compensation Fund, Account No. 720-500-2145-2011.

Capital Improvement Budget Impact

There is no capital improvement budget impact.

Licensing

LWP pays a Business License tax at the rate of \$204, as well as Administration and State fees.

**RECOMMENDATION:**

Staff recommends that the City Council Approve Contract Amendment No. 1 (Three-Year Renewal Option) with LWP Claims Solutions, Inc. for Third- Party Administration of Workers' Compensation for an Amount Not to Exceed \$220,644 for FY2019/2020; \$226,160 for FY2020/2021 and \$231,814 for FY2021/2022.