



# City of Rialto

## Legislation Text

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**File #:** 22-730, **Version:** 2

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For City Council Meeting [August 9, 2022]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Shama Curian, Deputy Director of Human Resources

Request City Council to: (1) Approve a Professional Services Agreement in the Amount of \$256,000 Annually with AdminSure, Inc., a California corporation, for a 3-Year Term with 2 Optional 1-Year Extensions; (2) Authorize the City Manager to Execute All Documents.

**(ACTION)**

**BACKGROUND**

California State law requires employers to provide workers' compensation insurance for their employees. The City has been legally self-insured for primary workers' compensation and insured for losses in excess of our self-insured retention through PRISM. In order to administer the self-insured program, the City of Rialto retains the services of a Third-Party Administrator (TPA) to manage the processing of workers' compensation claims and to ensure its workers' compensation program meets the complex administration requirements of the State.

On September 27, 2016, the City Council approved a contract with LWP Claims Solutions to provide the legally required TPA services for the City's Worker's Compensation program. The 3-year contract was approved at costs of \$140,000 for Fiscal Year 2016/2017, \$215,200 for Fiscal Year 2017/2018, and \$220,650 for Fiscal Year 2018/2019.

On June 11, 2019, the City Council approved a 3-Year extension of the contract with LWP Claims Solutions. The 3-year extension was approved at costs of \$220,644 for Fiscal Year 2019/2020, \$226,160 for Fiscal Year 2020/2021, and \$231,814 for Fiscal Year 2021/2022.

With the expiration of the LWP Claims Solutions contract, it was necessary to solicit new proposals for the TPA services.

Recently, the Human Resources and Risk Management Department has been working diligently to enhance and improve its management of the workers' compensation program, with increased emphasis on injury prevention, effective claims management, and productive return-to-work programs. Since the City's TPA is an integral partner in ensuring the success of these efforts, Staff prepared a Request for Proposal ("RFP") for TPA services to determine the best option for securing high-quality claims administration services in alignment with the City's standards and strategic priorities.

**ANALYSIS/DISCUSSION**

On May 3, 2022, the RFP for TPA Worker's Compensation services was issued. The RFP sought proposals for bundled TPA services and specifically included performance expectations and enhancements to ensure improved services than currently being provided. In particular, the RFP called for dedicated claims adjusters fully versed in Labor Code 4850 benefits specific to sworn personnel, advanced claims management techniques, improved software technology, accountability measures, and documented supervisory audits. The solicitation allowed for a contract term up to 3 years with 2-optional 1-year extensions.

In response to the City's RFP, proposals were received from 7 firms:

- AdminSure, Inc.
- AIMS
- CorVel
- Innovative Claims Solutions
- Innovative Claims Strategies\*
- LWP Claims Solutions
- Pegasus

\*Innovative Claims Strategies was determined non-responsive as their proposal did not follow the requirements identified in the RFP.

There were 6 evaluation committee members reviewing the proposals that included 5 City employees and 1 external panelist.

NAME	TITLE	DEPARTMENT/AGENCY
Shama Curian	Deputy Director of HR/RM	HR/RM Department
Betty Mateo	HR/RM Analyst	HR/RM Department
Paul Truffa	Fire Battalion Chief	Fire Department
Jonathan Palmer	Police Sergeant	Police Department
Mike Orona	Acting Superintendent	Maintenance & Facilities Dept.
Karin Wedworth	WC Claims Manager	PRISM Risk Pool

Proposals were reviewed by the Evaluation Committee using the following criteria:

- Qualifications of the company and key personnel
- Firm's customer service philosophy and claims management approach
- Qualifications of claims examiners and key personnel
- Experience working with similar sized government agencies
- Demonstrated ability to work effectively with management, employees, outside organizations, and legal counsel
- Additional value-added services and organizational stability

The Evaluation Committee held interviews with the top 3 ranked firms on (AIMS, AdminSure, and Pegasus) on June 21, 2022.

Based on the review of the proposals and the results of the extensive evaluation process, Staff recommends AdminSure as the most qualified firm as they best demonstrated their ability to deliver

the comprehensive services in each of the program identified areas. Additionally, their references support their extensive experience in managing claims for larger public safety agencies and full-service cities.

AdminSure currently has 77 municipality clients comprised of cities, districts, and 1 county- of which 67 have public safety personnel (police and/or fire). AdminSure's approach emphasizes frequent communication with both the injured worker and City staff which is crucial to the success of the partnership. AdminSure is committed to upholding several important performance standards including appointing a dedicated senior adjuster, conducting quarterly claim file reviews, and scheduling onsite meetings with City staff.

Additionally, AdminSure operates in a paperless environment wherein all mail and other documents received or created are scanned and saved into their computer system to ensure that the City has access to review all claims' information on a real-time basis. The proposed scope of services will maintain transparency and accountability which will enable staff to ensure that claims are being properly managed.

The combination of AdminSure's organizational strength, defined focus on public entities, and seasoned claims adjusters will provide injured workers with highly responsive, customized, fair, and collaborative claims handling.

A copy of the proposed agreement with AdminSure is included as **Attachment 1**, and the conflict disclosure form is included as **Attachment 2**.

### **ENVIRONMENTAL IMPACT**

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(b) of the State CEQA Guidelines, a project does not include organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **GENERAL PLAN CONSISTENCY**

This action 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 recommends approval of this staff report and agreement.

### **FINANCIAL IMPACT**

#### **Operating Budget Impact**

The annual cost of services provided by AdminSure will not exceed \$256,000 annually (escalating at 3% in subsequent years) and compares to the annual cost of \$232,000 with the City's prior consultant. The Fiscal Year 2022-2023 budget appropriated sufficient funds for this contract in Fund 720 - Worker's Compensation Fund in Account No. 720-500-2145-2011.

#### **Capital Improvement Budget Impact**

No impact.

Licensing

The proposed action will require the payment of a business license tax.

**RECOMMENDATION**

Staff recommends that the City Council:

- (1) Approve a Professional Services Agreement in the Amount of \$256,000 Annually with AdminSure, Inc., a California corporation, for a 3-Year Term with 2 Optional 1-Year Extensions;
- (2) Authorize the City Manager to Execute All Documents