



City of Culver City

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Staff Report

File #: 19-381, **Version:** 1

Item #: C-12.

CC -Approval of a Professional Services Agreement with California Claims Management Services for Workers Compensation Third Party Administrator Services

Meeting Date: October 8, 2018

Contact Person/Dept: Rachelle Adkins/Administrative Services

Phone Number: (310) 253-5640

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☐

Public Hearing: ☐

Action Item: ☐

Attachments: ☐

Commission Action Required: Yes ☐ No ☐ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/02/18);

Department Approval: Serena Wright-Black, Assistant City Manager (10/01/18)

RECOMMENDATION

Staff recommends the City Council approve a five-year professional services agreement with California Claims Management Services (CCMS) to provide workers compensation administration services.

BACKGROUND/DISCUSSION

The City is self-insured for its workers compensation program up to \$1 Million per claim. In July 2009, Risk Management staff sent out an informal request for proposals to four full service third-party administrators for professional services in the following three (3) key areas: 1) claims administration 2) medical bill review services and 3) utilization review services. Based on the evaluation of the submitted proposals, California Claims Management Services (CCMS) was selected as the City's Third Party Administrator (TPA). The contract with CCMS was renewed on September 28, 2015 for three years and is due to expire on October 31, 2018.

In light of the upcoming expiration date for the current contract, Staff solicited quotes for claims administration, medical bill review and utilization review services from the following TPA's: CCMS,

Admisure, Keenan & Associates, Tristar and Athens.

Of the five companies that were contacted, responses were received from the following two full service TPAs:

1) *Admisure*

Admisure, formerly Colen & Lee, was the City's TPA for several years prior to July 2007. Admisure cost averages to approximately \$18,422 per year for five years for claims administration. Their services includes one Culver City dedicated Claims Examiner.

Admisure

Description	Price
Claims Administration & Adjusting.	\$17,350 per month for year 1. 3% increase each year thereafter. 1 Dedicated Examiner
Medical Case Management (Field & Telephonic)	At-cost; the City's choice of service provider(s).
Bill Review	\$9 flat fee per bill reviewed/reported; at-cost PPO fees.
Utilization Review	\$85 per decision; physician review @ \$200 per hour billed in 10-minute increments.
Medical Director	No additional cost.
Peer Review/Appeal	No additional cost.
Medicare Section III Mandatory Reporting Requirements	No additional cost.

2) *CCMS*

CCMS has been a City partner for the last nine years. In recognition of that relationship and a desire to continue the business partnership, CCMS is proposing a 17% decrease for claims administration costs at \$19,922 per year.

California Claims Management Services (CCMS)

Description	Price
Claims Administration & Adjusting.	\$19,922.00 per month fixed rate for 5 years with no annual increase. Includes two (2) Senior Claims Examiners
Medical Case Management (Field & Telephonic)	\$90 per hour –CCMS Contract Independent Nurse. External Nurse Case Manager at cost. Assignments made upon City's approval
Bill Review	Per Bill \$9.00 flat fee. No charge for duplicate bills, reconsiderations. PPO fees at cost
Utilization Review	\$85 per UR Determination
Medical Director/Physician Review	\$200 per hour No Additional Cost
Peer Review/Appeal	No Charge
Medicare Section III Mandatory Reporting Requirements	No Charge

Although CCMS' quote is priced slightly higher than Adminsure, staff is recommending that City Council approve a new agreement with CCMS based on their knowledge of Culver City culture and employees, their claims philosophy, and that they provide two (2) Senior Claims Examiners dedicated to Culver City.

Over the past nine years, CCMS has partnered with the City in building a strong team to provide excellent claims administration service to our injured employees. Some of their primary duties include consulting and conferring with Risk Management staff regarding recommended courses of action; setting claim reserves amounts, paying claims-related benefits, monitoring the medical treatment plans for injured employees, acting as a liaison between employees, doctors, attorneys and the City, generating and mailing statutorily required notices to employees.

CCMS has a unit assigned specifically to handle Culver City claims. These claims administrators are certified by the State of California Self Insurance Programs. Although workers compensation claims are regulated by the State, CCMS addresses each claim individually and develops a plan to handle the claim in the most cost effective manner, while still abiding by the rules and regulations set forth by the State and providing employees with good customer service. Many City employees have expressed gratitude with the level of care and attention provided by CCMS. These practices ultimately reduce the City's overall claims costs by eliminating the need for litigation.

Claims History

When CCMS received Culver City's account in November 2009 there were 278 open claims. Over the last nine years CCMS has consistently closed out more claims compared to open claims, maintaining a closing ratio of 112%. The open claims count at the end of fiscal year 17/18 was 192 claims. Additionally, there has been a 43% decrease in litigation. In total, they have settled 294 claims: 67% non-litigated / 33% litigated.

Culver City Municipal Code Bid Requirements

Culver City Municipal Code § 3.07.065 provides an exception to the formal bid requirements for professional services, provided the contract is based upon competitive quotations, whenever

practical, as determined by the City Manager. In this case, staff obtained competitive quotes, as noted above.

FISCAL ANALYSIS

The annual contract cost for claims administration is \$239,064. This amount would be fixed for five years; however, it is not inclusive of other per cost services. There are sufficient funds budgeted in 30922200.619800 for FY 18/19. Funding for future years will be requested during the normal budget cycle.

ATTACHMENTS

N/A

MOTION

That the City Council:

- 1) Approve a five-year professional services agreement with California Claims Management Services for workers compensation administration services; and
- 2) Authorize the City Attorney to review/prepare the necessary documents; and
- 3) Authorize the City Manager to execute such documents on behalf of the City.