



City of Morgan Hill

Legislation Text

File #: 15-496, Version: 1

CITY COUNCIL STAFF REPORT **MEETING DATE: SEPTEMBER 2, 2015**

PREPARED BY: Michelle Katsuyoshi, Human Resources Manager/Administrative Services
APPROVED BY: City Manager

CONTINUANCE AND THIRD AMENDMENT TO AGREEMENT WITH INNOVATIVE CLAIM SOLUTIONS, INC. TO PROVIDE THIRD PARTY CLAIMS ADMINISTRATION FOR WORKERS' COMPENSATION

RECOMMENDATION(S)

Adopt Resolution authorizing the City Manager to execute and subsequently administer a Continuance and Third Amendment to Agreement with Innovative Claim Solutions, Inc to provide third party claims administration for workers' compensation in an amount not to exceed \$169,912 in the aggregate.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Maintaining fiscal responsibility
Fostering a positive organizational culture

REPORT NARRATIVE:

Innovative Claim Solutions, Inc (ICS) has been providing third party claims administration for workers' compensation to the City since July 2011 and during the last four years of the contract, ICS has administered several lengthy and complex workers' compensation case settlements that resulted in City Council review and approval. ICS has expended significant resources and continues to educate and inform Human Resources, department Workers' Compensation liaisons, and City Attorney staff on the particulars of numerous other cases, the general aspects of workers' compensation administration, and case law.

Due to an increase in the City's overall number of open indemnity claims, ICS is asking for a 3% increase for FY 2015/2016 which would bring the annual fee to \$37,039. This equates to a \$1,079 annual increase. Staff believes that the City is receiving substantial value for a third party administrator contract at this dollar level and recommends that Council approve the attached Continuance and Third Amendment to Agreement increasing the contract amount to \$37,039.

Additionally, staff recommends issuing a Request for Proposals (RFP) in early spring of 2016 to allow staff time to make a recommendation to Council for the third party workers' compensation administrator prior to the expiration of the ICS agreement in June 2016. The RFP will review criteria such as: the ability to provide the necessary scope of services, professional experience, customer service, and overall cost to the City.

COMMUNITY ENGAGEMENT: **Not Applicable**

ALTERNATIVE ACTIONS:

Council could choose not to authorize the City Manager to approve the contract with ICS and issue an RFP immediately, which would result in the City not having a third party claims administrator for workers' compensation until the RFP is completed.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

On June 22, 2011, Council authorized the City Manager to sign a two-year professional services agreement with ICS for third party claims administration for workers' compensation. The agreement was for services rendered from July 1, 2011 through June 30, 2013 for an amount not to exceed \$62,000.

On June 19, 2013, Council authorized the City Manager to sign a First Amendment to the Consultant Agreement with ICS for the period of July 1, 2013 through June 30, 2014 for a maximum amount of \$34,913.

On July 2, 2014, Council authorized the City Manager to sign a Second Amendment to the Consultant Agreement with ICS for the period of July 1, 2014 through June 30, 2015 for a maximum amount of \$35,960.

FISCAL AND RESOURCE IMPACT:

The maximum amount of the third amendment is \$37,039 annually for FY 2015/2016. These funds have been included in the Workers' Compensation budget for FY 2015/2016.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

Continuance and Third Amendment to Agreement: Innovative Claim Solutions, Inc
Resolution