

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

37444

Agenda Number

50.

Meeting Date:

November 6, 2014

Department:

Purchasing

Subject

Authorize award, negotiation, and execution of a 12-month service contract with JI SPECIALTY SERVICES, INC., or one of the other qualified offerors to RFP No. TVN0042, to administer the City's Workers Compensation Program in an amount not to exceed \$1,602,082, with five 12-month extension options not to exceed \$1,624,610, \$1,649,269, \$1,689,641, \$1,722,809 and \$1,758,043 respectively, for a total contract amount not to exceed \$10,046,454.

Amount and Source of Funding

Funding in the amount of \$934,548 is available in the Fiscal Year 2014-2015 Operating Budget of the Workers Compensation Fund. Funding for the remaining five months of the original contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Best evaluated proposal received.

Prior Council
Action:



For More
Information:

Terry Nicholson, Sr. Buyer Specialist, 512-974-2995

Boards and
Commission
Action:



Related Items:

MBE / WBE:

This contract will be awarded in compliance with City Code Chapter 2-9C (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Additional Backup Information

This contract will provide third party administrator (TPA) and utilization review and ancillary (URA) services for the City's Worker's Compensation Program. Proposers had the opportunity to propose on both TPA and URA services separately or together. Staff is recommending JI Specialty Services for both services.

The City is self-insured for worker's compensation, and contracts with a third party administrator to ensure that injured employees receive income benefits, and that all reasonable and necessary medical expenses as required by law are paid on behalf of the injured worker.

The TPA is charged with ensuring the City's compliance with the provisions of the Texas Worker's Compensation Act. Failure to comply with the Act could subject the City to fines and penalties. The TPA represents the City at the Division of Worker's Compensation as our representative for all required information and claim services including at benefit review conferences and contested case hearings. The term of this contract will be March 1, 2015 to February 28, 2016.

The TPA is responsible for the investigation of claims, determination of compensability, and the payment of benefits for all workers' compensation claims. The TPA also provides medical management and cost containment services, legal services, and technical information and data for the program. Cost containment includes utilization of established disability guidelines, medical case management, peer reviews, pre authorization, and review and auditing of medical & hospital bills.

The recommended firm has over a decade of local presence and a large base of clients located in Texas, and very experienced with Texas rules and regulations. The claims and medical management claims system platform is state-of-the-art and easy to navigate. They have also received high tier ratings on the last 3 Division of Workers' Compensation Performance Based Oversight Audits.

This request allows for the development of an agreement with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

MBE/WBE solicited: 1/1

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. 96 notices were sent including one MBE and one WBE. Four proposals were received with no response from the MBE or WBE.
- c. The pricing offered represents a 9% increase to the last contract awarded in January of 2010.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal. JI Specialty Services, Inc. is the current provider of these services.
- b. The Purchasing Office concurs with the Risk Management Department's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.

