

## AGENDA



Thursday, July 23, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 87**

**Subject:** Authorize award, negotiation, and execution of a 12-month requirements service contract with AON GLOBAL RISK CONSULTING, Irvine, CA, for the workers' compensation third party administrator, claims management audit services for the City of Austin in an estimated amount not to exceed \$64,000, with three 12-month extension options in estimated amounts not to exceed \$64,000 for the first extension option, and \$65,500 for the second and third extension options, for a total estimated contract amount not to exceed \$259,000.

**Amount and Source of Funding:** Funding in the amount of \$64,000 will be included in the 2009-2010 proposed Operating Budget of the Human Resources Department. Funding for the extension options is contingent upon available funding in future budgets.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Malinda Horitski, Buyer II, 974-2651.

**Purchasing Language:** Best evaluated proposal of four proposals received.

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

This contract is for Workers' Compensation Third Party Administrator Claims Management Audit services which will provide for on-site audits of the Third Party Administrator who is under contract to provide statutorily required Workers' Compensation benefits to City employees.

The purpose of the audit is to ensure compliance with all Texas laws and administrative rules associated with the management of the City's Workers' Compensation claims, as well as, compliance with contractually established standards for claims handling practices and the utilization of nationally recognized medical treatment guidelines. Additionally, the audit will verify customer service performance, the proper medical management of claims, and the prompt review and payment of medical bills to providers.

In order to maintain the integrity of the Workers' Compensation program, an audit is anticipated to be conducted on an annual basis.

The evaluation panel consisted of professional and managerial staff from the Human Resources Department, Risk Management Division, experts in the industry. Staff recommends this vendor as submitting the best proposal, based on evaluation criteria including reasonable rates, experience, and knowledge.

MBE/WBE solicited: 4/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Eighty-three notices were sent, including four MBEs. There are no known WBEs available for this service. Four proposals were received, with no response from the MBEs.

#### APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. AON Global Risk Consulting is the current provider of these services.
- b. The Purchasing Office concurs with the Risk Management Division's recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.