

AGENDA



Thursday, November 5, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 33**

Subject: Authorize award, negotiation, and execution of a 12-month requirements service contract with JI SPECIALTY SERVICES, INC., Austin, TX, for the administration of the City's Worker's Compensation Program in an estimated amount not to exceed \$1,464,392, with four 12-month extension options in estimated amounts not to exceed \$1,485,376, \$1,540,862, \$1,613,298, and \$1,703,387 respectively, for a total estimated contract amount not to exceed \$7,807,315.

Amount and Source of Funding: Funding in the amount of \$854,229 is available in the Fiscal Year 2009-2010 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.

For More Information: Malinda Horitski, Buyer, 512-974-2651

Purchasing Language: Best evaluated proposal of three 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 will provide third-party administrator (TPA) services for the City's Worker's Compensation Program. The City of Austin is self-insured for worker's compensation and contracts with a TPA 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 fully with the Act could subject the City to fines and penalties. The TPA represents the City at the Division of Worker's Compensation for all required information and claim services included at benefit review conferences and contested case hearings.

The term of this contract is from March 1, 2010 to February 28, 2011, with four 12-month extension options.

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

Several departments were invited to participate on the evaluation team, including representatives from Human Resources, Solid Waste Services, Austin Energy, Police Department, and Fire Department. The evaluation panel recommended JI Specialty Services based on its qualifications, knowledge, and demonstrated experience in claims administration.

JI Specialty Services is an Austin, Texas based firm having provided service to public and private entities since 1985. They are an experienced claims organization currently servicing clients including members of the Texas Council Risk Management Fund, Texas Water Conservation Association Risk Management Fund, Parkland Health and Hospital System, Trinity Mother Frances Health System, and the Texas Association of Counties.

MBE/WBE solicited: 4/2

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Sixty-five notices were sent, including four MBEs and two WBEs. Three proposals were received, with no response from the MBE/WBEs.
- c. The pricing offered represents a 4% increase from the last contract award in January 2006.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. JI Specialty Services, Inc. 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.