



**Purchasing Service Agreement  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 44  
AGENDA DATE: Thu 01/26/2006  
PAGE: 1 of 3**

**SUBJECT:** Authorize negotiation and execution of a 12-month service agreement with JI SPECIALTY SERVICES, INC., Austin, TX for third party administration of the City's Workers' Compensation Program in an amount not to exceed \$1,454,344, with three 12-month extension options in an amount not to exceed \$1,500,313 for the first extension option, \$1,548,118 for the second extension option, and \$1,597,835 for the third extension option, for a total agreement amount not to exceed \$6,100,610.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$848,368 is available in the Fiscal Year 2005-2006 Approved Operating Budget of the Human Resources Department, 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.

**REQUESTING** Purchasing **DIRECTOR'S**  
**DEPARTMENT:**for Human Resources; **AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Rosemary Ledesma, Supervising Senior Buyer/974-2011

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** Best evaluated proposal of five proposals received.

**MBE / WBE:** 10.8% MBE and 2.7% WBE Subcontractor Participation.

---

This contract will provide third party administrator services for the City's Workers' Compensation Program. The City of Austin is self-insured for workers' compensation. The third party administrator (TPA) ensures that injured employees receive weekly compensation and that all reasonable 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 Workers' Compensation Act. Failure to comply fully with the Act could subject the City to fines and penalties.

The TPA is responsible for the investigation of claims, technical information systems, legal services, cost containment of claims, and other related services. Cost containment includes medical case management, peer reviews, pre authorization, and auditing of medical & hospital bills. The TPA represents the City at the Division of Workers' Compensation as the representative for all information and claim services including benefit review conferences and contested case hearings. The term of the contract will be March 1, 2006 to February 28, 2007.

Proposals were evaluated by representatives from Human Resources, Financial Services, Solid Waste Services, and the Health Department. The evaluation panel recommended JI Specialty Services, Inc. as the best proposer, based on their qualifications, knowledge and demonstrated experience in claims administration and extended services, management information system and reports, and proposed cost of services.



**Purchasing Service Agreement  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 44  
AGENDA DATE: Thu 01/26/2006  
PAGE: 2 of 3**

MBE/WBE solicited: 4/2

MBE/WBE bid: 0/0

Prime—JI Specialty Services	\$1,160,567	79.8%
Subcontractors:		
<b><u>MBE</u></b>	<b><u>\$157,069</u></b>	<b><u>10.8%</u></b>
Argus Services Corporation (MB)	\$79,989	5.5%
Dallas, TX		
(94842 Health Care Management)		
Injury Management Organization, Inc. (FH)	\$77,080	5.3%
Plano, TX		
(94842 Health Care Management)		
<b><u>WBE</u></b>	<b><u>\$39,267</u></b>	<b><u>2.7%</u></b>
American Eagle Protective Svcs (FN)	\$39,267	2.7%
Leander, TX		
(99052 Investigative Services)		
<b><u>NON MBE/WBE</u></b>	<b><u>\$97,441</u></b>	<b><u>6.7%</u></b>
Burns Anderson Jury & Brenner	\$71,263	4.9%
Austin, TX		
(96149 Legal Services - Attorney)		
ReviewMed	\$26,178	1.8%
Dallas, TX		
(94842 Health Care Management, Physician Advisory Panel used for pre-authorization)		
Rapid Results Investigation Services	\$0.00	0%
Houston, TX		
(99080 Surveillance Services, Alternate subcontractor currently recertifying with City as an MBE vendor.)		



**Purchasing Service Agreement  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 44  
AGENDA DATE: Thu 01/26/2006  
PAGE: 3 of 3**

**PROPOSAL ANALYSIS**

- a. Adequate competition.
- b. One-hundred thirty notices were sent, including four MBEs and two WBEs. Twenty-eight solicitations were issued, including one MBE and no WBEs. Five proposals were received including no response from the MBE.

**APPROVAL JUSTIFICATION**

- a. Best evaluated proposal received.
- b. The Human Resources Department concurs with the recommended award.
- c. Advertised in the Austin American-Statesman and Internet.