



Recommendation for Action

File #: 20-3514, **Agenda Item #:** 35.

12/3/2020

Posting Language

Authorize negotiation and execution of a multi-term contract with Sedgwick Claims Management Services, Inc., to provide workers' compensation claims administration services, for up to five years for a total contract amount not to exceed \$7,993,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For services required for this solicitation, there were no subcontracting opportunities, therefore, no subcontracting goals were established. However, the recommended contractor identified subcontracting opportunities).

Lead Department

Purchasing Office.

Client Department(s)

Human Resources Department.

Fiscal Note

Funding in the amount of \$890,000 is available in the Fiscal Year 2020-2021 Workers' Compensation Fund. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Purchasing Office issued a Request for Proposals 5800 BCR3023 for these services. The solicitation issued on June 1, 2020 and it closed on July 23, 2020. Of the five offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134311)
<https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134311>.

For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Jim Howard, at 512-974-2031 or Jim.Howard@austintexas.gov <<mailto:Jim.Howard@austintexas.gov>>.

Additional Backup Information:

The contract will provide worker's compensation third party claims administration (TPA) services to the City. The City is self-insured for workers' compensation and contracts with a third-party administrator to ensure that injured employees receive all reasonable and necessary medical expenses and income benefits as required by Texas law.

The contractor for TPA services is charged with ensuring the City's compliance with the provisions of the

Texas Workers' Compensation Act and represents the City at the Division of Workers' Compensation for all required information and claims services. The contractor is responsible for the investigation of worker's compensation claims to determine compensability and the payment of both medical and income benefits in accordance with worker's compensation laws and regulations. Services also include medical management, cost containment, pharmacy benefits management, legal services at Division of Workers' Compensation hearings, and the associated 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 all medical and hospital bills.

This contract will replace the current contract with York Risk Services Group Inc. which expires February 28, 2021. Sedgwick Claims Management Services, Inc. completed the acquisition of York Risk Services Group Inc. in September 2019.

An evaluation team with expertise in this area evaluated the offers and scored Sedgwick Claims Management Services, Inc. as the best to provide these services based on program technical plan, price, business organization, experience and personnel qualifications, local presence, and service-disabled veteran business enterprise.

Failure to approve this contract will result in the absence of a qualified TPA which exposes the City to financial and legal risk and limits the ability of City to adequately respond to claims.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	3 yrs.	\$4,677,100
Optional Extension 1	1 yr.	\$1,637,500
Optional Extension 2	1 yr.	\$1,678,400
TOTAL	5 yrs.	\$7,993,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Health and Environment; Government that Works for All.