A RESOLUTION OF THE CITY COMMISSION OF THE CITY WEST, FLORIDA, AUTHORIZING ACCEPTANCE OF THE PROPOSAL FROM EMPLOYER MUTUAL, INC. (EMI) AMOUNT IN THE \$140,267.00 FOR SERVICES TO BE RENDERED AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR; AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH EMI FOR THE POLICY 2009/2010 FOUR (4) ADDITIONAL POLICY WITH YEARS SUBJECT TO RATIFICATION BY COMMISSION; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City issued RFP #09-011 requesting proposals for "third party claim administration", which was opened on August 25, 2009; and

WHEREAS, the City received eleven responses to the RFP; and WHEREAS, the City Commission desires to award the proposal to the top firm and permit the City Manager or his designee, with the advice and consent of the City Attorney, to negotiate and execute an agreement with the top firm in accordance with that firm's proposal.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the proposal from Employers Mutual, Inc., in the amount of \$140,267.00 to serve as the City's insurance program third party claims administrator for policy year 2009/2010 with four (4) additional policy years is hereby accepted.

Section 2: That the City Manager or his designee, with the advice and consent of the city Attorney, is authorized to negotiate and execute an agreement with Employers Mutual, Inc., in compliance with the RFP and the response thereto, which shall be subject to ratification by the City Commission.

Section 3: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

	Passed and	l adopted by	y the City Commission at a meeting h	held
this	15th	day o	September , 2009.	
	Authentica	ted by the	e presiding officer and Clerk of	the
Commi	ission on _	September 16	, 2009.	
	Filed with	the Clerk	September 16th , 2009.	
			MORGAN MCPHERSON, MAYOR	-

CHERYL SMITH, CITY CLERK



CITY MANAGER'S OFFICE MEMORANDUM

TO:

Jim Scholl, City Manager

FROM:

Mark Z. Finigan, Assistant City Manager

DATE:

September 10, 2009

SUBJECT:

RFP 09-011

City of Key West Insurance Program—Third Party Claims Administration

ACTION STATEMENT:

Request the City Commission award the proposal of Employers Mutual, Inc. (EMI) in an amount of \$140,267 for policy year 2009/2010 for services to be rendered as the City of Key West Insurance Program Third Party Claim's Administrator. Additionally, authorizing the City Manager or designee to negotiate and execute an agreement with EMI for the policy year 2009/2010 with four (4) additional policy years; however City shall maintain the right to terminate the agreement upon each anniversary date without penalty.

BACKGROUND:

On June 2, 2009 the City of Key West engaged Interisk Corporation, an independent insurance consultant, to assist the City in the development of a Request for Proposal (RFP) to receive competitive proposals for the Third Party Administration of the City's Property and Casualty claims(to include Workers Compensation) for the 2009/2010 policy year. The last policy year the City's Third Party Claim's Administration for the Property and Casualty Insurance Program was marketed was 2002/2003. In addition to preparing the RFP, Interisk Corporation was required to evaluate proposals and make a recommendation to the City. A copy of Interisk's evaluation and recommendation, dated September 10, 2009, is attached.

On August 25, 2009, sealed proposals were received and were publicly opened by the City Clerk. Eleven prospective service providers responded to the RFP:

 Alternative Service Concepts, LLC 6010 Cattleridge Drive Suite 103 Sarasota, FL 34232

- Cannon Cohran Management Services, Inc. (CCMSI) 2600 Lake Lucien Drive Suite 225 Maitland, FL 32751
- Corvel Enterprises Comp, Inc.
 210 North University Drive, #501
 Coral Springs, FL 33071
- 4. EMCAS 12466 West Atlantic Blvd. Coral Springs, FL 33071
- 5. Employers Mutual, Inc. (EMI) 700 Central Parkway Stuart, FL 34994
- Gallagher Bassett Services, Inc.
 Pierce Place, 5th Floor
 Itasca, IL 60143
- Intergrated Claim Solutions, Inc. 668 Maitland Avenue Altamonte Springs, FL 32701
- Johns Eastern Company, Inc.
 P.O. Box 110259
 Lakewood Ranch, FL 34211-0004
- Preferred Governmental Claim Solutions, Inc.(PGCS)
 P.O. Box 958456
 Lake Mary, FL 32795-8456
- PMA Management Corp. (PMAMC)
 2701 North Rocky Point Drive
 Suite 250
 Tampa, FL 33607
- York Claims Services, Inc.
 1117 Perimeter Center West
 Atlanta, GA 30338

After full consideration of all factors (to include long term costs savings, references checks with current clients and the recommendation offered by Interisk Corporation) I recommend the selection of Employers Mutual, Inc. (EMI).

FINANCIAL IMPACT:

Selection of EMI over the incumbent, Gallagher Bassett Services, Inc. will result in a higher "Year 1" cost of approximately \$9,000. The projected cost for Year 1 for EMI is \$140,267 and includes a one time claim assumption fee of \$46,600. Gallagher Bassett Services, Inc. proposed fee for year one was \$131,361, however, as the incumbent there would be no claim assumption fee. Assuming the City continued after Year One with EMI there would be an annual savings of approximately \$38,000 -- \$131,361 (Gallagher Bassett Services, Inc.) as opposed to \$93,667 for EMI. Please note this is a relative savings since all TPA providers escalate their annual fees by some COLA factor.

RECOMMENDATION:

Request the City Commission award the proposal of Employers Mutual, Inc. (EMI) in an amount of \$140,267 for policy year 2009/2010 for services rendered as the City of Key West's Third Party Insurance Claims Administrator. Additionally, authorizing the City Manager or designee to negotiate and execute an agreement with EMI for the policy year 2009/2010 with four (4) additional policy years; however City shall maintain the right to terminate the agreement upon each anniversary date without penalty

INTERISK CORPORATION

Consultants

Risk Management Employee Benefits 1111 North Westshore Boulevard Suite 208 Tampa, FL 33607-4711 Phone (813) 287-1040 Facsimile (813) 287-1041

September 10, 2009

Mr. Mark Finigan Assistant City Manager - Administrator City of Key West 525 Angela St. Key West, Florida 33040

Subject: Evaluation of Third Party Claims Administration Services - RFP #09-011

Dear Mark:

The City of Key West's Property and Casualty Insurance program includes various self-insured retentions and deductibles that require the City to engage the services of a third party claims administrator to adjust the claims and portions of the claims that fall within these retentions and deductibles. Gallagher Bassett Services Inc. has provided these services for the City for a number of years. The estimated annual cost of these services is estimated to be approximately \$128,265.

In conjunction with the City's Request for Proposals (RFP) for its 2009/10 Property and Casualty Insurance program a separate RFP (#09-011) was issued seeking competitive proposals for the City's Claims Administration Services. The RFP specified that the successful proposer would be required to adjust the City's Liability, Workers' Compensation and Property clams. The RFP also specified specific services that the successful proposer would be required to provide based on industry standards for claim administration services.

A total of eleven (11) firms submitted proposals in response to the City's RFP. They included:

- Gallagher Bassett Services, Inc.
- Cannon Cochran Management Services
- PMA Management Corp.
- ➤ Alternative Service Concepts
- ➤ York Claim Services
- ➤ Engle Martin & Associates
- > Integrated Claims Solutions
- Corvel Corporation
- > Preferred Governmental Claim Solutions
- ➢ Johns Eastern Company
- > Employers Mutual, Inc.

Engle Martin & Associates' proposal only included the adjusting of the City's Liability claims. Engle Martin submitted no evidence that they have the resources or desire to adjust the City's Workers' Compensation claims. For this reason Engle Martin & Associates was eliminated from further consideration.

Corvel's proposal only included the adjusting of the City's Workers' Compensation claims. Corvel submitted no evidence that they have the resources or desire to adjust the City's Liability claims. For this reason Corvel Corporation was eliminated from further consideration.

Integrated Claims Solutions' primary business is providing claims administration services for Liability claims and only has one Workers' Compensation adjuster with only one Workers' Compensation client. It was also believed that Integrated Claims Solutions lacked the appropriate infrastructure to properly adjust Workers' Compensation claims. Therefore Integrated Claims Solutions was also eliminated from further consideration.

It is believed that the remaining firms that submitted a proposal demonstrated that they have sufficient resources and abilities to provide the services that the City is seeking. The attached schedules reflect the major features of each proposal and are incorporated as part of this report. Each proposal will be discussed under separate caption. Prior to addressing the individual proposals, several issues should be discussed.

The current contract with Gallagher Bassett was issued on what is referred to as a "Life of Contract" basis. The contract obligates Gallagher Bassett to administer claims for a single per claim fee for the life of the claim as long as a contractual relationship exists with the City. If the City were to select a different firm, the City would be required to pay Gallagher additional fees to continue handling the active claims or transfer the active claims to the newly selected administrator. It is believed that if the City were to select a new administrator, it would be in their best interest to transfer all active claims to the new administrator. This would require the City to pay the new administrator additional fees to assume the administration of the existing claims. Such fees are normally expressed in one of three different manors.

- 1) Charge a single one time fee for each claim being assumed based on the type of claim.
- Charge a flat one time fee for assuming all of the City's active claims regardless of the number and type of claim.
- 3) Charge an annual fee based on the number and types of claims still remaining active.

In addition, some firms will charge an initial setup fee for transferring the City's historical claim information to their system. Maintaining the City's historical claim information is critical because the information will be required for subsequent renewals of the City's Property and Casualty Insurance program. The information that will be transferred includes activity notes from the previous administrator which will be critical for future handling of the claims.

Some firms charge an "Administration Fee" designed to cover the costs of administering the program. Some firms include all administration costs in the "Per Claim" fee that they charge.

The State of Florida has established a 'Fee Schedule' that reflects the maximum amount that can be paid to a health care provider for services provided to a Workers' Compensation claimant. Normally health care providers issue their invoices based on their internal pricing structure and claims administrators adjust these fees to coincide with the State's Fee Schedule. Most claims administrators will make a separate charge for each medical bill reduced to this Fee Schedule.

Gallagher Bassett Services, Inc.

Gallagher Bassett is the City's current claims administrator. Gallagher Bassett is one of the largest third party claim administrators in the Country and is believed to have sufficient resources to continue to provide the needs of the City. Gallagher proposed to continue administering the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$96,012 annually. In addition, Gallagher would charge an annual administration fee of \$27,849 and medical bill reduction fees of approximately \$7,500. This results in an annual projected cost for Gallagher Bassett's services of \$131,361 (\$96,012+27,849+7,500).

Cannon Cochran Management Services, Inc (CCMSI).

Little is known about CCMSI with the exception of the information contained in their proposals. It is believed CCMSI has sufficient resources to provide the needs of the City. CCMSI proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$89,510 annually. In addition, CCMSI would charge an initial one time fee of \$7,500 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$122,961 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by CCMSI would amount to approximately \$21,940 annually. This results in a projected first year cost of approximately \$241,911 (\$89,510+\$7,500+\$122,961+\$21,940). Since CCSI's claim assumption fee would be a one time charge, the projected cost for CCMSI's services in subsequent years would be approximately \$111,450.

PMA Management Corp.

While I have limited personal experience with PMA, they have a reputation of being a quality claims administrator. It is believed that PMA has sufficient resources to provide the needs of the City. PMA proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$83,415 annually. In addition, PMA would charge an initial one time fee of \$5,000 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$76,805 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PMA would amount to approximately \$15,976 annually. This results in a projected first year cost of approximately \$181,196 (\$83,415+\$5,000+76,805+\$15,976). Since PMA's claim assumption fee would be a one time charge, the projected cost for PMA's services in subsequent years would be approximately \$99,391.

Alternative Service Concepts (ASC)

ASC began providing claims administration services in Florida approximately 3 years ago when the acquired a company by the name of Unisource Claims Administrator. While I have limited personal experience with ASC, I have considerable experience with Unisource and viewed them as a quality claims administrator. It is understood that ASC retained the employees of Unisource which would lead to the conclusion that ASC remains as a quality claims administrator and has sufficient resources to provide the needs of the City. ASC proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$73,740 annually. In addition, ASC would charge an initial one time fee of \$5,000 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by ASC would amount to approximately \$23,399 annually. This results in a projected first year cost of approximately \$143,239 (\$73,740+\$5,000+\$41,100+\$23,399). Since ASC's claim assumption fee would be a one time charge, the projected cost for PMA's services in subsequent years would be approximately \$97,139 (\$73,740+\$23,399).

York Claim Services, Inc.

While I have limited personal experience with York, they have a reputation of being a quality claims administrator. It is believed that York has sufficient resources to provide the needs of the City. York offered two options for the City to consider. The first option would obligate York to administer the City's claims to conclusion as long as a contractual relationship between the City and York exists. Under this option York would assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees for this option would amount to approximately \$91,297 annually. York would not charge an initial fee for converting the City's historical

claim history to their computer system or an annual administration fee. They would charge the City a fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. This amount was determined based on the number of active claims the City currently has. York would also charge other annual administrative fees of approximately \$15,246. This results in a projected first year cost for this option of approximately \$147,643 (\$91,297+\$41,100+\$15,246). Since York's claim assumption fee only provides services for one year, their claim assumption fee would be based on the number of claims open in subsequent years (post 10/1/09) and can not be determined at this time.

The second option would obligate York to adjust the City's claims until conclusion regardless of the contractual relationship that exists between the City and York. Under this option York would assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees for this option would amount to approximately \$100,402 annually. York would not charge an initial fee for converting the City's historical claim history to their computer system or an annual administration fee. They would charge the City a fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. This amount was determined based on the number of active claims the City currently has. York would also charge other annual administrative fees of approximately \$15,246. This results in a projected first year cost for this option of approximately \$156,748 (\$100,402+\$41,100+\$15,246). Since York's claim assumption fee only provides services for one year, their claim assumption fee would be based on the number of claims open in subsequent years (post 10/1/09) and can not be determined at this time.

Preferred Governmental Claim Solutions (PGCS).

I have had numerous opportunities to evaluate the services provided by PGCS and it is believed they are a quality claims administrator. It is believed that PGCS has sufficient resources to provide the needs of the City. PGCS proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$53,665 annually. PGCS would not charge a fee to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$25,020 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PGCS would amount to approximately \$37,115 annually. This results in a projected first year cost of approximately \$115,800 (\$53,665+\$25,020+\$37,115). Since PGCS's claim assumption fee would be a one time charge, the projected cost for PGCS's services in subsequent years would be approximately \$90,780 (\$53,665+\$37,115).

Johns Eastern Company.

I have had numerous opportunities to evaluate the services provided by Johns Eastern and it is believed they are a quality claims administrator. It is believed that Johns Eastern has sufficient resources to provide the needs of the City. Johns Eastern proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$83,519 annually. Johns Easter would charge a fee of \$15,000 to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$48,575 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PGCS would amount to approximately \$13,579 annually. This results in a projected first year cost of approximately \$160,673

(\$83,519+\$48,575+\$15,000+\$3,500+\$10,079). Since John Eastern's claim assumption fee would be a one time charge, the projected cost for Johns Eastern's services in subsequent years would be approximately \$97,098 (\$83,519+\$3,500+\$10,079).

Employers Mutual, Inc. (EMI).

I have had numerous opportunities to evaluate the services provided by EMI and it is believed they are a quality claims administrator. It is believed that EMI has sufficient resources to provide the needs of the City. EMI proposed to assume the administration of the City's claims for specific fees based on the types

of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$84,350 annually. EMI would not charge a fee to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$46,600 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by EMI would amount to approximately \$9,317 annually. This results in a projected first year cost of approximately \$140,267 (\$84,350+\$46,600+9.317). Since PGCS's claim assumption fee would be a one time charge, the projected cost for EMI's services in subsequent years would be approximately \$93,667 (\$84,350+\$9,317).

Summary and Recommendations

Based on the projected and estimated annual cost for their services, it is believed that the City has more cost effective options to choose from and it is recommended that the following firms be eliminated from further consideration:

- Cannon Cochran Management Services
- PMA Management Corp.
- Alternative Service Concepts
- > York Claim Services
- > Johns Eastern Company

It is also believed that City could receive comparable or improved services being provided by Gallagher Bassett for a lower projected annual cost and therefore it is also being recommended that Arthur J. Gallagher be eliminated from further consideration.

It is believed that the Preferred Governmental Claims Solution (PGCS) and Employers Mutual, Inc. (EMI) offered the most competitive proposals while still providing quality claim services. While EMI's projected annual cost for the first year is approximately \$24,467 higher then the fee proposed by PGCS and their projected fee for subsequent years is approximately \$2,887 higher then PGCS' projected fees, it is believed that quality of EMI's adjusters is slightly better then those of PGCS which will result in lower claim costs that will more then offset the differences in their administration fees. It is therefore recommended that the City of Key West select Employers Mutual, Inc. as their new claims administrator effective October 1, 2009.

I will make myself available to review the above analysis and recommendations with you at your convenience.

Cordially,

INTERISK CORPORATION

SS Willen

Sidney G. Webber CPCU, ARM

CITY OF KEY WEST, FLORIDA EVALUATION OF PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

RFP #09-011

PMA	Life of Contract	Tampa/Rey West	120 – 130	Extensive	Good	Yes	Yes	Yes		Yes	Additional Charge	Yes		res	Yes	Yes	Yes	\$181.196
CCMSI	Life of Contract	Mıramar Lost Time – 130	Med Only – 130 Liability – 134	Moderate	Did not provide sample	A A	res	Yes	VAS		Additional Charge	Yes	Yes	Nav.	103	Yes	Yes	\$241,911
Gallagher Bassett	Miramar	Lost Time – 202 Med Only, 262	Liability – Unknown	Extensive	Yes	Yes		Yes	Yes	Additional Charge	Cital Branch	Yes	Yes	Yes	Voc	153	\$131.361	100,1014
Current Program (Gallagher Bassett) Life of Contract	Miramar	Lost Time – 202 Med Only – 263	Liability - Unknown Extensive	Good	Yes	Yes	VAcc		Yes	Additional Charge	44	res	Yes	Yes	Yes	Yes	\$128,265	
Type of Program	Location of Services	Adjuster	Experience of Adjusters	Quality of Loss Reports	Initial confact with claimant within 24 hours	Recorded statements of claimant	Contact with treating	Narrative Summaries of	major claims	Medical bills reduced to State Fee Schedule	Pursue Subrogation and	Prepare State mandated	reports	Report and pursue Excess claims	Quarterly claim reviews	Monthly loss runs	Projected Annual Cost	Comments

CITY OF KEY WEST, FLORIDA EVALUATION OF PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

RFP #09-011

	Alternative Service	S TA		
True of D	Concepts	rork Claim Solutions	Engle Martin & Assoc.	Integrated Claim Solutions
Type of Frogram	Life of Contract	Life of Contract		SHOULD SH
Location of Services	Sarasota	Tallahassee/Orlando		
Average Case Load of Adjuster	110	Lost Time – 150		
Experience of Adjusters	Extensive	Med Only – 300		*
Quality of Loss Reports	Fair	Unknown		
Initial contact with claimant within 24 hours	Yes	Fair		
Recorded statements of claimant	Yes	Yes		
Contact with treating physician within 24 hours	Yes	Yes		
Narrative Summaries of major claims	Yes	Yes		
Medical bills reduced to State Fee Schedule	Additional Charge	Additional Charge	Non Responsive Unable to	Services the City requires.
Pursue Subrogation and Second Injury Fund claims	Yes	Yes	provide claim administration services for Workers'	Compensation adjuster and
Prepare State mandated reports	Yes	Yes	Compensation Claims	addition. firm does not have
Report and pursue Excess claims	Yes	Yes		properly service the account.
Quarterly claim reviews	Yes	Vec		
Monthly loss runs	Ves	res		
Projected Annual Cost	\$143,239	Life of Contract - \$147,643		
Comments		Services will be fragmented		
	Did not address Loss Control	between Tallahassee. Orlando and New York		
	assumed claims	Proposed Claim Assumption		
		Fee provides services for only		
		l year		

CITY OF KEY WEST, FLORIDA EVALUATION OF PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

RFP #09-011

	EMI Life of Contract	Stuart Lost Time - 125	Med Only – 300	Good	Yes	Yes	Yes		Yes	Additional Charge	Yes	Vec	Yes		Yes	Yes \$140,267
	Johns Eastern Life of Contract	Lost Time – 115	Med Only – 163 Extensive	Good	Yes	Yes	Yes	Δ	res	Additional Charge	Yes	Yes	Yes	Yes	Yes	\$160,673
PGCS	Life of Contract Lake Mary	Lost Time – 130	Extensive	Good	Yes	Yes	Yes	Yes		Additional Charge	Yes	Yes	Yes	Yes	Yes	\$115,800
Corvel					Submitted proposal for	administering only Workers' Compensation Claims.	Proposal deemed to be Non- Responsive. In addition	proposal did not provide	information regarding	assigned to the City's	account. Nor were examples of loss runs provided.					8
Two of Dec	Location of Services Average Case Used at	Adjuster	Experience of Adjusters Quality of Loss Reports	Initial contact with claimant	Within 24 hours Recorded statements of	Contact with treating	physician within 24 hours Narrative Summaries of	major claims	Medical bills reduced to	State Fee Schedule Pursue Subrogation and	Second Injury Fund claims Prepare State mandated	Reports	claims Ouarterly claim reviews	Monthly loss ring	Projected Annual Cost	Comments

City of Key West, Florida Projected Annual Cost of Claims Administration

		Total	157		96.012		3,506	2,098	11.132	7.080					4,404	128,265	
	M/C	Med Only	61	\$ 170	\$ 10.370 \$	+	Ð	\$	€9	69	8	€	69	8	8	မှ	
	M/C	Lost Time Med Only	40	\$ 1,164 \$ 1,232	\$ 1,164 \$ 49,280 \$ 10.370												
	Police	Prof.	-	\$ 1,164	\$ 1,164												
	Auto Phys Errors & Gen. Liab. Gen. Liab.	PD		\$ 555	\$ 1,665										annually)		
	Gen. Liab.	B	11	\$ 1,066	9 13,360 \$ 1,164 \$ 11,726			9						Bill Reduction Fee (Average of 1 601 hills 2000)	piocessed		
Current	Errors &	Dalliage Omissons	- ,0,,	1,104	4 1,164	Loss Hun Heports	ON Line Access	Program Administration	OSS Control Services	Ranking Eggs	opporting	Set I in Each	Ju Lee	Average of 1 604 bills a	Total	Old.	
	Auto Phys	Dallage	6	432	000,51 0	LOSS HU	ONLin	Program A	loss Con	Ranki	Claim	T-tou	Claim Acc	(Average of	T		
	Δη Ο [‡] 1Δ	_	\$ 55E	4	1									duction Fee			
	 Auto BI	3	\$ 1.066	1										Bill Re			
		Claim Count		al Claim Fees													
		Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees													

Comments:

- Proposal did not specify fees for Ancillary Services (Loss Runs, On line Access, Administration, Loss Control Services, Banking, Claim Reporting and Set Up Fees. Used current fees for analysis.
 - 2. Proposed bill reduction fee of 20% of savings. Used estimate of \$7,500 for annual fee.

Projected Annual Cost of Claims Administration City of Key West, Florida

		Total	119		
		Med Only	14	5	6
W/C 1 0st	T COST	ıme	58	1,800	1 944 \$ 104 400
Police	Drof		2	\$ 972	
Gen. Liab.	ב			Α.	\$ 209 \$
Gen. Liab.	m	1,			\$ 7,089
Errors &	Omissons		6	1	\$ 3,888
Auto Phys	Damage	12	l _e	\$ 2000 0 1000	3,752 \$
		2	\$ 200	4	40
	AUTO BI	<u>ო</u>	\$ 417	1 251	1,50
	A Constitution of the Cons	Average Annual Claim Count	Claim Fee	nnual Claim	
	Auto Phys Errors & Gen. Liab. Gen. Liab. Police W/C Lost	Auto PD Damage Omissons BI PD DAME WICE Lost WICE WICE WICE WICE WICE WICE WICE WICE	Auto PD Damage Omissons BI PD Prof. Time	Auto BI Auto PD Damage Omissons BI PD Prof. Time Med Only Total Claim Count 3 2 18 4 17 17 11 2 58 14	Ge Annual Claim Fees Auto BI Auto PD Damage Omissons ated Annual Claim Fees Gen. Liab. Gen. Liab. Gen. Liab. Gen. Liab. Gen. Liab. PD Prof. Prof. Time Med Only Prof. Time Med Only Prof. Time Med Only Prof. Prof. Time Med Only Prof. Prof. Time Med Only Prof. Time Med Only Prof. Prof. Time Med Only Prof. Prof. Prof. Time Med Only Prof.

Comments

- While proposal indicated that Loss Control Services would be provided, CCMSI did not indicate what fee would be charged
 Proposed a fee of \$81 per month until closure for all Public Officials and Police Professional claims that they assume. Annual estimate based on
- 3. Proposed a fee of \$150 per month until closure for all Lost Time W/C claims that they assume. Annual estimate based on claims being open for 12
 - 4. Proposed a Bill Reductin Fee of \$10 per bill

			Total	157		\$ 83.415		ı Đ	· •	· ·	000	۵,000	·	·		000,0	\$ 76,805	\$ 13.976	\$ 181 106
		W/C	Lost Time Med Only	61	\$ 195	\$ 11,895													
		M/C	Lost Time	40	\$ 950	\$ 38,000													
		_	Prof.		\$ 1,295	\$ 1,295					ervice)								
		Auto Phys Errors & Gen. Liab. Gen. Liab.	UT.	3	\$ 495	\$ 1,295 \$ 8,745 \$ 1,485					ices (billed at \$125 per hour and assumed 16 hours of service)				(00			annually)	
		Gen. Liab.		E	08/	\$ 8,745				Ę.	assumed 1				nate of \$5,0	a		processed	
DAAG	YNL	Errors &	1	6	C67,1	4 1,295	Loss Run Reports	On I ing Acces	200000	r i ografin Administration	er hour and	Banking Fees	Claim Bonorting	הבייטון וווון	Set Up Fee (Proposal reflects estimate of \$5,000)	Claim Assumption Fee	11 700 + 4	digit is a (Average of 1,694 bills processed annually)	lotal
				AOF.	9 6	9	Loss Ru	On L	1	riogram A	a at \$125 p	Banki	Claim	Clall .	(Proposal re	Claim Ass	(Average	Caverage 0	
		Auto PD		\$ 495	10					Lings (Dill)	I VICES (DIIIE			7 1 1 1	set up ree		Ariotion Ego		
		Auto BI	3	\$ 795	10	2,000				Lose Control Con	00 10 00						Bill Bed		
			Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees	1				330	200								

			Total	וסומו	0,7	0			
	())/^	Lost Ime Med Only		171		195	6	
	0/74) i	Lost Ime		228	I	26/	0 10 110	
	Dolling		Iol.		2	1	9 1,235	2 500	
99	Auto Phys Errors & Gen. Liab. Gen 1 iah		5			6	060 0		
Projected Claim Assumption Fee	Gen. Liab.	ā		17	/	A GE	•	5,180 \$ 10,115 \$)
ed Claim As	Errors &	Omissons	2110001110	_	+	4 1 205	ı	\$ 5,180	
Projecte	Auto Phys	Auto PD Damage	200	α		395		\$ 7,110 8	
		Auto PD		_		395		\$ 790 \$	
		Auto BI		···	-	262	4	4 1,785	
•			Average Annual Claim Count	וממו	Claim Eag		Estimated Annual Claim East	Tan I	

Comments
1. Proposed a bill reduction fee of \$8.25 per bill

			Altern	otivo Conio	Alfornative Connection						
				אנועם ספו עוכ	Sideolice						
			Auto Phye	Errore 9	Auto Physe Errors 8	1					<u> </u>
	Auto BI	Auto PD		Omissons	Gell. Llab.	Gen. Liab,	_	M/C	M/C		
Average Annual Claim Count	e.			2 2	5	- 1	LIOI.	Lost Ime	Lost I ime Med Only	Total	=
Claim Fee	\$ 57E	6	ŧ	1	1	9	_	40	61		157
Estimated Annual Claim Eace		9 6	420	o l	\$ 575	\$ 450	\$ 575	\$ 950	\$ 140		Τ
ביייים איייים אייים איייים אייים איייים איייים אייים איייים אייים איי	9 1,725	3,150	9	\$ 575	\$ 6,325	\$ 1,350	\$ 575	\$ 38,000	\$ 8.540	\$ 73	73 740
			Loss Ru	Loss Run Reports							
			On Lin	On I ing Access						9	
			8							()	
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			Loss Cont	Loss Control Services						5	T
			Bankir	Banking Fees						9	,
			Č	222						()	,
			Call	Claim Reporting						4	Γ,
		Set Up Fee	Set Up Fee (Proposal reflects estimate of \$5,000)	flects estim	ate of \$5,00	(00				9 6	000
			Claim Assu	Claim Assumption Fee	n						3
	Bill Redu	duction Faa	/Average of	4 604 12:11						\$ 41,	41,100
		00 - 10000	cicii ee (Avelage of 1,094 bills processed annually)	1,094 UIIIS	processed	annually)				\$ 14.	14,399
			_	otal						1/2 220	000
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			V Total	1	119			44.400
	J/W		Med Onl	7		€	' A	¥
	J/W	į į	Lost Time Med Only	C	90	JON	C74 +	700 \$ 24 RED
	Police		<u>.</u>	C	2	250		\$ 700
	Gen. Liab.	מ	בו	-	-	350	200	350
Imption Fee	en. Liab.	ā	5	17		350	I	\$ 5,950
Projected Claim Assumption Fee	Errors & (Omissons	2000	4		320	١	8 1,400 8
Projected	Auto Phys Errors & Gen. Liab. Gen. Liab.	Damage Omissons		8		320		\$ 6,300 \$
		Auto PD	ľ	7	e cro	9 320	000	9 00/
		Auto BI	-	3	010	000	020 +	000,1
			Average Annual Claim Count	וממו	Claim Fee		Festimated Annual Claim Eggs	

Comments

- Provided an annual fee of \$425 for all assumed Lost Time Claims
 Provided an annual fee of \$350 for all assumed Liability Claims
 Proposed a bill reduction fee of \$8.50 per bill

City of Key West, Florida Projected Annual Cost of Claims Administration

	C	100000	PD Prof. Lost Time Med Only Total	3	649	3 1,947 \$ 953 \$ 50,320 \$ 9,150 \$ 91,50	<i>€</i> .	€			ക	c.	6	, A	49	\$ 41,100	inually) \$ 15,246	6
York Claim Coving 1 120 et Co.	on Dalives - Life of Contract	Gen. Liab. Ge	nnual Claim Count 3 7 30 4	\$ 385 ¢ 385 ¢ 050 ¢	3 246 \$ 2 605 \$ 44 550 \$ 250 \$ 453 \$	4 5,030 4 1,030 4 953 \$ 10,483 \$	Loss Hun Reports	On Line Access	Program Administration	Ose Control	SACIA INC. COCC	Sala Line Control Lees	Claim Reporting	Set IIn Fee	Claim Assumation Each	Bill Reduction Fee (Average of 1 604 kills and 1	Total	I Oldi

		Vork Cla	South So	. 10						
		and and	Tork Cialiti Serives - Lile of Claim	Life of Clar	E					
			Auto Phys Errors & Gen. Liab. Gen. Liab.	Gen. Liab.	Gen. Liab.	Police	M/C	W/C		Т
Average Annual Claim Count	Auto BI Auto PD		Damage Omissons	B	PD	Prof.	Lost Time Med Only	Med Only	Total	
Claim Fee	100	200	·	11	- 1	F	40	61	157	Т
Annual Claim Foos	# 503 c	428	\$ 1,059	\$ 1,059	\$ 721	\$ 1,059	_	\$ 150		Т
€	3,000 \$ 2,996	A	\$ 1,059	\$ 11,649	\$ 11,649 \$ 2,163 \$ 1,059 \$ 55,880	\$ 1,059	\$ 55,880	\$ 9,150	\$ 100.402	_
		Loss Ru	Loss Run Reports						1	_
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		Program A	Program Administration	2					۱,	_
		1000	מוניון וופרומווס						, 40	_
		LOSS COL	Loss Corritor Services						,	1
		Banki	Banking Fees							_
		Claim	Claim Reporting						,	_
		- tag	Set I In Fee						۰	-
		Sol Hielo	20.						' 'A	
alia	Bill Doduction Co. (D.	Cialli Ass	Cialini Assumption ree	5)					\$ 41.100	r
	eduction Lee (Day	ree (based on 1,694 bills annually and fee of \$9.00 per bill	bills annual	ly and fee o	f \$9.00 per	III			\$ 15,246	т
			lotal						\$ 156,748	_

		Police W//C)/M	Tol. Lost Time Med Only otal	27.	2 30 41	350 ¢ 405 €	9	700 \$ 24 650 \$
	-			1	•		S. OS.C.	* ^^^	350 \$
Projected Claim Assumption Fee		Auto Phys Errors & Gen. Liab. Gen. Liab.	ā		17		320	l	8 2,950 8
ed Claim Ass		Errors &	Auto PD Damage Omissons		4		320	Г	1,400 \$
Projecte		Auto Phys	Damage		200	6	320	6	\$ 005,0 \$
			Auto PD		2	\$ 02C	000	400	9 00/ 0
			Auto Bl	,	,	OFC A	900	4 050	000,-
				Average Annual Claim Count	1000 11100 000111	Claim Fee		Estimated Annual Claim Fees	

Comments

- Proposal did not address available loss control services
 Proposal indicates that no Data Conversion Fee will apply unless unforeseen problems exist with data provided by current TPA
 Proposal indicates that Claim Assumption Fee will be an annual charge based on number and types of claims currently open.
 Proposed a bill reduction fee of \$9.00 per bill

City of Key West, Florida Projected Annual Cost of Claims Administration

			Only Total	61 157																0	Unly Total	14 119	
		W/C	Lost Ime Med Only	40																W/C	Lost Time Med Only	58	
		W/C	Lost III	7																W/C	Lost Tim		
			Fror.											-						Police	Prof.	2	
		Errors & Gen. Liab. Gen. Liab.		9		(a)K	2	1										ee		Errors & Gen. Liab. Gen. Liab.	7		
Seconiator	lasociates	Gen. Liab RI						E		Y	1	2 DV	1	2	1			Maim Assumption Fee		Gen. Liab.	ِ آ	-	
Engle Martin & Associates		_	_			Loss Run Reports	On Line Access	Program Administration	Loss Control Services	Banking Fees	Claim Reporting	1	49	8		0	2	-		Errors &	2000	4	
Engl	0	Auto Phys Damage	30			Loss Ru	On Lin	Program A	Loss Con	Banki	Claim	Set	Claim Assumption	Bill Reduction			ľ	L'Arted			9	2	
		Auto PD	7																7	Auto		1	
		Auto BI	3																	Auto BI	8		
			Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees																Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees

City of Key West, Florida Projected Annual Cost of Claims Administration

		W/C	Tota	157														M/C	Med Only Total	14 119		
		W/C	Lost Time Med Only	7														M/C	Lost Time	58		
			Prof.																Prof.	2		
		Gen. Liab. Gen. Liab.	J	9								9					96	Gen. Liab. Gen. Liab.	PD	-		
	Solutions	Gen. Liab					uc	S	K						20	T month	Pasariipiion ree	Gen. Liab.	יו ס	-		
aratod Olain	megrated Ciaim Solutions	Errors &	1		Loss Run Renorts	On Line Access	Program Administration	Loss Control Services	Banking Fees	Claim Reporting	Set Up Fee	a La Jamin	1			A P	2	Errors &	STIPSOULS	†		
Jotel		Auto Phys Damage	30		Loss Ri	On Lin	Program A	Loss Con	Bank	Claim	Set	Claim Assumpt	Bill Reduxt	P						2		1
		Auto PD	\perp															Autor				
		Auto BI	3															Auto BI	3			
			Average Annual Claim Count Claim Fee	Estimated Annual Claim Fees															Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees	

City of Key West, Florida Projected Annual Cost of Claims Administration

		Total																	Total	119		
	M/C	Lost Time Med Only																W/C	Med Only	14		
	W/C	Lost Time																M/C	Lost Time	58		
		L TOI.																Police	Prof.	2		
	Gen. Liab. Gen. Liab.	3			K		1	8								e		Gen. Liab.	2			
	Gen. Liab. RI					20	8	1	1			D D				Claim Assumption Fee		Gen. Liab. Gen. Liab.	1			
Corve	Errors & Omissons			Loss Run Reports	On Line Access	Program Administration	Loss Control Services	Banking Fees	Claim Reporting	Set Up Fee	~	10	Total	0		Clarim Ass	•	Errors &	2000	Ŧ		
	Auto Phys Damage	30		Loss Ri	On Lin	Program A	Loss Con	Banki	Claim	Set 1	Claim Assumption	Bill Reduction/		(1	Projecte	~			,		
	Auto PD	7																AutoPA	Ø.		1	
	Auto BI	8																Auto BI	3			
		Average Annual Claim Count Claim Fee	Estimated Annual Claim Fees																Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees	

		W/C W/C	Lost Time Med Only Total	40 61 157	650 \$ 165	\$ 26,000 \$ 10.065 \$ 53 665		, p	φ	\$ 30,000		A	φ.	49	€5	\$ 25,020	1	\$ 7,115	\$ 115,800
		Police	Prof.		\$ 650 \$	\$ 650													
	intions	Auto Phys Errors & Gen. Liab. Gen. Liab.		•	p.	\$ 750											Manna	A manual	
م سندال او	al Ciaim So	Gen. Liab		6		\$ 4,950				5	ູດ					e	Drocessed		
Overnment		Auto Phys Errors & Damade Omissons		A GEO	•	000	Loss Hun Reports	On Line Access	Program Administration	Tallillistiati	LOSS CONTROL Services	Banking Fees	Claim Reporting	Sot I In Each	200	Cialin Assumption Fee	r 1,694 bills	Total	
Preferred Governmental Claim Salution		441	30	\$	4	9	LOSS HI	On Lir	Program /	1000	LUSS CON	Bank	Claim	Cot	100	Ciairn Ass	citori ree (Average of 1,694 bills processed annually)	-	
		Auto PD	7	\$ 250	· G	•										diotion Foo	ancilou Lee		
		Auto BI	3	\$ 450	\$ 1350											Bill Bodin	90 110		
			Average Annual Claim Count	Claim Fee	Estimated Annual Claim Fees														

_		
	Total	າ 36 equal
	Police W/C W/C Prof. Lost Time Med Only	a flat fee of \$25,020 to assume all existing claims. City will be able to pay assumption fee in 36 equal monthly installments of \$695.
	W/C Lost Time	to pay assu
	Police Prof.	vill be able 395.
9	Auto Phys Errors & Gen. Liab. Gen. Liab. Police Damage Omissons BI PD Prof.	e all existing claims. City will be monthly installments of \$695.
Projected Claim Assumption Fee	Gen. Liab. Bl	ill existing cl onthly instal
d Claim As	Errors & Omissons	o assume a
Projecte	Auto PD Damage Omissons	of \$25,020 t
	Auto PD	d a flat ree (
	Auto Bl	esodola
	im Count	aim Fees
	Annual Claim	e d Annual C
	Average	Claim Fee Estimated

Comments 1. Proposed a bill reduciton fee of \$1.40 per line with a 3 line minimum

Toto	119 119		\$ 48,575
W/C	14	,	·
W/C Lost Time	_	\$ 600	\$ 34,800
Police Prof.	2		000
Gen. Liab. PD	100	C27	C22 A
Gen. Liab. Bl	4 305	\$ 5.525	2000
Errors & Omissons	\$ 425	\$ 1.700	
Auto Phys Damage	\$ 225	\$ 4,050	
Auto PD	\$ 225	\$ 450	
Auto BI	\$ 325	\$ 975	
Claim Count		lal Claim Fees	
Average Annua	Claim Fee	Estimated Ann	
	Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time Med Chair	ge Annual Claim Count Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time Med Only Total Fee \$ 325 \$ 225 \$ 225 \$ 4	ge Annual Claim Count Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time W/C W/C Fee \$ 325 \$ 225 \$ 425

Comments

- Loss Control Services will be provided at a cost of \$95.00 per hour
 Proposed a bill reduciton fee of \$5.95 per bill

	b. Gen. Liab. Police W/C W/C	PD Prof. Lost Time Med Only Total	6, 700 # 40 40	\$ 700 \$ 950 \$ 150	9	. \$	5	€	€	€	- 9	\$	\$	46,600	d dilliddily) 8 9,317	\$ 140,267
Employers Mutual	Gen. Liab. Ger	Inual Claim Count 3 7 30 11150115 BI	\$ 650 \$ 650 \$ 650 \$ 700 \$ 700 \$	\$ 700 \$ 7,700 \$ 2	Loss Run Reports	On Line Aggess	Data Conversion	Program Administration	Loss Control Services	Banking Fees	Claim Reporting	Set Up Fee	Claim Assumption Fee	Bill Reduction Fee (Average of 1.694 hills processed and the proce	Total	

			Total	-0181	017	500			10000	40,000	
	1870)/M	Mad Only	VICE CITY	V.F	+	400	3	\$ 1 400	1,100	
	J/W) }	Lost Time		a L		U		\$ 27.550		
			Prof.		2		\$ 400		800		
	Gen. Liab	0	٦ 5	,	_	6	400	400	400		
	Gen. Liab.	ō		7	-	400	400	A 000	00000		
	Errors &	Omissons	21000110	_		\$ T		- CO	2,000		
	Auto Phys	Damage		_		350		•			
(a		Auto PD	ľ	N	6	320	1001	3			
		AUTO BI	-	2	900	9	4	÷			
			Annual		Jaim Fee		Vnnu				
		Auto Phys Errors & Gen. Liab. Gen. Liab	Auto BI Auto PD Damage Omissons BI Auto PD Damage Omissons BI	Auto Bl Auto PD Damage Omissons Bl PD Prof. Lost Time Med Only.	Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time M	Auto Bl Auto PD Damage Omissons Bl PD Prof. Lost Time Med Only Total	Auto BI Auto PD Damage Omissons Gen. Liab. Gen. Liab. Gen. Liab. Prof. Lost Time W/C W/C nual Claim Count 3 2 18 4 17 1 2 58 14	Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time M/C W/C nual Claim Count \$ 350 \$ 350 \$ 350 \$ 350 \$ 40	Auto Bi Auto PD Errors & Gen. Liab. Gen. Liab. Police W/C W/C Fee 3 2 18 4 17 1 2 58 14 ted Annual Claim Fees \$ 1,050 \$ 700 \$ 6300 \$ 1600 \$ 400 \$ 400 \$ 475 \$ 100	Auto BI Auto PD Damage Omissons BI PD Prof. Lost Time W/C W/C nual Claim Count \$ 350 \$ 350 \$ 350 \$ 400	Auto BI Auto PD Damage Omissons BI PD Prof. Liab Police W/C W/C W/C nual Claim Count 3 2 18 4 17 1 2 58 14 Annual Claim Fees \$ 1,050 \$ 5,300 \$ 1,600 \$ 6,800 \$ 400

Comments 1. Proposed a bill reduciton fee of \$5.50 per bill or \$1.50 per line with no minimum

Interoffice Memorandum

To:

Sandy Barroso, Risk Manager

CC:

Mark Finigan, Assistant City Manager

Sue Snider, Purchasing

From:

Cheri Smith, City Clerk

Date:

August 25, 2009

Subject:

THIRD PARTY CLAIM ADMINISTRATION

RFP 09-011

Attached for your review are copies of the proposals opened Tuesday, August 25, 2009 at 3:30 p.m. in response to the above referenced project.

- Alternative Service Concepts, LLC 6010 Cattleridge Drive Suite 103 Sarasota, FL 34232
- Cannon Cohran Management Services, Inc. (CCMSI)
 2600 Lake Lucien Drive
 Suite 225
 Maitland, FL 32751
- Corvel Enterprises Comp, Inc.
 210 North University Drive, #501
 Coral Springs, FL 33071
- EMCAS
 12466 West Atlantic Blvd.
 Coral Springs, FL 33071
- Employers Mutual, Inc. (EMI)
 700 Central Parkway
 Stuart, FL 34994
- Gallagher Bassett Services, Inc.
 Pierce Place, 5th Floor
 Itasca, IL 60143

Interoffice Memorandum

To:

Sandy Barroso, Risk Manager

CC:

Mark Finigan, Assistant City Manager

Sue Snider, Purchasing

From:

Cheri Smith, City Clerk

Date:

August 25, 2009

Subject:

THIRD PARTY CLAIM ADMINISTRATION

RFP 09-011

 Intergrated Claim Solutions, Inc. 668 Maitland Avenue Altamonte Springs, FL 32701

- Johns Eastern Company, Inc.
 P.O. Box 110259
 Lakewood Ranch, FL 34211-0004
- Preferred Governmental Claim Solutions, Inc.(PGCS)
 P.O. Box 958456
 Lake Mary, FL 32795-8456
- PMA Management Corp. (PMAMC)
 2701 North Rocky Point Drive
 Suite 250
 Tampa, FL 33607
- York Claims Services, Inc.
 1117 Perimeter Center West Atlanta, GA 30338

CS/amb