

CITY OF HOUSTON - CITY COUNCIL

Meeting Date:
ALL

Item Creation Date: 9/8/2015

T25102 - Workers' Compensation Third Party Administration and Related Services -ORDINANCE

Agenda Item#:

Background:

Subject: S66-T25102 - Approve an ordinance awarding a contract to TRISTAR Risk Management, Inc., for a total amount not to exceed \$26,040,719.00 for Self-Insured Worker's Compensation Third Party Administration and related services for Human Resources Department.

The Director of the Human Resources (HR) Department and the City Purchasing Agent recommend that City Council approve an ordinance authorizing an award of a contract for a five years term, beginning December 1, 2015, with the option to extend for two additional 2-year terms to TRISTAR Risk Management, Inc., for a total amount not to exceed \$26,040,719.00 for Self-insured Worker's Compensation Third Party Administration and Related Services. The HR Director may terminate this contract at any time upon 60-days notice to the contractor.

The scope of work requires the Contractor to provide all services reasonably anticipated in the handling of workers' compensation claims from a third-party-administration standpoint and the furnishing of the related service activities to support and complement the risk management function. Such related services shall include, but may not be limited to:

- Compliance with all Texas Department of Insurance (TDI) Texas Workers' Compensation Division on claims handling requirements
- Medical bill auditing for facility and non-facility charges
- Association with a preferred provider network
- Vocational medical case management
- Medical exam coordination
- Managed care services
 - Prescription Benefit Management
 - Cost Containment Services
 - Utilization review
- Investigative Services

- Accident Prevention/Loss control (safety consultation)

The Request for Proposal (RFP) No. S66-T25102 was advertised in accordance with the requirements of the State of Texas bid laws. Eighty-seven prospective proposers downloaded the solicitation document from SPD's e-bidding website and as a result, proposals were received from AS&G Claims Administration, Broadspire TPA Services, Church & Co, CCMSI Inc., Corvel Inc., Johnston & Associates, Sedgewick, TRISTAR Risk Management and York.

The proposals were based on the following criteria:

- Responsiveness: Conformance to RFP requirements necessary to perform evaluation.
- Technical Competence
 - Qualifications and expertise of the firm as evidenced by other projects of similar scope and magnitude described in this RFP.
 - Qualifications and expertise of the key personnel proposed as evidenced by prior relevant experience in similar roles.
 - Quality of proposed strategy and operational plan.
 - Financial Strength of Proposer
 - MWBE Participation
- Reasonableness of Price Proposal

The evaluation committee was comprised of four evaluators from the HR Department, one evaluator from Police and one non-voting advisory evaluator from Legal. HR also contracted with Marsh Risk Consulting. Marsh was engaged to review the overall process and participated in the evaluation and selection process including vendor interviews. Marsh endorsed the evaluation process and provided an unbiased and objective evaluation of the proposers.

TRISTAR Risk Management was deemed the best respondent.

TRISTAR manages claims for more than 350 alternatively funded entities in both the private and public insurance segments. Within that customer base are thousands of individual insureds who are covered through various insurance carrier and program administrator engagements in which TRISTAR functions as the insurer's outsourced claims department. The following summarization validates the selection of TRISTAR:

- Generated highly favorable rankings as providing the most and best menu of services
- Size, resource depth and capacity to continue servicing a client the size of Houston
- Demonstrated experience in managing workers' compensation costs for organizations comparable in size and demographics to the City.

- Outcomes based, results oriented, with performance guarantees and measurement systems for continuous program improvement.
- Customized sub-program expertise for inventory (prior claims) control.
- Best value for pricing and services provided.

Pay or Play Program

The proposed contract requires compliance with the City's Pay or Play ordinance regarding health benefits for employees of City contractors. In this case, the contractor provides benefits for each covered employee which is in compliance with City policy.


MWBE Contract Goal

TRISTAR has selected Injury Management Organization, Inc. (IMO) to provide managed care services. The MWBE participation for the contractor is in the estimated amount of \$6,120,000, which is 24% of the total contract value. IMO is currently certified with the Office of Business Opportunity to function in the aforementioned capacity.

Hire Houston First

The proposed contract requires compliance with the City's Hire Houston First ordinance that promotes economic opportunity for Houston businesses while supporting job creation. In this case, the proposed contractor does not meet the requirements.

<u>Department</u>	<u>FY16</u>	<u>Out Years</u>	<u>Total</u>
Human Resources	\$1,206,827.00	\$24,833,892.00	\$26,040,719.00



Calvin D. Wells, City Purchasing Agent
Finance / Strategic Procurement Division

Department Approval Authority Signature

Amount of Funding:

\$26,040,719.00 – Workers Compensation Fund (1011)

Contact Information:

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- Helaine Rumaner – Assistant Director, Safety, HR (832) 393-6185
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- Shannon Pleasant – Sr. Procurement Specialist, SPD (832) 393-8741

ATTACHMENTS:

<u>Description</u>	<u>Type</u>
<u>MWBE Intent to Award Document</u>	Signed Cover sheet
<u>Fair Campaign Ordinance - Form A</u>	Signed Cover sheet
<u>Fair Campaign Ordinance - Form B</u>	Signed Cover sheet
<u>Delinquent Tax Report</u>	Signed Cover sheet
<u>Play or Pay</u>	Signed Cover sheet
<u>COI- Endorsements</u>	Signed Cover sheet
<u>TRISTAR - City of Houston Contract</u>	Signed Cover sheet
<u>Award Recommendation</u>	Signed Cover sheet
<u>Ordinance</u>	Signed Cover sheet