



ST. CHARLES  
SINCE 1834

## AGENDA ITEM EXECUTIVE SUMMARY

Title:	Proposal from CCMSI in the amount of \$23,539 for third party administration services for workers' compensation services for fiscal year 2012/2013.
Presenter:	Lynn Creedon

*Please check appropriate box:*

X	Government Operations – 6/4/12	Government Services
	Planning & Development	City Council – 6/18/2012
	Public Hearing	

Estimated Cost:	\$23,539	Budgeted:	YES	X	NO	
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If NO, please explain how item will be funded:

**Executive Summary:**

The City issued an RFP in 2008 for workers' compensation third party administration services. CCMSI was selected as the vendor, with both the lowest price and best service. Their proposed service fees have decreased over the past four years, from \$32,100 in 2008/09, to \$30,150 in 2009/10, to \$28,225 in 2010/2011, to \$27,775 in 2011/2012. This year's proposal reflects another decrease of \$4,236 to \$23,539. These savings are the result of our collaborative efforts to reduce the number and costs of workers' compensation claims. Between 2007/08 and 2010/11 our total claims decreased from 95 to 55, and our total costs incurred decreased from \$1,776,831.80 to \$323,151.75. So far this contract year (July 1, 2011 – April 30, 2012) our claims total 34 and total incurred is \$367,593.65. The next RFP for workers' compensation administration services is scheduled for next year. Once again, we would like to select CCMSI as the City's vendor for this fiscal year.

**Attachments:** *(please list)*

Fee Proposal Effective July 1, 2012 – June 30, 2013

**Recommendation / Suggested Action** *(briefly explain):*

Staff recommends the expenditure of \$23,539 to CCMSI for third party administration services for workers' compensation for fiscal year 2012/13 be approved as presented.

<i>For office use only:</i>	<i>Agenda Item Number:</i> 4a
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## Fee Proposal for City of St. Charles

**Effective July 1, 2012 – June 30, 2013**

**Minimum Claims Administration/Loss Control Fee ..... \$18,539**

CCMSI will manage newly reported Workers Compensation claims for the life of this Agreement for a per claim fee as follows:

Workers' Compensation Indemnity.....\$824/ Per Claim up to 11 claims  
Workers' Compensation Medical Only.....\$144/ Per Claim up to 25 claims  
Incident Only (Report Only).....\$ 35/ Per Claim up to 25 claims

Claims will be analyzed by the number of claims as well as the type of claim on an on-going basis and priced on a per claim fee as outlined above. Any additional charges over the minimum claim volume will be billed at the expiration of the policy term and quarterly thereafter.

***The flat rate unit prices quoted includes:***

- Prompt and courteous customer service
- Timely investigation and determination of compensability in accordance with CCMSI Best Practices
- Strict adherence to state workers compensation statutes and regulations, attendance at hearings, as required.
- Preparation for and compliance with and response to regulatory audits
- Timely payment of all legitimate claims
- Fraud detection and prevention
- Litigation Management

*Note: These prices do not include those costs typically identified and expense as allocated loss expenses. Please see the attached roster that details those typical allocated loss expense items. (ex. Field investigation & adjusting)*

**Loss Control Services .....Included**

CCMSI will provide 5 days – 40 hours of loss control service. The Client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices.

Any additional services are available for rate of \$1000 per day plus expenses or priced per project.

**Annual Administration Fee ..... \$5,000**

***Annual Account Management Fee includes:***

- Designated Account Manager
- Client Specific Service Instructions
- Preparation and participation in Quarterly claims reviews
- Monthly loss runs and loss fund activities reports
- Filing of all required state forms including state mandated assessments
- Reporting to excess/fronting carrier
- Computer set-up, training and client specific special analysis codes

**RMIS Fee .....Included**

Allows for three-user access. Additional user access would be \$250 per person.

**GRAND TOTAL.....\$23,539**

**MANAGED CARE**

**Provider Bill Re-pricing**

<b>Service</b>	<b>Fee</b>
Fee schedule re-pricing	Flat Fee \$9.00 per bill
Usual and Customary re-pricing	Flat Fee \$9.00 per bill

**PPO Re-pricing**

Bills with additional PPO discount opportunities below the Fee Schedule will be billed at 30% of savings.

**Pharmacy Network Services**

Pharmacy Network services are priced at 33% of savings.

**Field Case Management**

CCMSI does not offer proprietary field case management or vocational rehabilitation services. These are available from third party providers at market price and the cost of these services would be captured as an allocated loss expense to the referral file.

<b>MMSEA Section 111 Reporting</b>	<b>\$25 Per Hit</b>
<p>CCMSI in conjunction with our reporting agent will comply with MMSEA Section 111 Reporting on behalf of City of St. Charles for a charge of \$25.00 per hit.</p> <ul style="list-style-type: none"> <li>• All injury claims will be submitted to CMS for Medicare eligibility</li> <li>• CCMSI along with our reporting agent will report all claims meeting the reporting guidelines as set forth by CMS.</li> </ul>	

**SPECIAL SYSTEM REPORTS**

CCMSI will provide special reports, (reports not currently programmed or written) for a fee of \$125 per hour for system programming time. CCMSI will provide an estimate of charges before any work will be done.