

To: Administration & Finance Committee

Date: 3/27/2025

From: Kristina Martinez, Director of Human Resources

Reviewed by: *Ref*

SUBJECT: Workers' Compensation Claims Administration Services Contract Award

Background:

The Central Contra Costa Transit Authority (County Connection) is currently a member of the Local Agency Workers' Compensation Excess joint powers authority (LAWCX) for the purpose of obtaining excess workers' compensation coverage. Under this arrangement, County Connection currently maintains a self-insured retention of \$250,000 and excess coverage with statutory limits. County Connection has been self-insured since 1988 and has been a member of LAWCX since 2001.

As reported to the Administration & Finance Committee at its December 2024 meeting, staff had been discussing the plan to issue a Request for Proposals (RFP) for workers' compensation claims administration services, as a matter of best practice. County Connection's current program is currently administered by CorVel Corporation under a Third-Party Administrator (TPA) contract. This contract was entered into in 2006 with Hazelrigg Risk Management Services, which was later acquired by CorVel Corporation.

On December 9, 2024, County Connection issued a formal RFP for the administration of our self-insured workers' compensation program. The RFP solicited proposals from vendors who demonstrated an effective claims management process with a strong customer service focus, consistency, solid reporting capabilities, effective technological capabilities, proactive management of employee/claimant absences, and competitive rates and fees. Responses were due January 17, 2025.

RFP Evaluation:

County Connection received two qualified and timely proposals from the following vendors:

1. CorVel Corporation (CorVel)
2. Innovative Claim Solution, Inc. (ICS)

The proposals were reviewed by staff based on the following criteria as outlined in the RFP:

Selection Criteria	Weight
Responsiveness of the proposal	10%
Company background, experience, financial stability, and references	20%

Experience of key personnel and staffing	20%
Approach to providing Scope of Work	30%
Reasonableness of costs	20%
Total	100%

Following review of the above categories, ICS was deemed to be the most qualified to provide workers' compensation claims administration services that best meets our needs, at a cost that is fair and reasonable. Staff also utilized this opportunity to propose additional questions and clarifications and contact references, assessing the proficiency, reliability, and customer service of key staff.

Financial Implications:

Both vendors presented cost proposals that included an annual flat fee to administer 45 open indemnity claims (County Connection currently has 38 open indemnity claims), plus certain additional costs from outside providers, which is standard practice in the industry.

The ICS cost proposal includes an annual fee in year one of \$85,250 (with an annual escalator), plus a one-time conversion fee of \$15,000, which totals \$280,750 over a three-year contract. Total actual costs will be dependent on varying caseload factors including the number of injuries, injury types, etc.

Recommendation:

Staff recommends awarding a contract for workers' compensation claims administration services to ICS for a period of three (3) years, with two one-year option terms that may be exercised at the discretion of County Connection.

The current contact with CorVel Corporation is set to expire on July 31, 2025, and has a provision for cancellation by either party with a 30-day notice. Final authority to enter into an agreement with ICS will be requested at the April Board of Directors meeting allowing sufficient runway to transition to the new TPA.

Action Requested:

Staff requests that the A&F Committee forward this recommendation to the Board of Directors for approval to authorize the General Manager to enter into an agreement with ICS for workers' compensation claims administration services.

Attachments:

None.