

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

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TO: Mitsi Corcoran, Chief Financial Officer
FROM: Lynn Peterson, Risk Manager
DATE: April 19, 2016
SUBJECT: Agreement for Workers' Compensation Claims Services

BACKGROUND

The current agreement with AmTrust (formally Comp Options) for workers' compensation claims administration services will reach the end of the three (3) year contract term on June 30, 2016. The expiring agreement was the result of the School District entering into direct negotiations with Comp Options using the Sarasota County Government Request for Proposal (RFP) for workers' compensation third party administration issued in June 2012.

NEW CONTRACT

In February 2016, Sarasota County School Board reached out to seven (7) Claims Administration Service Companies (Johns Eastern, Commercial Risk, USIS, York, Corvel, ACS and AmTrust (current administrator)) and requested each to provide contracts from a recently awarded RFP for workers' compensation claims administration services similar to our current program, along with competitive pricing. Six vendors responded and only five had contracts from recently awarded RFP's. After reviewing all the contracts and pricing, three vendors (Johns Eastern, Commercial Risk and USIS) appeared most competitive. Each of the three companies presented for interviews and provided demos of their claims systems. Johns Eastern, our current Liability Claims Administrator, was the most competitive overall.

The School Board entered into direct negotiations with Johns Eastern using the Sarasota County Government's 2015 RFP contract. The contract was edited slightly for terminology and policy custom to the School Board of Sarasota County, as well as the pricing. The agreement, effective July 1, 2016, will be a fixed fee for a period of three (3) years. The contract may be renewed for up to two (2) additional one (1) year periods. Renewal terms will increase by 3%.

Contract Period	Annual Fee
7/01/2016 - 6/30/2017	\$325,000
7/01/2017 - 6/30/2018	\$325,000
7/01/2018 - 6/30/2019	\$325,000

Renewal Period	Annual Fee
7/01/2019 - 6/30/2020	\$334,750
7/01/2020 - 6/30/2021	\$344,793

The previous contract with AmTrust included an administrative fee plus a one-time fee for each medical claim assigned to the Nurse Case Manager. The new contract with Johns Eastern includes the Nurse Case Manager fee within the administrative fee.

The basic services of the contract are similar to those provided under the expiring agreement. The District will continue to have a dedicated Adjuster and Nurse Case Manager, as well as, telephonic and online claims reporting. In addition, Johns Eastern's claim system reporting capabilities surpasses the current Administrator's system as it will allow the District the ability to independently generate and produce a wide array of reports.

Johns Eastern has also agreed to amend the current agreement for Liability Third Party Claims Administration by extending the current contract one additional year through 6/30/2019 and reducing the general liability per claim fees to match the auto liability per claim fee. This is an 11.1% reduction from current fees.

RECOMMENDATION

I recommend that the District enter into the new service agreement with Johns Eastern for Workers' Compensation Claims Administration. Johns Eastern has provided excellent service on the Liability Administration Program and I feel they will do the same for the Workers' Compensation Program.

If you have any questions, please let me know.

Attachments

**School Board of Sarasota County
Analysis of TPA Programs**

	USIS Flat Fee with Nurse	Commercial Risk Flat Fee with Nurse	Johns Eastern Flat Fee With Nurse JE Network	Incumbent AmTrust Flat Fee with Nurse per Medical Claim
Based on an average number of claims: 49 LT, 314 MO, 295 RO:				
Flat Fee Year One(2016-2017)	199,250	225,000	325,000	218,000
New LT Claims*	included	included	included	included
New MO Claims*	included	included	included	included
New Report Only Claims*	included	included	included	included
Data Conversion Cost	2,000	4,500	included	included
Tail Claims Takeover Cost** - one time fee (based on57 LT,92 MO)	included	included	included	included
On Line Access	included	included	included	included
Administration Fee	included	included	included	included
Systems & Data Processing	included	included	included	included
First Notice Reporting	included	included	included	included
Bill Review Flat Fee	55,325	included	included	included
Bill Review per bill	n/a	n/a	n/a	included
Network Access Percentage of Savings	n/a	n/a	n/a	included
Subrogation/SDF Recovery Fees	0	none	none	included
Nurse Case Management per claim	n/a	n/a	n/a	Year One \$300.50/claim or approx \$109,082
**Dedicated Nurse Case Manager	123,500	105,633	included	n/a
Document Import to Imaging one time	included	included	included	n/a
***Estimated Bill Review Based on 5401	n/a	n/a	n/a	n/a
Estimated Cost 2016-2017	380,075	335,133	325,000	327,082
Estimated Cost 2017-2018	380,075	335,133	325,000	336,078
Estimated Cost 2018-2019	380,075	335,133	325,000	341,986
Allocated Expenses:				
CMS Transmission Fee	included	1,089	included	included
Index Fee (per claim)	included	included	included	included
1099 preparation	included	included	included	included
Field Case Management per hour	87	80	88	n/a
Telephonic Nurse Case Management	included	78	included	included

Additional Expenses:				
Claims Data Transmission per time	included	included	included	included
Carrier Data Transmission per time	included	included	included	included
Reports produced by TPA	included	included	included	included
Customized Programming per hour	included	included	200	included
Banking Set Up and Use	included	included	included	n/a
Additional Items:				
Performance Guarantee	Yes	Yes	Yes	Yes
Loss Control Services	\$75 per hour	6 Visits per year	125 per hour	unknown
Percentage of Clients Self Insured	89%	100%	65%	unknown
Claims Audit by State	no penalties	No penalties	no penalties	no penalties
RFP contract available	Orange County Schools Volusia County Schools	Pinellas Suncoast Transit Authority	Manatee County Schools Sarasota County	Current Administrator
*New claims are charged by ASC as follows: \$910 LT, \$150 MO, \$40 RO				
**JE Nurse per claim \$300				
**Commercial Risk Nurse per claim \$291				
***JE charges \$5.95 per bill for bill review				
***Commercial Risk charges \$8 per bill for bill review.				
Year 2 and 3 Rate increase	None	None	None	Flat fee increase 3.2% year two and 2.2% year three; Case Mgmt Fee increase 1.8% year two and .81% year three