

Date: November 8, 2016

To: Diane Palmer-Boeck, Director of Procurement and Project Management

From: Shante' Akafia, Director of Human Resources/Risk Management *sa*

Subj: Award Recommendation – 2016-0346-C Third Party Claims Administrator

Recommendation:

The Risk Management Division recommends awarding the 2016-0346-C Third Party Claims Administrator contract to Alternative Service Concepts, LLC. Representatives from Fire, Police, Accounting and Risk Management served on a committee to evaluate responses and choose the successful vendor to provide third party claims administration for our workers' compensation, liability and property damage claims. The contract term is one year with five yearly renewal options.

Third Party Claims Administration is a vital part of Risk Management. It allows us to effectively and efficiently handle City employee claims and Citizen third party claims. This is not a new program or initiative; the City has had a third party claim administrator for many years.

The committee evaluated six proposals based on the following criteria: Capability and Capacity to Perform Work (30%), Qualifications (15%), Proposed Project Schedule (15%) and Price (40%). When all scoring was complete and all circumstances considered, Alternative Service Concepts, LLC was determined by the committee to be the best vendor for the City of Plano.

Contract Expenditure:

Estimated expenses for the Third Party Claim Administration contract is \$348,000 for the first year. The contract term is a maximum of six years - year one plus five annual renewals, at the City's discretion.

Action Requested:

Funding is available in the Risk Management Division budget for this service. We request this item move forward to Council for approval.

Justification:

Third party claims administration is critical to ensure that all risk management related claims made against the City are properly investigated and adjusted. In addition, a third party claims administrator has access to a comprehensive claims management software system. State of Texas mandates, particularly in workers' compensation cases, must be met to ensure the City does not face substantial fines; therefore, these services are very important to the City of Plano.

Non-Approval Implication:

Not approving this contract request will leave staff with insufficient methods and manpower to properly manage claims presented to the City of Plano. In instances of record keeping errors and poor benefit administration, the State of Texas issues penalties as high as \$25,000 per day per occurrence. A third party administrator handles all requirements for processing claims, thus protecting the City from potential penalties.
