



## Legislation Text

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**File #:** 13-1306, **Version:** 4

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Human Resources Department, Risk Management Division, recommending the Board approve and authorize the Chair to sign Amendment III to Agreement 264-S1411 with York Risk Services Group, Inc., to provide workers' compensation claims third-party administration services including administration, investigation, adjustment, utilization review, bill review, and case management, to:

- 1) Extend the term of the agreement by one (1) year through October 31, 2018;
- 2) Increase the total not to exceed amount by \$285,201.84 for a new total not to exceed amount of \$1,407,129.64; and
- 3) Revise the scope of services to temporarily increase the pre-funding of the Trust Fund in an amount up to \$450,000 during the brief black out period (estimated at no more than 30 days) that will occur when the County transitions from its current financial system to a new system.

**FUNDING:** Workers' Compensation Internal Service Fund.

### **DEPARTMENT RECOMMENDATION**

Human Resources Department, Risk Management Division, recommending the Board approve and authorize the Chair to sign Amendment III to Agreement 264-S1411 with York Risk Services Group, Inc., to provide workers' compensation claims third-party administration services including administration, investigation, adjustment, utilization review, bill review, and case management, to:

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### **DISCUSSION / BACKGROUND**

York Risk Services Group, Inc., formerly Gregory A. Bragg and Associates has been the County's third party administrator (TPA) for workers' compensation claims since 1999.

On November 5, 2013, the Board approved Agreement 264-S1411 with York Risk Services Group (formerly Gregory A. Bragg and Associates) for the provision of workers' compensation administration services. Subsequently, on September 16, 2014, the Board approved Amendment I to revise the Trust Fund terms of the Agreement; and thereafter on October 25, 2016, approved Amendment II to include revisions to the Scope of Services, specifically clarifying investigation services.

Amendment III extends the term by one (1) year, and increases the total not to exceed amount of the agreement for the remainder of the term. Additionally, Amendment III includes an additional language in the "Trust Fund" section of Article I to address a one-time funding need during the transition from the County's current financial system to the new system (FENIX):

*"As a result of the County's transition from its current financial system to a new system, the County's regular weekly schedule for replenishment of the Trust Fund will be interrupted for a brief "black out" period estimated*

*to be thirty (30) days immediately preceding the "Go Live" date of the change over to the new financial system. The County will provide written notice of the specific dates of the black out period to Contractor as soon as feasible. In order to make funds available during the black out period, the County will temporarily allow the balance in the Trust Fund to exceed the maximum amount specified herein and will fund the Trust Fund in an amount up to \$450,000.00 on the last regularly scheduled replenishment date prior to the black out period. This amount is expected to fund payments during the black out period, and provide for full funding of the account. At the end of the black out period, funds over \$200,000.00 will be restored pursuant to the Board of Supervisors approved maximum. Following the "Go Live" date, no further replenishment of the trust fund will occur until the balance falls below the Board approved maximum amount."*

Procurement and Contracts issued a Request for Proposals (RFP) for these services in 2012. Risk Management staff reviewed the proposals and determined that the County's interests would be best served by renegotiating and restructuring our contract with York rather than awarding to a new vendor. Risk staff worked closely with York to write a strategic plan.

Risk Management is requesting this contract extension while they conduct an actuarial analysis to determine the reasonableness of the current level of the self-insured retention and the corresponding program change to accommodate a potential decrease in the retention; which could determine whether or not York would continue to remain the County's TPA. Risk Management is also preparing to issue a new RFP in the fall of 2017. The service level requested through that RFP will be determined, in part, by the results of the actuarial analysis.

#### **ALTERNATIVES**

N/A

#### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

#### **CAO RECOMMENDATION**

It is recommended that the Board approve this item.

#### **FINANCIAL IMPACT**

There is no change in Net County Cost. Funding for the Agreement is included in the Risk Management Workers' Compensation Program budget, and will be included in future year budgets as necessary.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Following Board approval, the Board Clerk will return one (1) fully executed original of the Amendment to Procurement and Contracts for distribution and administration.

#### **STRATEGIC PLAN COMPONENT**

Good Governance

#### **CONTACT**

Marco Sandoval, Risk Manager