



City of Hollywood, FL

RFP-4522-16-RD

**Third Party Claims Administration Services for
Workers' Compensation and Liability Claims**

***Summary and Evaluation of Responses
September 26, 2016***

RFP Response Overview:

The City of Hollywood received responses for its RFP-4522-16-RD, Third Party Claims Administration (TPA) Services for Workers' Compensation and Liability Claims, from five (5) proposers. The respondents included the incumbent provider, Employers Mutual, Inc. dba Ascension Benefits & Insurance Solutions; CorVel Enterprise Comp, Inc.; North American Risk Services; PMA Management Corporation; and York Risk Services Group, Inc.

There are currently no industry standards nor guidelines that pertain to the measuring or evaluation of TPA's. The services provided by TPA's are so personalized between client's services that there are very few comparables that can be accurately delineated from written responses. TPA services are delegated by their clients as per their contracts and although each TPA may provide an extensive list of their service capabilities, in practice they will perform expressly in the capacity in which their clients have authorized. In addition, TPA administrative services fees and add-on service costs can vary widely, making it extremely difficult to analyze and compare them on a side-by-side basis. TPA fee comparison has been described as ***"...going to the grocery store and looking at the fruit stall to compare the price between apples, oranges, peaches and pears,"***. Unfortunately, far too many organizations make their TPA selections based on price. But, as with any service provider, the cost of services should not be the deciding factor. Instead, the focus should be on how the TPA works with its clients, its range of services/capabilities, its performance record and its experience working with other organizations within the same industry. So, how do we begin to determine which TPA is the *right* TPA? We begin with the most important factors.

A. What Matters Most.

Price is often given the greatest weighting, not because it is the most important factor, but because it is the easiest item to quantify and compare, especially in the public sector, where greatest preference is usually shown to the low bidder. While there are many reasons why a TPA can be chosen based on cost, there aren't usually many good reasons. In most cases TPA fees are a small part of the overall claims dollars that can be affected by the TPA. For example, if a TPA charges \$1,000 per claim for a City that averages 10 claims per year, they will pay \$10,000 annually. If the TPA's adjuster fails to appropriately challenge a surgical procedure that should not be causally related to work, the organization could pay \$50,000 for a medical procedure that it wasn't responsible for. If another TPA charges \$1,500 per claim but they have adjusters who would have handled the claim properly, then the organization would have paid \$5,000 in additional TPA fees but would have saved \$50,000 in unnecessary medical costs.

While it is difficult to quantify the *right* TPA, there are a few factors that we examine in order to provide an indication of which TPA might best fit the City of Hollywood. We focus on following comparative criteria. When taken as a whole, it can a good indication of a TPA's capabilities and whether they would be a good fit.

B. Quality Comparison Criteria.

- Experience with similar organizations
- Experience and support of assigned claims adjusting team
- Adjuster claims caseloads
- Location of servicing office
- Client references (preferably selected from a full list of same-industry clients, not selected by TPA)
- Average closing value of indemnity claims
- Average duration of indemnity claims
- Risk Management Information System capabilities.
- Dedicated Nurse Case Management
- Managed Care (Proprietary or Outsourced)
- Additional Loss Control Services
- Regular Claims Data Reports
- Annual Administrative Fees

Response Evaluation:

Included is an evaluation of the above responses for the five (5) aforementioned responders to the City of Hollywood's TPA RFP. In the evaluation we have identified the proposer responses to our above listed quality criteria. Some of the criteria items we utilize were neither asked for in the RFP nor offered by the TPA's in their responses. These items were therefore not included in the evaluation.

The comparison uses the services already being provided by the incumbent carrier as the basis for services to the City of Hollywood. Any services that are in addition to or are an enhancement to what is currently provided by the incumbent is reflected with a **bold blue** highlight. Any services that are not provided or are a detraction from what is currently being provided by the incumbent is reflected with a **bold red** highlight.

Evaluation Summary:

CorVel Enterprise Comp, Inc. – In comparison to the incumbent, CorVel is a national provider whose service team will be located in Tampa, FL. The enhancements to the City's existing services being offered by CorVel are; a proprietary Preferred Provider Network and a proprietary Pharmacy Network, which means that CorVel has a greater capacity to control medical services and pharmaceutical costs being paid by the city. CorVel has 12 public sector clients that it currently serves as compared to the 6 currently being served by the incumbent. CorVel has also assigned a claims adjuster team leadership that has slightly more years of experience in claims adjusting, though they were unspecified as to the experience of the servicing adjusters for liability and workers' compensation. CorVel also maintain lower maximum liability caseloads.

The detractions to the City's existing services being offered by CorVel are; higher worker's compensation caseloads.



North American Risk Services (NARS) - In comparison to the incumbent, NARS is a national provider whose service team will be located in Altamonte Springs, FL. The enhancements to the City's existing services being offered by NARS are; Lower liability caseloads and a dedicated Auto Liability claims adjustment team. NARS has assigned a claims adjuster team leadership that has many more years of experience in claims adjusting.

The detractions to the City's existing services being offered by NARS are; 3 public sector clients that it currently serves as compared to the 6 currently being served by the incumbent. NARS has higher workers' compensation Medical-Only caseloads. NARS shows less experience with the servicing adjusters for liability and workers' compensation as compared to the incumbent.

PMA Management Corporation - In comparison to the incumbent, PMA is a regional provider whose service team will be located in Tampa, FL. The enhancements to the City's existing services being offered by PMA are; access to an online safety training program called PMA Webservice. PMA has 29 public sector clients that it currently serves as compared to the 6 currently being served by the incumbent. PMA has assigned a claims adjuster team leadership that has more years of experience in claims adjusting and lower liability caseloads

The detractions to the City's existing services being offered by PMA are; less than real time access to claims data. PMA shows less experience with the servicing adjusters for liability and workers' compensation as compared to the incumbent and a higher workers' compensation indemnity caseload.

York Risk Services Group, Inc. - In comparison to the incumbent, York is a national provider whose service team will be located in Boca Raton, FL. The enhancements to the City's existing services being offered by York are; a proprietary Preferred Provider Network and a proprietary Pharmacy Network, which means that York has a greater capacity to control medical services and pharmaceutical costs being paid by the city. York is providing access to an online safety training program called IRIS. York maintains lower liability caseloads.

The detractions to the City's existing services being offered by York are; 3 public sector clients that it currently serves as compared to the 6 currently being served by the incumbent. York has assigned a claims adjuster team leadership that has fewer years of experience in claims adjusting and have not listed the number of years of experience relating to the servicing adjusters for liability and workers' compensation. York also has higher workers' compensation medical-only and indemnity caseloads.

Pricing:

Price shouldn't be ignored, but once you have analyzed the quality indicators first you may then compare price. It is probable that two or more TPAs will evaluate similarly on quality criteria, it would then make sense to use the fee comparison to help make a decision on the similarly qualified proposers. In some bid responses, the proposers whose pricings varied widely from the mean would be set aside as either unfamiliar with the scope of services required or are overly considering the value level of the service they provide. In the case of the City of Hollywood, this would be difficult to do since the greatest deviation on the lower end belongs to the incumbent provider, who is proposing an annual administrative fee that is \$58,000 below the mean. On the opposite spectrum, York Risk Services Group,



Inc. is proposing an annual administrative fee that is \$56,851 above the mean of \$257,000. Though we have listed the other significant cost factors, it is difficult to quantify the impact of those costs since they are based upon effect of particular types of claims or the capacity of the TPA to monitor and manage the claims effectively. For example, PMA waives the cost for subrogation but how many subrogation efforts will that take to offset the higher field case management cost?

Recommendation:

Based upon the responses provided as factored against the quality criteria that we use to analyze TPAs, the technology services available and pricing comparisons, it would be the Gehring Group's recommendation to award the City of Hollywood's Third Party Claims Administration Services for Workers' Compensation and Liability Claims to **CorVel Enterprise Comp, Inc.** They're response exhibits a favorable level of experience with claims adjusting, both in staff's years of service and in public sector exposure. They provide technology and claims data access with real time client access and they manage a proprietary medical networks which should assist to improve costs for Hollywood. The annual administrative fee is higher than the proposal being offered by the incumbent, but it is reasonable for the services that Hollywood will need and still more competitive that all of the other proposers.

If the City would like to seek out further information from the most competitive proposers in the form of a finalist presentation, the Gehring Group would recommend selecting three finalist proposers: **Employers Mutual, Inc. dba Ascension Benefits & Insurance Solutions, CorVel Enterprise Comp, Inc. and PMA Management Corporation.**

This Gehring Group evaluation and summary is limited to the information collected from members of staff at the City of Hollywood, limited specifically to the Budget and Procurement Dept. No other communication was sought nor engaged in from any employees of the City nor from any of the respondents with regard to the formulation of the above opinion.

The Gehring Group is a completely independent agency. We do not have a fund that we or a related entity holds; we do not sell related party insurance products; and we do not accept awards for the placement of premiums with carriers; nor do we own any interest in a bank, Trust, holding company or TPA. This decision to remain independent is in line with our values of integrity and transparency.

Sincerely,

A handwritten signature in cursive script that reads "Rodney Louis".

Rodney Louis

Senior Risk Management Consultant

The Gehring Group

City of Hollywood
Third-Party Administrative Services
RFP Proposal Evaluation



	Ascension Benefits & Insurance Stuart, FL	CorVel Enterprise Comp, Inc. Tampa, FL	North American Risk Services Altamonte Springs, FL	PMA Management Corporation Tampa, FL	York Risk Services Group, Inc. Boca Raton, FL
Program Services					
National, Regional or Local Org.	Local	National	National	Regional	National
Proprietary PPO Network	No	Yes	No	No	Yes
Proprietary Pharmacy Network	No	Yes	No	No	Yes
RMIS System	RiskMaster	Risk Score	SCORE!	PMA Cinch	FOCUS
Direct/Online Claims Data Access	Real Time	Real Time	Real Time	Yes	Real Time
Annual/Monthly/Ad hoc Reporting	Yes	Yes	Yes	Yes	Yes
Loss Control Services	Yes	Yes	Yes	Yes	Yes
Online Safety Training	No	No	No	PMA Webservice	IRIS
Nurse Case Management	Yes	Yes	Yes	Yes	Yes
Active Governmental Self-Insureds	6	12	3	29	3
Staff & Experience					
Liability Claims Team Manager	Kathy Whetstone, 21 yrs.	Robert Shannon, 23 yrs	Michael Trapasso, 29 yrs.	Penny Hamilton, 25 yrs.	Mark Agold, 19 yrs.
Liability Adjuster	Steve Hanzman, 27 yrs.	Unspecified	Travis Allen, 14 yrs.	Edwin Duncan, 15 yrs.	Beth Breig
Liability File Case Load	250 Maximum	125-150	125-150	160 Maximum	140-160
Designated Auto Liability Adjuster	N/A	N/A	Luis Rizo, 27	N/A	N/A
Workers Comp Claims Team Mngr.	Kathy Whetstone, 21 yrs.	Valerie Crwaford, 23 yrs	Brenda-Lee Jette', 38 yrs.	William Burkhardt, 28 yrs.	Victor Ontaneda, 8 yrs.
Indemnity Adjuster	Barbara Ann Smith, 20 yrs	Unspecified	Mary Swanson, 15	Rhonda Lucas, 14 yrs.	Pamela Roberts
Indemnity File Case Load	125 Maximum	125-150	100-125	140 Maximum	150
Medical-Only Adjuster	Raelene Cruz, 2 yrs.	Unspecified	Carla King, 15	Tara Henry, 10 yrs.	Unspecified
WC Medical-Only File Case Load	125 Maximum	200-250	200-255	Unspecified	300
Fee Proposal					
Annual Administration Fee	\$199,000	\$250,000	\$292,500	\$257,000	\$313,851
Implementation Fee	N/A	None	None	Waived	\$15,000 (IRIS)
Online Safety Training Fee	N/A	N/A	N/A	Included	\$3,250 Annually
Network Cost Containment	25% of savings	25% of savings	25% of savings	25% of savings	25% of savings
Medical Billing Review	25% of savings	25% of savings	\$8 per bill	\$7 per bill	\$9.95 per bill
Trials, Mediation, Arbitration	Included	Included	\$95/hr.	Included	Included
Travel	Included	Included	\$45/hr.	Included	\$68/hr.
Subrogation	10% of dollars recovered	25% of dollars recovered	20% of dollars recovered	Waived	20% of dollars recovered
Case Management -Field	\$85/hr.	\$92/hr.	\$83/hr.	\$95/hr.	\$90/hr. plus mileage
Case Management -Phone	\$78/hr.	\$92/hr.	\$78/hr.	\$95/hr.	\$90/hr.
Claims Intake - Physical	Included	\$35	Included	Included	Included
Claims Intake - Electronic	Included	Included	Included	Included	Included
Claims Data Integration	N/A; Incumbent	Included	\$2,500 per feed	Included	\$7,500
Loss Control Services Fees	Included	Included	Included	Included	\$100/hr.; \$68 Travel Time
Annual Liability Claims Cap	Unspecified	55 Claims	Unspecified	Unspecified	Unspecified
Cap Fee - Liability	Unspecified	\$550	Unspecified	Unspecified	Unspecified
Annual Indemnity Claims Cap	Unspecified	25 Claims	Unspecified	Unspecified	Unspecified
Cap Fee - Indemnity	Unspecified	\$960	Unspecified	Unspecified	Unspecified
Indemnity Tail Claims Fee	Unspecified	\$550	Unspecified	Unspecified	Unspecified
Annual Medical-Only Claims Cap	Unspecified	70 Claims	Unspecified	Unspecified	Unspecified
Cap Fee - Medical-Only	Unspecified	\$150	Unspecified	Unspecified	Unspecified