



Agenda Date: 5/24/2005
Agenda Placement: 60

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Caryn Fagundes for Dennis Morris - Director
Human Resources
REPORT BY: Caryn Fagundes, Benefits Administrator, 253-4488
SUBJECT: Amendment 7 to Agreement No. 2680 with Claims Management, Inc.

RECOMMENDATION

Human Resources Director requests approval of and authorization for the Chair to sign Amendment No. 7 to Agreement No. 2680 with Claims Management, Inc. increasing the amount by \$5,000 for a new maximum of \$90,000 and extending the term through June 30, 2006 for workers' compensation third party administration services.

EXECUTIVE SUMMARY

Amendment 7 to Agreement No. 2680 with Claims Management, Inc. extends the term of the agreement for third party workers' compensation administration services one year, through June 30, 2006 at a cost of \$5,000 for a total Fiscal Year 2005-2006 cost of \$90,000.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Workers' Compensation
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Workers' compensation claims administration activities is a typical function that is outsourced to a third party administrator
Is the general fund affected?	No
Future fiscal impact:	Funding is provided in the Insurance Workers' Compensation Budget Unit (fund 4300, budget unit 18100.) The term of this agreement is for this fiscal

year only. However, these services will be required in future fiscal years and will be budgeted accordingly.

Consequences if not approved: If this agreement is not approved, Human Resources staff will need to be increased to accommodate the additional work.

Additional Information: None.

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

The County has been self-insured for workers' compensation since 1978. Claims administration activities is typically outsourced to a third party administrator to perform the services. The County has contracted with Claims Management, Inc. (CMI) since July 1, 1988 to provide third party workers' compensation claims adjusting services. The proposed fee increase will be \$5,000 increasing the annual fee to \$90,000 which is deemed reasonable by the Human Resources Director.

Napa County's total expenditures for workers' compensation have been increasing steadily for the past several years. In light of this development, it is the County's goal to control total program costs while strengthening its workers' compensation program. Therefore, the Human Resources Director has determined that conducting a Request for Qualifications (RFQ) is necessary. The goal of the RFQ process is to introduce price and service competition into the County's acquisition of workers' compensation claims management services, and to provide the County an opportunity to formally evaluate the market for these services. It is anticipated that the RFQ will be completed and that an agreement with the successful bidder will be negotiated within the next few months. CMI will be participating as an eligible vendor in the RFQ process, and will be under contract as the current provider until the RFQ process has been completed. Should a vendor other than CMI be selected as a result of the RFQ the County will initiate the 60-day termination clause per the CMI contract.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Andrew Carey