



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 16-214

Board Meeting Date: 6/6/2017

Special Notice / Hearing:	None
Vote Required:	Majority

To: Honorable Board of Supervisors

From: Donna Vaillancourt, Human Resources Director
Scott Johnson, Deputy Director, Human Resources

Subject: Agreement with Athens Administrators, Inc. for Third Party Workers' Compensation Claims Administration Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Athens Administrators, Inc. to provide Third Party Workers' Compensation Claims Administration Services for the County, for the term of July 1, 2017 through July 1, 2020, in an amount not to exceed \$3,159,062, with two one-year options to extend the agreement, in an amount not to exceed \$1,117,402 in year 4 and \$1,151,617 in year 5.

BACKGROUND:

The Risk Management division previously held a long-standing relationship with Northern Claims Management (NCM) for third party administration (TPA) services of workers' compensation claims. The current agreement with NCM expires May 31, 2018. However, due to service level changes, the County issued a new Request for Proposal (RFP) to find alternative vendors that could deliver consistent levels of services. The search for a TPA that can support a higher level of service aligns with one of Risk Management's goals in the Fiscal Year 2015-2019 Strategic Plan; Goal 3: Ensure fair and equitable handling of all claims through administrative, legal, and medical services.

The Risk Management Division identified Athens Administrators, Inc. (Athens) as the best option to provide TPA services. The utilization of Athens will allow the County's Workers' Compensation Managers to better focus upon their regularly duties while simultaneously affording the County substantial cost savings; roughly \$190,000 over the three year contract compared to the current contract. Additionally, Athens was highly recommended by other cities, counties, attorneys, and other workers' compensation professionals in the Bay Area.

DISCUSSION:

On January 19, 2017 a Request for Proposal (RFP) was issued. Nine proposals were received and evaluated by a selection committee made up of employees from Human Resources Department and Human Services Agency. Of the nine proposals received, five were invited to present an in-person demo. The selection committee recommended that the County select Athens as the vendor of choice

to provide third party workers' compensation claims administration services. These services include: creating claim files, determining compensation by investigation, providing payment of all benefits required under law, coordinating litigation, and rehabilitation. Athens will also oversee bill review, litigation review and required reporting and will communicate with the supervisor, employee and medical provider to ensure a successful treatment of industrial related injuries.

Athens is a privately held company based in Northern California that has been administering workers' compensations claims for public agencies for 40 years. Athens was founded in 1976 and has consistently grown and expanded. Athens's Concord, CA office location was named one of the Top Workplaces in the Bay Area by San Francisco Business Times 8 of the past 10 years. Besides this, Athens stood out due to their industry leading Claims Assistant to Examiner ratio of 1 to 1.2 (one Claims Assistant for every 1.2 Examiners which permits Claims Examiners the resources they need to administer claims in an effective manner.

Therefore, the County believes that it is in the best interest to enter into a contract with Athens.

The resolution contains the County's standard provisions allowing amendments of the County's fiscal obligations by a maximum of \$25,000 (in aggregate).

The resolution and agreement have been reviewed and approved by County Counsel as to form.

Approval for this agreement contributes to the County's Shared Vision 2025 outcome of Collaborative Community by ensuring fair and equitable handling of all claims through administrative, legal, and medical services.

PERFORMANCE MEASURE:

Measure	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected
Target Audit Score of Workers' Compensation Claims Handling	85%	85%	85%
Workers' Compensation Claims per 100 Employees	12	11	11

FISCAL IMPACT:

There is no impact to Net County Cost. All costs associated with this contract are offset by the Risk Management Workers' Compensation Trust Fund.