



Legislation Text

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File #: 22-0285, Version: 1

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**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Approve the award of RFP 22-034, Third Party Administrative Services for Workers Compensation Claims to, Insurance Program Managers Group for an amount not to exceed \$104,650 and for a three-year term

**DEPARTMENT:** Legal Department

**SUBMITTED BY:** Michael DiSanto, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

The City has been self-insured for workers' compensation since August 1, 1979. Due to the specialized nature of the work and regulations associated, the City determined it is appropriate to outsource administration of the program to a third-party administrator (TPA). The TPA approves medical treatments, monitors employee progress, provides referrals to medical experts for IME's, AMA ratings and utilization review and serves as a point of contact for employees to answer questions as to their treatments and claims. The TPA also reprices all medical bills to conform with Illinois Fee Schedule and any PPO network reductions. Finally, the TPA issues any required TTD checks, sets reserve amounts for liability purposes and runs a variety of loss run reports for the City using specialized software. The City currently uses PMA as it's TPA.

In January 2022, the Legal Department issued RFP 22-034, Third party Administrative Services for Workers Compensation Claims (TPA) to contract with a firm capable of administering the City's self-insured workers' compensation program.

The initial term of the contract will be three years, from date of award and with an anticipated start date of May 1, 2022. The contract may also be extended for up to three additional one-year terms.

**DISCUSSION:**

Advertisement Date: 1/10/2022

Notices Sent: 119

Proposal Due Date: 2/02/2022

Planholders: 16

Proposals Received: 2

Proposals were received from the following vendors:

Insurance Program Managers Group (IPMG)  
PMA Management Corporation

A selection team comprised of staff from the Legal, Finance and Fire departments evaluated proposals, which was based upon criteria set forth in the RFP:

1. Capability, Capacity and Qualifications of the Proposer
2. Suitability and Quality of the Approach
3. Milestones and Deliverables
4. Outcomes to be Achieved

After review and scoring of the proposals, the vendor with the highest qualification score, Insurance Program Mangers Group, is recommended for award.

The initial term of the contract will be three years, from date of award and with an anticipated start date of May 1, 2022. The contract may also be extended for up to three additional one-year terms.

The table below provides a summary of the final qualification scores:

Firm Name	Qualification Score
Insurance Program Mangers Group	82
PMA Management Corporation	72

IPMG, based in St. Charles, had very positive reference checks from other municipalities, fire protection districts and counties. IPMG has a very low adjuster turnover rate and very high client retention. IPMG is offering the City the option of having one adjuster for all Naperville claims instead of splitting the claims between two adjusters. They will structure the handling of workers' compensation claims in accordance with the high standards that the City has and have the ability to provide data for the City's reporting needs at our request. Staff believes that IPMG will provide a very high level of service to the City which will provide more efficiency in managing injured employees and returning them to the workplace.

Costs for the services follow:

\$27,800 per year administration fee x 3 years = \$83,400;

\$13,750 one-time fee to take over existing claims;

\$7,500 one-time data conversion fee.

**FISCAL IMPACT:**

CIP: N/A

Third party services for workers compensation is expensed to the legal services account listed below. A total of \$600,000 is budgeted for various support services and legal items related the Self-Insurance Fund in 2022. The remainder of this agreement will be budgeted appropriately in subsequent years for the duration of the three-year agreement.

Account Number	Fund Description	Total Budget Amount
60101600-531307	Self-Insurance	\$600,000

