

Third-Party Administrator For Workers' Compensation Program

Agenda Item 16-4820

October 13, 2016

SUMMARY

- **This ordinance authorizes a contract for Third-Party Administrator Services for Workers' Compensation Claims with AS&G Claims Administration, Inc. The estimated cost for the first year is \$1,032,000.**
- **The proposed contract term is for three years effective January 1, 2017 with two, one-year renewal options.**

BACKGROUND

- **The City receives an average of 1,400 workers' compensation claims annually. The City retains the services of a Third-Party Administrator (TPA) to oversee and process these claims.**

BACKGROUND

The Third-Party Administrator is responsible for:

- **Claims Management**
- **Medical Cost Containment**
- **Pharmacy Benefit Management**
- **Risk Management Information System (RIMS) Services**

ISSUE

- **Approval of this contract with AS&G Claims Administration, Inc. would continue the Council's policy of providing Third-Party Administrator Services for Workers' Compensation Claims for the City.**

ALTERNATIVES

- **The City could attempt to administer Workers' Compensation Claims, in-house.**
- **This would require additional specialized and experienced personnel and associated staffing costs.**

FISCAL IMPACT

- **This ordinance will authorize the payment of \$1,032,000.00 in the FY 2017 budget.**
- **Sufficient funds are appropriated in the Workers' Compensation Liability Fund upon approval of the FY 2017 Budget.**

Recommendations

- **The Risk Management Division of the Department of Finance recommends execution of a contract for Third-Party Claims Administrator Services for Workers' Compensation Claims with AS&G Claims Administration, Inc., at a cost of \$1,032,000.00 for the first year.**