



April 4, 2013

BOARD OF SUPERVISORS

2013 APR -5 A 9:43

County of Stanislaus
Board of Supervisors
William O'Brien
Vito Chiesa, Chairman
Terry Withrow
Dick Monteith
Jim DeMartini, Vice-Chairman
1010 10th Street
Suite 6700
Modesto CA 95354
Attn: Christine Ferraro Tallman, Board Clerk

RE: RFP 12-58 MP Third Party Administrator for Workers Compensation

Dear Ms. Tallman:

JT2 is in receipt of the Purchasing Agents correspondence dated and received on March 26, 2013, regarding our protest of the proposed award of services outlined in RFP 12-58 MP Third Party Administrator for Workers Compensation (the "RFP").

In accordance with Section 3.14.4 Protest Review, JT2 Integrated Resources is appealing to the Board of Supervisors the decision of the Purchasing Agent, as it relates to the above referenced RFP.

JT2 Integrated Resources disagrees with the Purchasing Agents decision.

The history of this contract is also relevant to the current proposed selection of York Risk Services. In July of 2008, the County released an RFP for Workers Compensation Claims Administration after receiving administration services by Claims Management, Inc. since August of 1993. York Risk Services, the current recommended candidate, is the successor company of Claims Management, Inc. Due to a variety of factors, including cost and quality, the County released the RFP as outlined in the Board Agenda dated November 4, 2008 number B-11. In 2008, the County replaced York Risk Services and contracted with Acclamation Insurance Management Services (AIMS) for your Workers Compensation Program. At the completion of the contract (June 30, 2012), the County again released a request for proposal in search of a provider who would provide the County with the best service for the counties employees. Due to vendor protest, in December 2012, the County re-released a request for proposal (RFP 12-58). JT2 participated in this RFP process and submitted a response to this request for proposal. On March 11, 2013, JT2 was notified that our firm was not selected. The purchasing department recommended that the County return to its previously terminated administrator, York Risk Services. Attached to the correspondence was a final evaluation summary prepared by the GSA – Purchasing Division of the County.

The analysis of this summary reveals some important and significant facts for your consideration. If you compare the four vendors prior to applying the pricing proposal, JT2 was ranked number one by your purchasing department. The JT2 proposal ranked number one with 174.9 points. This exceeded the selected vendor by 2.3 overall points. The selected candidate ranked poorest in audits, references and quality. It is only after the pricing component is added to the analysis, that the selected candidate exceeds JT2's point total. The Purchasing Department is recommending the poorest performer based on cost alone. This selection exposes the County to increased claims penalties, unnecessary

and excessive claims costs and above all, potentially poor service to its valued employees. This exposure arises by ignoring the facts as stated in your own final evaluation summary. If you review our Attachment A to our protest, you will find that the Purchasing Department concluded that the difference between JT2 and York was valued at \$44,623.08 over a 3 year contract period. For a mere \$15,000 a year, the well being and satisfaction of the employees of County are being sacrificed. Additional costs associated with the selection of the poorest performer are not part of the evaluation of cost. Therefore, it is our position that after clarification, JT2 actually is the lowest price vendor. If the Board were to review and agree with JT2's assessment that the purchasing division erred in its assumptions, JT2 would be awarded the full 100 points in the pricing category thus revising the final summary matrix to reflect that JT2 be awarded 274.9 points and York be awarded 271.9 points. Even if the JT2 cost clarification were to be rejected by the Board, the analysis is flawed. The hard and soft costs of selecting the poorest quality candidate have not been considered or applied. The net effect is that the County will incur unknown and material additional costs associated with poor service and risk the goodwill of its employees for a matrix difference of \$15k a year on a program that has contract costs in excess of \$500k annually. Is that a responsible decision, given the facts? The answer to that question is central to the selection of the lowest cost "responsible" bidder. JT2 believes it is clearly the best available candidate as evidenced by your own evaluation documents and is the lowest "responsible" bidder, if the actual and demonstrated costs are accurately considered.

JT2 is available to meet with you and discuss our proposal at your request.

JT2 believes that our proposal best meets the criteria of this RFP and offers the best value to the County. We hope we have the chance to serve the County as its Workers' Compensation Claims Administrator.

Corporate Offices

JT2 Integrated Resources

5820 Stoneridge Mall Road

Suite 350

Pleasanton, CA 94588

Phone: 800-582-4671

Contact: Michael Ramser, Chief Marketing Officer (310) 775-1494 Direct

Tabatha Bettencourt, Sr. Vice President (209) 610-4569 Direct

Sincerely,



Jeff Sandford
CEO



Michael Ramser
Chief Marketing Officer

Cc: Keith Boggs, Purchasing Agent

Enclosures

November 4, 2008 Board Agenda item B-11

March 11, 2013 Stanislaus County correspondence

March 13, 2013 JT2 formal protest correspondence

March 26, 2013 Stanislaus County correspondence



GENERAL SERVICES AGENCY

Keith D. Boggs
Assistant Executive Officer
GSA Director/Purchasing Agent

1010 10th Street, Suite 5400, Modesto, CA 95354

Phone: (209) 525-6319
Fax: (209) 525-7787

March 26, 2013

JT2 Integrated Resources

Attn: Michael Ramser, Chief Marketing Officer
5820 Stoneridge Mall Road, Suite 350
Pleasanton, CA 95488

via e-mail: mramser@jt2.com

RE: RFP 12-58 MP Third Party Administrator for Workers Compensation

Dear Mr. Ramser:

I am in receipt of your correspondence dated and received by my office on March 13, 2013 (the "Protest Letter") regarding RFP 12-58 MP Third Party Administrator for Workers Compensation (the "RFP").

The Protest Letter refers to correspondence from this office dated March 11, 2013 advising that JT2 Integrated Resources ("JT2") was not selected for award of the contract. The grounds provided in the Protest letter consist of allegations of "material errors in the pricing evaluation calculation," with respect to both Medicare reporting and the medical provider network (MPN).

With regard to Medicare reporting, the Protest Letter indicates there should have been no charge, as the County currently has this service available for free through a third party vendor, Gould and Lamb. JT2's pricing proposal, however, clearly shows a price of \$20.00 per report (see attached Exhibit A). In reviewing JT2's pricing proposal, the Evaluation Committee (EC) needed clarification to understand how often this fee was charged. JT2 representatives provided this needed clarification during the Phase V presentation and interview, confirming JT2's proposed billing practices as to how this fee would be charged. The EC then estimated 10 files that would require 4 reports each year, for a total of \$800.00 per year, or \$2,400.00 over the three-year proposed contract term. The EC made no "material errors" in solving this simple mathematical equation.

In regard to the MPN, the Protest Letter states that "JT2's pricing proposal ... did not include any charges for administration of the County's current MPN." The Protest Letter also describes how JT2 anticipates a fee to apply only to 5% of the bills it would process each year, along with a very unique and complicated process for determining which medical providers would trigger this additional cost. This is new information, as JT2 did not provide it in its pricing proposal or in its qualification proposal, nor was it discussed during the Phase V presentation and interview. In fact, JT2'S pricing proposal clearly and simply stated "\$3.00 Per Bill" under the MPN category. To determine the total cost of this category, the EC took the actual average number of bills paid annually (6,223), multiplied this number by the \$3.00 per bill fee listed on JT2's pricing proposal to equal an annual cost of \$18,669, or a total cost over a three-year contract of \$56, 007. Again, the EC made no "material errors" in solving this simple mathematical equation.

Michael Ramser
March 26, 2013
Page 2

The RFP closed on January 22, 2013, at which time all relevant information was to be submitted. The Phase V presentation and interview on February 22, 2013 provided an opportunity for proposers to clarify any ambiguities in their responding proposals. In its Protest Letter, JT2 is submitting new information to be added to its previously submitted pricing proposal, which is not permitted. JT2 has alleged "material errors in the pricing evaluation calculations" because the EC did not use the new information in its calculations. JT2's proposal is without merit and is, therefore, denied.

As you noted in your Protest Letter, Section 3.14.3 outlines the protest procedure. Specifically, subsection "c" establishes that each protest must:

Contain a concise statement of the grounds for protest; provided, however, RFP processes and procedures, including evaluation criteria, shall not be proper grounds for protest. Concerns related to such issues should be raised and addressed, if at all, prior to the bid or proposal opening date to allow adjustments before evaluation of bids or proposals.

Please note that neither RFP processes nor procedure – which would include evaluation and scoring – are proper grounds for protest. Any questions or concerns regarding these issues should have been addressed either verbally at the pre-conference or in writing prior to the question deadline.

Stanislaus County appreciates your interest in serving our County.

Sincerely,



Keith D. Boggs
Assistant Executive Officer
GSA Director/Purchasing Agent

Enclosure – Exhibit A (JT2 Pricing)

EXHIBIT A TO LETTER DATED 3/26/2013
TO MICHAEL RAMSER AT JT2 INTEGRATED RESOURCES

JT2

APPENDIX D PRICING PROPOSAL

Proposers must submit pricing using this form, which shall be used as the basis for Phase III of the Evaluation Process. Proposers may submit an alternate pricing proposal separately in addition to this required Pricing Proposal. Such alternate pricing will not be considered as part of the evaluation process but may be incorporated into the final agreement.

The Pricing Proposal format is intended to identify ALL potential fees/costs that may be incurred during the term of the agreement. Additional space has been provided for "Other Charges" to document any potential costs not already identified within the pricing categories provided within the form.

For purposes of developing your claims administration pricing proposal, you should assume 2.5 full-time Claims Examiners and a minimum of 1.5 technical support staff. The County may modify the final staffing profile of the program prior to final contract award, however all proposers must submit their pricing proposal with the same base staff for Claims Examiners and support staff.

It is up to each individual Proposer to add all other applicable costs into the proposed Claims Administration Flat Fee (management, overhead, supplies, printing, etc.). Your administrative charges must include all other projected costs/fees not already identified on an individual basis within your Pricing Proposal. The County will not pay for any services during the term of any future agreement that are not identified on your pricing proposal submitted during the RFP process, unless otherwise agreed to by the County during the term of the agreement.

For each item, please include the specific dollar or percentage "Rate" (dollar or percentage amount) as well as the "Frequency" of the charge (annual, monthly, weekly, per claim, per bill, etc.). If no fee is contemplated for a specific category, please respond with "No Charge."

Category	Rate	Frequency
Claims Administration		
Claims Administration Annual "Flat" Fee Year One	\$ 498,500	Annual
Claims Administration Annual "Flat" Fee Year Two	\$ 508,470	Annual
Claims Administration Annual "Flat" Fee Year Three	\$ 523,725	Annual
Other Administrative Costs		
Data Conversion	\$ 0.00	
Access to Database/Misc IT Charges	\$ 0.00	
Bank Reconciliation	\$ 0.00	
Subrogation	\$ 0.00	
Indexing <i>(may be done at no charge through CSAC-EIA)</i>	\$ 0.00	CSAC
Claim file storage including closed inventory	\$ 0.00	
Claim file storage including closed inventory	\$ 0.00	
Medicare Reporting	\$ 20.00	Per Report
Ad hoc report programming per hour	\$ 0.00	
Medical Provider Network Administration	\$ 3.00	Per Bill



March 13, 2013

County of Stanislaus
Keith Boggs
Assistant Executive Officer
Chief Executive Office
1010 10th Street Suite #6800
Modesto, CA 95354

Re: Formal Protest of RFP #12-58MP closing date January 22, 2013
JT2 Integrated Resources
5820 Stoneridge Mall Road, Suite 350
Pleasanton, CA 94588
(800) 582-4671

Dear Mr. Boggs:

Respectfully submitted, this document will serve as formal notification of JT2 Integrated Resources' Protest to the County of Stanislaus ' RFP #12-58MP for "Third Party Administrator for Workers' Compensation" in accordance with Section 3.14.3.

JT2 received the County's Non-award notification on March 11, 2013 via e-mail. In conformity with the County's protest process provided in the RFP#12-58MP, Section 3.14.3, this protest is being forwarded to the Purchasing Agent via courier on March 13, 2013.

Corporate Offices
JT2 Integrated Resources
5820 Stoneridge Mall Road, Suite 350
Pleasanton, CA 94588
Phone 800-582-4671
FAX 925-701-8165

Contacts: Michael Ramser, Chief Marketing Officer (310)775-1494 Direct
Tabatha Bettencourt, Sr. Vice President (209)610-4569 Direct

Grounds For Protest

JT2 has found material errors in the pricing evaluation calculations that determined the winner for Phase III "Pricing". On March 13, 2013 in a meeting between JT2 Executives and The County Risk Management and Purchasing Staff, JT2 was provided the County's pricing evaluation spreadsheet that compared JT2 and York projected fees. A copy is included as Attachment A for your review.

JT2 has reviewed the County's pricing evaluation and has noted the following calculation errors and an explanation of why they are erroneous.

1) Medicare Reporting – The cost sheet identifies a \$2,400 expense for JT2 Medicare Reporting. This projected cost is not correct. There is no charge based on the statement outlined in Addendum No. 2 which stated that an existing interface with County of Stanislaus and Gould and Lamb is in place. York had no dollar expense for this same proposed process.

This projected cost of \$2,400 has been eliminated in our revised spreadsheet highlighted in blue on Attachment B.

2) Medical Provider Network Administration – The County's cost assessment for this category was incorrect. JT2 charges for MPN services only apply to non MPN and PPO providers. The County assessed JT2 an annual expense of \$18,669 per year for a contract total of \$56,007 dollars over a three year period.

JT2's pricing proposal under pricing section for MPN administration did not include any charges for administration of the County's existing MPN. Addendum No. 2, reflected that the County's existing MPN was transferable and did not require a re-filing until May of 2014. Therefore, there is no charge for MPN administration in year one. Based on the RFP, JT2 assumed a volume of 6,000 bills annually. Additionally, with our MPN experience, we assumed a maximum of 5% new providers to the MPN or PPO. This generates a maximum fee of \$900 for years two and three for administration of the County's MPN. Attachment B, highlighted in green, has been changed to reflect the actual estimated contract maximum for a total of \$1,800 dollars over a three year period. The County erroneously deduced that the fee of \$3.00 per bill was to be applied to all medical bills as opposed to providers that are not currently in the MPN or PPO. JT2 anticipates that only 3-5% of medical providers will be outside of the MPN or PPO.

We appreciate the effort, diligence and professionalism that the County Staff has demonstrated. JT2 has refined and corrected the estimated costs over the three year contract period to more accurately reflect the County's ultimate probable cost through a relationship with JT2.

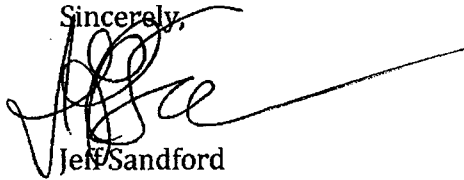
We are confident in our figures and would be willing to incorporate its estimates into any final agreement as per appendix D paragraph.

It is not JT2's intent to provide this data as alternate pricing but to accurately reflect our proposal response in the same light as other vendors.

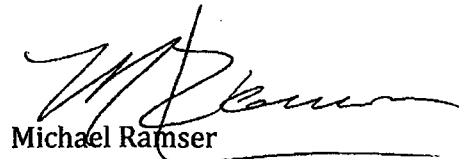
Based upon the final evaluation summary provided to JT2 , exclusive of the Phase III pricing evaluation, JT2 ranked number one with 174.9 total points compared to the second place vendor, York at 172.6. With the accurate and corrected figures identified in attachment B, JT2's three year program costs are \$1,748,899.70 versus York's cost of \$1,760,883.62. Based on the County's evaluation criteria and scoring, JT2 would receive 100 points for the pricing section. This would revise the total score for JT2 from 272.4 to 274.9. York would have a revised score from 272.6 to 271.9. When those differences are recast as points to the matrix JT2 has a final evaluation score of 274.9 and York final score is 271.9. Based on this adjusted and more accurate final scoring for the pricing phase of the evaluation, JT2 believes that in accordance with RFP section 6.4, JT2 is the proposer whose proposal best meets the criteria set forth and provides the best value to the County, with price and all other factors considered.

JT2 looks forward to the Purchasing Agents written response to each material issue raised in our protest.

Sincerely,



Jeff Sandford
CEO



Michael Ramser
Chief Marketing Officer

Attachment A

	Simon	Intercare	York	JT2	
Claims Administration					
Claims Administration Annual "Flat" Fee Year One			\$483,933.00	\$498,500.00	
Claims Administration Annual "Flat" Fee Year Two			\$496,031.00	\$508,470.00	
Claims Administration Annual "Flat" Fee Year Three			\$508,431.00	\$523,725.00	
Other Administrative Costs					
Data Conversion			\$0.00	\$0.00	
Access to Database/Misc IT Charges			\$0.00	\$0.00	
Bank Reconciliation			\$0.00	\$0.00	
Subrogation			\$0.00	\$0.00	
Indexing (may be done at no charge through CSAC-EIA)			\$0.00	\$0.00	
Claim file storage including closed inventory			\$0.00	\$0.00	
Claim file storage including closed inventory			\$0.00	\$0.00	
Medicare Reporting			\$0.00	\$2,400.00	
Medicare Reporting 1st year			\$0.00		
Medicare Reporting 2nd year					Year 2
Medicare Reporting 3rd year					Year 3
Ad hoc report programming per hour			\$0.00	\$0.00	
Medical Provider Network Administration			\$52,050.00	\$18,669.00	Year 1 & set-up
				18,669.00	Year 2
				18,669.00	Year 3
Three Year Claims Admin Fees			\$1,540,445.00	\$1,589,102.00	
Bill Review					
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00	
% of Savings for PPO Savings below fee schedule year 1			\$8,217.12	\$5,135.70	
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00	Year 2
% of Savings for PPO Savings below fee schedule year 2			\$8,217.00	\$5,136.00	Year 2
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00	Year 3
% of Savings for PPO Savings below fee schedule year 3			\$8,217.00	\$5,136.00	Year 3
% of Savings for Hospital Inpatient				15%	
% of Savings for Hospital Outpatient				15%	
% of savings Negotiated Bill Review				25%	
Three Year Bill Review Fees			\$164,668.62	\$164,759.70	

Utilization Review				
Nurse Review - per hour			\$3,515.00	\$3,145.00
Doctor Review - per hour			\$15,075.00	\$14,070.00
Peer Review - per hour				
Pre-Certification (hospital or surgery) - fee per case				
Concurrent Review - fee per case				
UR Fees Year 1			18,590.00	17,215.00
UR Fees Year 2			18,590.00	17,215.00
UR Fees Year 3			18,590.00	17,215.00
Three Year UR Fees			\$55,770.00	\$51,645.00
Nurse Case Management				
Telephonic Case Management - per hour			\$95.00	\$105.00
Field Case Management - per hour			\$95.00	\$110.00
Travel and wait time - per hour			\$95.00	\$110.00
Mileage charges for travel			\$0.35	\$0.35
Catastrophic Case Management			\$95.00	\$145.00
Hearing Rep				\$95.00

Overall Program 3 Year Projection			\$1,760,883.62	\$1,805,506.70
--	--	--	-----------------------	-----------------------

Local Vendor Reduction

Total 3-Year Projection			\$1,760,883.62	\$1,805,506.70
--------------------------------	--	--	-----------------------	-----------------------

Amount Over Lowest Bidder	\$0.00	\$44,623.08
% Over Lowest Bidder	0.0%	2.5%
% of Points Awarded	100.0%	97.5%
Points Awarded for Pricing	100.0	97.5

Attachment B

Claims Administration	Simon	Intercare	York	JT2		Revised JT2	
Claims Administration Annual "Flat" Fee Year One			\$483,933.00	\$498,500.00		\$498,500.00	*No Change
Claims Administration Annual "Flat" Fee Year Two			\$496,031.00	\$508,470.00		\$508,470.00	*No Change
Claims Administration Annual "Flat" Fee Year Three			\$508,431.00	\$523,725.00		\$523,725.00	*No Change
Other Administrative Costs							
Data Conversion			\$0.00	\$0.00		\$0.00	*No Change
Access to Database/Misc IT Charges			\$0.00	\$0.00		\$0.00	*No Change
Bank Reconciliation			\$0.00	\$0.00		\$0.00	*No Change
Subrogation			\$0.00	\$0.00		\$0.00	*No Change
Indexing (may be done at no charge through CSAC-EIA)			\$0.00	\$0.00		\$0.00	*No Change
Claim file storage including closed inventory			\$0.00	\$0.00		\$0.00	*No Change
Claim file storage including closed inventory			\$0.00	\$0.00		\$0.00	*No Change
Medicare Reporting			\$0.00	\$2,400.00		\$0.00	*Per RFP 12-58MP Addendum No. 2, County has existing interface with Gould & Lamb for medicare reporting. JT2 pricing was for alternate pricing assuming a change in vendors by County.
Medicare Reporting 1st year							
Medicare Reporting 2nd year							
Medicare Reporting 3rd year							
Ad hoc report programming per hour			\$0.00	\$0.00		\$0.00	*No Change
Medical Provider Network Administration			\$52,050.00	\$18,669.00	Year 1 & Set Up	\$0.00	*County calculation misinterpreted JT2's proposal response. *Per RFP 12-58MP Addendum No. 1, County's current MPN may be transferred to the new TPA. TPA must reapply and receive approval for MPN prior to May 27, 2014.
				\$18,669.00	Year 2	\$900.00	MPN fee of \$3.00 per bill is for providers outside of MPN only
				\$18,669.00	Year 3	\$900.00	MPN fee of \$3.00 per bill is for providers outside of MPN only
Three Year Claims Admin Fees			\$1,540,445.00	\$1,589,102.00		\$1,532,495.00	
Bill Review							
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00		\$49,784.00	*No change
% of Savings for PPO savings below fee schedule year 1			\$8,217.12	\$5,135.70		\$5,135.70	*No change
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00	Year 2	\$49,784.00	*No change
% of Savings for PPO savings below fee schedule year 2			\$8,217.00	\$5,136.00	Year 2	\$5,136.00	*No change
Fee per Bill to reduce to fee schedule			\$46,672.50	\$49,784.00	Year 3	\$49,784.00	*No change
% of savings for PPO savings below fee schedule year 3			\$8,217.00	\$5,136.00	Year 3	\$5,136.00	*No change
Three Year Bill Review Fees			\$164,668.62	\$164,759.70		\$164,759.70	*No change

Attachment B

Utilization Review						
Nurse Review - per hour			\$3,515.00	\$3,145.00	\$3,145.00	*No change
Doctor Review - per hour			\$15,075.00	\$14,070.00	\$14,070.00	*No change
Peer Review - per hour						
Pre-Certification (hospital or surgery) - fee per case						
Concurrent Review - fee per case						
UR Fees Year 1			\$18,590.00	\$17,215.00	\$17,215.00	*No Change
UR Fees Year 2			\$18,590.00	\$17,215.00	\$17,215.00	*No Change
UR Fees Year 3			\$18,590.00	\$17,215.00	\$17,215.00	*No Change
Three Year UR Fees			\$55,770.00	\$51,645.00	\$51,645.00	*No Change
Nurse Case Management						
Telephonic case management - per hour			\$98.00	\$105.00	\$105.00	*No change
Field Case Management - per hour			\$98.00	\$110.00	\$110.00	*No change
Travel and wait time - per hour			\$98.00	\$110.00	\$110.00	*No change
Mileage charges for travel		Current IRS Rate		\$0.55	\$0.55	*No change
Catastrophic Case Management			\$98.00	\$115.00	\$115.00	*No change
Hearing Rep						
				\$95.00	\$95.00	*No change
Overall Program 3 year Projection			\$1,760,883.62	\$1,805,506.70	\$1,748,899.70	
Local Vendor Reduction						
Total 3-year Projection			\$1,760,883.62	\$1,805,506.70	\$1,748,899.70	
Amount Over Lowest Bidder			\$0.00	\$44,623.08		*Based on COS
% Over Lowest Bidder			0.0%	2.5%		
% of Points Awarded			100.0%	97.5%		
Points Awarded for Pricing			100.0	97.5		
Amount Over Lowest Bidder			\$11,983.90	\$0.00		*Based on Revised pricing of JT2
% Over Lowest Bidder			0.7%	0.0%		
% of Points Awarded			99.3%	100.0%		
Points Awarded for Pricing			99.3	100.0		



**GENERAL SERVICES AGENCY
PURCHASING DIVISION**

Keith D. Boggs
Deputy Executive Officer
GSA Director/Purchasing Agent

1010 10th Street, Suite 5400, Modesto, CA 95354

Phone: (209) 525-6319
Fax: (209) 525-7787

March 11, 2013

JT2 Integrated Resources

Attn: Michael Ramser, Chief Marketing Officer
1700 Murphy Parkway
Lathrop, CA 95350

via e-mail: mramser@jt2.com

RE: RFP 12-58 MP Third Party Administrator for Workers Compensation

Dear Michael:

Thank you for your interest in the recent Request for Proposal (RFP) for Third Party Administrator for Workers Compensation. We have completed the evaluation process, and enclosed for your records is a copy of the final scores. Although your firm was not selected for the award of a contract resultant from this RFP, Stanislaus County shall retain your firm on the County's vendor list for future projects.

This contract requires the approval of the County's Board of Supervisors ("Board"). The County anticipates submitting the contract for such approval within the next 60 days. The tentative date for presentation is March 26, 2013; however, the exact date is dependent upon on the Board's calendar. The Agenda for each Board meeting can be viewed on the County's website located at <http://www.co.stanislaus.ca.us/board/index.shtm>. Agreements are not binding unless approved by the Board of Supervisors and/or an executed contract is in place.

Thank you for your interest in providing service to Stanislaus County. Should you have any questions, you may contact me at (209) 567-4958.

Sincerely,

Melinda Pallotta

Melinda Pallotta, C.P.P.O.
Purchasing Supervisor/Contract Administrator

cc: RFP File

**STANISLAUS COUNTY
GENERAL SERVICES AGENCY - PURCHASING DIVISION
FINAL EVALUATION SUMMARY
FOR RFP 12-58 MP (See RFP § 6.3)**

		TOTAL AVAILABLE	INTERCARE	JT2	SIMON	YORK
Phase I	Financial	N/A (PASS/FAIL)	PASS	PASS	PASS	PASS
Phase II	Proposal	100	78.8	84.0	77.0	84.8
Phase III	Pricing	100	83.9	97.5	93.5	100.0
Phase IV	References/Audits	50	44.9	46.3	48.1	42.8
Phase V	Interview	<u>50</u>	<u>39.8</u>	<u>44.6</u>	<u>36.0</u>	<u>45.0</u>
TOTAL SCORE:		300.0	247.4	272.4	254.6	272.6

RFP § 6.4 Award will be made to the proposer whose proposal best meets the criteria set forth herein and provides the best value to the County, with price and all other factors considered.

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: CEO-Risk Management Division

BOARD AGENDA # B-11

Urgent Routine

AGENDA DATE November 4, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc (AIMS) for the Workers' Compensation Program

STAFF RECOMMENDATIONS:

1. Approve agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc for the Workers' Compensation Claims Management Program from January 1, 2009 through June 30, 2012.
2. Authorize the Chair of the Board to sign the Agreement.
3. Authorize the Chief Executive Officer or his designee to sign future amendment/extensions to the agreement based on material changes in the examiner's case-load or legislative changes in the law.

FISCAL IMPACT:

The proposed cost of Workers' Compensation Third Party Administration with AIMS, for a period of three and one-half years, from January 1, 2009 through June 30, 2012 is \$1,891,209. An additional \$301,875 will be expended from July 1, 2008 through December 31, 2008 for the current agreement with the County's existing vendor. This brings the total cost of Workers' Compensation Third Party Administration for four (4) fiscal years beginning on July 1, 2008 through June 30, 2012 to \$2,193,084.

(continued on page 2)

BOARD ACTION AS FOLLOWS:

Approval of Agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc (AIMS) for the Workers' Compensation Program
Page 2

FISCAL IMPACT (continued)

The total cost for the current fiscal year will be \$558,552 which includes the costs for two Third Party Administrators, Claims Management Services, Inc. (\$301,875) and Acclamation Insurance Management Services Inc. (\$256,677). For the remaining fiscal years, the cost will include an approximate four percent annual price escalator as follows: Fiscal year 2009-2010 - \$523,620; Fiscal year 2010-2011 - \$544,565; and Fiscal year 2011-2012 - \$566,347. Funds for claims management services are included in the Workers' Compensation Self-Insurance Fund for fiscal year 2008-2009. The cost of this agreement is included in the distribution of annual department Workers' Compensation charges.

DISCUSSION:

Background:

Claims Management, Inc. has been the County's Workers' Compensation claims administrator since August 1993. Since that time the CEO-Risk Management Division has released six requests for proposal to determine competitiveness in the market and to assure the County receives the best service for its money. The most recent request for proposals for Workers' Compensation claims administration was released in July 2008.

Request for Proposal (RFP) Process and timelines:

Project posted and mailed	July 15, 2008
Mandatory Pre-Conference	July 28, 2008
Addendum #1 Issued	July 31, 2008
Addendum #2 Issued	August 5, 2008
RFP Closing Date	August 19, 2008
Phase I: Pre-Screening & Financials – Pass/Fail score	August 20, 2008
Phase II: Reference Check – Minimum 80% score required	September 8, 2008
Phase II: Proposal Qualifications – Minimum 80% score required	September 15, 2008
Phase II: Proposal Interviews – Minimum 80% score required	September 24, 2008
Phase III: Pricing – Lowest cost proposer	September 26, 2008

There were nine (9) proposals received for the Workers' Compensation Claims Management Program.

Process Summary

Phase I consisted of the prequalification screening and review of financials. This was a pass/fail score. The team assigned represented the Chief Executive Office, the CEO-Risk Management Division and the General Services Agency. After completion of this phase, it was determined that all nine (9) proposers were qualified for Phase II of the process.

Approval of Agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc (AIMS) for the Workers' Compensation Program
Page 3

Phase II consisted of three components – Reference checks, Proposal qualifications and Interviews.

There were two separate evaluation committees: First, the reference checking team and, second, a team reviewing proposal qualifications as well as serving on the interview panel. Members of the reference checking team consisted of County Departmental representatives who work closely with the CEO-Risk Management Division and were familiar with claims administration services.

Members of the evaluation team consisted of representatives or experts in Workers' Compensation. This team included two high level staff from the California State Association of Counties-Excess Insurance Authority, Stanislaus County's Disability Manager in the CEO-Risk Management Division, a County Risk Manager, a risk management consultant who has 30 plus years in the field, and a manager in the Chief Executive Office. The Assistant County Counsel attended the interviews but did not evaluate and the Deputy Executive Officer in the CEO-Risk Management Division moderated the interview process but also did not evaluate.

At the conclusion of Phase II, three proposers did not receive the minimum score of 80% and were eliminated from the process.

Phase III analyzed the six qualifying proposers pricing submission. This analysis consisted of creating uniform pricing sheets to assure that proposers submissions could be compared. The lowest cost proposer of all qualified firms would be selected the County's Workers' Compensation Third Party Administrator.

Workers' Compensation Third Party Administrator

Acclamation Insurance Management Services, Inc. (AIMS) submitted the lowest cost for third party administration services to the County.

Overall AIMS scored 91.9 percent on all phases of the process. AIMS was founded in 1973 by Leonard Russo and in 1990 underwent a name change to Acclamation Insurance Management Services to better reflect its diverse nature of product offerings. AIMS has the reputation of being one of the premier loss portfolio managers in California with special exposure in public entity (70 public entities) claims administration.

The philosophy of AIMS is to bring Stanislaus County an approach that will return employees back to work as soon as medically feasible. A priority of AIMS is constant communication with the County and the injured workers. Their dedicated and experienced staff, team approach and constant communication is consistent with the CEO-Risk Management Division Disability Management Unit.

Approval of Agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc (AIMS) for the Workers' Compensation Program
Page 4

AIMS has a web-based claims management tool that allows County staff to maintain full access to each claim. They also have the ability to generate reports to mitigate losses in the future.

AIMS can also provide a medical management service through its sister company, Allied Managed Care. This includes Bill review, Utilization reviews and Nurse Case Management services. However, the cost of these services are not included in the claims administration fees and are billed directly to the claimants. These services and the experience and qualifications of the AIMS staff is consistent with the philosophy of the CEO-Risk Management Division which has been a customary process over the years.

AIMS included as references in the RFP public agencies for which they provide third party administration services. These included the City of Bakersfield, a portion of the County of Los Angeles, the Central San Joaquin Valley Risk Management Authority, a 53 member city group, and the County of Madera. AIMS also provides overflow and conflict claim support for the Counties of Kern and Sacramento, both of which are self-administered.

New Agreement

- 1). Claims administration fees for the following three and one-half years are as follows:

January 1, 2009 – June 30, 2009	\$256,677
July 1, 2009 – June 30, 2010	\$523,620
July 1, 2010 – June 30, 2011	\$544,565
June 30, 2011 – June 30, 2012	<u>\$566,347</u>
Total	\$1,891,209

- 2). Each examiner will have a caseload of no more than 150 open indemnity claims at any one time. It is preferred that a one-to-one ratio be maintained between technical assistance and claims examiners. Claims Examiners will have the certification from Self Insured Plans.
- 3). AIMS pricing includes the following elements in the cost control programs:
- o Loss portfolio management
 - o Claims management
 - o Return to work
 - o Medical management
 - o Litigation management
 - o Rehabilitation management
 - o Excess reporting
 - o Online access to claims system
 - o Trust account management
 - o Administration of the County Medical Provider Network (MPN)

Approval of Agreement between the County of Stanislaus and Acclamation Insurance Management Services, Inc (AIMS) for the Workers' Compensation Program
Page 5

- o Occupational Safety and Health Act (OSHA), actuary and Self Insurance Plans (SIP) reports

SUMMARY :

The change to a new third party administrator will require much communication, meetings and form changes with the new vendor. The CEO-Risk Management Division is prepared to make this change based on the comprehensive request for proposal process. The County's philosophy of aggressive claims handling and effective loss control techniques also appear to be goals which are consistent with AIMS.

Policy Issues

The Board of Supervisors should determine if the recommended actions to enter into an agreement with Acclamation Insurance Management Services, Inc as third party administrator for the County's Workers' Compensation Program are in the best interest of the County, are cost effective and meets the Board's goal of Efficient delivery of public services.

Staffing Impact

There will be some staffing impact as the transition from the current third party administrator to AIMS takes place. However, it is anticipated that no new positions or support staff will be required as AIMS will be responsible to implement the transition. There will be training required for County staff but this will also be provided by AIMS. The position of Disability Manager, under the direction of the Deputy Executive Officer, will continue to assure that all claims are processed timely and filed, in conjunction with County Counsel, AIMS and the defense attorneys.