



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF JANUARY 10, 2019

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Issue purchase order and enter into an agreement for Contract 18-RFP-14 Third Party Claims Administrator Services for Workers' Compensation and Non-litigated Liability with PMA Management Corp. for a three-year period, with an option to extend for an additional two years, estimated cost \$743,795.00, Accounts 101-25000-612430 and 901-30000-601090, Requisition 1493550

Dear Sir:

Authorization is requested to issue a purchase order and enter into an agreement with PMA Management Corp. for Contract 18-RFP-14 Third Party Claims Administrator Services for Workers' Compensation claims and Non-litigated Liability claims and related services for the District.

Request for Proposal 18-RFP-14 was advertised on June 20, 2018, and 179 companies were notified. RFP documents were requested by 27 companies, resulting in five firms: Alternative Service Concepts, LLC, Cannon Cochran Management Services, Inc., PMA Management Corp., UMR, and York Risk Services Group, Inc. submitting proposals on July 20, 2018. The proposal from a sixth company, CorVel Enterprise Comp, Inc., was deemed non-responsive to RFP requirements and was rejected.

An evaluation committee consisting of personnel from the Human Resources Department (including Risk Management and Claims), and a representative from the Procurement and Materials Management Department, evaluated the proposals based on understanding of the project, prior experience with public entity clients, proposed approach to the work, technical competence, and the ability to meet the District's requirements. It was the consensus of the committee that all proposers were qualified to perform the work for Workers' Compensation claims and related services and Non-litigated Liability claims and related services.

Five firms were interviewed and each was invited to submit a best and final offer (BAFO). One firm, Cannon Cochran Management Services, Inc., did not submit a BAFO. Upon completion of this process, PMA Management Corp. (PMA) received the highest ratings and proposed the lowest BAFO pricing.

PMA is a well-established professional services firm with more than 20 years of experience providing third party claims administrator services for Workers' Compensation and other lines of coverage. PMA's clients vary in size from those with several hundred employees to those with more than 55,000 employees.

PMA will provide third-party claims administration services through a dedicated team that will partner with the District to address issues proactively and within established guidelines. PMA is available 24 hours per day, 7 days per week, 365 days per year to respond to District needs. A claims professional will be available at all times via a toll-free number to answer questions and provide direction. PMA will handle all Workers' Compensation claims; services include bill review, Medicare Section 111 reporting, and data feeds, and may also include Utilization Review, Peer Review, Independent Medical Examinations, Medical Case Management, Investigations, and other services listed in the RFP or BAFO, as needed and agreed upon. As requested by

the District, PMA will also administer Non-litigated Liability claims and related services for General Liability, Employers Liability, Auto Liability, and Marine Liability.

The Diversity Section has reviewed the proposals by PMA Management Corp. and has concluded that PMA's response is in accordance with the District's Affirmative Action Policy.

The estimated expenditures were developed using the rates submitted in the BAFO and are based on updated estimates of claims activity. The fees are auditable so the District will only pay for services used.

The estimated expenditures for 2019, 2020, 2021 and 2022 are \$176,485.00, \$249,355.00, \$254,480.00, and \$63,475.00 respectively. Funds for the 2020, 2021 and 2022 expenditures will be budgeted in Accounts 101-25000-612430 and 901-30000-601090 and will be contingent on the Board of Commissioners' approval of the District's budget for those years.

In view of the foregoing, it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order and enter into an agreement with PMA Management Corp. for third-party claims administrator services, in an amount not to exceed \$743,795.00.

Requested, Beverly K. Sanders, Director of Human Resources, BKS:RAJ

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for January 10, 2019

Attachment