



CITY COUNCIL AGENDA REPORT

August 4, 2020
Human Resources

TITLE: APPROVE A THIRD AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF PLEASANTON AND INNOVATIVE CLAIM SOLUTIONS, INC. TO PROVIDE THIRD PARTY ADMINISTRATION OF WORKER'S COMPENSATION PROGRAM

SUMMARY

The City of Pleasanton ("City") currently uses the services of a third party administrator, Innovative Claim Solutions ("ICS"), to help manage and process claim administration and meet reporting and compliance requirements for the City's Worker's Compensation program. On July 1, 2015, the City entered into a three year agreement with ICS; subsequently the City has twice extended the agreement via amendments. The current amendment expired June 30, 2020.

RECOMMENDATION

Approve a third amendment to the professional services agreement with ICS for one year, from July 1, 2020 through June 30, 2021, to provide third party administration for the City and authorize the City Manager to execute the amendment.

FINANCIAL STATEMENT

The cost for this one year amendment to the professional services agreement with ICS is \$200,495. There are sufficient funds in the Fiscal Year 2020-21 budget to cover the costs of this one year amendment.

BACKGROUND

The administration of a Worker’s Compensation program is complex due to numerous legal mandates and other requirements for processing claims. The consequences of errors are the imposition of penalties on employers, increased financial responsibility and poor employer-employee relations. Thus, smaller and midsize cities typically use the services of a qualified third party administrator that employs experienced and certified staff who interface with medical and legal personnel representing injured employees to manage their Worker’s Compensation challenges and compliance requirements of the specialized field of Worker’s Compensation claim administration.

DISCUSSION

The City has been very pleased with the claim administration provided by ICS. In addition to providing excellent customer service to injured workers, ICS’s streamlined processes and responsiveness to City staff who coordinate the administration of the Worker’s Compensation program internally allows the program to function effectively.

Annually, the City has received modest fee increase requests from ICS for claim administration, as allowed in the professional services agreement. This third amendment will result in a 4.9% fee increase as compared to the second amendment’s fees.

In early 2021, the City will engage in a request for proposals from qualified third party claim administrators to provide Worker’s Compensation claim administration services for the City’s self-insured Worker’s Compensation Program for, at minimum, Fiscal Year 2021-22.

In conclusion, staff recommends approval of a third amendment to the professional services agreement with ICS for one year, from July 1, 2020 through June 30, 2021, to provide third party administration for the City and authorize the City Manager to execute the amendment.

Submitted by:

DocuSigned by:
Debra Gill
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Debra Gill
Director of Human
Resources and Labor
Relations

Reviewed by:

Tina Olson
for
Tina Olson
Director of Finance

Approved by:

Nelson Fialho
Nelson Fialho
City Manager

Attachment: Third Amendment to the professional services agreement with ICS

THIRD AMENDMENT TO AGREEMENT

The Third Amendment to Agreement ("Third Amendment") is entered into on this fourth day of August 2020 by the City of Pleasanton ("City") and Innovative Claim Solutions, Inc. ("Consultant").

Whereas, on July 1, 2015, City and Consultant entered into a Contract for Services for Consultant to provide claims management and administration of Worker's Compensation self-insurance services ("Agreement"); and

Whereas, Agreement was set to expire on June 30, 2020, and City has the option to amend Agreement for a one year term and shall pay Consultant \$200,495 in this one year term (July 1, 2020 through June 30, 2021); and

Whereas, the parties desire to amend to Agreement;

Now, therefore, in exchange for valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Section 6 of Agreement, "Terms" is amended to read: "Consultant shall begin work upon the direction of City's Human Resources Department. The work as described in Exhibit "A", Scope of Work, shall be completed by mutually agreed upon timeframe. This one year Amendment will begin July 1, 2020 and expire June 30, 2021."
2. Section 7 of Agreement, "Compensation" is amended to read: "For the services to be rendered hereunder, City shall pay Consultant \$200,495 for this one year Amendment; which is the third amendment."
3. All other terms and conditions of Agreement shall remain in full force and effect.

In witness whereof, authorized representatives of the parties have executed this Third Amendment to Agreement as of the date and year first above written.

CITY OF PLEASANTON:

Nelson Fialho, City Manager

ATTEST:

Karen Diaz, City Clerk

APPROVED AS TO FORM:

Daniel Sodergren, City Attorney

CONSULTANT:

By:

Signature

Print Name

Title:
