

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

DEPT: CEO-RISK MANAGEMENT DIVISION

BOARD AGENDA # \*B-8

Urgent

Routine

AGENDA DATE June 5, 2012

CEO Concurs with Recommendation **YES**  **NO**   
(Information Attached)

4/5 Vote Required **YES**  **NO**

SUBJECT:

Approval to Extend the Current Agreement Between the County and Acclamation Insurance Management Services to Provide Third Party Administrator Services in the Workers' Compensation Program on a Month-to-Month Basis Effective July 1, 2012

STAFF RECOMMENDATIONS:

1. Approve an extension to the current agreement between the County and Acclamation Insurance Management Services to provide Third Party Administrator services in the Workers' Compensation Program on a month-to-month basis effective July 1, 2012.
2. Authorize the Purchasing Agent to negotiate and sign an amendment to the agreement with Acclamation Insurance Management Services in substantially the form attached to this report.

FISCAL IMPACT:

The County currently contacts with Acclamation Insurance Management Services (AIMS) to provide Third Party Administrator (TPA) services in the Workers' Compensation Program at a rate of \$566,347 per year, or approximately \$47,196 per month. The County is in the process of initiating a Request for Proposal (RFP) process to solicit proposals for a new multi-year agreement for TPA services with a target date for implementation on

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2012-272

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith  
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2)        Denied

3)        Approved as amended

4)        Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Extend the Current Agreement Between the County and Acclamation Insurance Management Services to Provide Third Party Administrator Services in the Workers' Compensation Program on a Month-to-Month Basis Effective July 1, 2012.

### **FISCAL IMPACT: (Continued)**

January 1, 2013. The current agreement with AIMS expires on June 30, 2012, and will require an extension agreement in order to maintain the County's compliance with providing legally required workers' compensation benefits. AIMS has agreed to extend the current agreement with an increased cost of 6.35% in order to fulfill the requirements for maintaining ongoing program services starting July 1, 2012. The new monthly cost for maintaining TPA services with AIMS will be \$50,196, representing a \$3,000 increase per month from the current program costs. The total fiscal impact of the recommended contract extension will be an increase of \$18,000 in Budget Year 2012-2013, assuming the RFP process is completed on time and a new TPA agreement is in place on January 1, 2013.

The Workers' Compensation Program is funded through contributions from departments based on each department's risk exposure and prior claims history. Total cost of the workers' compensation program in Budget Year 2012-2013 is projected to be \$5.3 million, which includes administration, excess insurance premiums and claim payments.

### **DISCUSSION:**

The County currently contacts with Acclamation Insurance Management Services (AIMS) to provide Third Party Administrator (TPA) services in the Workers' Compensation Program. The current agreement covered the period of January 1, 2009 through June 30, 2012. In preparation of the expiration of the current TPA agreement with AIMS, staff from CEO-Risk Management and GSA-Purchasing initiated a Request for Proposal (RFP) for TPA services released to the public in February 2012. The results of the RFP process were presented to the Board on May 22, 2012, with the Board taking action to reject all bids and begin a new RFP process. While this new RFP process is underway, the County must take action to ensure that TPA services are provided without interruption in order for the County to provide legally required workers' compensation benefits to current and past County employees and to avoid substantial penalties for non-compliance with applicable State workers' compensation statutes.

County staff has received a proposal from AIMS for an interim agreement to provide TPA services effective July 1, 2012, and continuing on a month-to-month basis until the County has transitioned to a new agreement after completion of the RFP process. The interim agreement will require a 6.35% cost increase to address increased costs for AIMS to staff the program after expiration of the current agreement.

County staff anticipate the interim agreement will last approximately six months which will provide 3-4 months to complete the new RFP process (including preparation, posting, evaluation and analysis, scoring, vendor selection, appeal timelines and Board approval), and an additional 2-3 months to administratively transfer TPA services from AIMS to a potential new vendor. This time frame may be reduced or increased based on the number of vendors participating in the RFP process and the availability and commitment of the vendors to transition the program during the month of December.

A copy of the proposed contract extension is attached to this agenda item.

Approval to Extend the Current Agreement Between the County and Acclamation Insurance Management Services to Provide Third Party Administrator Services in the Workers' Compensation Program on a Month-to-Month Basis Effective July 1, 2012.

**POLICY ISSUE:**

Approval of the interim agreement with AIMS will ensure the County's compliance with applicable statutes under the State workers' compensation system and support the Board of Supervisors' priority of Efficient Delivery of Public Services.

**STAFFING IMPACT:**

There are no staffing impacts associated with the recommended interim agreement. Staff from CEO-Risk Management and GSA-Purchasing will work to complete the RFP process and implement any future changes in the workers' compensation program as necessary.

**CONTACT PERSON:**

Jody Hayes, Deputy Executive Officer. Telephone: 525-5714

14620

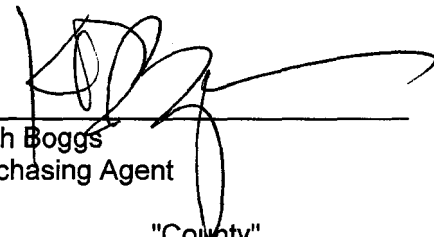
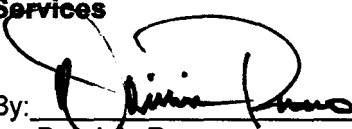
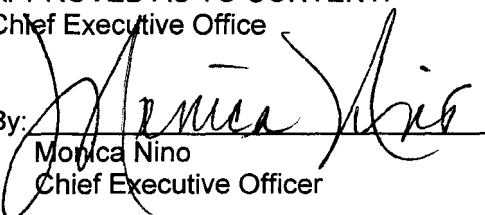
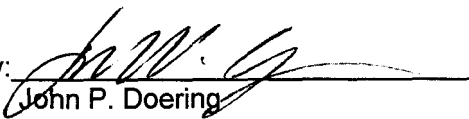
**RECEIVED**  
JUN 08 2012  
GENERAL SERVICES AGENCY

**AMENDMENT NO. 1**  
**to**  
**AGREEMENT FOR INDEPENDENT CONTRACTOR SERVICES**

Pursuant to Paragraph 17 of the Agreement For Independent Contractor Services dated January 1, 2009 (the "Agreement"), the County of Stanislaus ("County") and Acclamation Insurance Management Services, Inc. (AContractor@) hereby modify the Agreement as follows:

1. The parties agree to extend the term of the Agreement on a month-to-month basis beginning July 1, 2012. Either party may terminate the Agreement and Amendment No. 1 by providing the other party 30-days prior written notice. The Contractor shall be compensated by the County as provided in the letter proposal from AIMS attached to and made a part of this Amendment No. 1.
2. Except as provided in Amendment No. 1, all other terms and conditions of the Agreement remain the same.

In Witness Whereof, the parties have executed this Amendment No. 1 to the Agreement on June 5, 2012.

<p><b>County of Stanislaus</b></p> <p>By:  Keith Boggs Purchasing Agent "County"</p>	<p><b>Acclamation Insurance Management Services</b></p> <p>By:  Dominic Russo President &amp; CEO "Contractor"</p>
<p>APPROVED AS TO CONTENT: Chief Executive Office</p> <p>By:  Monica Nino Chief Executive Officer</p>	
<p>APPROVED AS TO FORM: John P. Doering County Counsel</p> <p>By:  John P. Doering</p>	



ACCLAMATION INSURANCE  
MANAGEMENT SERVICES

Ms Peggy Huntsinger  
Disability/Insurance Manager  
Stanislaus County  
1010 10<sup>th</sup> Street, Suite 5400  
Modesto, CA

Re: Extension of Workers' Compensation Contract between Stanislaus County  
and Acclamation Insurance Management Services, Inc. (AIMS)

Dear Ms. Huntsinger:

Pursuant to our conversation, AIMS and Stanislaus County have agreed to  
extend their Agreement for Independent Contractor Services (Workers'  
Compensation contract) dated January 1<sup>st</sup>, 2009 on month-to-month basis as  
needed effective July 1, 2012.

It is understood that the monthly fee will be the quoted amount in AIMS' response  
to a Request for Proposal (RFP# 12-06 MP) plus \$3,000 to cover the additional  
costs of hiring temporary employees. This monthly amount will be calculated as  
follows:

\$566,347 divided by 12 equals \$47,195.58  
Plus \$ 3,000.00  
\$50,195.58

Should you have any questions, please feel free to give me a call at  
916/563-1900.

Sincerely,

A handwritten signature in cursive script that reads "Lynn Cavalcanti".

Lynn Cavalcanti  
Senior Vice President of Operations  
Acclamation Insurance Management Services, Inc.

Cc: Dominic Russo, President & CEO