

Legislation Text

File #: 15-5559, Version: 1

Workers' Compensation Administration Services

Action:

- A. Approve a contract with Sedgwick Claims Management Services, Inc. for workers' compensation claims administration services for an initial term of three years, and**
- B. Authorize the City Manager to renew the contract for up to two, one year terms with possible price adjustments and to amend the contract consistent with the City's business needs and the purpose for which the contract was approved.**

Staff Resource(s):

Randy Harrington, Management and Financial Services
Dan Pliszka, Management and Financial Services

Explanation

- The Risk Management Division of Management and Financial Services currently processes Workers' Compensation claims for the City of Charlotte, Mecklenburg County, Charlotte-Mecklenburg Board of Education, Charlotte Regional Visitors Authority, and MEDIC. Business, technology, resourcing, and regulatory needs have necessitated a review of the current Workers' Compensation service approach.
- Following year-long review by staff and the Privatization and Competition Advisory Committee (PCAC), it is recommended that the processing of City Workers' Compensation claims be transferred to a third-party administrator for the following reasons:
 - Avoids the cost of risk management computer system upgrades;
 - Enhances regulatory compliance with Medicare and Medicaid;
 - Enhances regulatory compliance with the North Carolina Industrial Commission;
 - Streamlines service delivery; and
 - Moves the workers' compensation system to a nearly paperless model.
- On February 9, 2017, the PCAC unanimously recommended this service model change. Sedgwick Claims Management Services, Inc. will supervise, administer, manage, and provide Workers' Compensation claims handling and claims management services to the City of Charlotte.
- Charlotte is currently one of only two local governments in North Carolina that administers workers' compensation claims in-house.
- As the third party administrator, the vendor will act as the City's representative in all matters related to the administration of workers' compensation claims and provide services including, but not limited to:
 - Reviewing and investigating claims, claim file reporting and administrative support;
 - Coordinating and authorizing appropriate medical treatment;
 - Coordinating and investigating litigated claims; and
 - Representing the City at workers' compensation mediations and/or hearings.
- A waiver of procurement process was obtained from the City Manager's Office to waive a competitive solicitation and award a contract directly with the vendor.
 - The North Carolina Department of Public Instruction conducted a Request for Proposals process that resulted in selecting Sedgwick Claims Management Services, Inc. to handle

their workers' compensation claims administration services.

- Annual estimated expenditures are approximately \$625,000. The contract cost will be offset by creating efficiencies to streamline redundant tasks and positions after implementation.
 - Risk Management will coordinate with Human Resources to mitigate the impact to employees to the extent possible.

Charlotte Business INclusion

The City will negotiate with Sedgwick for MWSBE participation to be included as a part of the operational activity of the services.

Sedgwick has identified MWSBE opportunities in the following scopes of work:

- Field Case Management
- Medical Services, Laboratory
- Surveillance
- Translation
- Transportation
- Vocational and Occupational Rehabilitation

Fiscal Note

Funding: Risk and Liability Insurance Fund