



C O U N T Y A D M I N I S T R A T O R

SUSAN S. MURANISHI
COUNTY ADMINISTRATOR

DONNA LINTON
ASSISTANT COUNTY ADMINISTRATOR

AGENDA # _____, April 8, 2008

March 21, 2008

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, CA 94612-4305

Dear Board Members:

SUBJECT: EXTEND AND INCREASE THE AMOUNT OF THE CONTRACT WITH
 SEDGWICK CLAIMS MANAGEMENT SERVICES, INC. FOR WORKERS'
 COMPENSATION THIRD PARTY ADMINISTRATION SERVICES,
 CONTRACT #900253; AMOUNT: \$1,681,247

RECOMMENDATION:

Authorize the Purchasing Agent to negotiate and sign an amendment to extend and modify Master Contract No. 900253, Procurement Contract No. 809, (Request for Proposal (RFP) GENSA 7), with Sedgwick Claims Management Services, Inc. (Sedgwick CMS, formerly Octagon Risk Services), (Steven E. Penman, Executive Vice President), Oakland, CA, for workers' compensation third party administration (TPA) services provided to the County Administrator's Office (CAO) Risk Management Unit (RMU). The term of this contract extension is eight months, from May 1, 2008 through December 31, 2008. The contract amount will increase by \$1,681,247 from \$13,877,817 to \$15,559,064.

DISCUSSION/SUMMARY:

The Workers' Compensation program covers 9,249 full and part-time employees, including safety personnel in the District Attorney's Office, Probation Department, Sheriff's Office, and the Fire Department. The County of Alameda requires the services of a workers' compensation TPA service provider capable of developing a cost-effective and proactive workers' compensation program in order to control the cost of workplace injury claims.

The current contract with Sedgwick CMS was approved by your Board on May 7, 2002, Item #26, File #16494. The contract allowed for renewal for additional terms as agreed upon and it was extended on January 27, 2004, Item #26, File #18632 on December 20, 2005, Item #17C, File #18632 and again on January 8, 2008, Item #12A, File #22888.

SELECTION CRITERIA/PROCESS:

The CAO's office does not have resources to provide workers' compensation claims administration services for County employees.


In 2007 the RMU worked with the General Services Agency (GSA) Purchasing Department to develop an RFP and conduct a bidding process to select a new vendor to supply these services. Upon completion of the RFP process and before award to a new vendor it was determined that ancillary services required to administer the workers' compensation program had not been addressed adequately in the RFP and, therefore, a comprehensive award could not be made. The RMU decided it was in the County's best interest to rebid the third party administrator's contract and bid ancillary services contracts separately. This extension will allow time for the RMU and GSA to develop four new RFPs to address four primary service categories, complete the bidding process, and allow time to transition the claims to the new TPA, if necessary.

During the current contract extension Sedgwick sub-contracted with 16 SLEB vendors for ancillary services, 39%, which exceeds the 30% SLEB requirement.

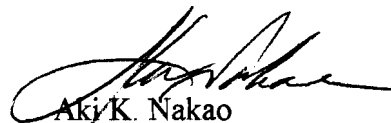
FUNDING:

Funding for this program is included in the County Administrator's Office FY 2007/2008 budget and will be requested in subsequent budget years. No additional appropriations are required and there will be no increase in net County cost.

Respectfully submitted,



Susan S. Muranishi
County Administrator



Aki K. Nakao
Director, General Services Agency

AKN:DHM:MP:Board Letters/Purchasing/FY 2007-08/Workers Compensation Third Party Administrator Fifth Amendment (TPA-Sedgwick)

cc: Patrick J. O'Connell, Auditor-Controller
Richard E. Winnie, County Counsel