



## 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 # \_\_\_\_\_, October 18, 2011**

September 12, 2011

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

Dear Board Members:

**SUBJECT:    EXTEND AND INCREASE THE CONTRACT WITH SEDGWICK CMS, INC. FOR  
WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR, REQUEST  
FOR PROPOSAL (RFP) NO. 900448; AMOUNT: \$1,978,500**

**RECOMMENDATION:**

Authorize the Purchasing Agent to negotiate a Third Amendment to extend Master Contract No. 900448, Procurement Contract No. 3113, with Sedgwick Claims Management Services (CMS), Inc. (Jay Ayala, Senior Vice President) Oakland, CA to provide Workers' Compensation Third Party Administrator (TPA) services for the County Administrator's Office (CAO) and Risk Management Unit (RMU). The contract amount will increase from \$5,702,711 to \$7,681,211, an increase of \$1,978,500. The term of this contract extension shall be one-year, beginning on approximately January 1, 2012 and ending on approximately December 31, 2012. The contract allows for this extension by mutual agreement.

**DISCUSSION/SUMMARY:**

On July 22, 2008, File No. 22935, Item No. 73B, your Board authorized the Purchasing Agent to negotiate and sign a three year contract with Sedgwick CMS, Inc.

The County workforce covered by the County's workers' compensation program consists of approximately 9,200 full-time or 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 claims management program in order to control the cost of workplace injury claims. This extension will allow Sedgwick CMS, Inc. to continue providing workers' compensation third party administrator services.

SELECTION CRITERIA/PROCESS:

*A Request for Proposal (RFP) was issued to 14 vendors on April 18, 2008 and resulted in eight responses. Representatives from Alameda County RMU and one Risk Manager from Contra Costa County evaluated the proposals. Sedgwick CMS, Inc., received the highest number of points. At the time of initial award, Sedgwick agreed to subcontract with General Supply Co., Oakland, and NASHional Office Furniture dba Gene's Office Products, San Leandro, both are certified SLEBs. On May 4, 2011, a request to revise the SLEB commitment was approved by the Auditor Controller's Office of Contract Compliance (OCC). During the extension term, Sedgwick CMS, Inc. will continue to subcontract with SLEB vendors: OUTSOURCE Consulting Services, Inc., Frye Claims, Pulley & Cohen, Digistream Investigations, Elisabeth Ball & Associates, Inc., Disability Management Insights Inc. and TDM Enterprises. According to the Elation System, as of September 13, 2011, SLEB compliance during the initial term was 24%.*

FUNDING:

Appropriations for this contract increase are included in the CAO-RMU FY 2011/2012 Approved Budget and will be requested in future 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

SM:AKN:ME:hh\Board Letters\Purchasing\FY 2011-12\Workers' Compensation TPA BL

Attachment

cc: Patrick J. O'Connell, Auditor-Controller  
Richard R. Karlsson, Interim County Counsel

WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR, REQUEST FOR PROPOSAL (RFP) No. 900448  
**January 1, 2009 – December 31, 2012**

Vendor	Location	Amount Paid to Vendor (to date)	Local Participation		SLEB Participation	
			Percentage	Dollar Amount	Percentage	Dollar Amount
Sedgwick CMS, Inc.	Oakland, CA	\$4,597,855.86	100%	\$7,681,211	24%	\$1,085,519.11

Vendor		SLEB %	SLEB % for Contract Term
<i>OUTSOURCE Consulting Services, Inc. Sandra O. Floyd, Principal</i>	<i>Oakland, CA 94612 Certification #02-90114 Valid 01/01/2011 - 12/31/2012</i>	0.51%	\$23,226.50
<i>Frye Claims - Investigation Tom Frye, Principal</i>	<i>Oakland, CA 94612 Certification #07-90983 Valid 01/01/2011 - 12/31/2012</i>	0.94%	\$43,239.87
<i>Pulley &amp; Cohen – Defense Attorney Warren Pulley, Principal</i>	<i>Oakland, CA 94612 Certification #02-90037 Valid 01/01/2011 - 12/31/2012</i>	1.04%	\$47,948.54
<i>Digistream – Investigation Conley Reed, Principal</i>	<i>Alameda, CA 94502 Certification #06-90969 Valid 06/01/11 – 05/31/13</i>	12.36%	\$568,152.44
<i>Elisabeth Ball &amp; Associate, Inc. Elisabeth Ball, Principal</i>	<i>Castro Valley, CA 94546 Certification #06-90916 Valid 10/01/08 – 12/31/11</i>	0.31%	\$14,216.20
<i>Disability Management Insights Inc. Linda Stutzman, Principal</i>	<i>Castro Valley, CA 94546 Certification # 03-90294 Valid 10/01/08 – 12/31/14</i>	5.62%	\$258,415.91
<i>*TDM Enterprises – Office Supply Vendor Theresa D. Marmon, Principal</i>	<i>San Leandro, CA 94577 Certification # 09-00328 Valid 12/01/09 – 12/31/11</i>	2.83%	\$130,319.65
	<i>TOTAL</i>		\$1,085,519.11

\*Formerly NASHional Office Furniture dba Gene's Office Products