

Postal Mail Address
City of Gastonia
Human Resources Department
P O Box 1748
Gastonia, NC 28053-1748

THIS IS A REQUEST FOR PROPOSAL

DATE: MARCH 1, 2010

**RFP DUE: APRIL 1, 2010, AT 12:00 PM
IN THE HUMAN RESOURCES DEPARTMENT AT
181 S. SOUTH STREET
GASTONIA, NC 28052**

**REQUEST FOR PROPOSAL
EXCESS WORKERS' COMPENSATION & EMPLOYERS' LIABILITY INSURANCE AND
WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICE**

Proposers must propose for both the Excess Workers' Compensation & Employers' Liability Insurance and Workers Compensation Claims Administration Services.

The City of Gastonia (City) is requesting proposals from qualified firms and individuals to provide excess Workers' Compensation and Employers' Liability Insurance AND Workers' Compensation Claims Administration Services.

SEALED PROPOSALS MUST BE ADDRESSED TO THE HUMAN RESOURCES DEPARTMENT AND MARKED AS FOLLOWS:

RFP FOR EXCESS WORKERS' COMPENSATION DUE BY APRIL 1, 2010, AT 12:00 PM.

FAILURE TO COMPLY WITH SPECIFICATIONS MAY RESULT IN DISQUALIFICATION OF YOUR PROPOSAL. ANY PROPOSAL RECEIVED AFTER THE TIME AND DATE STATED ABOVE **WILL NOT** BE CONSIDERED. UNSIGNED PROPOSALS AND/OR PROPOSALS RECEIVED VIA FACSIMILE OR EMAIL WILL NOT BE CONSIDERED. THIS SOLICITATION IS ISSUED FOR PURPOSES OF CONTRACTING WITH QUALIFIED SERVICE PROVIDERS. AWARDED VENDORS WILL BE NOTIFIED.

The City of Gastonia reserves the right to accept and/or reject any proposals without necessary explanation to the proposing sources and is not obligated to accept the lowest dollar proposal.

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SECTION I - SUMMARY

The City of Gastonia, hereinafter referred to as the "City", seeks proposals in response to this Request for Proposal (RFP), from firms qualified and experienced in providing Excess Workers' Compensation and Employers' Liability Insurance coverage and Workers' Compensation Claims Administration Services. The City of Gastonia was incorporated in 1877. It is located in Gaston County, North Carolina.

With the exception of some authorized travel to other states to attend training courses, conferences or seminars or to occasionally lend assistance to other units of local, state or federal government (such as wild land firefighting), most employees' work is performed within the City of Gastonia's corporate boundaries or in surrounding service areas covered by service contracts or inter-governmental agreements. Some employees may travel throughout the state to conduct business and may travel out-of-state to pick-up or deliver large custom vehicles that have been purchased.

The City of Gastonia has used due care and diligence in the preparation of this Request for Proposal. All information provided is believed to be accurate and complete. However, the responsibility for determining the full extent of the exposure and the verification of all information contained herein shall rest solely upon the proposer.

Award of a contract for excess workers compensation and employers' liability shall be at the sole discretion of the City of Gastonia. The City of Gastonia reserves the right to accept or reject any or all proposals in whole or in part. Award of a contract for workers compensation claims administration shall be at the sole discretion of the City of Gastonia. The City of Gastonia reserves the right to accept or reject any or all proposals in whole or in part.

The City of Gastonia shall not be responsible for any expenses incurred by a firm in connection with preparing and submitting a proposal. All proposals shall become property of the City of Gastonia and a public record.

The City of Gastonia shall not provide any agent or broker with an "Agent/Broker of Record" letter.

Specifications contained herein indicate the minimum upon which you should base your proposal. Proposals may exceed the minimums specified.

Coverage shall have an effective date of July 1, 2010, and shall be for a period of one year with an option to negotiate renewal for additional one-year periods thereafter. Non-renewal, cancellation, change in coverage or cost shall require a 120 day notice in writing to the City of Gastonia.

Current Situation

The City is currently self-insured. Midwest Employers Casualty provides the excess insurance and the NC League of Municipalities is the current Workers Compensation' Claim Administrator for the workers compensation claims administration services.

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The City is currently using Caromont Occupational Medicine as the primary provider for medical care for workers' compensation accidents.

The City has an Assistant Director of Human Resources, Safety Administrator and a HR Health Clinic Assistant in the Human Resources Department. The collaboration of City Staff with the Workers' Compensation Claim Administrator is important to the City's program management and will be an integral part of the relationship between Workers' Compensation Claim Administrator and the City.

Included in the RFP is a summary of the City's losses for the past five years ending January 31, 2010.

SECTION II - SPECIFICATIONS

The specifications for the Excess Workers' Compensation are outlined in the City's current policy (**SEE ATTACHMENT #1**).

The City seeks proposals for the following deductible (retention) amounts for Policy Part One, Workers' Compensation (Statutory) and Policy Part Two, Employers Liability (\$1,000,000) for each accident and each employee for disease:

- (1) \$500,000 deductible (retention) for 7710 and 7720; \$300,000 deductible (retention) for all others**
- (2) \$750,000 deductible (retention) for 7710 and 7720; \$500,000 deductible (retention) for all others**
- (3) \$1,000,000 deductible (retention). for 7710 and 7720; \$750,000 deductible (retention) for all others**

The selected Workers' Compensation Claim Administrator will have the offices and the personnel assigned to the City account with access available by telephone, fax, and e-mail and on-site meetings with designated City of Gastonia staff, as required.

The selected Workers' Compensation Claim Administrator will need to meet quarterly with the City's Assistant Director of Human Resources and other designated employee(s) for claims staffing of selected claims.

The selected Workers' Compensation Claim Administrator will need to meet, as needed, with the City's legal defense team, Assistant Director of Human Resources and other designated employee(s) of the City for discussion and staffing of legal issues of selected claims.

Workers' Compensation Claim Administrator services shall include the following:

Claims Administration:

Examine all claims reported and determine if the claim is compensable under state statutes. Advise the HR Health Clinic Assistant and injured employee of the determination.

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Complete a prompt and thorough investigation of all incidents, accidents, work-related illnesses (including infectious disease exposures) and/or claims assigned, including but not limited to:

- Contact with the HR Health Clinic Assistant and the employee within twenty-four (24) hours of receipt of the reported claim
- As determined or requested by the Assistant Director of Human Resources or as may be required by the facts of the claim, conduct interviews with the injured employee, co-workers, witnesses or others who might have direct knowledge of the facts and circumstances relating to the claim
- Conduct any other interviews or investigation deemed appropriate

Provide a medical cost containment program, to include:

- Fee schedule review
- Hospital utilization review
- Hospital bill audit
- Hospital/Physician discounts

Provide a quarterly medical cost containment report to the Assistant Director of Human Resources.

Compile and file, on behalf of the City, all notices, reports and admissions required by state statutes relating to workers' compensation claims.

With the approval of the HR Health Clinic Assistant, arrange for independent medical examinations, rehabilitation services and activity check-ups, when such procedures may be constructive.

Report claims to the City's excess insurer in accordance with policy requirements, and monitor all recoveries due. This shall include providing notice to excess insurers of all claims or potential losses which may exceed the City's per occurrence retention and, if requested, provide such insurers with necessary information on the current status of those claims, including total aggregate loss information for the policy year.

The selected Workers' Compensation Claim Administrator will need to be available on call to respond within (7) business days for meetings concerning specific difficult cases as described above.

The selected Workers' Compensation Claim Administrator will need to have electronic capability for communication with City staff, designated medical providers and attorneys. This may include claims data available through secure website access and encrypted e-mail.

The selected Workers' Compensation Claim Administrator will have specific personnel assigned to handle all City claims. This claims team will deal with the City's HR Health Clinic Assistant or other designated employee(s) of the City on the day-to-day claims functions. The lead adjuster, which will be assigned to the City account, should be part of any presentation team.

The selected Workers' Compensation Claim Administrator is expected to return phone calls and/or respond to e-mails from designated City staff and calls from injured City employees within one business day.

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The selected Workers' Compensation Claim Administrator is expected to set an ultimate claim reserve for all lost time cases within 30 days of the receipt of the claim. This reserve would be adjusted as needed to always reflect the ultimate claim reserve.

Loss Control and Claims Reporting/RMIS Requirements

The selected Workers' Compensation Claim Administrator shall provide a fully integrated risk management information system. In the areas of claim information, loss control information and general financial information, the firm shall have the capability to provide the following:

- Loss run printouts by policy year (July 1st through June 30th) *(Each print run must be capable of selecting on the basis of specified range parameters on any or all data fields and must be capable of an ordered print.)*
- Monthly loss detail and summary reports (Please provide samples)
- Quarterly accident analysis detailed reports (Please provide samples)
- An excess carrier report by year
- Monthly check register detailing financial activity, including payments issued, payee, amount of check, type of payment, claim number, date of injury and claimant name (Please provide report sample)
- Capability for on-line access

Customized loss reports are preferred. Please comment on your firm's ability to provide reports to an SQL database and/or using various report formats: MS Access; MS Excel; PDF; print and disk.

Submitted proposals should address ownership of data/loss files. Please comment on special ownership of claim file media.

Financial and Accounting Services

Submitted proposals will require an explanation of the establishment of any fund which may be required for payment of claims. Details should include, but not be limited to:

- Any monthly requirements after initial establishment of the fund
- Procedures under which funds are to be transferred
- Frequency of adjustment to determine accuracy of funding level
- Reconciliation of check issuance
- Maintain accurate and current claim payment records to prevent the issuance of duplicate payments

Please indicate basic funding arrangements available, i.e., daily replenishment (budgeted basis or cleared bank basis), monthly replenishment, etc. Please indicate anticipated amount of initial imprest account.

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SECTION III – PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

This RFP will be made available on March 1, 2010. Responses are due back by 12:00 p.m. April 1, 2010, to:

ATTN: Judy Smith
City of Gastonia
P O Box 1748
Gastonia, NC 28053-1748

Submission Requirements

Bidding firms shall be required to submit the information detailed below. If the service is not available or not applicable for a particular response item, please note with “not applicable” or “not available” for that item.

All firms submitting proposals **MUST** be licensed/approved to conduct business in the State of North Carolina.

The information shall be organized and assembled in such a manner as to assist the City of Gastonia in reviewing all proposals received.

All proposals must be either mailed or personally delivered.

All proposals must be sealed and clearly marked **RFP FOR EXCESS WORKERS' COMPENSATION DUE BY APRIL 1, 2010, AT 12:00 PM.**

- A. Table of Contents to include clear identification of the material provided by section and number
- B. A letter of transmittal indicating the firm's interest in providing the service and any other information that would assist the City in making a selection. A person legally authorized to bind the firm to a contract must sign this letter.
- C. A statement demonstrating understanding and your capability of providing the services of each section of the RFP
- D. A written description of the firm's qualifications and experience to provide the requested services. Please include a list of other accounts you handle that are similar in size
- E. Completion of the Claims Administration Services Questionnaire
- F. Completion of the Medical Case Management Questionnaire
- G. Completion of the RMIS Questionnaire
- H. Completion of Fee Proposal/Questionnaire
- I. A.M. Best, Standard & Poor's, or Moody's rating of the insurance company utilized in submitting proposals. Include a copy of the latest rating for the insurance company

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- J. Name and address of the local adjusting company that will be handling claims under the proposals submitted
- K. List of loss control services that will be provided at no additional cost to the City by the insurance company
- L. List of other loss control services available including associated costs
- M. What resource material will be provided, i.e. "how to" manuals, safety bulletins, video loans, sample OSHA programs, safety and OSHA checklists, etc.? What additional costs are charged for each of these?
- N. Is on-site supervisory or employee safety training available and at what cost?
- O. List the frequency with which the City will receive claims/loss statistics, and include a sample copy of the statistical report
- P. List whether the companies used to submit proposals are admitted or non-admitted carriers in the State of North Carolina
- Q. A specimen copy of the insurance policies and all endorsements under which the proposed coverage will be written
- R. Evidence of insurance as set forth:
 - 1. Workers' Compensation -Statutory Limits
 - 2. Comprehensive General Liability -Broad Form with minimum limits of \$ 1,000,000 per occurrence.
 - 3. Error and Omissions Professional Liability. Minimum limits of \$1,000,000 per occurrence. If the policy is on a claims-made basis, the policy shall be continually renewed for two (2) years from the date of contract.

An appropriate Certificate of Insurance evidencing required coverage is to be included at the point of contract award. If the contract for proposed services is awarded, policy endorsements showing the City as an additional insured on the general liability coverage shall be submitted prior to commencement of services under any such awarded contract.

SECTION IV - CLAIMS ADMINISTRATION SERVICES QUESTIONNAIRE

(Please answer in the order shown and letter or number your responses)

- A. Name, address and phone number of firm
- B. Branch office(s), address (es), and phone which would provide service under the proposal
- C. Are "toll free" numbers available?
- D. Indicate the proposed personnel (including supervisory and management) who would be assigned to administer the City's program. Provide details on job title, experience and education, public entity experience, and length of time with firm. Please include how many years of pure workers' compensation experience each of the claims adjusters who will be assigned to our account have.
- E. Are the adjusters that will be assigned to our account licensed NC adjusters?
- F. How many mediations and hearings have the adjusters who will be assigned to our account attended in the past twelve-months?
- G. What is the caseload of open files that would be managed by the adjusters assigned to the City? Break down into incoming claims, outstanding claims, medical-only and lost-time cases. What is the annual turnover rate of adjusters?

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- H. How do you assign claims?
- I. Submit verification that your firm is a State-approved third party administrator for self-insured workers' compensation programs
- J. How many independent self-funded government employers do you have as customers?
- K. Are you on-line with the Industrial Commission?
- L. Where are medical bills processed?
- M. What is the average length of time that it takes from receiving a provider bill to the mailing of the payment to the provider?
- N. Give at least three (3) references - at least two being public agencies. Please give names, phone numbers and a brief description of services provided
- O. Describe your investigative and reporting procedures. What criteria will be used to determine the extent of an investigation?
- P. What will be the frequency of status reports on any claim involving temporary total disability and/or permanent total disability?
- Q. Describe your procedures for making initial and follow-up contact with injured employees, supervisors and the HR Health Clinic Assistant. Will you be able to perform this within 24 hours of receiving the claim? What criteria will be used to determine on-site versus telephone investigations?
- R. Describe your approach to claims adjusting and management, including but not limited to: scheduling independent medical evaluations; arranging rehabilitation services; securing medically approved employment; activity checks and legal assistance
- S. Describe criteria used for providing systematic medical/hospital bill audits
- T. Please describe procedures for reviewing the adequacy of claim reserves.
- U. Explain any aspect of the Specifications which your firm cannot perform.
- V. Provide a statement verifying that the submitted proposal is valid until July 1, 2010
- W. It is the desire of the City to retain the right to periodically conduct file audits. Please acknowledge permission to conduct audits of claim files, either by City staff or other duly authorized representatives. Please submit a copy of your firm's established Audit Protocol and your internal standards for file management. Additionally, please verify/acknowledge the City's right to review any/all third party auditor's reports and/or management letters as they may pertain to City claim files.

SECTION V –MEDICAL CASE MANAGEMENT QUESTIONNAIRE

- A. Please describe your medical case management program with details on who provides the service and the criteria that is used in selecting cases. Please provide a description of the professional experience/qualifications on medical case management personnel who would be assigned to work with the City.
- B. How often are reports on managed care cases submitted? Please provide a copy of a "typical" medical case management report. Will the managed care personnel be willing to play an active role in our critical claims management process? If so, in what capacity would they see their role in this process?
- C. Please describe the fees associated with your case management.

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SECTION VI –RMIS QUESTIONNAIRE

- A. Please provide an explanation of the RMIS capabilities of your firm.
- B. Please provide samples of all loss reports (summary and detail) that would be provided under a service agreement.
- C. With what frequency will reports be provided?
- D. What other management reports will be routinely provided as a part of the administrative services?
- E. Describe what on-line capabilities are available to the City. Provide fee proposal for on-line access, if any, plus set up charge, monthly maintenance, etc.
- F. If there are costs/charges for RMIS, which are not included in the fee proposed/quoted for claims adjusting and administration, please state what charges will apply.
- G. Upon termination of any service agreement, will the City continue to receive periodic loss reports on open and closed claims? If so, what will be the costs for such reports? Will access to claim information via on-line be available after agreement termination? If so, what will be the charge and availability time?

SECTION VII -FEE PROPOSAL

Claims Administration/Adjusting

- A. Please indicate your proposed fee for administration/adjustment of workers' compensation claims. Explain basis of fee structure (i.e., composite rate, cost per lost time/medical only, etc.).
- B. Please provide a quote on "life of the claim" basis.
- C. Please note if above quoted fee is based on a minimum volume level. If so, show fee at different volume levels.
- D. Will your service agreement include a catastrophe clause, and if so (1) what are the particulars on the number of claimants from a single occurrence to be considered a catastrophe, and (2) is there an additional fee and if so indicate how much?
- E. Please provide a sample contract.
- F. Are occupational disease claims included in the service fee? If not, describe.
- G. Will the claims service fee for a work-associated injury follow to the final settlement of the claim regardless of time involved? If not, explain.
- H. Is there a dollar maximum for a medical-only claim above which the claim is classified as an indemnity for fee purposes? If so, what is that dollar amount?
- I. How and what fees are charged for Rehabilitation Nurses?
- J. How and what fees are charged for Private Investigators?
- K. Are there additional charges for phone calls to adjusters for information?
- L. What are the charges and expenses to attend mediation?
- M. What are the charges and expenses to attend a hearing?

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- N. Under the City's Return to Work program, we require assertive claims administration and case medical management. As this program has shown significant improvement in claim severity, we have many cases, which are medical only, which would be indemnity if it weren't for our Return to Work program. This often creates a "hybrid" claim; one which incurs basically medical costs only but requires administration and management much like a lost time indemnity case. How would your firm price such "hybrid" claims?
- O. Do you charge a percentage of the savings for reducing medical charges to fee schedules? If so, how much?

Note: Please be sure to comment on any additional fees which may be charged for services requested that may be outside your "basic" services. If there are to be additional charges for your firm's participation in this requested service, be sure to show those charges separate from all other "basic" services. If no separate charges are denoted, the City will assume all requested services are included in base fee quoted.

Contact Info

Judy Smith
Assistant Director of Human Resources
Human Resources Department
City of Gastonia
P O Box 1748
Gastonia, NC 28053-1748

Questions may be directed as listed above or e-mailed to: judys@cityofgastonia.com
Office phone: (704) 866-6786

**WORKERS' COMPENSATION
Proposal Form**

I. Current Limits

Workers' Compensation - \$1,000,000 Aggregate

Deductible: \$300,000 General Employee/\$500,000 Police and Fire Employees

II. Proposed

Option 1- \$1,000,000 Aggregate

\$300,000 General Employee/\$500,000 Police and Fire Employees _____

Please describe self-funding option including reinsurance and TPA expenses

Firm Name: _____

Address: _____

Authorized Signature: _____

Date: _____