



# CITY OF COSTA MESA

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 23-1145

**Meeting Date:** 4/4/2023

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**TITLE:**

**THIRD PARTY WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES**

**DEPARTMENT:** CITY MANAGER'S OFFICE, HUMAN RESOURCES DIVISION

**PRESENTED BY:** KASAMA LEE, HUMAN RESOURCES MANAGER

**CONTACT INFORMATION:** KASAMA LEE, HUMAN RESOURCES MANAGER, (714) 754-5169

**RECOMMENDATION:**

Staff recommends the City Council:

1. Award the contract for Third Party Workers Compensation Claims Administration Services per Request for Proposal (RFP) to AdminSure, Inc.
2. Authorize the City Manager and City Clerk to execute the five (5) year Professional Services Agreement for the contract (Attachment I).

**BACKGROUND:**

As a self-insured public entity, the City contracts with a third-party administrator (TPA) for workers' compensation claim adjusting services. TPA's have personnel with specialized skills and certifications required to effectively and efficiently handle workers' compensation claims caseloads. Specifically, they work with injured employees, medical providers, FEHA and ADA consultants, and attorneys in investigating, negotiating and settling claims filed by injured employees. The TPA acts as the primary handler of claims and serves in an advisory role to City staff by making recommendations on the appropriate disposition (settlement or denial) of claims.

Effective April 1, 2018, the City entered into an agreement with AdminSure, Inc. in order to continue TPA services for the handling of the City's workers' compensation claims. This agreement will end on March 31, 2023. The City competitively bid workers' compensation TPA services, as a proactive and accountability measure, a formal market exploration was necessary to insure the City is receiving the best services at a fair price.

On February 16, 2023, the Purchasing Division advertised a Request for Proposal (RFP) No. 23-10 Third Party Workers' Compensation Claims Administration. RFP No. 23-10 was released with the following schedule:

- Release of RFP February 16, 2023
- Deadline for Written Questions February 23, 2023

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|--|-------------------|
| • Responses to Questions Posted on Web | February 27, 2023 |
| • Proposals Due                        | March 2, 2023     |

**ANALYSIS:**

In response to the City's RFP, one (1) proposal was received from AdminSure, Inc. The proposal was reviewed by an Evaluation Committee consisting of City staff members. The proposal was reviewed using the following criteria:

- Qualifications Key Personnel
- Qualification of the Firm Experience
- Method of Approach
- Cost proposal

AdminSure surpassed all required qualifications. AdminSure has extensive Orange County workers' compensation claim administration experience and demonstrates a detailed customer service delivery process. AdminSure offers a web-based user-friendly software system that operates within a paperless environment which provides current and detailed information. In addition, AdminSure provides direct access to reports and workers' compensation data in real time, which will provide better tools to assist the City staff with proactive workers' compensation claims management and enhance efficiencies. AdminSure also has in-house registered nurses that assist their adjusters with medical authorizations, and provides injured workers with the assistance in scheduling appointment (s), securing transportation if needed, answering questions about medications and reviewing details about their treatment plan and care.

**ALTERNATIVES:**

The City could bring workers' compensation claims administration in-house utilizing City staff. The potential cost of an in-house administration program is estimated to significantly exceed anticipated contract costs. In order to staff the program as currently constituted with the TPA, a claims supervisor, claims adjuster and claims assistant would need to be hired and an annual licensing fee would be paid for required software. TPA firms such as AdminSure have a vast array of resources at their disposal including legal services, medical specialists, and undercover investigators which the City would have to contract for as the need arose. Thus, staff believes that the most efficient and effective way to provide these services is to contract out.

**FISCAL REVIEW:**

Sufficient funds are proposed in the Human Resources Division budget for the proposed agreement.

**LEGAL REVIEW:**

The attached professional services agreement has been reviewed by the City Attorney's Office and approved as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

This item is administrative in nature.

**CONCLUSION:**

Staff recommends that the City Council:

1. Award the contract for Third Party Workers Compensation Claims Administration Services per Request for Proposal (RFP) to AdminSure, Inc.
2. Authorize the City Manager and City Clerk to execute the five (5) year Professional Services Agreement for the contract (Attachment I).