

EXECUTIVE SUMMARY

Recommendation of \$500,000 or Greater 59-076V – Select Workers’ Compensation Services

Introduction

Responsible: Procurement & Warehousing Services (PWS) and Risk Management

This request is to approve the recommendation to award the agreement 59-076V- Select Workers’ Compensation Services between The School Board of Broward County, Florida (SBBC) and S1 Medical, LLC, for three (3) years beginning July 1, 2019 through June 30, 2022, with a renewal option for two (2) additional one (1) year periods. This agreement will replace the existing agreement 57-009V- Select Workers’ Compensation Services, which expires on June 30, 2019 and will be used by Risk Management to continue to build on the initial success of the District’s self-administered Workers’ Compensation (WC) unit.

The spending authority requested for the term of this ITB is \$ 4,770,000.

On June 11, 2013, the School Board approved Item GG-1, Agreement between SBBC and Comp Options Insurance Company, Inc. (COIC) for Select WC Services. This was in conjunction with several other approved items leading to the establishment of an “in-house,” Self-Administered Workers’ Compensation Unit to manage the core program components, while strategically contracting select and vital support services. The 2013 contract was primarily based on services and standards going back to Request For Proposal 27-020V, in 2006, with specific omissions for the core-decision making responsibilities to be handled by SBBC. The 2013 contract provided the District with the supplemental services which led to immediate success and positive outcomes.

Prior to the contract’s end, COIC was acquired by AmTrust North America, which led to organizational changes that were not aligned with the District’s medically driven WC model. Therefore, many of the core services were better suited to be subcontracted by COIC to CompServices Inc. (CSI). The District continued to yield excellent results throughout this transition, but when it was time to renew, it made more sense to contract directly with CSI, who was more aligned with the District’s model. By directly negotiating and contracting directly with CSI, per the District’s purchasing Policy 3320 for Risk Management Programs/TPA services, the District was able to achieve a cost avoidance of \$480,000 for the three (3) year contract term beginning July 1, 2016.

In December of 2017, the District was informed of some administrative changes taking place with CSI over the course of the next year and the stability of CSI and commitment to fulfill the current contract were questioned. WC Unit staff met with Procurement & Warehousing Services (PWS) to inform of the concern and evaluate the options. In order to identify what organizations may be able to provide the particular aspects for the District’s unique WC program, the decision to release a Request for Information (RFI) was issued in order to understand solutions in the marketplace.

Goods/Services Description

Responsible: Risk Management

While the District’s WC Program has been self-administered (in-house) since October of 2013, it is necessary to outsource select services usually provided by a Third-Party Administrator (TPA) including Triage & Intake; Claims System; Medical Bill Review; Medical Credentialing; Bill Payment; and Vendor Management. These services remain advantageous to outsource based on specific expertise and/or

Recommendation of \$500,000 or Greater
59-076V – Select Workers’ Compensation Services
May 7, 2019 Board Agenda Item
Page 2

economies of scale. Additionally, these services are required to operate the District’s Worker’s Compensation program and remain compliant with the Florida Division of WC to be self-administered.

As described in the proposed agreement under Section 2.10, as a self-administered program the District’s WC unit performs the primary “core-decision” making the process of claims handling including Claims Management; Medical Management; Program Management; Employer/Carrier Role. S1 Medical’s ancillary services are listed in detail under Attachment A, Service Deliverables including:

1. Administrative Services.
 - maintain compliance with Division of WC and Electronic Data Interchange
 - mailroom and management of incoming electronic and hardcopy documents
 - provide appropriate staffing and workflow procedures for services provided
2. Systems/Data
 - comprehensive claims system (CompSuite)
 - business information/reporting tools
 - system access through a secured Virtual Private Network
3. Triage & Intake
 - staffing of three registered nurses and two intake specialists
 - 24/7/365 Triage line for injury reporting to set up a new claim
 - mailing and postage of injured employee booklets
4. Medical Bill Review, Medical Audit Services, Bill Repricing, and Bill Pay
 - medical billing software system in accordance with Florida WC Reimbursement Manual
 - medical bill auditor to review bills over \$2,500
 - provider network outside of District’s Criteria Based Model (CBM) panel to achieve discounts below fee schedule.
 - twenty (20) percent shared savings fee will be charged to the file
 - printing, postage, and mailing of all payments (medical, indemnity, legal, expense)
 - banking arrangement for loss and expense payments for SBBC account
5. Medial Network & Credentialing, Vendor Management, and Contracting
 - revise and preserve District’s CBM panel of clinicians
 - provide medical credentialing (initial and reviews) of panel clinicians
 - provide and manage medical provider and vendor agreements

Procurement Method
Responsible: PWS

The procurement method chosen was a direct negotiation as per SBBC Policy 3320, Part V, Rule B. – Risk Management and Benefits Departments.

Recommendation of \$500,000 or Greater
59-076V – Select Workers’ Compensation Services
May 7, 2019 Board Agenda Item
Page 3

With the collaboration of WC unit staff and the PWS department, RFI 19-047V was released on May 2, 2018. WC staff provided names of organizations to have PWS directly notify, as well as organizations being made aware of the RFI through the District’s procurement software, DemandStar. The District received responses from three (3) organizations Corvel Corporation, Johns Eastern Company, and S1 Medical. A scoring matrix was developed by WC staff to utilize in reviewing the proposals. WC staff met on multiple occasions to thoroughly review and score the proposals appropriately. The scoring matrix had points weighted on specific criteria with a maximum point total of nine hundred and twenty-seven (927).

The results were Corvel Corporation four hundred and eighty (480) points/fifty-two (52) percent; Johns Eastern Company six hundred and thirty-eight (638) points/sixty-nine (69) percent; and S1 Medical seven hundred and eighty-two (782) points/eighty-four (84) percent. Additionally, all three (3) companies met with WC staff (in-person) to provide clarification where requested and provide a demonstration of their claims system. Upon the conclusion of these meetings, it was determined that Corvel Corporation was not able to provide a claims system that met the District needs or timeframes, as it was still in a beta phase. Johns Eastern Company was able to provide the requested services, but not the preferred claim system, CompSuite; the District is currently utilizing. S1 Medical was able to provide all requested services including CompSuite with support, hosting, and customization from the software developer, Sapiens. Following the meetings, S1 Medical and Johns Eastern Company submitted proposals for the scope of services in the RFI.

S1 Medical’s proposal was \$4,770,000 which presents a cost avoidance of \$150,000 for the three (3) year contract term, compared to our current contract with CSI for the same three (3) year timeframe. Johns Eastern Company’s proposal had a total contract cost of \$5,121,000 which generated a \$351,000 increase compared to the current CSI contract. While cost alone would not be a single determining factor, the proposals submitted reinforced the decision to move forward with S1 Medical. The District’s PWS department, General Counsel, and WC staff worked collaboratively to complete the agreement with S1 Medical.

Financial Impact
Responsible: PWS and Risk Management

The spending authority requested is \$4,770,000. To accommodate the up-front build and customization of a District specific version of CompSuite, the first-year monthly fees will be \$157,500, second-year fees will be \$120,000 and third-year fees will be \$120,000 as demonstrated below:

Contract Term	Monthly Cost	Annual Cost
July 1, 2019 through June 30, 2020	\$157,500/month	\$1,890,000
July 1, 2020 through June 30, 2021	\$120,000/month	\$1,440,000
July 1, 2021 through June 30, 2022	\$120,000/month	\$1,440,000
	TOTAL	\$4,770,000

This proposed contract will provide the District with a cost avoidance of \$150,000 over the three (3) year period. When adding this cost avoidance to the \$160,000 per year reduction achieved in the current contract with CSI, the District has been able to reduce administrative costs by \$210,000 per year since the first contract associated with our self-administered WC program. By securing these WC services for three (3) years at today’s market value, the District will lock in high-quality services at a fixed rate rather than be exposed to inflationary or industry variables.

Recommendation of \$500,000 or Greater
59-076V – Select Workers’ Compensation Services
May 7, 2019 Board Agenda Item
Page 4

While the District will always be susceptible to the rise and fall of (self-insured) WC rates, direct administrative costs (service contracts, salaries, equipment, etc.) are unlikely to decline. In addition, the stability of services and operations should have an indirect positive effect on claim costs.

Current Contract with CSI	
Fiscal Year	Annual Service Fees
2016-2017	\$ 1,600,000
2017-2018	\$ 1,640,000
2018-2019	\$ 1,680,000
Total Contract price	\$ 4,920,000
Avg. Per year	\$ 1,640,000

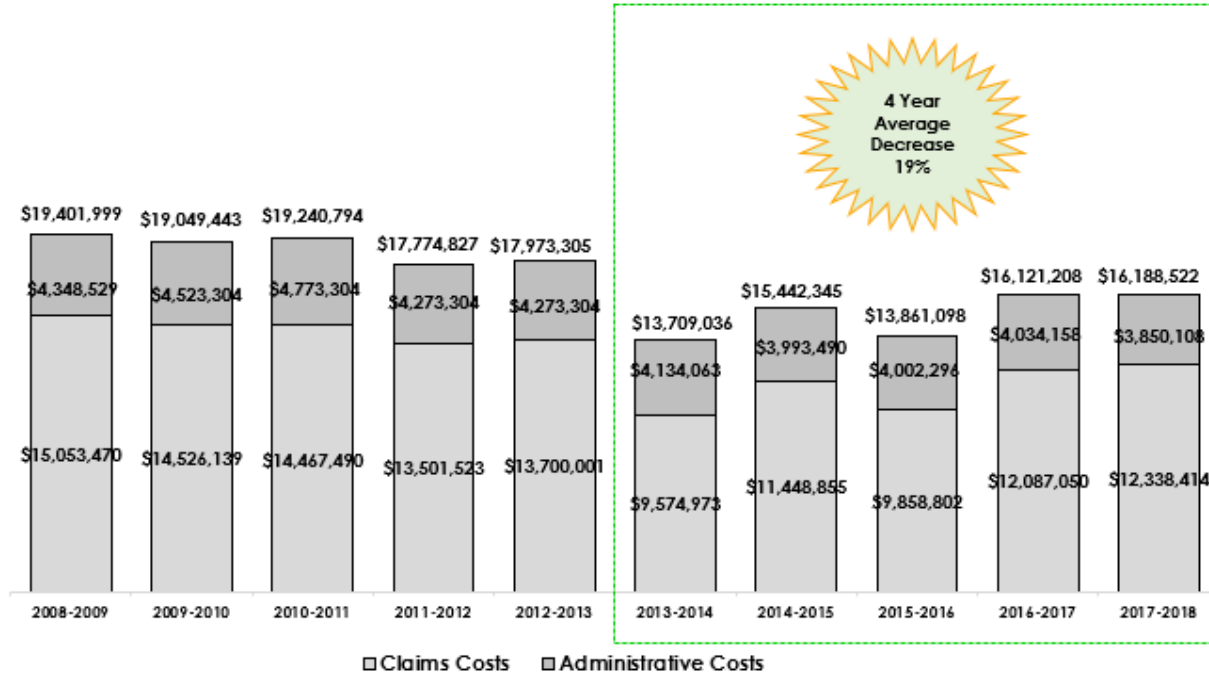
Recommended S1 Medical Contract	
Fiscal Year	Annual Services Fees
2019-2020	\$ 1,890,000
2020-2021	\$ 1,440,000
2021-2022	\$ 1,440,000
Total Contract price	\$ 4,770,000
Avg. Per year	\$ 1,590,000

Recommended S1 Medical Contract Compared to Current Contract with CSI for Same Services	
Cost Avoidance Per Contract	\$150,000.00
Avg. Cost Avoidance Per Year	\$50,000.00

The Self-Administered WC Program has yielded cost avoidance of an average of \$3.6 Million nineteen (19) percent per year when comparing the first five (5) years in self-administration to the prior five (5) years in an outsourced TPA model. These results have been realized by providing excellent medical care and service to the District’s valued injured employees to restore them to their pre-injury condition and reduce unnecessary lost time and litigation expenses. As the graph shows below, even years with the highest cost in the self-administered model has outperformed every year under the full TPA model, despite increases in medical reimbursement rates and unfavorable case law leading to higher medical and legal spend.

Recommendation of \$500,000 or Greater
59-076V – Select Workers’ Compensation Services
May 7, 2019 Board Agenda Item
Page 5

Program Costs by Fiscal Year



The funding source will come from (To be provided). The financial impact represents an estimated contract value; however, the amount authorized will not exceed the bid award amount.