

EXECUTIVE SUMMARY

Recommendation to Approve First Renewal and Additional Spending Authority 18-005V – Third Party Administrative Services for Casualty Lines Claims

Introduction

Responsible: Procurement & Warehousing Services (PWS)

This request is to approve the recommendation to exercise the first renewal option for Request for Proposal (RFP) 18-005V – Third Party Administrative Services for Casualty Lines Claims with Johns Eastern Company, Inc. (JECO). This RFP was approved for an award on June 27, 2017, Regular School Board Meeting for three (3) years from July 1, 2017 through June 30, 2020, and provides an option to renew the contract for two (2) additional one (1) year periods. This request is to exercise the first of two (2) renewal options from July 1, 2020 through June 30, 2021. This RFP provides claims management services for the District.

The additional spending authority being requested is \$926,350. The new spending authority will be \$3,791,350.

Goods/Services Description

Responsible: Risk Management Department

Company History

JECO has in excess of thirty years (30) experience administering liability (general liability, auto liability, errors & omissions and property damage) claims management services for public entities. Their book of business is largely centered around Florida based school districts. A large percentage of school districts in Florida utilize JECO for liability as well as workers' compensation claims management. Average longevity of middle and senior management staff for JECO exceeds twenty (20) years. This firm's extensive experience with handling school district claims has led to risk management strategies which impact claim expenses and claim settlements. JECO has worked with District staff over the years to control allocated expenses received from defense counsel as well as outside vendors. This firm has demonstrated sound business practices in reference to reserving claims, conducting field investigations, subrogation recovery and litigation management.

JECO is responsible for administering all open, reopened, and newly filed third-party liability claims on behalf of the District. Within twenty-four (24) hours of notification of a claim, JECO must contact claimant to gather details surrounding an incident. This firm provides Spanish and Haitian-Creole speaking individuals for claim intake information. Administration of claims must be conducted in a timely, courteous, and equitable manner. JECO has maintained an open line of communication, been responsive to questions and requests along with providing excellent customer service to claimants, employees, providers and regulatory bodies. Service personnel are available twenty-four (24) hours a day on an on-call basis. JECO is currently utilizing reporting procedures, techniques, and guidelines necessary to meet requirements established by the District. Claims management techniques used by JECO contribute to cost containment and resolution of claims/lawsuits quickly. This firm is also responsible for conducting field investigations and customary investigative work as necessary. This work entails conducting interviews at specified District locations. JECO has been responsible for filing notices, reports and other forms of documentation on behalf of the District. Responsibilities include compiling data, filing notices, reports, and other documentation required by the State of Florida, other pertinent regulators, State Auditors, and District excess insurance carriers in accordance with established rules and regulations set by various entities. This firm is responsible for evaluating and recommending experts and specialized investigative services, which may be necessary for defending or resolving claims. Additional duties involve training staff on proper claims handling procedures, making recommendations to improve claims handling services and aggressively pursuing all

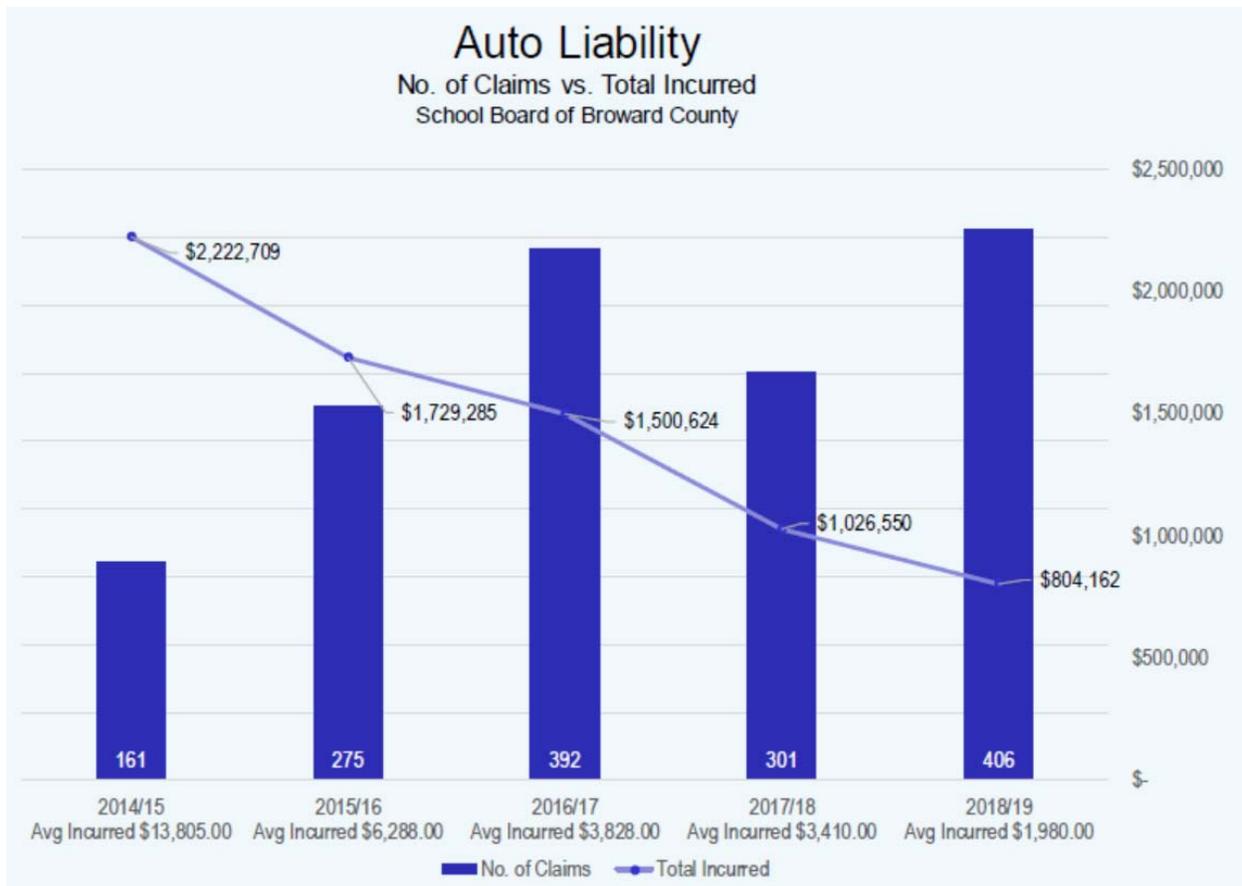
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available avenues of subrogation or contribution on behalf of the District. Annual audit performance standards are conducted to ensure compliance with established claim procedures. The District is seeking adjusting expertise consistent with industry standards encompassing file documentation and reserve management. Accounting and billing data must be reviewed to ensure accuracy of payments to plaintiffs and defense counsel. Every six (6) months claim reviews are performed on high exposure cases in hopes of expediting settlements. JECO provides the District an annual stewardship report detailing claim counts, services rendered and measurement of performance goals. For claim settlements in excess of \$10,000 up to \$50,000, written approval is required from the Director of Risk Management prior to settlement. For claim settlements exceeding \$50,000 written approval is required from the Director of Risk Management and General Counsel. All claim files and notes of any type, whether involving litigation or not, will be accessible to Risk Management personnel via hard copy or online.

Historical Claims and Costs:



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**Procurement Method
 Responsible: PWS**

The procurement method chosen is through a competitive solicitation, which is required by Purchasing Policy 3320, Part II, Rule D, and Florida Administrative Code 6A-1.012(7).

This solicitation was released on March 2, 2017, through Demandstar, and proposals were opened on March 28, 2017, where five hundred and forty-seven (547) vendors were notified, and eighteen (18) vendors downloaded the solicitation. Two (2) Proposers, Johns Eastern Company, Inc., and TriStar Risk Management, Inc. submitted responses to the solicitation. The evaluation meeting was held on April 13, 2017, and the Evaluation Committee recommended Johns Eastern Company, Inc. to be awarded the contract.

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**Financial Impact
Responsible: PWS and Risk Management Department**

JECO’s original submittal for the cost of services three (3) years ago totaled \$975,000, of which Risk Management & Procurement & Warehousing Services negotiated a price reduction of \$91,911. The annual cost of services was reduced from \$975,000 to \$955,000. The total cost of services over the past three (3) years amounts to \$2,865,000. Risk Management and PWS have again negotiated a three (3) percent reduction in the cost of services for this upcoming one (1) year renewal. Exercising this one (1) year renewal with a three (3) percent reduction in cost lowers the District’s annual payout from \$955,000 to \$926,350 that resulted in savings to the District of \$28,650.

The total spending authority estimated for the renewal period is \$3,791,350, as demonstrated in the breakdown below:

Historical spending	
Year 2017 - 2018 - Flat Fee	\$ 955,000
Year 2018 - 2019 - Flat Fee	\$ 955,000
Year 2019 - 2020 - Flat Fee	\$ 955,000
Total	\$ 2,865,000
(-) Unused authorized spending	\$
Year 2020 - 2021 - Flat Fee	\$ 926,350
Total spending authority	\$ 3,791,350

Financial Impact Table			
Action	Date	Term (Years)	Amount
Original spending authority request	6/27/17	3	\$ 2,865,000
First Amendment + additional spending authority	4/21/2020	1	\$ 926,350
New Total Contract Amount		4	\$ 3,791,350

The estimated financial impact to the District will be \$926,350 for the Fiscal year 2020-2021. The contract award amount was \$2,865,000. The request is to increase the spending authority by \$926,350, bringing the new contract value to \$3,791,350. The funding source will come from the District’s self-insured fund. The financial impact represents an estimated contract value; however, the amount authorized will not exceed the contract award amount.