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**RFP-15-019P Third Party Administrator Selection:**

The School Board of Broward County, Florida (SBBC) released Request for Proposal (RFP) 15-019P on February 25, 2014, for Third Party Administrative (TPA) Services for Casualty Line Claims. (The current RFP 27-030V is set to expire on June 30, 2014). The chosen respondent must be licensed and in good financial standing with the State of Florida Insurance Commissioner's Office. The chosen firm must have experience in providing services for governmental organizations, preferably public school districts of similar size and scope to SBBC. Respondents must clearly describe and demonstrate their expertise and experience in liability claims management for such entities. The chosen organization will be held to high-quality standards in providing claim services. This RFP delineates the skills, capabilities and services expected from the selected firm.

**RFP Distribution & Response:**

This RFP was distributed via email to 258 companies throughout the United States. Eighteen companies downloaded the RFP. The District received only one response. The response was from our current vendor, Johns Eastern Company, Inc. (JECO). (Johns Eastern Company was awarded the current RFP (27-030V) in 2006 over longtime incumbent, Gallagher Bassett, Inc. due to a large disparity in pricing). The Risk Management Department requested SBBC Purchasing Department speak with representatives from companies that downloaded the RFP but failed to submit a proposal. Reasons are noted below:

- AS&G Claims Administration – Mr. Jeff Hord stated AS&G did not have the staff to fit SBBC's program and pricing was a factor.
- Ascension Benefits & Insurance – Mr. Kevin Cotheran did not care for our process and did not bid.
- Corvel Corporation – Ms. Debbie Popivitch stated the size of SBBC's program was a problem (staffing). Corvel normally bids when the Workers' Compensation and General Liability are bundled.
- Gallagher Bassett – Ms. Fayleen Bender stated the RFP fell through the cracks; it was downloaded but not processed.
- Preferred Government Claims Solution – Their representative would have liked to bid on this RFP. However, the response time was too short.

**Qualifications & Relevant Experience:**

Johns Eastern has been administering liability programs for Florida public entities for over twenty-nine years. Thirty-five of their sixty-nine public entity clients are Florida school districts. More than half of public school districts in the State of Florida utilize JECO for TPA services. The average longevity of JECO's senior management team members exceeds twenty years. The company currently has over two hundred employees servicing eight different locations within Florida and along the United States Eastern seaboard. Oversight of their TPA operation is provided by Beverly Adkins, Executive Vice President for Special Account Services. The office servicing SBBC is located in Lakewood Ranch, Florida. JECO's staff provides prompt initial contact to claimant's and client representatives, and investigates, accepts, defends and/or settles all reportable cases. Additional services include claim reserving, field investigation, subrogation recovery and litigation management. The key components of their claims investigation and resolution are handled in house.

**Committee Evaluation & Selection:**

The Risk Management Department formed a Third Party Administrative services review committee to review and evaluate this one proposal. The committee consisted of representatives from Risk Management, Office of Service Quality, Northeast High School (Assistant Principal) and Broward County Government (Risk Manager). In conjunction with Ben Few & Company, an independent insurance consultant, evaluations of

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submittals were performed based on the Third Party Administrator's experience, qualifications, services offered and compensation. Johns Eastern Company (JECO) is well- staffed, financially sound and possesses the necessary expertise according to their Executive Summary. Johns Eastern has seasoned adjusters with public entity experience and expertise with Florida public schools. JECO provides TPA services to several Florida public schools and municipalities. The committee agreed that JECO's history of experience and their expertise in investigating and resolving claims for large and complex schools districts would makes this organization a valuable strategic partner.

**Cost Proposal/Number of Claims:**

**2014-2015**

Service Category	Estimated Per Claim Cost	Estimated Number of Claims	Estimated Total Cost
Automobile Bodily Injury	805	420	338,100
Automobile Property Damage	425	400	170,000
Automobile Physical Damage	305	518	157,990
General Liability/Public Official/E&O/EPLI Bodily Injury	805	535	430,675
General Liability/Public Official/E&O/EPLI Property Damage	425	37	15,725
Report Only	35	500	17,500
Cost for taking over existing claims	0		0
One time fees, set up costs, etc.	0		0
Other service fees (please describe)			
<b>Total Annual Cost</b>			\$1,129,990
<b>Proposed Flat Annual Fee</b>			\$1,066,911
<b>Negotiated Flat Annual Fee (\$40,000 reduction)</b>			<b>\$1,026,911</b>

**2015-2016**

Service Category	Estimated Per Claim Cost	Estimated Number of Claims	Estimated Total Cost
Automobile Bodily Injury	805	420	338,100
Automobile Property Damage	425	400	170,000
Automobile Physical Damage	305	518	157,990
General Liability/Public Official/E&O/EPLI Bodily Injury	805	535	430,675
General Liability/Public Official/E&O/EPLI Property Damage	425	37	15,725
Report Only	35	500	17,500
One time fees, set up costs, etc.	0		0

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Other service fees (please describe)			
<b>Total Annual Cost</b>			\$1,129,990
<b>Proposed Flat Annual Fee</b>			\$1,066,911
<b>Negotiated Flat Annual Fee (\$20,000 reduction)</b>			<b>\$1,046,911</b>

**2016-2017**

Service Category	Estimated Per Claim Cost	Estimated Number of Claims	Estimated Total Cost
Automobile Bodily Injury	837	437	365,769
Automobile Property Damage	442	416	183,872
Automobile Physical Damage	317	539	170,863
General Liability/Public Official/E&O/EPLI Bodily Injury	837	556	465,372
General Liability/Public Official/E&O/EPLI Property Damage	442	38	16,796
Report Only	35	520	18,200
One time fees, set up costs, etc.	0		0
Other service fees (please describe)			
<b>Total Annual Cost</b>			\$1,220,872
<b>Proposed Flat Annual Fee</b>			\$1,109,587
<b>Negotiated Flat Annual Fee (\$62,676 reduction)</b>			<b>\$1,046,911</b>

**Committee Consensus:**

Ultimately, the committee selected Johns Eastern Company, Inc. Risk Management in conjunction with Ben Few & Company met with JECO to conduct direct negotiations for TPA Services for Casualty Lines Claims. Compensation for services rendered will be based on a Flat Annual Fee. Scoring for cost of services was based on the proposer's ability to substantiate proposed compensation levels in comparison with similarly-sized clients.

**TPA Services:**

Risk Management negotiated directly with JECO and reduced the flat fee pricing proposal offered. JECO has consulted with SBBC to formulate a claims strategy that focuses on delivering a cost-effective risk management program and structure based upon current claims/litigation conditions. JECO will recommend alternative claim settlement vehicles to reduce SBBC's cost of risk. JECO in conjunction with Risk Management will formally represent SBBC on all claims and negotiate settlements as appropriate. JECO will provide consultation to

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SBBC on claim exposures, existing coverage questions and the desirability and/or feasibility of potential claim settlements. JECO will work with SBBC cadre attorneys on claim coverage disputes and participate in claims review meetings prior to mediations and trials. In conjunction with the Risk Management Department, JECO will consult with loss control advisers to prevent future claims from occurring. A full time claims adjuster located in Broward County will work with Risk Management to conduct field investigations and respond to emergencies in a timely manner. JECO will present SBBC with a liability stewardship report annually.

**Performance Review:**

JECO and SBBC agree claim file performance reviews will be conducted annually and after the first twelve months of operation. Risk Management will select fifty (50) random files for examination. Should JECO fail to perform at or above expected levels, this will result in compensation being returned to SBBC.

**TPA Compensation:**

Compensation to JECO over a three year period totals **\$3,120,733** based upon negotiated fees. As a result of direct negotiation, SBBC will realize a savings of **\$122,676** over three years. The proposed flat fee for fiscal year 2014-15 was reduced from \$1,066,911 to \$1,026,911 (\$40,000 reduction). The proposed flat fee for fiscal year 2015-16 was reduced from \$1,066,911 to \$1,046,911 (\$20,000 reduction). The proposed flat fee for fiscal year 2016-2017 was reduced from \$1,220,872 to \$1,046,911 (\$62,676 reduction). SBBC will pay less in annual fees for fiscal years 2014-15, 2015-16 and 2016-17 than previous expenditures over the past three years.