



REPORT TO THE GOVERNING BODY **No. 05-04**

TO THE HONORABLE MAYOR AND COUNCIL

December 6, 2005

SUBJECT:

2006 Thomas McGee, L.C. Third Party Administrator Agreement for the City's Workers' Compensation Program

REPORT IN BRIEF:

Approval of agreement with Thomas McGee, L.C. as the City's Third Party Administrator for the Workers' Compensation Program in the amount of \$27,300 for calendar year 2006.

BACKGROUND:

Proposals for workers compensation third party administration services were last solicited for the policy year beginning 2000. The City's Risk Manager, Charlesworth and Associates oversee this function and assists in negotiating renewal terms each policy year. Based on the recommendation of Charlesworth and Associates and the excellent service from Thomas McGee during the last policy period, staff is in favor of waiving the bidding process. Additionally, the administration of specific complex claims can extend over a long period of time and continuity in the administration process is vital for successful disposition.

Below is a comparison of service fee structure.

<u>CLAIM HANDLING FEES</u>	<u>2006</u>	<u>2005</u>	<u>% increase</u>
Lost Time Claims:	\$794.00	\$760.00	4.5 %
Medical Only Claims:	\$145.00	\$139.00	4.3 %
Medical Plus Claims:	\$ 30.00	\$ 30.00	N/A
Record Only Claims:	\$ 30.00	\$ 30.00	N/A
 <u>ADMINISTRATION FEE:</u>	 \$8,295	 \$7,938	 4.5%

The current 2005 annual TPA fee is based on actual claim experience and is anticipated to be approximately \$26,500. For 2006, the Administration Fee of \$8,295 is paid at contract inception, with the claims handling fees billed at \$1,584 per month, for an annual expenditure of \$27,303, subject to an annual claims audit.

BUDGETARY IMPACT:

Per the advice of the City's Risk Manager, all fees are consistent with current market trends and comparable to other area administrators.

RECOMMENDATION:

Request waiver of the formal bid process and authorization to enter into an agreement with Thomas McGee, L.C. to serve as the City's Third Party Administrator for the Workers' Compensation Program for a one-period effective January 1, 2006.

PREPARED BY:

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APPROVED BY:

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