

VILLAGE OF DOWNERS GROVE
Report for the Village
7/11/2017

SUBJECT:	SUBMITTED BY:
Approve Renewal Agreement for Third Party Claims Administration Services	Chanay Mackey Risk Manager

SYNOPSIS

A resolution is requested to renew a three-year contract between the Village and Underwriters Safety & Claims, Inc. to be the Village's Third Party Claims Administrator (TPA) to administer and manage general/auto and worker's compensation claims against the Village. The cost for this service will be reduced from the current annual fee of \$39,000 annually to a not-to-exceed amount of \$28,000 annually. The fee has been reduced to reflect a reduction in claims frequency.

STRATEGIC PLAN ALIGNMENT

The goals for 2015-2017 include *Exceptional Municipal Services*.

FISCAL IMPACT

The FY17 Budget includes \$45,000 in the Risk Management Fund (Page 4-43, Line 17) for this service.

RECOMMENDATION

Approval on the July 11, 2017 consent agenda

BACKGROUND

The Village is self-insured for Risk Management and uses a Third Party Claims Administrator (TPA) to manage general and auto liability claims and worker's compensation claims. The Village's existing agreement with Underwriters Safety and Claims will expire August 30, 2017.

Staff recommends Underwriters Safety and Claims for an additional three-year agreement. Underwriters' programs and approach to claims administration are anticipated to continue to bring savings to the Village. Underwriters has a solid record of client retention and also provides an online portal that allows the Village instant access to records.

ATTACHMENTS

Resolution
Agreement

RESOLUTION NO. ____

**A RESOLUTION AUTHORIZING EXECUTION OF AN
AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE
AND UNDERWRITERS SAFETY & CLAIMS, INC.**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Agreement (the "Agreement"), between the Village of Downers Grove (the "Client") and Underwriters Safety & Claims, Inc. ("US&C"), for worker's compensation and liability claim administration, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

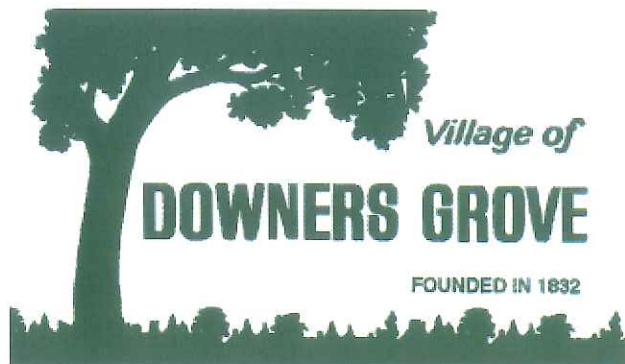
Mayor

Passed:

Attest: _____

Village Clerk

Village of Downers Grove



Workers' Compensation & Liability Claim Service Proposal

Submitted by:

James Herring 630-357-7680 ext 223
630-624-0100 cell
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Underwriters Safety & Claims
1801 N. Mill Street, Suite M
Naperville, IL 60563-1274



This Third Party Administrative Services Agreement (“Agreement”) is made as of the 1st day of August, 2017 (“Effective Date”) by and between Underwriters Safety & Claims, Inc. (“US&C”) and The Village of Downers Grove (“Client”).

RECITAL

Client desires to engage the services of US&C for purposes of administering Client’s workers compensation and liability self-insured claims program and US&C agrees to provide the administrative and other services specifically set forth in this Agreement, all on the terms and conditions set forth herein.

Service Fee Proposal

New Workers Compensation and Liability Claims effective 8/1/2017:

As requested by the Village of Downers Grove, US&C has agreed that our service fees will be based upon a “Flat, Not To Exceed” basis for each of 3 annual service periods as follows:

8/1/2017 to 7/31/2018
 8/1/2018 to 7/31/2019
 8/1/2019 to 7/31/2020

Our service fees will total a minimum of \$20,000 annually with a maximum of \$28,000. Each service period will be subject to audit based upon the per claim rates as indicated below:

Claimant Type – Liability	Per Claimant
1 st & 3 rd Party Property Damage and APD	\$475
Auto and GL Bodily Injury	\$895
Professional Liability Including: LEL, POL, EBL, and EPLI	\$1,600
Claimant Type – Workers Compensation	Per Claimant
Incident Only	\$40
Medical Only	\$170
Indemnity	\$1,075
Annual Administration Fee	\$4,000
Annual Deposit Fee	\$20,000

Claims Open more than three years from each service agreement inception date:

Any claim incurred during any of the three (3) periods above referenced and open more than 3 years after the inception date of that period will be invoiced at the rate of \$40 per claim per month to the conclusion of the claim.

Conclusion of the agreement to handle new claims:

At the conclusion of the service term, US&C will return the open claims to the Village or at the Village's election; US&C will handle the claims to conclusion for a fee of \$40 per open claim per month.

BHN Bill Review:

Medical bills will be reduced by fee schedule or usual & customary, applicable PPO and other discounts, at a charge of \$9.50/bill + 30% of savings below fee schedule or usual & customary rates.

MMSEA Reporting:

US&C will serve as the Client's Account Manager on files that US&C administers for the Client, to assist with Section 111 MMSEA queries and reporting. Queries will be completed by US&C as required by the MMSEA at \$7 each, and will be charged to the claim files as allocated expense. An additional allocated expense of \$25 will be charged when file reporting of confirmed Medicare eligible claimants is required and accomplished.

Allocated Loss Adjustment Expense

US&C will pay all Allocated Claim Expenses from the Claims Fund Account. Allocated Claim Expenses are all expenses incurred in connection with the investigation, adjustment, settlement or defense of Client claims. Allocated Claim Expenses includes, but is not limited to, those charges incurred for:

- (a) Attorneys and experts;
- (b) Court costs, depositions, court reporter and related expenses;
- (c) Independent medical examinations of claimants;
- (d) Appraisers and Independent Adjusters;
- (e) Surveillance and private investigation;
- (f) Index Bureau (ISO) and Office of Foreign Assets Control (OFAC);
- (g) All expenses in connection with pursuit of subrogation;
- (h) Medicare set-aside allocations and related expenses
- (i) Medical records, personnel records and other similar documents.
- (j) Medicare, Medicaid, SCHIP Extension Act (MMSEA) Section 111 eligibility queries and reporting required by federal law.

US&C provides comprehensive services including:

- Enhanced bill review with our PPO Network and medical bill review discounting.
- Scanning of claim documents, medical bills, reports and explanation of benefit reports with client access to the scanned documents.
- Pharmacy Discount Program
- A claim and managed care integrated utilization review process.
- Client access to adjuster memos, payment detail, scanned file documents and report writing that is easy to use and intuitive.
- Experienced adjusters.
- A client service contact assigned to coordinate delivery of service.
- A client service person assigned to assist with reporting needs.
- A client service person assigned to provide special request cost and analysis reports.
- A person designated to secure loss reimbursement from underwriters
- An excess reimbursement report available on line for client viewing
- Statement of Audit Standards, SAEE 16 audit report by US&C's Certified Public Accountant to assist Client with the Village's financial audit.
- Standard financial reporting of data for use by the Village, The Owens Group and underwriters.
- Escrow funds management.
- Client internet access to claim data for management of the Village to view adjuster notes, payment detail and to run standard loss runs and check register reports.
- Monitoring of the excess reimbursement status of claims, excess claim reporting to underwriters and the requesting of excess reimbursement from the excess insurance company.
- Claim review meetings

Additional Services:

Additional Services – US&C provides additional services, either directly or indirectly through an independent agent or contractor, and may provide consulting management or oversight of services provided by an independent agent or contractor. These additional services may include, but are not limited to, managed care, investigation, surveillance, IME services, insurance agent consulting and other similar services.

Utilization Review Fees

Service	Cost: US&C Client
UTILIZATION MGMT:	
Precertification/ Concurrent Review	\$200 Nurse Review (1 st level UR) \$200 Physician Review fee/ hour 1 hour minimum
Reconsideration/ Addendum	\$90 per file
Appeal of UR Denial	\$75 Appeal Administration \$225 Physician Review fee/ hour
Physician Peer Review	\$75 File Administration
Retrospective Review	\$200 Physician Review fee/ hour
Peer/ Precert	
Relatedness Review	
Peer to Peer	\$200 Physician fee/ hour
Hospital Bill Audit	30% of savings below fee schedule or UCR
Medical Bill Audit	30% of savings below fee schedule or UCR
Nurse Claim Review	\$150
OD Review	\$90
OD Review + Denial letter	\$125
OD Appeal	\$200 Physician Review fee/ hour
Telephonic Nurse Case Mgmt	\$300 per claim from date of assignment to MMI

MSA & Related Services Fees

MEDICAL REVIEW SERVICES	Cost: US&C Client
WCMSA Allocation Report	\$1,950
WCMSA CMS Submission	\$450
Rush Service: 1 week	\$500
2 week	\$250
MSA Revision	1 free within 1 st 6 months \$150/hour after 6 months; not to exceed flat rate
Medicare Conditional Payment Lien Search	\$125
Medicare Conditional Payment Audit	\$250
Conditional Payment Lien Negotiation and Follow-up	\$250 Reduction of > \$5000: 10% of reduction
Social Security/ Medicare Status Verification	\$75
Medical Needs Assessment w/ Cost Projections	\$125/ hour capped at \$1,200
* Revision if MSA needed within 1 year	\$650
Life Care Plan	\$125/ hour capped at \$1,500
Liability Claim Allocation	\$1,200
Rated Age Acquisition	\$25
Physician Peer Review	\$200/ hour
Post Award Case Review	\$55/ hour

Indemnity:

US&C will indemnify and hold Client harmless with respect to actions commenced against Client arising out of any error or omission by US&C or its employees, provided the basis for such proceedings were not the direct result of direction given by Client and acted upon by US&C under the terms of this Agreement.

Client agrees to indemnify and hold US&C and its employees harmless from any loss, damage, liability, judgment, claims and expenses arising out of Client's performance, or lack thereof, of its duties and obligations under the terms of this Agreement or actions taken by US&C at the direction of Client.

Governing Law:

The interpretation and validity of this Agreement shall be governed by the laws of Illinois.

Entire Agreement:

This Agreement, together with any written amendments and exhibits thereto, contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this Agreement, or the simultaneous writings heretofore identified. All prior understandings, terms or conditions, are deemed merged in this Agreement. This Agreement may be changed or supplemented only in writing signed by the parties. In the event that a conflict shall arise regarding the wording or interpretation of this Agreement, and that of any supplemental written agreement, amendment, or exhibit hereto, then in such event the wording and interpretation of said supplemental written agreement, amendment or exhibit shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

WITNESS:

FOR: The Village of Downers Grove


BY: _____

TITLE: _____

DATE: _____

WITNESS:
Shanika Dewell

FOR: Underwriters Safety & Claims, Inc. (US&C)

BY:  _____

TITLE: Vice President – TPA Services

DATE: June 21, 2017