

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: June 7, 2019

TO: Supervisor Theo Lipscomb, Chair, County Board of Supervisors

FROM: Chris Luttrell, Director of Risk Management, Department of Administrative Services

SUBJECT: Third Party Administration of Milwaukee County's Workers' Compensation Program.

REQUEST

The Director of the Department of Administrative Services Risk Management Division is recommending a contract award to the Sedgwick Claims Management Services for the Third-Party Administration of Milwaukee County's Workers' Compensation program.

BACKGROUND

Milwaukee County uses a Third-Party Administrator (TPA), Aegis Corp. for processing Milwaukee County Workers' Compensation claims and has since 2015.

Milwaukee County entered into a contract with Aegis after a Request for Proposal was completed five years ago. The Aegis TPA contract expires November 1, 2019. The new contract will begin November 1, 2019 and run through November 1, 2024. An RFP process was created to find the most qualified and cost efficient TPA provider.

OPERATIONAL ANALYSIS

The current TPA has served us well during the transition to a TPA model. The Milwaukee County Work Comp. program is performing well and is seeing the continued benefits of a return to work policy, combined with the nurse triage program. Additional technology and dashboard systems will help to further reduce costs and we continue looking for ways to provide more comprehensive service to Milwaukee County and its employees.

Sedgwick Claims Management Services offers a web-based system and employee accessible applications. They also have many systems and resources in-house which were previously out-sourced, which we believe will help reduce overall costs.

Sedgwick also aligns well with our Risk Management culture of focusing on safe return-to-work claim resolutions, as well as integrating managed care and ancillary services while aggressively protecting Milwaukee County from fraud with their State of WI expertise.

VENDOR SELECTION

The TPA Request for Proposals was issued on March 27, 2019. A proposers' meeting was held on April 9, 2019, and the deadline for proposals was April 24, 2019. The panelists' individual assessment scores were due on May 10, 2019. The top four scoring proposers were invited back for interviews the last two weeks in May. After the interviews, Sedgwick remained the lead proposer.

Sedgwick was started in 1969 and has grown to be the largest third-party administrator in the U.S. We will receive services from their Brookfield, WI office.

COSTS

The Sedgwick annual contract costs are \$237,633 for the first year, and the next four years average \$222,131. This provides a five-year savings from the previous five-year contract of \$293,843.

BUDGET IMPACT

Annual costs will be reduced in 2020 resulting from the RFP process for the five-year term of the contract.

Approved by:

A handwritten signature in black ink, appearing to read "C. Luttrell", written over a horizontal line.

Chris Luttrell, Director, Risk Management
Department of Administrative Services

cc: Chris Abele, County Executive
Raisa Koltun, Chief of Staff, County Executive's Office
Teig Whaley-Smith, Director of Administrative Services
Margaret Daun, Corporation Counsel
Joe Lamers, Budget Director