

MILWAUKEE COUNTY
INTEROFFICE COMMUNICATION

DATE: July 6, 2020

TO: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

FROM: Megan Rogers, Interim Director of Risk Management

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

REQUEST

The Interim Director of Risk Management respectfully requests a revision to the prior approved County Board Resolution 19-609 regarding the costs associated with the Service Agreement award to Sedgwick Claims Management Services for the Third-Party Administration of Milwaukee County's Workers' Compensation program.

BACKGROUND

On July 25, 2019, the Milwaukee County Board of Supervisors approved a Service Agreement award for the processing of Milwaukee County Workers' Compensation claims to a Third-Party Administrator (TPA), Sedgwick Claims Management Services pursuant to a diligent Request for Proposal process (Adopted File No. 19-609).

The Service Agreement includes various administrative fees that may be charged depending on whether Sedgwick completes specific claims-related or administrative services under the Agreement.

One such service is the addition of a human resources and payroll data interface between Sedgwick's Risk Management Information System (RMIS) and the County's financial and human resource software system, which will incur costs for Sedgwick to build and maintain. The County recently determined the ability of County systems to support the data interface through the continuation of the ERP project. An HR/Payroll data interface will eliminate the need for manual processes that are inefficient and prone to human error.

However, the approved County Board Resolution 19-609 authorized in specific payments to be made to Sedgwick for the first year of \$237,633 and \$222,131 for each of the four remaining years. These numbers were only estimates based on the information available at the time, and did not contemplate either actual claim costs, or additional services that may become necessary, such as the addition of HR/Payroll data interface. The previous resolution should have expressed these fees as estimates.

COSTS

County Board Resolution 19-609 authorized annual contract costs of \$237,633 for the first year, and the next four years average \$222,131. The costs, including the HR/Payroll data interface, are estimated at approximately \$263,493 for the first year and approximately \$229,391 annually on average for the remaining four years, but actual services may cost more or less. With the increase in estimated costs, the five year Agreement still results in an estimated \$238,950 cost savings over the five years.

BUDGET IMPACT

There is an increase in operating expenses from County Board Resolution 19-609 was approved, but the increase will be absorbed within the operating agency's budget.

Megan Rogers

Megan Rogers
Interim Director, Risk Management

cc: David Crowley, County Executive
Mary Jo Meyers, Chief of Staff, County Executive's Office
Julie Landry, Director of Administrative Services
Maggie Daun, Corporation Counsel
Joe Lamers, Budget Director