



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Renee Joos
Employee Benefits Director

Nicole Fleck
Labor Negotiator

December 7, 2017

To the Honorable Members
Finance and Personnel Committee
Common Council
City of Milwaukee

RE: CC File #171074 - Resolution authorizing the Department of Employee Relations to enter into a contract for certain Worker's Compensation Third Party Administrator services with an outside provider.

Dear Committee Members;

Since October of 2016 Gallagher Bassett, Services Inc. (GB) has functioned as the City's third party administrator (TPA) for worker's compensation services. The transition from a self-administered function within the Department of Employee Relations (DER) Worker's Compensation Division to GB since the "go live date" in October of 2016 has been difficult and full of administrative and technical challenges.

Over the last 14 months DER's project team has diligently worked with GB by holding weekly conference calls and strategy meetings to resolve complex cases and issues. Our staff has completed claim and payment audits that have been referred to the GB team for resolution and in some cases reimbursement. We have shared our concerns and expectations with GB's team throughout this entire process.

In spite of these efforts and repeated conversations with GB's leadership team, DER continues to have concerns with GB's ability to effectively and efficiently handle the complexity of the City's claims processing and management function. The high turnover rate of the dedicated account staff (including the supervisor), the recurring problems with bill review and re-pricing activities, the ineffective flow of requests and distribution of medical records for Independent Medical Evaluations, and the severity and frequency of administrative problems have forced us to consider executing the termination provision within the contract. DER is currently working with the City Attorney's Office to ensure proper termination notice is provided and to facilitate a smooth transition.

This resolution authorizes DER to enter into a contract with Corvel Corporation for the provision of third party administrator worker's compensation services upon the termination of the contract with GB. Corvel, was the second ranked proposer during the 2016 RFP process and they are interested in providing third party administration services and are well positioned to meet the City's needs. DER had a nineteen year relationship with Corvel prior to 2016 as they were the City's bill review and re-pricing vendor with an excellent record of savings given their network penetration and clinical validation tools.

Your approval of this resolution will authorize negotiation discussions so that a contract can be executed in an expeditious manner. Our goal is to facilitate a seamless transition from one TPA to another while continuing to offer the best services to our injured employees.

Sincerely,

Maria Monteagudo
Employee Relations Director

