



## Department of Employee Relations

March 10, 2021

Alderman Michael Murphy, Chairman  
City of Milwaukee Common Council Finance and Personnel Committee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

**Tom Barrett**  
Mayor

**Makda Fessahaye**  
Director

**Renee Joos**  
Employee Benefits Director

**Nicole Fleck**  
Labor Negotiator

**201230** Resolution authorizing the Department of Employee Relations to extend the current contract for administration of worker's compensation services

Dear Alderman Murphy and Finance Committee Members:

The City of Milwaukee currently self-insures its worker's compensation benefits and outsources the claim administration functions to a third party administrator (TPA). File #171074 authorized the Department of Employee Relations (DER) to enter into a contract for Worker's Compensation TPA services with CorVel Corporation in April 2018. CorVel is the second TPA to oversee the claims administration functions for the City since 2016.

Prior to that time, the City self-administered its worker's compensation claim administration functions. The decision to outsource occurred because it was believed that TPAs were best situated to provide the best services to injured employees including enhanced case management strategies for better health outcomes, expedited return to work options and better financial outcomes in the form of expenditure reductions. The City's first TPA for worker's compensation claim services was unable to effectively handle the high level of complexities and nuances associated with the City's account and the contract was terminated after 1.5 years and the City transferred this function to CorVel.

The City's transition to CorVel has not been without challenges and the DER continues to work closely with CorVel regarding the administration of the worker's compensation claims processing and management services to address ongoing and complex issues that arise with this function. CorVel has been a good partner with the City in trying to resolve current problems; however despite the City and CorVel's best efforts a number of issues remain. Given the current situation, the DER will evaluate whether it is in the best interests of the City to continue to outsource this function long-term or whether it would be prudent to bring the administration services back in-house. This type of evaluation will take time and involves a number of steps to identify appropriate solutions along with action steps and a potential timeframe for the recommended changes.

The DER recommends that the Finance and Personnel Committee approve the file and allow DER to extend the current contract with CorVel for up to three years through March 31, 2024. This will give DER time to explore feasible options and potential alternatives for the long-term success of City worker's compensation claims administration functions.



I am happy to answer any questions or comments regarding his file.

Sincerely,  
Renee Joos  
Employee Benefits

