



Legislation Text

File #: 160015, **Version:** 1

160015
SUBSTITUTE 1

150625
020756
990089

THE CHAIR

Substitute resolution relating to a contract with a third-party administrator for the provision of workers' compensation services.

This resolution authorizes the Department of Employee Relations to contract with a third-party administrator for the provision of workers' compensation services. This contract complies with the requirements of prior Common Council resolutions regarding the outsourcing or privatizing of City services.

Whereas, The Department of Employee Relations was authorized to explore engaging a third-party administrator for the City's Workers' Compensation Program by Common Council Resolution File Number 150625, adopted on September 22, 2015; and

Whereas, The Department of Employee Relations gathered representatives from the Budget and Management Division, the City Attorney's Office, the Department of Employee Relations and the Milwaukee Public Schools to evaluate the costs and benefits of retaining a third-party administrator for workers' compensation services; and

Whereas, The Department of Employee Relations also engaged the City's benefits consultant, Willis Tower Watson (Willis), in writing of a Request for Proposal (RFP) for prospective third-party administrators and the competency and cost-benefit evaluation of responses therefrom; and

Whereas, The Department of Employee Relations received 13 responses to the RFP; and

Whereas, The responses were evaluated by Willis and the City's representatives; and

Whereas, The evaluators selected four finalists who made oral presentations to Willis and the City representatives; and

Whereas, The City then conducted site visits for the top three finalists and considered references from public- and private-sector clients for the top finalist; and

Whereas, The City's evaluators unanimously selected Gallagher Bassett Services, Incorporated, to provide third-party administration of workers' compensation services; and

Whereas, The City's evaluators determined that Gallagher Bassett Services will be able to offer a greater range of workers' compensation services than is possible through DER's Employee Benefits Division, Workers' Compensation Section; and

Whereas, The services include immediate nurse triage of injuries, clinical management tools, administrative management tools, and claims data analysis and evaluation; and

Whereas, The City's current Workers' Compensation Section employees have transferred, or shall transfer, to

other open City positions the employees are qualified to fill, with the retention of a Workers' Compensation and Safety Manager, a Disability Compliance Coordinator, a Loss Control and Prevention Coordinator, and a Program Assistant I; and

Whereas, The City's anticipated expenditure reduction to be realized by using Gallagher Bassett Services as a third-party administrator for workers' compensation services is approximately \$1.2 million annually; and

Whereas, The Department of Employee Relations and Gallagher Bassett Services expect several months of planning and preparation with Gallagher Bassett assuming active third-party administration of workers' compensation services on or before January 1, 2017; and

Whereas, The Department of Employee Relations has complied with the requirements of Common Council Resolution File Number 990089, adopted April 20, 1999, as amended by Common Council Resolution File Number 020756, adopted September 24, 2002, relating to the outsourcing or privatizing of City services including the use of an expert benefits consultant to evaluate the costs and benefits of an outside third-party administrator, the determination that the selected contractor will provide more efficient and effective administration of workers compensation services, that no layoffs will occur as current Workers' Compensation Section employees shall be retained or transferred to other open City positions for which they qualify, and the Department of Employee Relations expects a substantial expenditure reduction to be realized; now, therefore, be it

Resolved, That the Department of Employee Relations is authorized to enter into a contractual agreement with Gallagher Bassett Services, Incorporated, to provide third-party administration of worker's compensation services.

Department of Employee Relations
LRB 164298-2
John Ledvina
5/15/2016