



Pinellas County

Staff Report

File #: 20-562A, **Version:** 1

Subject:

Ranking of firms and agreement with Johns Eastern Company, Inc. for workers' compensation third party administration services.

Recommended Action:

Approval of the ranking of firms and agreement with Johns Eastern Company, Inc. (Johns Eastern) for workers' compensation third party administration (TPA) services.

- This contract provides workers' compensation TPA services for participants of the County Risk Management Program.
- Per County Code 2-142, all Constitutional Officers of the County, except the Clerk of the Circuit Court, participate in the workers' compensation program and make payments to the Risk Finance Fund.
- Eight responsive proposals were received with Johns Eastern selected as the highest ranked firm and recommended for award by Risk Management and the Sheriff's Office.
- The agreement has a term of sixty-months with provisions for two thirty-six- month term extensions. The initial sixty-month term is for a total not to exceed amount of \$1,236,600.00 with an average annual expenditure amount of \$247,320.00
- Utilizing a TPA; delivers a broader spectrum of knowledge and industry best practices; provides potential long-term savings due to the TPA's process for settling/handling claims including prescription discounts/managed care; provides depth of resources when claim volume vacillates and removes the potential for conflict of interest with employees handling employees claims

Contract No. 21-0239-P(LN) in an estimated average annual expenditure of \$247,320.00 for a sixty-month contract value of \$1,236,600.00 for sixty months. Authorize the Chairman to sign and the Clerk of the Circuit Court to attest.

Strategic Plan:

Create a Quality Workforce in a Positive, Supportive Organization

1.3 Make workforce safety and wellness a priority

Summary:

This contract provides workers' compensation TPA services for participants of the County Risk Management Program. Per County Code 2-142, all Constitutional Officers of the County, except the Clerk, participate in the workers' compensation program and make payments to the Risk Finance Fund. Pricing is based on approximately 70% of claims attributed to the Sheriff's Office and 30% of claims attributed to the remaining County departments, excluding the Clerk.

Staff was also able to negotiate a 10% reduction in fees from the original submittal provided by Johns

Eastern.

Background Information:

The Purchasing and Risk Management Division released a request for proposal on January 14, 2021. Eight (8) responsive proposals were received with Johns Eastern selected as the highest ranked firm and recommended for award by Risk Management and the Sheriff's Office. The Agreement has a term of sixty-months with provisions for two (2) thirty-six (36) month term extensions.

Utilizing a third-party administrator for the workers' compensation claims administration process accomplishes the following service delivery approaches:

- Delivers a broader spectrum of knowledge and industry best practices
- Long term savings potential as a TPA has an incentive to provide savings to the agency (prescription discounts, nursing managed care by getting employees back to work, potential for early settlement of claims with experienced TPA)
- Provides depth of resources during times when claims volume vacillates
- Ability to provide key metrics and performance indicators
- Potential for accelerated resolution of claim files
- Ability for Sheriff's Office to have the resources they need for a very specialized area of workers' compensation
- Removes the potential of a conflict of interest of employees handling other employee claims

Additionally, review of the claims volume by Johns Eastern during the solicitation process resulted in approximately 70% of workers' compensation claims were generated by the Sheriff's office and approximately 30% of the claims were generated by departments under the Board of County Commissioners, Constitutionals, and Appointing Authorities covered under the Risk Fund. Onboarding a TPA will allow the Sheriff's office the ability to have autonomy in the handling of their claims directly with the TPA should they so desire.

Fiscal Impact:

Estimated sixty-month expenditure: \$1,236,600.00

Funding to support these services is derived from the Risk Finance Fund.

Staff Member Responsible:

Merry Celeste, Division Director, Purchasing and Risk Management, Administrative Services
Joe Lauro, Director, Administrative Services

Partners:

Pinellas County Sheriff's Office

Attachments:

Service Agreement
Ranking Spreadsheet