



Legislation Text

File #: 2021-437, Version: 1

Contract No. 2101048
Third Party Claims Administration
O&M

Agenda of: November 18, 2021
Item No.: **2021-437**
Amount: \$1,630,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: November 4, 2021

RE: **Contract No. 2101048**
Third Party Claims Administration
Vendor: PMA Management Corp.

MOTION

Upon recommendation of William M. Wolfson, Chief Administrative and Compliance Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Interim Chief Executive Officer (ICEO) to **enter into Contract No. 2101048, "Third Party Claims Administration" with PMA Management Corp., at a cost not to exceed \$1,630,000.00 for a duration of five years;** and authorizes the ICEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The contract with the incumbent Third Party Claims Administrator (TPA) expires on December 31, 2021 after six (6) years. Consequently, this past summer a Request for Bid (RFB) was advertised for a new TPA contract. The incumbent firm, Broadspire, was eligible to submit a bid, but declined to do so.

By engaging PMA Management Corp, GLWA will benefit from more than simply the administration of workers' compensation, general liability and auto liability claims. For example, GLWA will have:

- The ability to work with leading casualty insurers for excess insurance coverage.
- Access to claims investigations, subrogation, loss control, and safety programs.
- Access to a risk management information system (RMIS) and analytical summary reports.
- Access to a variety of clinical programs and networks such as bill review, utilization review, nurse case management, pharmacy benefit management, Medicare Set-Aside services, surveillance services, and subrogation services.

JUSTIFICATION

Since the new contract is for five (5) years at an estimated total value in excess of One Million Dollars (\$1,000,000.00), Board approval is required. The total amount of this contract (\$326,000 per year for five years) includes both the fees earned and kept by PMA based on the number and type of claims incurred as well as all allocated loss adjusted expenses (ALAE), which will be charged to the individual claim file and be paid out of an escrow account by PMA for the benefit of GLWA. GLWA replenishes the escrow account each month.

The low bid came from **PMA Management Corporation** ("PMA") with a location in Pennsylvania. This company is not to be confused with PMA Consultants of Michigan. PMA Management Corporation specializes in workers' compensation claims administration (along with general liability and auto claims) and has over a century of experience in these areas. They are among the most experienced TPA's in the United States, and they are well-qualified to administer GLWA's variety of liability claims.

FINANCIAL PLAN IMPACT

Summary: Sufficient funds are provided in the financial plan for this contract.

Funding Source: Operations & Maintenance (O&M) Budget

Cost Center(s): Contractual Operating Services (617900)

Expense Type(s): Enterprise Risk Management Insurance Fund (5910-883411.000-617900-WS7900)

Estimated Cost by Year and Related Estimating Variance: See table below.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2022 Budget (Prorated)	\$163,000.00
FY 2023 Financial Plan	326,000.00
FY 2024 Financial Plan	326,000.00
FY 2025 Financial Plan	326,000.00
FY 2026 Financial Plan	326,000.00
FY 2027 Financial Plan (Prorated)	<u>163,000.00</u>
Financial Plan Forecast	\$1,630,000.00
Proposed Contract Amount	\$1,630,000.00
Variance (positive/ (negative))	\$0.00

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on November 10, 2021. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.