

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed amended and restated contracts with Acclamation Insurance Management Services, Inc. (AIMS), ACME Administrators, Inc. (ACME), and Tristar Risk Management, Inc. (Tristar) to provide third party administration services for managing a portion of the City of Los Angeles' workers' compensation claims.

Recommendation for Council action:

AUTHORIZE the General Manager, Personnel Department, to execute amended and restated agreements for the contracts and in the amounts below, to provide third party administration services for managing a portion of the City of Los Angeles compensation claims, subject to the review and approval by the City Attorney of the draft amended and restated agreements as attached:

- a. Contract No. C-121841 with AIMS to increase maximum compensation by \$6,011,781 from \$11,048,557 to \$17,060,338.
- b. Contract No. C-121842 with ACME to increase maximum compensation by \$1,417,926 from \$4,679,665 to \$6,097,591.
- c. Contract No. C-121812 with Tristar to increase maximum compensation by \$15,886,120.19 to \$26,218,193 to \$42,104,313.19.

Fiscal Impact Statement: The CAO reports that funding for all three contracts is provided in the Human Resources Benefits 2015-16 Adopted Budget and 2016-17 Proposed Budget, Fund No. 100, Contractual Services Account No. 3040, for this purpose. There is no additional impact on the General Fund. As budgeted funds are available for the projected contract expenditures, the recommendation provided in this report complies with the City's Financial Policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JULY 10, 2016

(LAST DAY FOR COUNCIL ACTION - JUNE 30, 2016)

Summary:

On May 18, 2016, your Committee considered a May 13, 2016 CAO report relative to proposed amended and restated contracts with AIMS, ACME, and Tristar to provide third party administration services for managing a portion of the City of Los Angeles' workers' compensation claims. According to the CAO, in accordance with Executive Directive No. 3 (Villaraigosa Series), the Personnel Department (Personnel) is requesting approval to execute three separate Amended and Restated Agreements to Contract No. C-121841 with AIMS, Contract No. C-121842 with ACME, and Contract No. C-121812 with Tristar (collectively, Contracts and Contractors) to provide third party administration services for managing a portion of the City of Los Angeles workers' compensation claims.

The amended and restated agreements provide for the following:

- a. AIMS- increase of the total maximum compensation amount by \$6,011,781 from \$11,048,557 to \$17,060,338 through November 22, 2017.
- b. ACME- increase of the total maximum compensation amount by \$1,417,926 from \$4,679,665 to \$6,097,591 through November 22, 2017.
- c. Tristar - increase of the total maximum compensation amount by \$15,886,120.19 from \$26,218,193 to \$42,104,313.19 through November 22, 2017.

The Personnel Department, Workers' Compensation Division administers the City's workers' compensation program and utilizes a combination of City staff and contractors, including Third Party Administrators (TPAs) to provide claims administration for all sworn Police and Fire claims and a portion of other civilian claims. The City currently contracts with three TPAs to manage workers' compensation claims including AIMS for all sworn Fire and a portion of Fire civilian claims, ACME for the City Attorney, Personnel, and Police civilian claims, and Tristar for all Police sworn claims. TPAs provide critical caseload management to ensure workers' compensation claims are processed timely within statutory limitations.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the three proposed amended and restated contracts as contained in the May 13, 2016 CAO report and detailed in the above recommendation.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KORETZ:	YES
RYU:	YES
HARRIS-DAWSON:	YES

ARL
5/18/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-