

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE WRITTEN RECOMMENDATION OF THE CITY MANAGER AND WAIVING, BY 5/7th VOTE, THE FORMAL COMPETITIVE BIDDING REQUIREMENT FOR CLAIMS ADMINISTRATION SERVICES, FINDING SUCH WAIVER TO BE IN THE CITY'S BEST INTEREST, AND FURTHER AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AMENDMENT NO. 1 TO THE CURRENT AGREEMENT WITH CORVEL ENTERPRISE COMP, INC., PURSUANT TO RFP 2014-302-SW FOR CLAIMS ADMINISTRATION SERVICES BY A THIRD-PARTY ADMINISTRATOR FOR WORKER'S COMPENSATION AND GENERAL LIABILITY, EXTENDING THE AGREEMENT FOR AN ADDITIONAL TWO (2) YEARS, AT THE CURRENT ANNUAL ADMINISTRATION COST OF \$154,000, PLUS ANNUAL COST ESCALATION NOT TO EXCEED THE APPLICABLE CPI INCREASE OR 3%, WHICHEVER IS LESS.

WHEREAS, the City of Miami Beach (the "City") is approved by the Florida Department of Labor and Employment Security/Division of Workers' Compensation to self-insure for Workers' Compensation; and

WHEREAS, the Division of Workers' Compensation requires that the claims administration services be provided by a State Certified Workers' Compensation Claims Administrator; and

WHEREAS, on November 19, 2014, the Mayor and City Commission awarded an agreement, pursuant to Request for Proposals (RFP) 2014-302-SW for claims administration services by a third-party administrator for worker's compensation and general liability (the "Agreement"), to CorVel Enterprise Comp, Inc.; and

WHEREAS, the Agreement had an initial term of three (3) years, with two (2) additional one (1) year renewal options; and

WHEREAS, all renewal options have been exercised and the Agreement is now set to expire on January 31, 2020; and

WHEREAS, the City's annual administrative cost to CorVel per the Agreement is \$154,000 per year for three workers compensation adjusters, an on-site dedicated adjuster, a supervisor, and an account manager;

WHEREAS, in the current Agreement, City staff has access to CorVel's RMIS CareMC platform at no additional cost to the City; and

WHEREAS, the RMIS feature is a valuable tool that provides access to over 100 user accounts where City staff is able to electronically report injury/illness claims to the

TPA, Human Resources, and the State of Florida simultaneously, which avoids costly penalties, and expediently involves a CorVel adjuster on the case, who then contacts the injured worker within 24 hours of the incident; and

WHEREAS, if the City were to go to an active market for Workers' Compensation TPA services, the RFP will result in a fee to place a RMIS city-wide; and

WHEREAS, City of Miami, with a similar claim count size as Miami Beach, had a recent RFP for Workers' Compensation TPA Services (RFP#605386) and was quoted \$1,000 per user for the RMIS; this sort of pricing would cost the City an additional \$105,000 a year for its current 105 users.; and

WHEREAS, the training that is involved in adopting a new RMIS system is also expensive and time consuming – it took approximately six (6) to nine (9) months for City staff to transition from paper reporting to electronic reporting; and

WHEREAS, in addition, training for new staff and refresher training is conducted throughout the year; and

WHEREAS, since 2015, the number of injured workers that participate in CorVel's Pharmacy Benefit Management ("PBM") program has grown to 80.7% in fiscal year 2018; this utilization has resulted in a \$304,939 savings; and

WHEREAS, CorVel was selected pursuant to RFP 2014-302-SW issued by the City in July 2014; only two (2) other bidders submitted proposals in response to the RFP; both bidders submitted significantly higher pricing for the services required by the City; and

WHEREAS, based on the justifications stated above, the Administration recommends that the Mayor and City Commission, pursuant to Section 2-367(e) of the City Code, accept the written recommendation of the City Manager and waive, by 5/7th vote, the competitive bidding requirement for claims administration services, finding such waiver to be in the best interest of the City.

WHEREAS, the Administration further recommends that the City Commission authorize the City Manager to negotiate an extension of the Agreement for an additional two (2) years, at the current annual administration cost of \$154,000, plus annual cost escalation not to exceed the applicable CPI increase or 3%, whichever is less.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, the Mayor and City Commission hereby accept the written recommendation of the City Manager and waive, by 5/7th vote, the formal competitive bidding requirement for claims administration services, finding such waiver to be in the City's best interest, and further authorize the City Manager to negotiate and execute Amendment No. 1 to the current Agreement with CorVel Enterprise Comp, Inc., pursuant to RFP 2014-302-SW for claims administration services by a third-party administrator for worker's compensation

and general liability, extending the Agreement for an additional two (2) years, at the current annual administration cost of \$154,000, plus annual cost escalation not to exceed the applicable CPI increase or 3%, whichever is less.

PASSED AND ADOPTED this ____ day of _____ 2019.

Dan Gelber, Mayor

ATTEST:

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney
FA

10-1-19

Date