

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Third Party Administrator Services Agreement

DEPARTMENT: Administrative Services **DIVISION:** Risk Management

AUTHORIZED BY: Steve Howard **CONTACT:** Toni Udo **EXT.** 5952

Agenda Date <u>09/26/06</u> Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/>
Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Board approval of Third Party Administrator (TPA) contract with Johns Eastern for the period of 10/01/06 through 09/30/07 and authorization for the Chairman to execute agreement.

BACKGROUND:

The County contracts with an outside TPA to handle all Property, Liability and Workers' Compensation claims.

The County's Broker, Arthur J. Gallagher & Company-Orlando, as a part of their contract with the County, is responsible for evaluating, monitoring and marketing TPA services for the County. Arthur J. Gallagher has evaluated Johns Eastern's renewal proposal (Exhibit A) and recommends approval of renewal.

Estimated annual cost is approximately \$111,425. This is based on an estimate of 171 Workers' Compensation Claims and 49 Property/Liability claims.

Reviewed by: Co Atty: _____ DFS: _____ Other: _____ DCM: _____ CM: _____
File No. <u>CASR01</u>

EXHIBIT A

**ADDENDUM NUMBER III
TO
SERVICE CONTRACT FOR
AUTOMOBILE LIABILITY, GENERAL LIABILITY, PROPERTY,
AND WORKERS' COMPENSATION CLAIMS HANDLING**

This is the third Addendum to the Agreement entered into between Johns Eastern Company, Inc., hereinafter called the SERVICE AGENT, and SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS, hereinafter called the EMPLOYER, dated the 1st day of October 1, 2003.

This Addendum affects the remuneration to be paid by the EMPLOYER to the SERVICE AGENT for the handling of claims with a date of loss of October 1, 2006 through September 30, 2007.

The remuneration to be paid to the SERVICE AGENT under this Agreement by the EMPLOYER for workers' compensation claims handling services during the term of this Agreement shall be as follows:

- a. Fees for claims handling for Workers' Compensation exposures whose dates of loss fall between 10/01/2006 and 9/30/2007 will be deposit of \$60,000.00. This deposit will be billed on a quarterly basis, with the first payment due upon contract inception. This rate is based on the following:

- WC/Medical Only \$145.00 per exposure
- WC/Indemnity \$962.00 per exposure

- b. Fees for claims handling for Liability exposures whose dates of loss fall between 10/01/2006 and 9/30/2007 will be a deposit of \$51,425.00. This deposit will be billed on a quarterly basis, with the first payment due upon contract inception. This rate is based on the following:

AL/BI	\$625.00 per exposure
AL/PD	\$395.00 per exposure
Auto Phys	\$205.00 per exposure
GL/PD	\$395.00 per exposure
GL/BI	\$625.00 per exposure
Professional E&O	\$850.00 per exposure
Property*	\$395.00 per exposure

*Property claims (building and contents) will be charged at a rate of \$395.00 per claim for TPA claims management. If fieldwork is required for the assessment of damages or written estimates, then in addition to the flat rate quoted of \$395.00, the Employer will be charged per the attached fee schedules.

- c. Provider Bill Review/Cost Containment Services - Johns Eastern Company, Inc. will review all medical bills and make appropriate reductions as required by Florida Statute 440. Fees for these services are:

- \$5.95 per bill
- 30% of all savings over and above Fee Schedule reductions

EXHIBIT A



JOHNS EASTERN COMPANY, INC.

PO Box 4175, Sarasota, FL 34230, 800-767-9480 (telephone), 941-907-7227 (fax)

PROPERTY RATE SCHEDULE

Full Repair Cost	Appraisal Only	Full Adjustment
\$ 0.01 - \$ 500.00	\$180.00	\$225.00
500.01 - 1,000.00	205.00	256.00
1,000.01 - 2,500.00	334.00	379.00
2,500.01 - 5,000.00	397.00	465.00
5,000.01 - 7,500.00	517.00	559.00
7,500.01 - 10,000.00	617.00	669.00
10,000.01 - 15,000.00	715.00	825.00
15,000.01 - 20,000.00	850.00	980.00
20,000.01 - 30,000.00	n/a	4.5% of Loss - \$ 995 minimum
30,000.01 - 40,000.00	n/a	3.5% of Loss - \$1,350 minimum
40,000.01 - 55,000.00	n/a	3.0% of Loss - \$1,400 minimum
55,000.01 - 70,000.00	n/a	2.5% of Loss - \$1,650 minimum
70,000.01 - 90,000.00	n/a	2.0% of Loss - \$1,750 minimum
90,000.01 - 110,000.00	n/a	2.0% of Loss - \$1,800 minimum
110,000.01 - 150,000.00	n/a	2.0% of Loss - \$2,200 minimum
150,000.01 - ABOVE	n/a	2.0% of Loss - \$3,000 minimum

1. Above fees include local telephone, file creation, copying, and secretarial support.
2. Full Repair Cost – Agreed cost to repair or replace before applying depreciation, deductible, or other clauses limiting coverage.
3. In addition to the schedule, the following charges will be made:
 - a. All miles driven at \$0.50 per mile.
 - b. Photos - \$2.00 each
 - c. Outside fees, reports, telephone, and other direct expense, at cost.
 - d. Drive time charged (prorated when possible) when loss is more than 20 miles from our office.
4. These schedules do not apply to catastrophes.
5. All assignments handled by General Adjuster will be billed at the full adjustment rate.
6. Subrogation efforts charged on an hourly basis of \$69/hour.

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CATASTROPHE FEE SCHEDULE

Full Repair Cost	Service Fee
\$ 0.01 - \$ 2,500.00	\$387
2,500.01 - 5,000.00	485.00
5,000.01 - 7,500.00	572.00
7,500.01 - 10,000.00	681.00
10,000.01 - 15,000.00	864.00
15,000.01 - 20,000.00	1,012.00
20,000.01 - 25,000.00	4.5% of Loss - \$1,025 minimum
25,000.01 - 35,000.00	4% of Loss - \$1,200 minimum
35,000.01 - 50,000.00	3.5% of Loss - \$1,400 minimum
50,000.01 - 100,000.00	3% of Loss - \$1,750 minimum
Over 100,000.00	2% of Loss - \$3,000 minimum

7. Full Repair Cost – Agreed cost to repair or replace before applying depreciation, deductible, or other clauses limiting coverage.
8. In addition to the schedule, the following charges will be made:
 - a. All miles driven at \$0.55 per mile.
 - b. Photos - \$2.00 each
 - c. Outside fees, reports, telephone, and other direct expense, at cost.
 - d. Administrative/Set up fee - \$50.00
 - e. Drive time charged and mileage (both prorated when possible) when loss is more than 20 miles from our base of operation.

EXHIBIT A

d. Fees for any field investigation will be \$95.00 per hour, \$0.45 a mile and \$2.00 per color photograph, and administrative expenses. We will bill at these rates all activities involving handling, controlling, or settling an employer's liability on a claim.

e. Fees for telephonic medical management services will be:

- \$525 per lost time exposure
- \$125 per medical only exposure

The above fee only applies if all cases are handled by Johns Eastern.

Excess Reporting Obligation - Unless otherwise specified in this addendum, Service Agent agrees that reporting claims to excess insurance carrier is the Service Agent's responsibility. It is the responsibility of the Employer/Broker to provide accurate coverage information regarding any insurance policies insuring claims covered by this contract. New insurance information on renewal years will be provided as soon as available and can be provided in the form of an Insurance Binder in the interim of receiving actual policies. Excess information will include name and claims reporting address and phone number of all carriers, policy number, effective dates, limits of liability, deductibles, specific retentions and loss funds. Actual policies will be provided as soon as available. This information is required for each claim year that the Service Agent is handling for the employer. If this information is not made available as outlined in this paragraph, Service Agent will not be responsible for any penalties, interest, or reductions in excess recoveries because of late reporting.

Upon exiting, client data will be provided to the new Third Party Administrator either by a series of attachments to one or more email messages containing zip files which can be password-protected or via CD ROMS. The claim files may exist as paper files and will be shipped as such. If the claim files are stored as images in a document retrieval system, they will be provided via CD ROM or the most current means of providing data. The cost for this will be no greater than \$3,500.00. The Employer will be billed for any additional programming to help in data transfer.

All other terms of the original contract remain unchanged.

IN WITNESS WHEREOF, the SERVICING AGENT and the EMPLOYER have each caused this Addendum to be executed by its duly authorized representative to be effective this 1st day of October, 2006.

WITNESSES:

SEMINOLE COUNTY BOARD OF COUNTY COMMISSIONERS

WITNESSES:

JOHNS EASTERN COMPANY, INC.

Beverly Adkins AIC, AIM
Vice President