



AGENDA REPORT

Meeting Date: November 17, 2015

Item Number: D-9

To: Honorable Mayor & City Council

From: Karl Kirkman, Risk Manager

Subject: **AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND ATHENS INSURANCE SERVICES, INC. DBA ATHENS ADMINISTRATORS FOR THIRD PARTY ADMINISTRATION SERVICES FOR WORKERS' COMPENSATION PROGRAM**

Attachments: 1.) Amendment No. 1 with Athens Administrators

RECOMMENDATION

Staff recommends that the City Council approve Amendment No. 1 to the contract with Athens Insurance Services, Inc., DBA Athens Administrators for third party administration of workers' compensation claims services.

INTRODUCTION

The City of Beverly Hills has self insured for workers' compensation losses since the mid 1980's. Because the number of claims is low, the City has always found it to be more cost effective to contract out the claims administration, and entered into an on-going contract for services with Athens Insurance Services, Inc. This amendment will change the annual fees for the next three years charged by Athens Administrators to handle workers' compensation claims for the City.

DISCUSSION

Athens Administrators was selected as the most responsive proposal in a 2012 RFP process, and an on-going contract for services was negotiated. A fee schedule for the first three years

was agreed upon at that time. At the expiration of the three years, a change in fees was negotiated by staff.

The annual fee for the current year will have no change. In the second year and third year of the contract, the annual fee for service will increase 3% per year. This will increase the annual fee by \$9,159 in the second year of the amendment and by \$9,434 in the third year. As there is no increase in fees for the current fiscal year, the current approved purchase order will not need to be increased. In fiscal years 2017 and 2018, if the increase in the budget that normally applied does not cover the increase, a budget enhancement may be needed.

FISCAL IMPACT

Funds have been budgeted and are available for this purpose.


Noel Marquis
Finance Approval

Attachment 1

AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF
BEVERLY HILLS AND ATHENS INSURANCE SERVICES, INC. DBA
ATHENS ADMINISTRATORS FOR THIRD PARTY
ADMINISTRATION SERVICES FOR WORKERS' COMPENSATION
PROGRAM

NAME OF CONSULTANT: Athens Insurance Services, Inc. dba Athens
Administrators

RESPONSIBLE PRINCIPAL OF
CONSULTANT: Linda Slaughter, Chief Claims Officer

CONSULTANT'S ADDRESS: P. O. Box 696
Concord, CA 9522-0696

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: Karl Kirkman, Risk Manager

COMMENCEMENT DATE: July 1, 2012

TERMINATION DATE: Upon termination by City pursuant to Section 17 of
the Agreement

CONSIDERATION: As set forth in City approved purchase orders

AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND ATHENS INSURANCE SERVICES, INC. DBA ATHENS ADMINISTRATORS FOR THIRD PARTY ADMINISTRATION SERVICES FOR WORKERS' COMPENSATION PROGRAM

THIS AMENDMENT NO. 1 is to the Agreement between the City of Beverly Hills (hereinafter called "City"), and Athens Insurance Services, Inc. dba Athens Administrators (hereinafter called "Consultant") dated June 19, 2012, and identified as Contract No.238-12.

RECITALS

- A. City entered into a written contract with Consultant for third party administration services for City's workers' compensation program.
- B. City agrees to maintain the rates for fiscal year 2015-2016 and increase the rates in the subsequent two fiscal years.

NOW, THEREFORE, the parties agree as follows:

Section 1. Exhibit B-1 shall be added to the Agreement, setting forth additional fees and charges.

Section 2. Except as specifically amended by this Amendment No. 1, the original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 on the _____ day of _____, 201_, at Beverly Hills, California.

CITY: CITY OF BEVERLY HILLS,
a Municipal Corporation

JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills, California

ATTEST:

_____(SEAL)
BYRON POPE
City Clerk

ATHENS INSURANCE SERVICES, INC., DBA
ATHENS ADMINISTRATORS

JAMES JENKINS
President

JODI ELLINGTON
Secretary/Treasurer

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

MAHDI ALUZRI
City Manager

KARL KIRKMAN
Risk Manager

DON ROADS
Director of Administrative
Services/Chief Financial Officer

EXHIBIT B-1

ADDITIONAL FEES AND CHARGES

Fiscal Years 5, 6 and 7

FLAT ANNUAL FEE – includes takeover claims + new occurrences	Flat Annual Fee
July 1, 2015 – June 30, 2016	\$305,299 (no increase)
July 1, 2016 – June 30, 2017	\$314,458
July 1, 2017 – June 30, 2018	\$323,892
TOTAL THREE YEAR COST	\$943,649

Staffing	# of Personnel
Division Manager	1 Designated
Supervisor	1 Designated
Senior Claims Examiner	1 Fully Dedicated
Future Medical Claim Examiner	1 Designated
Assistant Claim Examiner	1 Designated

Medical Bill Review Cost Proposal

Pricing

Medical Fee Schedule Reduction (OMFS) <i>(Includes: Medical, Pharmacy and Supplies)</i>	\$7.50	Per Bill
Hospital In and Out Patient Fee Schedule Reductions	\$600.00	Per Bill
PPO Network & Specialty Bill Negotiations	22.00%	Of Savings

Utilization Review Cost Proposal

Utilization Review	\$115 per Review
--------------------	------------------

Pricing Notes

1) Pricing contemplates Athens providing both Claim Administration and Managed Care Services at the proposed fees.

Additional Services

Annual Administration Fee	\$0	
Administration – includes mgmt. of (1) bank account, addtl. Accounts at \$400 per month		Included
Data Management		Included
Account Management		Included
Claim Reporting (web, fax, telephonic)		Included
Dash Board Risk Management Web Site		Included
Web Site Access (2 Users)		Included
Annual Stewardship Report		Included
Electronic Delivery of Monthly Loss Runs		Included