

CorVel Enterprise Comp., Inc. Workers' Compensation Claims Administration Contract September 20, 2016 Workshop

PRESENTERS:

Jim Brown, Director, Human Resources & Risk Management

Dianne Shoemake, Risk Manager, Human Resources & Risk Management



CorVel WC Claims Administration Contract

- Background

- City became self-insured for workers' compensation July 1, 1994 and carries excess insurance for each accident above \$800,000
- City uses a third-party administrator (TPA) to administer claims made by employees who are injured in the course and scope of their employment
- The TPA handles claims in accordance with state statutes, Arizona Workers' Compensation Act, Industrial Commission of Arizona (ICA) rules and regulations and city policies and procedures



CorVel WC Claims Administration Contract

- February 25, 2014 Council approved awarding the TPA contract to CorVel effective April 1, 2014 for one year with option to renew an additional four years.
- Council approved the five-year total fixed cost of administration fees totaling \$102,500.
- Claims expenses and handling fees (non-fixed costs) are included in the Workers' Compensation Trust Fund budget which is approved by Council during the adoption of the budget.



CorVel WC Claims Administration Contract

- Costs charged in the contract include:
 - Administration fees (fixed costs)
 - Account administration and management fee (8,000/yr.)
 - Medicare setup (one X \$2,500), monthly maintenance (\$12,000/yr.)
 - Claims expense and handling fees (non-fixed costs)
 - Claims handling fees
 - Bill review fees
 - Patient management fees
 - Vocational rehab service fees
 - Pharmacy services and medication review
 - Medicare set asides , agent reporting fees , technical support fees



CorVel WC Claims Administration Contract

5 YEAR TERM – TOTAL ESTIMATED COSTS

	Fees Paid 27 mos.	Average Monthly	Projected Monthly	Total Projected	
Administration fees	\$41,667	\$1,667	\$1,667	\$102,500	
Claims expense fees	\$680,608	\$25,208	\$26,300	\$1,578,000	
TOTAL	\$722,275				
ESTIMATE COST OF 5 YR CONTRACT				\$1,680,000	



CorVel WC Claims Administration Contract

- Workers' Compensation Trust Fund Board met June 8, 2016 and reviewed CorVel contract administrative, claims expense and handling fees and recommends Risk Manager provide the information to Council.
- There is no budget impact as the costs are included in the Workers' Compensation Trust Fund budget which was approved by Council during the adoption of the FY 2016/17 budget.



CorVel WC Claims Administration Contract

QUESTIONS

