

PERSONNEL, AUDITS, AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed amended and restated contracts with Acclamation Insurance Management Services, Inc. (AIMS), Elite Claims Management, Inc. (Elite), 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. The Seventh Amended and Restated Agreement, Contract No. C-121841, with AIMS to increase the term to include May 3, 2013 through November 21, 2022 and increase contract compensation by \$8,284,575 from \$28,929,703 to \$37,214,278.
- b. The Seventh Amended and Restated Agreement, Contract No. C-121842 with Elite to increase the term to include May 3, 2031 through November 21, 2022 and increase contract compensation by \$2,658,928 from \$9,802,542 to \$12,461,470.
- c. The Fourth Amended and Restated Agreement, Contract No. C-121812, with Tristar to increase the term include November 30, 2012 through November 21, 2022 and increase contract compensation by \$19,069,267 from \$68,666,267 to \$87,736,009.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the total expenditure authority in 2020-21 for these contracts is up to \$14.6 million. Partial funding of \$13.9 million is provided in the 2020-21 Budget in the Contractual Services Account within the Human Resources Benefits Fund. If the Personnel Department elects to utilize the Contractors up to the available 2020-21 expenditure authority, additional sources of funding will need to be identified through cost savings in other accounts and/or a request for additional appropriations.

Fiscal Policies Statement: The CAO reports that as budgeted funds are available to support the anticipated expenditures in the current year, and future year expenditures are limited to the appropriation of funds, the recommendation of this report complies with the City's Financial Policies.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - MARCH 15, 2021**

**(LAST DAY FOR COUNCIL ACTION - MARCH 12, 2021)**

Summary:

On February 17, 2021, your Committee considered a November 20, 2020 CAO report relative to proposed amended and restated contracts with AIMS, Elite, 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 Elite, 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 the term to include May 3, 2013 through November 21, 2022 and increase contract compensation by \$8,284,575 from \$28,929,703 to \$37,214,278
- b. Elite- increase the term to include May 3, 2031 through November 21, 2022 and increase contract compensation by \$2,658,928 from \$9,802,542 to \$12,461,470.
- c. Tristar - to increase the term include November 30, 2012 through November 21, 2022 and increase contract compensation by \$19,069,267 from \$68,666,267 to \$87,736,009

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 November 20, 2020 CAO report and detailed in the above recommendation.

Respectfully Submitted,

PERSONNEL, AUDITS, AND ANIMAL WELFARE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KORETZ:	YES
HARRIS-DAWSON:	ABSENT
BONIN:	YES
ARL	

2/17/21

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**