

Item Title: Approval of a Multi-Year Agreement for Risk Management Third-Party Administrative Services with Sedgwick

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to execute a three-year contract, with an optional one-year extension, with Sedgwick for Third-Party Administrative Services, subject to terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners must approve multi-year contracts.

Background: The County is self-insured and utilizes a third-party administrator for workers' compensation claim administration services. A third-party administrator provides services such as Preferred Provider Organization (PPO) network access, bill review services, pharmacy benefit management, utilization review and Medicare, Medicaid and SCHIP Extension Act (MMSEA) report services, and to ensure that all claims are handled in accordance with the North Carolina Workers' Compensation Act. These services help with maintaining claim costs and evaluating trends within workers' compensation. This action approves a three-year contract for these services.

Board Goal: This action supports routine County operations.

Fiscal Impact: \$240,100.00 over three years. Fees are included in the County budget, and no budget increase is anticipated.

Additional Information:

At the beginning of fiscal year 2019, Wake County was informed that their current Third-Party Administrator, Key Risk, was being acquired by York Risk Services. The transition was supposed to take place in mid-November 2018 and last until early December 2018. The Risk Team representatives had planned to evaluate the new services under York and determine whether we wanted to continue with York as the Third-Party Administrator or go out to bid.

Unfortunately, the transition from Key Risk to York took much longer than estimated. Due to Wake County staff having to transition information, processes and online platforms it was recommended that Wake County wait one additional year to bid and evaluate services through a RFP process as it would be very difficult to have everything in place with a new vendor by a July 1, 2019 deadline.

It was anticipated that the contract with York would be renewed for one more fiscal year with a plan to bid services mid-fiscal year of 2020. After receiving amendment proposals for fiscal year 2020 it was learned that York Risk Services was to be bought by Sedgwick. Due to the ongoing transition issues from the initial changes with Third-Party

Administrators it was decided that Wake County could not agree to a one year contract and would agree to an amendment of the existing contract extending services for 7 months with the understanding that Wake County would be putting Third-Party Administrator services out for bid for a mid-year contract for services.

Three RFP proposal responses were submitted for review and after careful consideration, Wake County staff selected Sedgwick as they met all requirements and had the lowest bid.

The County and Sedgwick have reached agreement on both the terms and pricing for the contract, subject to approval of the County Attorney. The proposed contract will be for an initial term of three years with the option for an additional one-year extension. The County was satisfied with the RFP response from Sedgwick and looks forward to working together under the terms and pricing of the proposed contract.

Attachments:

1. Contract, including pricing terms and RFP response