



CITY OF GROSSE POINTE WOODS
MEMORANDUM

Date: May 20, 2024

To: Mayor and City Council

From: Steven Schmidt, Deputy Treasurer/Comptroller

CC: Frank Schulte, City Administrator

Re: Sedgwick-Workers Compensation Third Party Administrator

RECEIVED

MAY 08 2024

CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT

Please find attached a copy of the proposal for the City's Workers Compensation third party administrative services (Sedgwick formerly York Risk Services) presented by Mark Sledzinski of IBEX Insurance Company.

Sedgwick has handled the City's workers compensation third party administration (TPA) since 2007 and is offering the following renewal options.

OPTION #1

Table with 3 columns: Contract Term-1 Year, Year, Annual Flat Fee. Row 1: Year 1-4.0% increase, 7/1/2024-6/30/2025, \$24,223.00

OPTION #2

Table with 3 columns: Contract Term- 3 Years, Year, Annual Flat Fee. Rows: Year 1--3.0% increase, Year 2--2.0% increase, Year 3--1.0% increase

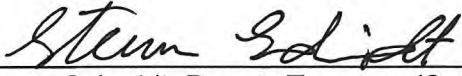
Sedgwick's annual flat fee pricing is based on the annual estimated claim volumes and the estimated required staffing to service those claims. If acquisitions, divestitures, changes in program requirements, or an increase in claim volume impacts the staffing requirements of the unit, Sedgwick reserves the right to modify the annual flat fee should claim volumes increase by 10%.

Adequate funds have been budgeted in FY 24-25 for the administrative cost of \$23,990.00 for TPA services, budget line 677-210-955.000, Insurance Premium.

Staff Recommendation

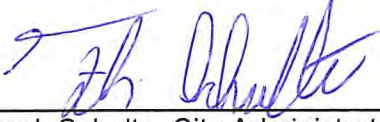
Based on the positive working relationship with Sedgwick, it is my recommendation that the City enter a three (3) year contract with Sedgwick at an annual cost of \$23,990 for FY 24-25, \$24,470 for FY 25-26 and \$24,715 for FY 26-27.

Upon receipt of the actual contract from Sedgwick, it will be forwarded to the City Attorney for review and approval.



Steven Schmidt, Deputy Treasurer/Comptroller

Recommend approval of the above stated and do not believe any benefit will accrue to the City by seeking further bids.



Frank Schulte, City Administrator

City Council Approval



April 24, 2024

The City of Grosse Pointe Woods
C/O Mark Sledzinski, Ibex Agency/ Broker
27750 Stansbury, Suite 100
Farmington Hills, MI 48334

City of Grosse Pointe Woods, 2024 to 2027 Renewal Proposal

Dear Mark and Karen,

We are grateful for the opportunity the City of Grosse Pointe Woods has provided Sedgwick in servicing their Workers' Compensation claims program. We appreciate your partnership and look forward to the continued success in the years to come. Sedgwick is providing the City of Grosse Pointe Woods the attached proposal to extend our relationship through 2027.

Highlights from our pricing proposal

Sedgwick has a vested understanding of the intricacies of your program. We value our partnership and are committed to your program. We have a proven designated team that continues to maintain premium services. We will continue to simplify the billing process with a flat rate fee. If the reported claims volume increases significantly (10%), we may propose additional charges.

The renewal budget attached provides full pricing details for a multi-year agreement through 2027. We are pleased to offer two options for renewal. 1 year option will be at a 4% increase, however should option two be selected there will be a 3% increase for first-year, the year 2 will only increase by 2.0% with the 3rd year at 1.0%. Also included is pricing for managed care, SIU, loss control and Medicare.

Commitment

The Renewal Budget provided in the appendix contains full pricing details through 2027. Sedgwick is committed to continuing our long-term partnership with the City of Grosse Pointe Woods and enhancing the program to continue the positive outcomes we have achieved thus far. Additionally, Sedgwick will continue to bring the resources, expertise and results that the City of Grosse Pointe Woods needs and expects on a long-term basis.

Please let me know if you have any questions.

Sincerely,

Karen S. Blair

Karen S. Blair
Account Executive
Client Services
Enclosures

Renewal Fee Proposal for City of Grosse Pointe Woods

04/24/2024

Workers Compensation Contract Term: 07/01/2024 – 06/30/2027

Claims handling /Summary of Options and fees

All fees apply to the State of Michigan. While Sedgwick also has capabilities outside these areas, quotes for additional countries/territories are not contemplated in this proposal.

Annual flat fee pricing

Sedgwick's annual flat fee pricing is based on the annual estimated claim volumes and the estimated required staffing to service those claims. If acquisitions, divestitures, changes in program requirements, or an increase in claim volume impacts the staffing requirements of the unit, Sedgwick reserves the right to modify the annual flat fee should claim volumes increase by 10%. Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

Option #1

Coverage line Workers Compensation	Year 1 07/1/2024 – 06/30/2025 4.0%
Annual Flat Fee	\$24,223.00

Option #2

Coverage line Workers Compensation	Year 1 07/1/2024 – 06/30/2025 3.0%	Year 2 07/1/2025 – 06/30/2026 2.0%	Year 3 07/1/2026 – 06/30/2027 1.0%
Annual Flat Fee	\$23,990.00	\$24,470.00	\$24,715.00

Items included in the quoted fees include:

- Claims intake
- Services of client service director
- Telephonic claim reviews (semi-annual)

- RMIS access: 4 users which provides a platform-independent, web-based tool for viewing and analyzing claims data. Access provides secure, near real-time information from Sedgwick's proprietary claims information systems.

Additional bundled services and fees:

- Subrogation services will be charged 25% of recoveries
- RMIS: Additional user access is \$905 per user per year and moves with contract increases
- RMIS: System interfaces or custom programming charged at \$185 per hour

Definitions, terms and conditions

Definitions

Life of contract: Sedgwick will administer all claims received during the contract for the quoted fee. Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

Indemnity claim: An Indemnity/indemnity claim shall mean any workers' compensation qualified claim as follows:

- For which a payment is made or reserve is posted under the indemnity portion (i.e., not medical and not expense) of the qualified claim or there is time lost from work
- For which an application for adjudication of a claim or hearing notice is received or otherwise involves litigation or communication from or to a petitioner's attorney
- Where incurred medical costs exceed \$3,500
- That is denied but otherwise would have been classified as indemnity claims
- For which City of Gross Pointe Woods requests to be investigated or classified as an indemnity claim
- That Sedgwick determines additional investigation is necessary to determine compensability, to comply with applicable laws, or both
- For which subrogation is investigated or pursued
- That is open longer than 12 months

Medical only claim: A medical only claim is defined as any claim that is not an Indemnity claim or an incident-only claim.

Incident only: Incident only claims are claims reported by City of Gross Pointe Woods that require no payment or activity other than generating a record in the claims administration system. These claims carry no reserves and no contacts are made by Sedgwick. If contacts are required on incident only cases, additional fees will apply.

Allocated expenses: The claim fees agreed to shall include all costs incurred by Sedgwick in handling claims submitted, except those costs normally referred to as "allocated expenses." These expenses will be billed to the individual claim file when incurred.

In some cases, Sedgwick engages subcontractors to assist us in providing services. In order to hold down the cost to our clients, Sedgwick may have arrangements with these subcontractors to cover expense for certain activities, including but not limited to, development of integrated data systems, account management, quality oversight and

ongoing projects that improve penetration and efficiency for our examiners. These cooperative service agreements are not transactional-based and are not dependent on any activity generated by City of Gross Pointe Woods. In fact, the flat cooperative service fees remain the same regardless of whether City of Gross Pointe Woods uses these vendors on their program or not.

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations
- Cost of expert witnesses, accident reconstruction specialists, or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recording, etc.
- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, utilization review, case management, pre-certifications and medical necessity evaluations
- Cost of translation services
- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities
- Cost of outside assistance necessary to prepare or protect a client's subrogation right or Special Disability Trust Fund claim
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at the client's request or as required by law or rule of a federal, state or local agency

Terms and conditions

Quotation expiration: All pricing quoted is valid for a period of 90 days from submission unless a written extension is requested.

Takeover of existing claims: There is no takeover of existing claims anticipated in this program. If takeover handling is required, additional fees will apply.

Payment terms: Administrative fees are billed on an annual basis in advance based on flat fee.

Taxes: All applicable taxes will be added to the service fees where this is required. Sedgwick may be required, in some jurisdictions, to collect and remit sales tax on the services provided to City of Gross Pointe Woods. If billed, the taxes will be stated separately on the invoice. If Sedgwick is provided an exemption certificate, in good faith, tax will not be charged. In the event that a jurisdiction invalidates or does not accept the exemption certificate, Sedgwick will not be liable for any penalty or interest that may be charged.

Reverse takeover (RTE) / Exit Data Services: Upon termination there will be fees to support the final transfer of claim data including exporting of claim transactions, notes, and images in Sedgwick's standard format at \$185 per hour. Requests for customized data layouts will be scoped and charged at \$185 per hour. Fee is due prior to transition of data.

Submission of all applicable claims: The fees quoted are based on the assumption that City of Gross Pointe Woods will forward to Sedgwick all claims arising during the applicable time period in a covered jurisdiction. In the event that City of Gross Pointe Woods does not forward all such claims to Sedgwick, we reserve the right to adjust the fees accordingly.

Sedgwick managed care

All claim administration fees and services contemplate the deployment of Sedgwick's managed care services for all bill review and case management services.

Service	Year 1	Year 2	Year 3
	1-Jul-2024 to 30-Jun-2025	1-Jul-2025 to 30-Jun-2026	1-Jul-2026 to 30-Jun-2027
Service	Rate	Rate	Rate
Medical bill review			
State fee scheduling/usual, customary and reasonable; state reporting	\$9.01 per bill	\$9.19 per bill	\$9.28 per bill
Provider networks			
Preferred provider organization (PPO) networks	28% savings	28% savings	28% savings
Out of network services	28% savings	28% savings	28% savings
Surgical Implants	28% savings	28% savings	28% savings
Telephonic Clinical Services			
Telephonic case management	Evaluation and recommendation: \$160	Evaluation and recommendation: \$163	Evaluation and recommendation: \$165
· Telephonic Nurse Care Manager, · Surgery Nurse Case Manager,	1-30 days: \$407 Every 30 days thereafter: \$324	1-30 days: \$415 Every 30 days thereafter: \$330	1-30 days: \$419 Every 30 days thereafter: \$333
Behavioral Health Specialist	\$115 per hour (1)	\$117 per hour (1)	\$118 per hour (1)
Customized Nurse Services (1)	\$115 per hour (1)	\$117 per hour (1)	\$118 per hour (1)
Utilization Review & Physician Advisor			
Utilization review	\$134 per review	\$137 per review	\$138 per review
Physician advisor/peer review	\$294 per review	\$300 per review	\$303 per review
Physician review of records	\$294 per hour	\$300 per hour	\$303 per hour
Physician advisor appeal	\$370 per review	\$377 per review	\$381 per review
Complex pharmacy management	Pharmacy nurse management/pain coaching: \$125 per hour Physician and PharmD management (as needed): \$295 per hour	Pharmacy nurse management/pain coaching: \$128 per hour Physician and PharmD management (as needed): \$301 per hour	Pharmacy nurse management/pain coaching: \$129 per hour Physician and PharmD management (as needed): \$304 per hour
Field Case Management (FCM)			
Medical field case management: Full field	\$113 per hour, plus direct expenses (1)(2)	\$115 per hour, plus direct expenses (1)(2)	\$116 per hour, plus direct expenses (1)(2)
Catastrophic/Crisis care management	\$185 per hour (1)	\$189 per hour (1)	\$191 per hour (1)
International Medical FCM	Countries near US and US Territory (Canada, Mexico, Puerto Rico, Bahamas, USVI): \$175 per hour All other countries: \$200 per hour	Countries near US and US Territory (Canada, Mexico, Puerto Rico, Bahamas, USVI): \$179 per hour All other countries: \$204 per hour	Countries near US and US Territory (Canada, Mexico, Puerto Rico, Bahamas, USVI): \$181 per hour All other countries: \$206 per hour
FCM Tasks:			
One visit clinical assessment	\$765 flat fee	\$780 flat fee	\$788 flat fee
Limited Assignment Task	\$115 per hour (1)	\$117 per hour (1)	\$118 per hour (1)
Specialty task services: Life Care Plan, Expert testimony, customized services	\$180 per hour	\$184 per hour	\$186 per hour
Vocational & Work placement solutions			
Transitional work placement (at Not-for-profit)	\$927 for placement or no-show	\$946 for placement or no-show	\$955 for placement or no-show
Return to Work Specialist	\$115 per hour (1) Telephonic return-to-work	\$117 per hour (1) Telephonic return-to-work	\$118 per hour (1) Telephonic return-to-work
Work Place Consultation - Program/Policy Design & planning	\$216 per hour, plus direct expenses	\$220 per hour, plus direct expenses	\$222 per hour, plus direct expenses
Vocational - Full Field Case Management	\$115 per hour, plus direct expenses (1)(2)	\$117 per hour, plus direct expenses (1)(2)	\$118 per hour, plus direct expenses (1)(2)
Vocational field tasks:			
Vocational Assessment/Testing	\$1,010 flat fee	\$1,030 flat fee	\$1,041 flat fee
Labor Market Survey	\$680 flat fee	\$694 flat fee	\$701 flat fee
Automated Transferable Skills Analysis	\$380 flat fee	\$388 flat fee	\$392 flat fee
Job Analysis or Ergonomic Evaluation	\$840 flat fee	\$857 flat fee	\$866 flat fee
Sedgwick managed care administrative services			
Lien resolution	28% of the below fee schedule savings subject to minimum fee of \$135 and cap of \$7,500 per lien Expert witness testimony or hearing representation charged at \$135 per hour plus direct expenses	28% of the below fee schedule savings subject to minimum fee of \$138 and cap of \$7,650 per lien Expert witness testimony or hearing representation charged at \$138 per hour plus direct expenses	28% of the below fee schedule savings subject to minimum fee of \$139 and cap of \$7,727 per lien Expert witness testimony or hearing representation charged at \$139 per hour plus direct expenses
Sedgwick standard medical card	No charge; customization starts at \$3,600	No charge; customization starts at \$3,672	No charge; customization starts at \$3,709
Mandatory state panel postings	Electronic versions of panel cards will be provided at no additional cost. Physical panel cards will incur pass-thru costs at current printing and mailing rates to be paid by the client. <i>(1) Alaska, California, New York and Hawaii @ \$143 per hour; CAT @ \$200 per hour</i> <i>(2) Minnesota QRC Med/Voc & Job Placement charged at prevailing fee schedules</i>	Electronic versions of panel cards will be provided at no additional cost. Physical panel cards will incur pass-thru costs at current printing and mailing rates to be paid by the client. <i>(1) Alaska, California, New York and Hawaii @ \$148 per hour; CAT @ \$204 per hour</i> <i>(2) Minnesota QRC Med/Voc & Job Placement charged at prevailing fee schedules</i>	Electronic versions of panel cards will be provided at no additional cost. Physical panel cards will incur pass-thru costs at current printing and mailing rates to be paid by the client. <i>(1) Alaska, California, New York and Hawaii @ \$149 per hour; CAT @ \$206 per hour</i> <i>(2) Minnesota QRC Med/Voc & Job Placement charged at prevailing fee schedules</i>
Sedgwick Subrogation services			

Service	Year 1	Year 2	Year 3
Subrogation	25.0% of recoveries	25.0% of recoveries	25.0% of recoveries

Medicare Compliance 2023 Workers' Compensation Services

Medicare set-aside (MSA) fees may change from time to time upon 60 days written notice.

No.	Service name and description	Price
1	Medicare Set-Aside (MSA): This comprehensive report is primarily used to assist the examiner in determining an appropriate amount of money to set aside for the benefit of Medicare at the time of settlement. This MSA expires after six months per CMS guidelines.	\$2,500
2	MSA without submission: This is a compact, evidence-based MSA report that will not be submitted to CMS for review. It does not expire.	\$2,000
3	Zero dollar MSA waiver: Preparation and submission of the \$0 MSA to CMS. This is only for denied cases where \$0 in medical and indemnity payments have been made.	\$2,500
4	Complex Medicare set-aside (MSA): Any MSA that includes three or more open claims to be included in the same report; catastrophic cases; or 150+ pages of medical records. In addition to WCMSA fee.	\$650
5	MSA submission: Compiling, reviewing, analyzing and submitting necessary documentation to CMS for approval of an MSA.	\$800
6	P.R.O. (Proactive Reduction Outreach) NURSE: After an MSA is completed, under certain circumstances, this nurse will reach out to the appropriate physician(s) to secure documentation necessary to reduce the MSA.	\$110
7	MSA update: All updates will be charged at a flat rate. Exception: MSAs older than two years may be charged the full MSA rate for an update.	\$615 per update
8	Medical cost projection (MCP): An MCP is similar to an MSA in that it projects the anticipated future medical care for a claimant. However, it could contain non-Medicare covered expenses and is not submitted to CMS for approval. Generally completed on claims with no current Medicare exposure or for reserving purposes.	\$2,250
9	MSA/MCP combination report: This product is a combination of the MSA and MCP. It includes one report that summarizes medical records and two spreadsheets (Medicare and non-Medicare items).	\$3,300
10	Social security disability check: We will check to determine if the claimant has applied for or been accepted for Social Security disability benefits.	\$350
11	Rated age request: In certain circumstances, it may be necessary to secure a rated age to minimize the MSA.	\$27

Lien Resolution services on next page

Lien Resolution Services

12	Medicare lien search: Sedgwick’s lien resolution program will review and obtain conditional payment information from CMS.	\$200
13	Medicare lien appeal: Sedgwick’s lien resolution program will file an appeal with CMS. No charge for liens under \$1,000.	\$450
14	Medicare Advantage lien search: Pursuant to the PAID ACT, Sedgwick’s lien resolution program will review and obtain conditional payment information from the private entity administering the Medicare program.	\$300
15	Medicare Advantage lien appeal: Pursuant to the PAID ACT, Sedgwick’s lien resolution program will file an appeal with the private entity administering the Medicare program.	\$450
16	MEDICAID lien search: Sedgwick’s lien resolution program will review and obtain conditional payment information from the applicable state entity managing the Medicaid program.	\$300
17	MEDICAID lien appeal: Sedgwick’s lien resolution program will file an appeal with the applicable state entity managing the Medicaid program.	\$450

Special Investigation Unit (SIU) 2023 Services and Pricing

SIU fees are detailed below. Fees may change from time to time upon 60 days written notice.

Service name	Price
Research services	
Social media investigation	\$275
Smart plus investigation	\$475
Comprehensive background	\$525
Canvassing services	\$250
Skip tracing/individual locate	\$315
Asset check	\$225
Criminal and civil check	\$135 plus cost of records Additional counties or names : \$75 (per county or name)
Records request	\$100 plus cost of records
Social media monitoring	\$25 per week of monitoring
Other research services	Quote upon request
Surveillance services	
Surveillance	\$95 per hour (portal to portal): All other states
	\$100 per hour (portal to portal): California, Hawaii and New York
	<i>Mileage charged at IRS standard mileage rate</i>
	<u>Additional expenses to hourly rate:</u>
	Report writing (up to 1/2 hour per day at standard surveillance rates)
Unmanned surveillance	Pre-surveillance investigation: \$85
	License plate searches: \$20 (post prelim)
	\$750 per day (three-day minimum)
	Deployment and extraction of stationary device:
Video copies	\$95 per hour: All other states
	\$100 per hour: California, Hawaii and New York
	<i>Mileage charged at IRS standard mileage rate</i>
	\$100 per additional copy plus shipping
Field services	
Alive and well check - in person	\$425: All other states
	\$450: California, Hawaii and New York
Alive and well check - virtual interview	\$125
Activity check	\$450: All other states
	\$475: California, Hawaii and New York

Service name	Price
AOE/COE	\$95 per hour (portal to portal): All other states
Recorded statement	\$100 per hour (portal to portal): California, Hawaii and New York
Scene investigation	<i>Mileage charged at IRS standard mileage rate</i>
Trial/deposition	
International investigations	Quote upon request
Other field services	Quote upon request
Assessment services	
Suspect file review	\$125 per hour
Fraud investigation (includes state reporting)	\$125 per hour
	\$125 perhour
Red flag analytics review	
Other assessment services	Quote upon request

A detailed description of each service can be found on the Sedgwick SIU portal page.