



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/06/2022

ITEM NO: 7

DATE: November 11, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a First Amendment to an Agreement for Services with LWP Claims Solutions to Provide Workers' Compensation Third-Party Administration (TPA) Services Effective January 1, 2023, through December 31, 2027, for an Amount of \$350,000, and for a Total Amount Not to Exceed \$521,357.

RECOMMENDATION:

Authorize the Town Manager to execute a first amendment to an agreement for services with LWP Claims Solutions (Attachment 1) to provide workers' compensation third-party administration (TPA) services effective January 1, 2023, through December 31, 2027, for an amount of \$350,000, and for a total amount not to exceed \$521,357.

BACKGROUND:

The California Division of Occupational Safety and Health requires that all employers provide workers' compensation insurance protection for workers who are injured or ill as a result of their employment to provide medical care and replace lost income. The Town of Los Gatos is self-insured for workers' compensation insurance and engages the services of a third-party administrator to receive and evaluate employee claims, authorize and pay for medical care, coordinate the payment of lost income, ensure the plan remains in compliance with state regulations, provide training to managers and supervisors, determine appropriate reserves for future medical care and permanent disability, and represent the Town in cases that are elevated for evaluation before the Workers' Compensation Appeals Board.

After a competitive Request for Proposals process, LWP Claims Solutions was selected to provide workers' compensation third-party claims administration services for the Town effective January 1, 2020. The original agreement (Attachment 2) will expire on December 31, 2022.

PREPARED BY: Salina Flores
Human Resources Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

SUBJECT: Authorize the Town Manager to Execute a First Amendment to an Agreement for Services with LWP Claims Solutions

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DISCUSSION:

Since LWP Claims Solutions was initially selected as the Town's third-party administrator (TPA) on January 1, 2020, the Town has seen significant improvements in workers' compensation claim administration efficiency. LWP Claims Solutions representatives have extensive workers' compensation claim administration experience, demonstrate a detailed customer service delivery process, and strive for the most cost-effective solutions, while still providing excellent care options for our employees. The claims management team from LWP Claims Solutions continues to review the Town's workers' compensation files and provides responsive, innovative solutions and strategies on many of the more complicated claims. Many staff have been with LWP Claims Solutions for over 20 years. The aforementioned are critical factors when assessing and analyzing ongoing and complex workers' compensation claims.

The Town entered into the original agreement with LWP for three years. LWP has met or exceeded the Town's workers compensation needs and would like to continue this working relationship through a contract extension.

CONCLUSION:

Staff recommends that Council authorize the Town Manager to execute a first amendment to an agreement for services with LWP Claims Solutions (Attachment 1) to provide workers' compensation third-party administration services effective January 1, 2023, through December 31, 2027, for an amount of \$350,000, and for a total amount not to exceed \$521,357.

FISCAL IMPACT:

LWP Claims Solution has committed to not exceed claims administration fee increase amounts of more than 3% percent each year during the agreement. Staff will monitor the contract cost to determine if a mid-year budget adjustment to factor the additional cost into the Fiscal Year (FY) 2022/23 Operating Budget is necessary. The costs for the additional four years of the agreement will be recommended annually as part of the annual Operating Budget adoption.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. First Amendment with Exhibit A Service Fee Schedule
2. Original Agreement