



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/03/2019

ITEM NO: 4

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DATE: November 21, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute an Agreement for Services with LWP Claims Solutions to Provide Workers' Compensation Third-Party Administration Services Effective January 1, 2020 Through December 31, 2022 for a Total Amount Not to Exceed \$171,357

**RECOMMENDATION:**

Authorize the Town Manager to execute an Agreement for Services with LWP Claims Solutions (Attachment 1) to provide workers' compensation third-party administration services effective January 1, 2020 through December 31, 2022 for a total not to exceed amount of \$171,357.

**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.

The Town last issued a request for proposals (RFP) for workers' compensation third-party administration services in 2010.

**PREPARED BY:** Lisa Velasco  
Human Resources Director

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

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DISCUSSION:

Due to the length of time since a formal RFP has been solicited for workers' compensation claims administration services, a new request was sent to vendors in July 2019. The request was sent to twenty (20) vendors, including the Town's current vendor, and posted on the Town's website. Five responses were received by the due date and after evaluation, three finalists were invited to interview with a panel of Town representatives that are most closely involved with workers' compensation administration services. Based on the interviews, the panel selected LWP Claims Solutions as a new vendor to provide workers' compensation claims administration services for the Town based on their record of providing high quality and strong customer service commitment to public agencies. In addition, LWP Claims Solutions has a track record of reducing costs associated with utilization reviews, collaborating with employees to assist in a timely return to work, and reducing overall claims cost.

CONCLUSION:

Based on the outcome of the competitive RFP process for workers' compensation third-party claims administration services, staff recommends that Council authorize the Town Manager to execute a new Agreement for Services with LWP Claims Solutions.

FISCAL IMPACT:

LWP Claims Solution has committed to a not to exceed claims administration fee amount of \$60,500 for year one of the agreement which is an overall increase of \$5,848 for the remainder of FY 2019/20. Staff will recommend a mid-year budget adjustment to factor the additional cost into the FY 2019/20 Operating Budget. The costs for year two and year three of the agreement will be built into the Operating Budgets for FY 2020/21 and FY 2021/22.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Agreement for Services