

Ofelia San Pedro, Deputy Superintendent
Business Operations

SUBJECT: STRATEGIC INITIATIVE OF INTEGRATION OF CLAIMS ADMINISTRATION WITH MEDICAL MANAGEMENT OF WORKERS' COMPENSATION CLAIMS

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL REALTIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

At the Board meeting of June 14, 2006, the Board authorized purchase of its specific excess workers' compensation insurance through Liberty Mutual Insurance Company, subject to a self-insured retention of \$1 million per occurrence. The provisions of this coverage are quite different than previous specific excess contracts because of the fact that Liberty Mutual Insurance Company offered very aggressive terms which include the ability to control rates based upon incurred claims. Because the cost of the district's excess coverage is now subject to achieving positive claims outcomes, staff has undertaken strategic initiatives to effectively manage workers' compensation claims which include:

- Expansion of the Board's Workers' Education Rehabilitation and Compensation (WERC) Program to allow injured workers to continue working in alternative work settings if they cannot return to pre-injury jobs;
- Providing incentives to worksites which accept previously injured workers who possess the physical capabilities to perform open positions; and
- Developing a strategic provider network for injured employees consisting of physicians, hospitals, physical therapy centers, pharmacies and other medical providers, subject to outcome driven approaches, in conjunction with Miami-Dade County as a component of the district/county compact agreement.

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At the Board meeting of June 16, 2004, the Board authorized the Superintendent to enter into a contract for third party claims administration with Gallagher-Bassett Services, Inc., as well as a contract for managed care services for workers' compensation claims with Corvel Corporation. The authorization was for an initial three year contract with both companies, effective July 1, 2004 to July 1, 2007, with the ability to extend the contracts for two additional years, effective July 1, 2007 to July 1, 2009.

Staff believes that continuing to contract with one vendor to provide medical management of workers' compensation claims and another to provide claims administration for those same claims is inefficient and does not provide the best service to the injured worker. Having one vendor manage all aspects of the claim including the indemnity (lost wages) and the medical aspects of the file will provide continuity of information to the injured worker as well as a more strategic focus on claims management including file resolution.

Incorporating the medical management into the claims administration system will provide result in better handled claims with a more strategic focus on the medical care received by the injured workers resulting in injured workers returning back to work sooner. As such, staff is seeking authority at this time to enter into negotiations with Gallagher-Bassett Services for a two year extension of its current claims administration contract, inclusive of all aspect of the medical management of workers' compensation claims and claims administration of its liability claims to become effective July 1, 2007. Final recommendations will be brought back to the Board at the Board meeting of May 16, 2007.

This request for authorization is based upon provisions contained within State of Florida, State Board Rule 6A-1.012(11), which authorizes the Board to directly negotiate and contract for third party administrators and risk management programs, and School Board Rule 6Gx13- 3F-1.021, Professional Service Contracts.

RECOMMENDED: That The School Board of Miami-Dade County, Florida authorize the Superintendent of Schools to enter into negotiations with Gallagher-Bassett Services, Inc. for a two year extension of their existing contract to provide claims administration services for all claims including liability and workers' compensation claims inclusive of all medical management and managed care services for workers' compensation claims with final recommendations for a contract to become effective July 1, 2007 to be brought back to the Board at the Board meeting of May 16, 2007.

OSP:sbc