



**Public Employer Risk Management Association, Inc.**

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***Managed by Northeast Association Management, Inc.***

**REQUEST FOR PROPOSAL (RFP)**

**2018 Workers' Compensation Claims Audit**

Public Employers Risk Management Association, Inc.  
(PERMA)  
9 Cornell Road  
Latham, New York 12110

<b><i>RFP Schedule</i></b>	
Issuance of RFP:	<b>August 21, 2018</b>
Submission of Questions about the RFP:	<b>September 17, 2018 (<i>no later than</i>)</b>
Proposals Due:	<b>October 8, 2018</b>
Anticipated Contract Award:	<b>November 1, 2018</b>
Fieldwork to Commence:	<b>December 3, 2018 (<i>no later than</i>)</b>
Draft Report to be Provided:	<b>January 14, 2019</b>
Final Report to be Provided:	<b>February 1, 2019</b>
Present report to PERMA Board of Directors (via conference call)	<b>February 20, 2019</b>

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## **1. PURPOSE OF THE RFP**

The purpose of this Request for Proposal (RFP) is to solicit offers from highly qualified firms to perform an audit, review and analysis of workers' compensation claims for the Public Employers Risk Management Association (PERMA) self-insurance pool administered by Northeast Association Management (NEAMI) / York.

We are seeking an audit to commence in the 4<sup>th</sup> quarter of 2018, with results delivered the 1<sup>st</sup> quarter of 2019.

## **2. INVITATION TO SUBMIT PROPOSALS**

PERMA is requesting workers' compensation claims auditing proposals, and this RFP is a solicitation of interest and not an offer to contract for PERMA services. Any contractual arrangement between a Respondent and PERMA will be subject to a written Claim Services Contract, the terms of which may differ from this RFP. PERMA retains the right to accept or reject any proposal, as it deems most appropriate in the best interests of PERMA.

If it is necessary to make material changes to the RFP, PERMA will e-mail written RFP addenda to all recipients of record of the original RFP. Recipients of record are those parties that PERMA directly sent a copy of the RFP. Responses to written questions received by the specified deadline will be incorporated in an RFP addendum and circulated to all recipients of the RFP.

## **3. BACKGROUND OF PERMA**

PERMA is a public entity pool that provides workers' compensation coverage and risk management services to local governments in the state of New York. Based in Latham New York, PERMA has been in operation for over 35 years. PERMA membership is comprised of cities, towns, counties, utility districts, fire districts, park districts, sanitation districts, libraries, and other local units of governments.

PERMA self-administers all functions of the pool including management and claims processes under contract with Northeast Association Management Inc. (NEAMI). NEAMI was acquired by York Risk Pooling in 2017. PERMA receives approximately 2,500 claims annually. NEAMI has a claims staff of approximately 35 employees working with PERMA members on a dedicated basis.

PERMA uses an electronic claims management system for the handling and management of the workers' compensation files with a proprietary claim system administered by York.

PERMA has conducted independent claims audits throughout the program's 35-year history, most recently in 2010, 2012 and 2014 with a range of open / closed files audited between 160 and 210 workers' compensation files during each audit.

#### 4. SCOPE OF SERVICES REQUESTED

The successful respondent shall provide claims audit services for workers' compensation claims. The audit shall include at a minimum, but not be limited to, the following audit and evaluation processes:

- a. Review of PERMA's standards and practices guidelines and how claims are handled within the guidelines.
- b. A compliance review of prior audit recommendations.
- c. Evaluation of PERMA's current oversight procedures and settlement authority process given PERMA's current retention, as compared to recommended best practices.
- d. Evaluation of PERMA's invoice billing procedures.
- e. Evaluation of internal controls of the claims department.
- f. Evaluation of the litigation management process including procedures and criteria for selecting attorneys, establishment of reporting procedures, ongoing monitoring, case management, litigation management reports and appropriate management of legal expenses.
- g. Evaluation of case reserve practices, including adequacies of reserve postings, and timeliness of reserve changes.
- h. Evaluation of control of workers' compensation claims, file analysis, promptness of initial contact, and investigation.
- i. Evaluation of workload of staff, including overall workload of office and caseload of individual adjusters.
- j. Evaluation of the claims management process including diary control, adequacy of claims handling procedures and supervisory claims quality control.
- k. Evaluation of the claims management information systems with regard to accuracy, tracking of claims, distribution to members and agents, and the usefulness of information to members and PERMA staff.
- l. Assessment of file documentation.
- m. Determination of whether claims were handled in a timely and efficient manner.
- n. Evaluation of the process for communicating with excess carriers including compliance with reporting procedures.
- o. Evaluation of subrogation and recovery practices.
- p. Compliance with New York State law and administrative rules for workers' compensation.
- q. Evaluation of cost savings alternatives, such as bill review.
- r. Evaluation of use of outside contractors (when needed), such as investigative services.

- s. Evaluation and use of proper medical management practices, including appropriate medical bill review process, nurse case management practices, light duty and return-to-work processes.
- t. Evaluation and review of open / closed / re-opened case counts by adjuster by month for 24 months for adequate caseloads.

### File Selection

The auditor shall use appropriate sampling techniques that will provide at least an 80% level of confidence. The auditor shall outline the sampling techniques and methodology in their response to the RFP. The sampling techniques shall include, at minimum, the following factors:

- a. Open files from each adjuster
- b. Open files in litigation
- c. Re-opened files
- d. Closed files from each adjuster

A minimum file count of 200 claim files shall be audited with at least 150 open lost time files reviewed and no more than 10% of files reviewed selected from closed claim files. A stratified range of files based on incurred value, age of claim, and type of claim at specific threshold levels should be provided within the audit sampling. An open / closed claim run will be provided to the successful respondent to select files to be audited.

A sample workers compensation field evaluation sheet and sample claims audit report (which may be a redacted report) is to be included with your proposal.

## **5. QUALIFICATIONS OF FIRM AND KEY PERSONNEL CONDUCTING THE AUDIT**

To be considered, firms must meet the following minimum qualifications:

- a. A minimum of five years in business as a claims auditing firm with qualified claims auditors, each with a minimum of fifteen years of experience with public entities and/or public entity pooling, or commercial workers' compensation accounts. Identify the individual(s) that will be assigned to this project, their qualifications, training, prior employers, responsibilities and resumes. Be specific as to their level of experience with local governments and public entity workers' compensation pools, particularly as it relates to this scope of services.
- b. Confirm if your firm has undertaken workers' compensation claim audits in the past three (3) years with any public entity pool(s) or commercial workers compensation clients, and state if you have audited workers' compensation claims in the State of New York (along with the name of the client and when).

- c. Provide references and contact information for at least three workers' compensation self-insurance pool clients (preferably with municipal clients) or self-insured workers' compensation funds that your firm has audited in the past three (3) years.
- d. Demonstrate the firm's understanding and qualifications for completing the necessary work, evidence of firm's ability to perform this type of work, and any record of past experience, including similar projects or issues relative to municipal, governmental or other local political entities. Specify your demonstrated knowledge of the State of New York workers' compensation rules, regulations, and current market conditions.

## 6. INQUIRIES

If a perspective respondent has any questions about the RFP they are encouraged to submit them as soon as possible, but no later than **5:00 p.m. (EDT) on September 17, 2018 to PERMA**. Questions must be in writing and should be e-mailed to Jeff Van Dyk, Executive Director, at [jvandyk@neami.com](mailto:jvandyk@neami.com). Jeff will serve as the primary contact for any respondent with questions. PERMA will not be obligated to answer any questions received after the deadline, nor any questions submitted in a manner other than as instructed above. Confidential information will only be provided to the successful respondent after completion of a non-disclosure agreement.

## 7. SCHEDULE AND SUBMITTAL

Proposals must be received by **5:00 p.m. (EDT), October 8, 2018** in electronic format to Jeff Van Dyk at [jvandyk@neami.com](mailto:jvandyk@neami.com). Any proposal received after this date and time will not be considered.

Delivery of the proposal by the specified deadline is the sole responsibility of the Respondent. PERMA will not be responsible for, nor accept as a valid excuse, any delay in Internet or email service used by the Respondent, except where it can be established that PERMA was the sole cause of the late receipt.

## 8. PROPOSAL FORMAT AND CONTENT

Responses of a boilerplate nature, or which merely provide a review of respondent qualifications will not be accepted as responsive. Any other information thought to be relevant, but not applicable to the categories below, may be provided as a separate appendix to the proposal.

### Evaluation Criteria

All proposals received in accordance with these RFP instructions will be evaluated to determine if they are complete and meet the requirements specified in this RFP. An award will be made to the Respondent whose offer is judged to be the most advantageous to PERMA, which expressly reserves the right to reject all proposals and make no award under this RFP.

The following criteria will be considered in evaluating the proposals:

- a. Quality of the proposal including an expressed understanding of PERMA' requirements
- b. Qualifications of firm and staff assigned to the audit
- c. Experience, particularly with similar projects
- d. References
- e. Staffing and project organization
- f. Work plan / technical approach
- g. Cost schedule, demonstrated knowledge of providing claim auditing services to workers' compensation pools, and knowledge of the workers' compensation rules and regulations of the State of New York
- h. Other relevant information, including exceptions / deviations

The proposal should be concise and brevity is appreciated.

A statement that the proposal shall remain valid for a period of not fewer than **60** days from the due date for proposals is requested. Any exceptions to any of the specified criteria in this RFP should be clearly noted within your response and your cover letter should have the signature of the person authorized to bind the offering.

### Cost Schedule

This RFP is for one claims audit in the fall of 2018.

The Respondent's cost schedule must be submitted with the proposal. All costs are to be contained in this schedule. For each service element, include a cost and state a grand total for all service elements. Include any applicable fees, such as administration fees and data transfer fees.

The schedule should also include the method used to charge for any special requests, reports, or broadening of the scope of the work beyond that described in this RFP.

This section must also include payment terms required for services rendered and a preferred schedule of billing dates.

## **9. CONFIDENTIAL INFORMATION AND NDA**

The successful respondent will be requested to complete a non-disclosure agreement as part of the contract documents, prior to release of any data requests.

## 10. GENERAL INSTRUCTIONS

### a. Oral Communications

Any oral communication by PERMA's contact person or designee concerning this RFP is not binding and shall in no way modify the RFP or the obligations of PERMA, a respondent or selected firm(s).

### b. Insurance Requirements

The selected firm shall provide, at minimum, the insurance as described below:

*Commercial General Liability* insurance shall cover liability arising from premises, operations, independent contractors, and personal injury and advertising injury at a limit of \$1,000,000 per occurrence / \$2,000,000 annual aggregate. An endorsement shall be issued naming PERMA as an additional insured under the Auditor's Commercial General Liability insurance policy with respect to the work performed for PERMA.

A blanket additional insured endorsement providing additional insured status to all Consultants' clients is acceptable.

*Professional Liability* insurance appropriate to the auditors' profession with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.

Certificates of Insurance and Endorsements shall be provided prior to the inception of the contract.

### c. Exceptions / Deviations

Any exceptions to or deviations from the requirements set forth in this RFP must be declared in the proposal submitted by the Respondent. Such exceptions or deviations must be segregated as a separate element of the proposal under the heading "Exceptions and Deviations."

### d. Authorization To Do Business

The Respondent must be authorized to do business in the State of New York and in the local jurisdiction in which it is located or where the work will be performed.

### e. Pre-Contractual Expenses

PERMA shall not be liable for pre-contractual expenses incurred by a Respondent in the preparation of its proposal and Respondents shall not include any such expenses in their offers. Pre-contractual expenses are defined as expenses incurred by the Respondent to: (1) prepare and submit its proposal to PERMA; (2) negotiate with PERMA on any matters related to this RFP; and (3) any other expenses incurred by the Respondent prior to the date of award.

### f. Withdrawal Proposal Irrevocable For 60 Days

A Respondent may withdraw its proposal at any time prior to the submittal deadline by sending PERMA a request in writing from the same person who signed the submitted



proposal. As of the deadline for submittal, any proposal received by PERMA and not withdrawn becomes an irrevocable offer available for acceptance by PERMA immediately and for **60** days thereafter. The Respondent is responsible for the accuracy of the proposal submitted, and no allowance will be made for errors or price increases that the Respondent later alleges are retroactively applicable.

**g. Disposition Of Proposals**

All materials submitted in response to this RFP become the property of PERMA, except for information identified by the Respondent as being proprietary. A blanket statement that all contents of the proposal are proprietary will not be honored by PERMA. Please note that as a public entity, PERMA is subject to New York public records law, which may require the disclosure of information regarding proposals or a subsequent contract.

**h. Written Agreement**

Issuance of this RFP and receipt of proposals does not commit PERMA to award a contract. PERMA reserves the right to postpone the award for its own convenience, to accept or reject any or all proposals received in response to this RFP, to negotiate with more than one Respondent simultaneously, or to cancel all or part of this RFP.

The successful respondent selected for contract award through this RFP shall be required to enter into a written agreement with PERMA governing the provision of professional services to PERMA members and other eligible entities. The agreement will include pertinent terms and conditions set forth in this RFP and will reflect the Respondent's offer or the outcome of contract negotiations. The agreement will also include, to the extent applicable, any terms or conditions added by addendum.

**i. Term Of Contract**

If a contract is awarded through this RFP, it will be effective upon full execution of the agreement, which PERMA expects to be on or about **November 1, 2018**. No agreement with PERMA shall be in effect until a contract has been approved by the PERMA Board of Directors or designee, and has been signed by both parties.

**j. News Releases**

News releases pertaining to any award resulting from this RFP may not be issued without the prior written approval of PERMA.

**END**