



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 11, 2024

DEPARTMENT: HUMAN RESOURCES

FROM: MARINA HORTA-GALLEGOS, HUMAN RESOURCES DIRECTOR

BY: VENISSA ROSA, RISK & BENEFITS ANALYST

TITLE: EXTENSION OF AGREEMENT FOR SERVICES FOR WORKERS' COMPENSATION THIRD PARTY CLAIMS ADJUSTER

RECOMMENDED MOTION:

A motion to approve a Resolution delegating authority to the City Manager to negotiate and execute a two-year extension of the contract between the City of Salinas and CorVel Enterprise Comp, Inc. ("CorVel") for the administration of the City's Workers' Compensation Program in an amount not to exceed \$452,994.

BACKGROUND:

Workers' compensation coverage is a state law mandated benefit covering employees whose injuries arise out of employment or are caused by employment. Since 2014 the City has contracted with CorVel for workers' compensation Third-Party Administrator (TPA) services. TPA administration for the City's workers' compensation program includes claim intake and evaluation; communication with injured employees; coordination with medical providers, including the City's contracted occupational medical care facility, Agile Occupational Medicine; bill review; utilization review; nurse case management dispatch and care; coordination of benefits and payroll adjustments; and compliance with rules and regulations established by the state of California Division of Industrial Relations, Office of Self-Insurance Plans.

CorVel staffs the City's account with two full-time, City of Salinas-dedicated claims adjusters and additional account personnel that service the City, including an account supervisor, an account manager, a bill review specialist, the vice president of claims, and a case management and utilization review manager, among others. This CorVel team produces detailed monthly reports by department of open claims and communicates daily with City staff, including the Human Resources Department which oversees the City's workers' compensation program, as well as departmentally with injured employees and their supervisors. On a quarterly basis, CorVel staff travel to the City to provide a presentation to the Human Resources Department and Office of the City Attorney regarding open claims, employee welfare and return to work status, litigation updates, and reviewing losses and projected losses.

The most recent contract extension is set to expire on June 30, 2024. The proposed agreement is to begin no later than July 1, 2024, for a 2-year term extension to June 30, 2026, at an annual rate of \$223,150 for the first extension year and \$229,844 for the second year. This pricing reflects an annual increase of 3%. However, it is important to note that the rate has remained unchanged for the past three years. The City has evaluated the market and believe that the proposed rates are competitive and reflect the quality and scope of services provided.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This item relates to the City Council's Strategic Goal of providing Effective and Culturally Responsible government.

DEPARTMENTAL COORDINATION:

The Human Resources Department manages the City's program and works closely with the City Attorney's Office on claims review and settlement and maintains contact with various affected departments regarding work status and accommodations for employees who have filed workers' compensation claims. CorVel serves as the main point of contact for employees throughout the claims process, gathering information, facilitating communication, and ensuring compliance with legal and regulatory requirements.

FISCAL AND SUSTAINABILITY IMPACT:

The approval of the contract for claims administration will have no impact on the General Fund. The costs associated with this contract are included in the FY 24-25 Proposed Budget and are covered by the established Workers' Compensation Self-Insurance Fund (7103.16.1247).

ATTACHMENTS:

Resolution