

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 3/22/02
Department Name: General Services
Department No.: 063
Agenda Date: 05/07/2002
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ron Cortez
General Services Director

STAFF CONTACT: Bobbie Overgaard
884-6866

SUBJECT: Amendment to Third Party Administrator Contract for Workers' Compensation

Recommendation(s):

That the Board of Supervisors:

Amend the existing contract with Southern California Risk Management Associates, Inc. (SCRMA) to provide administration of an additional caseload beginning on March 1, 2002 for professional Workers' Compensation claims administration to selected departments of the County.

Alignment with Board Strategic Plan:

The recommendation(s) are aligned with Goal No. 1. An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

On November 6, 2001 your Board approved a contract with Southern California Risk Management Associates (SCRMA) to provide services as a Third Party Administrator (TPA) for the following County Departments: Alcohol, Drug & Mental Health, Child Support Services, County Counsel, Fire Department, General Services Department, Probation Department and Superior Court. SCRMA is providing significant benefits to the County by providing immediate additional trained professionals. Prior to the contract caseloads to staff ratios far exceeded the guidelines established by the CSAC-Excess Insurance Authority, the JPA through which the County administers its workers' compensation program, creating unacceptable response times to injured workers and penalties due to delays in processing.

The original contract provided for the transfer of 300 claim files, with indemnity files not to exceed 175. This was fully accomplished on December 1, 2001. Upon review of the files by SCRMA it was recommended that medical only cases in excess of \$3,500.00 be reclassified to an indemnity file and administered by a claims adjustor. This is a recognized industry standard. This reclassification resulted in SCRMA administering 240 indemnity claims, instead of the negotiated 175 indemnity claims.

Mandates and Service Levels:

The use of an outside adjusting firm (TPA) to handle selected county departments provides better management of individual files, allowing injured workers to receive prompt attention to their needs and prompt payment of benefits.

Fiscal and Facilities Impacts:

The additional costs of the contract will be spread via the workers' compensation rate structure on a basis already defined.

Original Contract Costs for 175 indemnity files were:

\$144,000.	Pro-rata amount for Fiscal Year 2001-2002
\$216,000.	Fiscal Year 2002-2003
\$216,000.	Fiscal Year 2003-2004

Amended Contract Costs for 240 indemnity files are as follows:

\$ 26,640.	Fee adjustment for the increase in services rendered between March-June, 2002
\$295,920.	Fiscal Year 2002-2003
\$295,920.	Fiscal Year 2003-3004

Special Instructions:

None

Concurrence:

Auditor/Controller
County Counsel
Risk Management

AMENDMENT NO. 1 TO AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

THIS AMENDMENT (hereafter Amendment) is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereafter COUNTY) and Southern California Risk Management Associates, Inc. (SCRMA), having its principal place of business at Upland, CA (hereafter CONTRACTOR) to amend that certain AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR (Agreement) BC02-104 between the parties executed by COUNTY on November 6, 2001.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

Page 1, Section 1: **Designated Representative:** Bobbie Overgaard, Supervising Risk Analyst,
at phone number (805) 884-6866 is the representative of COUNTY.

Page 1, Section 2: **Notices:** **To County:** Bobbie Overgaard
County of Santa Barbara
114 E. Haley Street, Suite A
Santa Barbara, CA 93101

Exhibit B, Section A

A service fee adjustment shall be paid to SCRMA reflecting an increase in services rendered from March 1, to June 30, 2002 (four months) at an additional \$6,660.00 per month.

For services to be rendered under this contract on or after March 1, 2002, SCRMA shall be paid a total contract amount, including costs reimbursements, not to exceed \$295,920.00 per year, with pro-rating in effect for the remaining portion of Fiscal Year 2001-2002.

All other terms and conditions remain in full force and effect.

Amendment No. 1 to Agreement for Services of Independent Contractor between the **County of Santa Barbara** and **Southern California Risk Management Associates, Inc. (SCRMA)**.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to Agreement to be effective on the date executed by COUNTY.

COUNTY OF SANTA BARBARA

By: _____
Chair, Board of Supervisors

Date: _____

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

CONTRACTOR

By: _____
Deputy

By: _____
SocSec or TaxID Number: 33-0267372

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy County Counsel

By: _____
Deputy

APPROVED AS TO FORM:
JOHN A. FORNER, MBA, ARM
SUPERVISING RISK ANALYST

By: _____
Risk Manager