



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 6/9/2020

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**To:** Sonoma County Board of Supervisors, Sonoma County Water Agency Board of Directors, Sonoma County Agricultural Preservation and Open Space District Board of Directors, Community Development Commission Board of Commissioners

**Department or Agency Name(s):** Human Resources

**Staff Name and Phone Number:** Janell Crane - 565-2885

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Workers' Compensation Self-Insured Program - Amendment to Third Party Administration Agreement

**Recommended Action:**

Authorize the Director of Human Resources to extend the contract with Intercare Holding Insurance Services, Inc. to continue to provide workers' compensation claims administration and managed care services for County employees who sustain occupational injury or illness, for an additional two year term from July 30, 2020 through June 30, 2022, in an amount not to exceed \$2,783,130.

**Executive Summary:**

The County has contracted with Intercare Insurance Holding Services, Inc. (Intercare) for administration of the County's self-funded workers' compensation program since July 2017. Human Resources is extending the contract for an additional two years, for an amount not to exceed \$2,783,130. This is an increase over the initially estimated contract extension cost and allows the County to appropriately fund the services being provided by Intercare under the contract.

**Discussion:**

Human Resources is responsible for administration of the County's self-insured Workers' Compensation Program providing statutory benefits to injured workers pursuant to the California Labor Code. The County of Sonoma has been self-insured for Workers' Compensation since 1976. The self-insured Workers' Compensation Program provides benefits to employees of the County of Sonoma, Sonoma County Water Agency, Sonoma County Agricultural Preservation and Open Space District, Community Development Commission, and the Sonoma County Fair. Benefits also extend to all County volunteers, General Assistance workers supervised by Human Services, and court-ordered workers of the Supervised Adult Crews administered by the Probation Department. With employees, volunteers, General Assistance and Supervised Adult Crew workers, the County's program covers approximately 6,000 individuals annually.

Human Resources conducted a Request for Proposal in January 2017 that resulted in the selection of Intercare. Intercare provided competitive pricing for claims administration services, was the lowest bidder, and provided the best overall response factoring in costs, program philosophy and strong references from their existing

clients.

The contract agreement between Intercare and the County was for 3 fiscal years with an option to extend for two additional years (FY 20/21, 21/22). The latter two years of the contract were proposed for an amount not to exceed \$2,286,748.

At the time the contract was approved, annual costing was estimated based on past claims experience and anticipated future costs. The contract includes maximum caseloads per claims examiner that align with industry best practices, and funding for claims examiners and support staff were based on prior year claim averages.

Over the last 3 years, the County has seen an increase in the overall number of claims due to a number of factors including the 2017 Complex Fires and 2018 Kincadee fire. The increased number of claims pushed claims examiners beyond the contracted number of claims allowed per examiner in order to meet service level requirements.

Intercare has provided additional staff resources on our account since May of 2018 at no additional cost to the County. In order to maintain current staff and service support and fund the agreement appropriately, the County requests the Boards authority for a not to exceed contract amount for FY 20/21 and FY 21/22 combined, of \$2,783,130, which is an increase of \$496,382.

**Prior Board Actions:**

June 6, 2017 - Board authorization to execute agreement with Intercare Holdings Insurance Services to provide workers' compensation claims administration and managed care services for County employees who sustain an occupational injury or illness, from July 2017 through June 2020, with an extension provision through June 2022.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 19-20 Adopted</b>	<b>FY20-21 Projected</b>	<b>FY 21-22 Projected</b>
Budgeted Expenses		\$1,143,374	\$1,143,374
Additional Appropriation Requested		\$244,523	\$251,859
<b>Total Expenditures</b>		<b>\$1,387,897</b>	<b>\$1,395,233</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>\$244,523</b>	<b>\$251,859</b>

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**Narrative Explanation of Fiscal Impacts:**

Workers' compensation costs are allocated to all County departments and agencies based on departments claims experience and total payroll exposure, through a rate of payroll. Funding for FY 2020/2021 is included in the Human Resources FY 2020/21 recommended budget. Funding for FY 2021/22 will be included in future year budget.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

No County staffing impacts.

**Attachments:**

Copy of current contract with Intercare Insurance.

**Related Items "On File" with the Clerk of the Board:**