

ADDENDUM NO. 1

**Kansas City Area Transportation Authority
1350 E. 17th Street
Kansas City, Missouri 64108**

**Third Party Administrator (TPA) Services for
Vehicular Liability Claims, Workers' Compensation Claims, and General Liability
Claims
Request for Proposals #17-8015-31**

Issue Date: June 13, 2017

This Addendum is hereby made a part of the Request for Proposals and Project Documents to the same extent as if it was originally included therein and is intended to modify and/or interpret the RFP documents by additions, deletions, clarifications or corrections. The Contractor shall acknowledge in the proposal the receipt of this Addendum.

BIDDER'S QUESTIONS, COMMENTS AND REQUEST FOR CLARIFICATIONS:

SCOPE OF SERVICES:

1. Please confirm the effective date of the contract is October 1, 2017.
 - A. The current contract expires October 31, 2017. KCATA's intent is to have a seamless transition between the current and incoming contractor.**
2. Is the current TPA Thomas McGee, administering all lines of coverage under your current contract: Workers' Compensation, General Liability and Auto? If not, please identify the other administrators.
 - A. Yes, Thomas McGee is handling all lines currently.**
3. There are 94 open workers compensation claims. Please provide how many of those are medical only and how many are indemnity. See Appendix A.
 - A. 66-Medical Only; 33-Loss Time**
4. Please provide historical data for general liability claims. This would include claim counts for open and closed, similar to what was provided in Appendix C for automobile claims.
 - A. See Appendix E of the proposal.**
5. Is it acceptable for us to respond only for TPA Services for Vehicular Liability Claims and General Liability Claim (no Workers' Compensation)?

A. Yes.

6. Page 8, Item 3 about KCATA's separate contracts for various services: Is it absolutely mandatory that CompAlliance provides PPO/Bill Review services? These services are integrated into our system and process.

A. Yes, this is mandatory per our current contract with CompAlliance.

7. Page 9, Item 5.A.5: Please clarify the role of an actuary in reviewing individual claim reserves, and our interaction with an actuary regarding overall program reserves, and by line of coverage if required.

A. The actuary provides an annual report with actuarial valuations of the vehicular liability, general liability and workers compensation self-insurance programs.

8. Page 10, Item 5.A.16: Please confirm that "dedicated" adjusters would not be exclusive to KCATA, and could handle claims for other clients, as long as caseload maximums are maintained.

A. That is acceptable.

9. Page 10, Item 5.A.20: Please provide a range or estimated number of meetings, mediations and trials we may be required to attend.

A. We hold quarterly AL and WC claims reviews. Mediations/trial frequency varies but normally 6-9 per year.

10. Page 10, Item 5.A.24: Please clarify what kinds of standards may be included in a Performance Measurement Program, and if KCATA anticipates this to be a gain-sharing arrangement with fees (penalties/rewards) tied to it.

A. This is internal document based on scope of services criteria to review areas of excellence and areas needing improvement. There are no fee penalties/rewards tied to this.

11. Page 10, Item 5.A.26: Please clarify what a "floor" bank account is. Is it acceptable for our organization to offer KCATA an ACH weekly debit option where we hold 2 weeks of estimated payments in escrow ("floor"?), and we provide a weekly electronic communication with total claim checks issued the prior week to KCATA the day before the debit transaction? We also provide a monthly statement.

A. It would be acceptable to have a small deposit for potential withdrawal protection provided this amount was small and we would want to track the deposit.

12. Page 11, item 5. B. 1 & 4, please provide the number of users who will need access to our Risk Management Information System (on-line access to electronic claim file and reports).

A. We anticipate three to four employees needing this access.

13. Page 21, Item 3.B.6: Is it acceptable for us to scan any hard copy files and store that information electronically, with the actual hard copy files being either returned to KCATA for storage or destroyed?

A. Yes that is acceptable.

14. Page 22, #8: Please clarify who would be considered to be a "subcontractor" versus a "vendor". We use outside vendors for certain ancillary services (e.g. surveillance, case management, field investigation tasks - charged as Allocated Loss Adjustment Expenses to the claim file), but do not subcontract any part of the actual claims management work. Please confirm that these are considered "vendor" relationships, not "subcontractor."

A. Yes, as stated in the response these would be vendor relationships.

15. Please confirm that this RFP does not include the handling of Auto Physical Damage claims. If it does include APD, please provide detailed additional claims information.

A. No, it does not include this.

16. Appendix A: For the 94 open Workers' Compensation for takeover, please provide a breakdown by MO/KS and by Lost Time/Medical Only.

A. These would be Missouri; we infrequently do have a Kansas claim.

17. Appendix C: For the 96 open Auto Liability claims for takeover, please provide a breakdown by Bodily Injury/Property Damage.

A. 12 PD, 75 Bodily Injury only and 9 Bodily Injury/Property Damage.

18. Is it a requirement that the claim service office for Workers' Compensation and/or Auto/General Liability be located in the Kansas City metropolitan area?

A. Although not a requirement it would be our preference to have a claim service office in the KC metro area.

19. Are your vehicles, parking lots, and stations equipped with cameras?

A. Yes.

20. Who are your current excess carrier(s)?

A. Munich Re-liability; Safety National-WC

21. Are you agreeable to the addition of a Pharmacy Benefit Management (PBM) service to facilitate pharmacy discounts and utilization review?

A. Yes.

22. Will KCATA provide Excel loss runs to properly evaluate losses and shelf-life of claims to determine appropriate and best pricing for KCATA?

A. We can.

23. Are the 13,000 historical records to be input into the TPA RMIS system available electronically? If so, in what system are they located?

A. Currently in Origami RMIS.

24. Per the information provided, the expected annual Workers' Compensation claims is 40 Lost Time, 70 Medical Only, 10 Incident only. Total Open WC claims; 94 total; please confirm total and type (IND vs MO)

A. 61-MO; 33-IND

25. Per the information provided, it appears the annual average Auto claims (based on 5 years – 2012 to 2016) to be 250 total; Please confirm total and breakout by coverage type (Auto BI, PD, Phys Dam); Total Open 96; please confirm total and breakout by coverage type.

A. Yes average is 250 total AL claims/year.

26. Per information provided the expected annual General Liability claims is 10; please provide coverage type; as well as number of Open as of 5/1/2017 by coverage type.

A. We currently have zero open GL claims.

27. Who is the current Claims Administration vendor? Please provide a copy of the current contract including terms and conditions.

A. Thomas McGee. This information may be obtained through a formal Freedom of Information Act request. You may send your request to:

**Cindy Baker, Chief Public Affairs Officer
1200 E. 18th Street
Kansas City, MO 64108**

28. Please confirm whether or not there is a DBE requirement. If so, who is the current DBE being utilized and please provide a description of the scope of services provided. Please clarify if services provided by other service providers (not part of the prime contractor compensation or "scope of service") such as translation, legal services, surveillance or

other allocated loss adjustment expenses are potential sub-contractors for DBE participation? If yes, approximately how many dollars are spent annually for these ALAE expenses? This will assist in determining the percentage of monetary value as it relates to the actual contract value.

A. There is no DBE goal established for this contract and contractors are not required to utilize DBE subcontractors.

29. Will KCATA be utilizing a broker or consultant for any part of the evaluation process? If so, who?

A. No, the evaluation will be an internal process.

30. How many authorized users will require access to the claim system?

A. Three or four.

31. Where are the current claims adjusters located? Does KCATA have any preference/requirements regarding the proximity of the claims management?

A. Current TPA is located downtown KC. If not located in the Kansas City area, the provider will need to demonstrate knowledge of the Kansas City market and laws/regulations pertaining to these services.

32. Will KCATA consider an all-inclusive claims management proposal; to include the Bill Review and PPO services? Nurse case management?

A. Yes; current PPO contract runs to fourth quarter 2018.

33. If necessary, will proposers be allowed to ask for clarification to answers provided by KCATA?

A. Any request for clarification may be addressed in subsequent interviews.

34. Are you able to provide loss runs inclusive of coverage code? For example, a breakdown of the number of auto liability bodily injury claims vs. auto liability property damage.

A. The last ten years of data show an even breakdown of 50% Bodily Injury and 50% Property Damage for Auto Liability claims.

35. Please answer the following:

- a. For the 250 Auto Liability claims, please provide the split between Bodily Injury and Property Damage claims: **125 Bodily Injury; 125 Property Damage.**
- b. For the 10 General Liability claims, please provide the split between Bodily Injury and Property Damage claims: **6 Property Damage and 4 Bodily Injury.**

- c. For Workers' Compensation claims, please provide the split between MO and KS claims for the 40 Lost Time, 70 Medical Only and 10 Record Only claims; **We very infrequently have a KS work comp claim. Less than 5 per year.**

36. Section 4, Question 4, Letter E- Please advise if KCATA is looking for 3 cancelled references in addition to the 5 current client references?

- A. KCATA is requesting references for providing services similar in scope and size. These references may be for previous or current contracts.**

PRICING/COMPENSATION

37. As it should be public information, please provide the current TPA model pricing. Is this pricing fee per claim or guaranteed cost or other? What is the current fee per claim for auto liability, general liability and workers compensation? If the current fee is something other than per claim, please provide cost breakout to include all annual costs associated with the current third party agreement.

- A. Information relating to the current contract may be obtained through a formal Freedom of Information Act request. You may send your request to:**

**Cindy Baker, Chief Public Affairs Officer
1200 E. 18th Street
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The pricing page in this proposal is substantially similar to the current contract.

38. Attachment H:

- a. Page 64, "Fee per Claimant". Since page 65 asks for Cradle to Grave pricing, is "Fee per Claimant" comparable to Life of Contract pricing? If not, please clarify.

A. Yes.

- b. Please clarify if the "Run Off" column is for open claims to be taken over?

A. Yes.

39. The proposal requests pricing by Fee per Claimant and Cradle to Grave. Would KCATA consider other pricing options? What is the current contract pricing based upon?

- A. The evaluation will be based on the price page provided in the RFP. Proposers may suggest alternative pricing structures in their proposal. The current pricing is based Fee per claimant.**

40. Page 18 of the RFP states that KCATA anticipates awarding a fixed price contract. Can you please define that further? Is KCATA looking for a flat fee?

A. The contract will be structured as a “Not To Exceed” basis with the contract sum to be based on Proposer’s pricing and estimated claims quantities (ref: Cost/Price Proposal).

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Proposers shall return this **RECEIPT OF ADDENDA** form when submitting their bid. The form shall be signed and dated by an authorized representative of the firm. Failure to submit this form may deem the Bidder non-responsive.

We hereby acknowledge that the Addenda noted below have been received and all information has been incorporated into the Invitation for Bid as required.

Addendum #1 Dated _____ Date Received _____

Addendum #2 Dated _____ Date Received _____

Addendum #3 Dated _____ Date Received _____

Company Name _____ Date _____

Address/City/State/Zip _____

Authorized Signature _____ Printed Name _____

Telephone _____ Fax _____ Email _____