



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 8, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**WORKERS' COMPENSATION MEDICAL AND DISABILITY MANAGEMENT AND
COST CONTAINMENT SERVICES REQUEST FOR PROPOSALS**

In response to inquiries concerning the evaluation process applied to the County of Los Angeles Workers' Compensation Medical and Disability Management and Cost Containment Services Request for Proposals (RFP) the Chief Administrative Office (CAO) Risk Management Branch coordinated a reevaluation. The evaluation committee reconvened to rescore the proposals received in response to the RFP. The CAO, also, requested representatives from Auditor-Controller Department (A-C) to attend.

Based upon the reevaluation:

1. The order of rank among the Managed Care Companies (MCC's) responding to the RFP remained unchanged.
2. The spread of awarded points between the first and second ranked MCC's increased from a difference of 129.1 points, 15.9%, to 143.7 points, 18.0%.
3. The spread of points, 17.2, or 2.2%, between the second and third ranked MCC's decreased to the point where the CAO and A-C consider them tied for second rank.

"To Enrich Lives Through Effective and Caring Service"

4. The CAO Risk Management Branch informed all MCC's responding to the RFP of its intent to recommend to the Board of Supervisors:
 - a. The first ranked MCC, CorVel Corporation (CorVel), be authorized approximately 50.0% of the work and service under the RFP. The spread of assigned points between the first ranked MCC and the second ranked MCC, Diversified HealthCare Services, Inc. (DHS), is 143.7 points or 18.0%.
 - b. The two MCC's tied for second rank, DHS and ComplQ, be authorized approximately 25.0% each of the work and service under the RFP.

The County of Los Angeles contracts with three workers' compensation third party administrators (TPA's). Those TPA's are TriStar Risk Management (TriStar), Cambridge Integrated Services Group, Inc. (Cambridge) and Crawford & Company of California, Inc. (Crawford). TriStar adjusts approximately 50.0% of the County's workers' compensation claims; and Cambridge and Crawford each adjust approximately 25.0% of the County's workers' compensation claims. Accordingly, one specific MCC would be assigned to one specific TPA. This arrangement will minimize processing errors and the frictional expense of managing three Managed Care Companies.

<u>Claims Third Party Administrator</u>	<u>Corresponding Managed Care Company</u>	<u>Approximate Percent</u>
TriStar	CorVel	50.0%
Cambridge	ComplQ	25.0%
Crawford	DHS	25.0%

Written correspondence provided to all MCC's responding to the RFP informed them of:

1. the Evaluation Committee's reevaluation;
2. the decision to recommend three of the six responders be authorized to provide the RFP's work and service;

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3. the process to follow should the MCC choose to submit a Letter of Appeal; and,
4. contract negotiations will not commence until after any appeal is heard and the Appeal Committee renders a decision.

Should you have any questions, please contact either me or Rocky Armfield, County Risk Manager, at (213) 351-5346.

DEJ:RAA
CSS:AMR

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