



# City of Broken Arrow

## Request for Action

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**File #: 17-1910, Version: 1**

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**Broken Arrow City Council  
Meeting of: 03-07-2017**

**To: Mayor and City Council  
From: Office of the City Manager  
Title:**

**Consideration, discussion, and possible approval of and authorization to execute a Service Agreement between Jerry Whorton, LLC (dba Consolidated Benefits Resources) and the City of Broken Arrow to provide services for Workers' Compensation claims administration**

**Background:**

The City provides Workers' Compensation benefits to employees through a self-insured program. With this concept, the City contracts with a third party administrator to administer the program and pay claims.

The City has utilized Claims and Risk Services, Inc. as the Workers' Compensation third party administrator since 1999. It has been a struggle gaining access to data and having the ability to actively mitigate costs with the current program. It is staff's desire to ensure the plan is being managed in alignment with industry best practices for cost-containment, while providing assistance to the employee. With this in mind, staff elected to solicit proposals from third party administrators.

Five proposals were received and the staff selected and interviewed four finalists. The priorities for the Workers' Compensation program administration include: cost of service, quality of service, cost containment and technology. Every effort was made to objectively evaluate the respondents based on their capabilities specific to the priorities listed above.

The respondents were given an overview of the approximate claims the City experienced in 2016 to establish their pricing. However, it was difficult to compare administrative fees due to differences in pricing models. For example, some companies charge a flat fee for all services rendered while others charge per claim type for services rendered.

Upon completion of assessing the proposals received and conducting the interviews, Consolidated Benefits Resources (CBR) appears to have the expertise and active management programs in place that will provide the strongest return on investment from a claims cost containment perspective. CBR was established in 1968 and has built their business on customer service, expertise and the philosophy that taking care of injured workers quickly and compassionately will reduce future costs. They have a local Tulsa office that will administer our plan. Current CBR clients include Broken Arrow Public Schools, City of Miami, Moore, Shawnee and Stillwater, and Oklahoma Municipal Assurance Group (OMAG).

CBR has a flat fee pricing model that is initially higher in administrative costs when compared to other respondents; however, it is expected based on metrics CBR has shared and feedback from references that their

approach to active management of the claims will most likely offset the difference in pricing. For example, CBR reviewed the City's claim costs for a four-year period and discovered that for the same period, their municipal government program averaged 16% less per claim. This equates to an annual savings of approximately \$265,400 in claims cost.

Based on the proposals submitted, staff recommends selecting Consolidated Benefits Resources to provide services for Workers' Compensation claims administration.

**Cost:** \$70,000 annually; \$1,750 one-time data conversion fee

**Prepared By:** Jannette McCormick, Human Resources Director

**Reviewed By:** Finance Department  
Assistant City Manager - Administration  
Legal Department

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Consolidated Benefits Resources Service Agreement

**Recommendation:**

Approve the Service Agreement between Jerry Whorton, LLC dba Consolidated Benefits Resources and the City of Broken Arrow and authorize its execution.