

MARIPOSA COUNTY
BOARD OF SUPERVISORS

AGENDA
ACTION FORM

DATE: June 18, 1991
AGENDA ITEM NO. 10

DEPT.: COUNTY COUNSEL

BY: JEFFREY G. GREEN

PHONE: 966-3625

RECOMMENDED ACTION AND JUSTIFICATION:

Resolution approving the requested rate increase by HCM Claims Management Corporation (formerly Bierly's & Associates) for Workers' Compensation Claims Management for fiscal year 1991/92. The rate is \$2,155.08 monthly, (\$25,861 annually). Counsel and Administrative Officer to contact other Claim Manager Firms, during upcoming fiscal year and make a recommendation on Claim Management Services to the Board for 1992/93 fiscal year.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The County has had an Agreement with Bierly's (HCM) since fiscal year 1987/88. Their service has been satisfactory. Counsel has a memo to the Board and John dated 6/10/91 attached, which contains relevant information on this matter.

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The County needs a workers claims administrator to process employees claims according to numerous laws and regulations of the State. Contact other workers comp managers for possible replacement for 1992/93 FY.

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COST: () Not Applicable
A. Budgeted current FY \$ _____
B. Total anticipated costs \$ _____
C. Required add'l funding \$ _____
D. Source: _____

SPECIAL INSTRUCTIONS:

List the attachments and number the pages consecutively:
Jeff Green memo 2 pages back to back
HCM letter to Jeff Green - 3 pages
back to back 5 pages total.

SOURCE: () 4/5ths Vote Required
A. Internal transfers \$ _____
B. Unanticipated revenues \$ _____
C. Reserve for contingency \$ _____
D. Description: _____
Balance in Reserve for Contingencies, if approved: \$ _____

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CLERK'S USE ONLY:
Resolution No. 91-279
Ordinance No. _____
Vote: Ayes: 4 Noes: _____
Absent: Parsons Abstained: _____
mw) Approved () Denied
() Minute Order Attached

ADMINISTRATIVE OFFICER'S RECOMMENDATION:

This item on agenda as:
 Recommended
 Not Recommended
 For Policy Determination
 Submitted with Comment
 Returned for Further Action

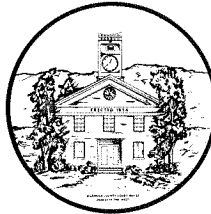
The foregoing instrument is a correct copy of the original on file in this office.

DATE: _____
ATTEST: MARGIE WILLIAMS
Clerk of the Board of Supervisors
County of Mariposa, State of Calif.
By: _____
Deputy

Comment: _____

A.O. Initials [Signature]

OFFICE OF



JEFFREY G. GREEN
County Counsel
(209) 966-3625

County Courthouse
P. O. Box 189
Mariposa, CA 95338

The County Counsel
MARIPOSA COUNTY

June 10, 1991

To: Board Members
John W. McCamman

From: Jeffrey G. Green, County Counsel

Re: Workers' Compensation Amendments

Dear Board Members and John:

As a result of the numerous amendments to the Workers Compensation laws, (called "Reforms" by the State Legislature), there is substantially more paperwork and more work in general for both my office and the Claims Adjustor. Therefore, Bierly's, which is now named HCM Claim Management Corporation, has had to adjust their administrative services fee to cover costs incurred and to keep qualified claims people.

The annual fee for claims administration will be \$25,861 for fiscal year 1991/92, payable in monthly installments of \$2,155.08. This is a considerable increase from the 1990/91 which was approximately \$7,000 for annual fees. Most of this increase can be attributed to the increase workload created by the amendments and the extensive time constraints that have been imposed. However, administrative fees charged to Mariposa County by Bierly's over the past few years have been inordinately low in terms of the market, and an increase was expected.

Both John and I are recommending that the Board renew this Agreement for one additional year at the requested rate. In the meantime, John and I will contact a number of firms that are workers' comp claim adjustors and determine whether or not a better price and/or service is available. However, the investigation of the firms will take some time to accomplish, therefore it is our recommendation that the Board approve the proposed Agreement with HCM Claim Management Corporation for fiscal year 1991/92, which is attached for your review.

Board Members & John
Re: Workers Comp
June 10, 1991
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Should you have any questions regarding this matter,
please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Green". The signature is written in a cursive style with a horizontal line under the name.

Jeffrey G. Green
County Counsel

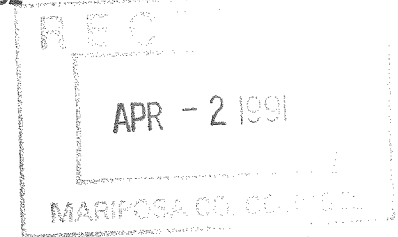
cb

attch/Agreement



March 29, 1991

HCM Claim Management Corporation
Worker's Compensation Division
1850 N. Gateway Blvd., Ste. 100
Fresno, CA 93727
209-252-2682



Jeffrey G. Green, County Counsel
County of Mariposa
County Courthouse
P.O. Box 189
Mariposa, CA 95338

Dear Mr. Green:

As you are aware, the Workers' Compensation Reform Act of 1990 has had a substantial impact on California employers and created a tremendous burden for the entire workers' compensation industry.

Without belaboring the obvious, some of the factors which have resulted in increased workloads and therefore, staff, are as follows:

- More activities are required on each claim than previously.
- The time to accomplish the required steps in claims handling is significantly shorter.
- Severe monetary penalties are assessed for missing the time requirements.

In order to comply with these requirements and yours, it has become necessary to reduce caseloads, increase staff, and pay higher salaries to attract and keep qualified claims people. We have also rewritten our computer software and obtained new IBM hardware to help us increase the efficiency and productivity of our staff.

We have been analyzing the effect of these changes through the past year to determine what the direct impact would be. The most obvious factor is that in order for us to survive and handle the County's claims effectively, we must request a substantial fee increase.

Effective July 1, 1991, it will be necessary to increase our annual service fee to \$25,861.00 payable in monthly installments of \$2,155.08.

Enclosed for your review is a list of components included in arriving at this fee.

March 29, 1991
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Please do not hesitate to contact me if I can provide any additional information.

Sincerely,



FRANK ROSS
Vice President

FR/lkj

enc.

COUNTY OF MARIPOSA

BASED ON CLAIM LOAD OF 250 FILES

232

.16 Examiner @ \$41,000	\$ 6,500
.16 Assistant @ \$20,000	3,200
Clerical	1,800
Management - Division	600
MIS	600
Management - Corporate	<u>600</u>
Total Salaries	\$13,300
Expense Factor X	<u>1.75</u>
Total Costs	\$23,275
Profit 10%	<u>2,586</u>
Total Fee	\$25,861