

TO: Interested Firms and Individuals

FROM: Nicole Roel and Stacia Bolger, Co-Chairs, Washington State Educational Service District Workers' Compensation Trust Excess Insurance Purchasing Group

SUBJECT: Request for Proposal for Workers' Compensation Claims Audit Services

DATE: March 6, 2020

**I. Invitation**

The Washington State Educational Service District Workers' Compensation Trust Excess Insurance Purchasing Group (the "ESD/WCT"), comprised of eight independent ESD Workers' Compensation Trust located throughout Washington State, is seeking a qualified firm or individual to perform an audit of each of the eight ESD Workers' Compensation Trust' claims handling practices.

**II. Administrative Requirements**

**A. RFP Coordinator**

All communications regarding this RFP must be directed to:

Suzanne Reister, Executive Director  
North Central ESD  
430 Olds Station Road  
Wenatchee, WA 98801

Phone: (509) 667-7100  
Email: [Suzanner@ncesd.org](mailto:Suzanner@ncesd.org)  
[Nroel@oesd114.org](mailto:Nroel@oesd114.org)

All communication back to bidders will also come from the RFP Coordinators.

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B. RFP Schedule:

RFP distribution	March 6, 2020
Deadline for receipt of proposals	April 17, 2020
Review of proposals and selection of those to be interviewed no later than	May 8, 2020
Interviews with finalists at PSESD	June 23, 2020
Final selection & notification of bidders no later than	June 30, 2020
Schedule of audits to be provided no later than	August 1, 2020
Audit work to begin no later than	September 15, 2020
All audits completed and all final Reports issued no later than	February 1, 2021

The firm's proposal must be received at the ESD 171 in Wenatchee, WA no later than 12 p.m. PDT on Friday, April 17, 2020. Firms providing proposals that are incomplete or do not provide the information requested in this RFP may be disqualified.

C. Proposal Format

One electronic copy of the proposal (sent to the RFP Coordinator's email address) must be submitted by the deadline for receipt of proposals. The firm must certify that its proposal will remain in effect for a minimum of 120 days after the proposal due date. The firm's proposal, insofar as it is not inconsistent with the RFP, will be incorporated into the final agreement by reference.

D. Process

Although proposals will be received at ESD 171, there may be up to ten representatives from the various ESD WC Trust participating in both the preliminary review of proposals and the interview of finalists.

Proposals will be scored using the criteria list in the Qualifications section (Section V). References may be contacted prior to the interview.

**III. Washington State Educational Service District Workers' Compensation Trust Excess Insurance Purchasing Group Overview**

A. ESD/WCT Members

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The Washington State Educational Service District Workers' Compensation Trust Excess Insurance Purchasing Group (the ESD/WCT) is a group of eight separate self-insured Workers' Compensation Trust (each ESD Workers' Compensation Trust has school districts [SDs] and the ESD as members, see below for number) which join together to purchase excess insurance and share other common goals such as joint training, adhering to leading industry standard for claims handling, reserving and financial stability of each individual Trust. The ESD/WCT includes the following members:

- Northeast Washington Educational Service District 101 (Spokane, WA) 59 SDs
  - Educational Service District 105 (Yakima, WA) 24 SDs
  - Educational Service District 112 (Vancouver, WA) 31 SDs
  - Educational Service District 113 (Olympia, WA) 46 SDs
  - Olympia Educational Service District 114 (Bremerton, WA) 16 SDs
  - Puget Sound Educational Service District 121 (Renton, WA) 34 SDs
  - Educational Service District 123 (Pasco, WA) 20 SDs
  - North Central Educational Service District 171 (Wenatchee) 30 SDs
- Total: 254 SDs*

*\*Number above includes the ESD*

Note: WC Claims for ESD 123 are handled at ESD 112 in Vancouver. WC Claims for NCESD 171 are handled by Matrix in Portland Oregon. All other programs are self-administered for claims.

B. Claim volumes

Following are the actuarially-estimated number of ultimate claims by ESD WC Trust for 2018-2019:

<u>ESD</u>	<u># Ult Claims</u>	<u>ESD</u>	<u># Ult Claims</u>	<u>ESD</u>	<u># Ult Claims</u>
ESD 101	364	ESD 105	235	ESD 112	456
ESD 113	549	ESD 114	293	<u>ESD 121</u>	<u>1859</u>
ESD 123	243	ESD 171	246	<b>TOTAL</b>	<b>4,245</b>

Following are the average number of open claims by ESD WC Trust:

<u>ESD</u>	<u># Open Claims</u>	<u>ESD</u>	<u># Open Claims</u>	<u>ESD</u>	<u># Open Claims</u>
ESD 101	120	ESD 105	100	ESD 112	192

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ESD 113	250	ESD 114	109	<u>ESD 121</u>	<u>993</u>
ESD 123	101	ESD 171	120	<i>TOTAL</i>	<i>1,985</i>

Note: There are two adjusters at each of the ESD WC Trust, except ESD 121 that has eight adjusters. Most Trust use IComp, except ESD 121 uses Origami and ESD 171 through Matrix uses iCE. Some of the ESD WC Trust are paperless.

**IV. Scope of Work**

A. Areas to evaluate

The objective of this audit is to evaluate each ESD WC Trust's claims handling to determine if the process is working efficiently and effectively, based on industry leading practices, and/or identify potential areas where improvements are needed. We are seeking a review of the last three full years of claims handling. Areas to be reviewed should include, but not be limited to, the following:

- Staff Qualifications, Experience and Training
- Adjuster Caseloads
- Initial Three-Point Contact
- Investigation
- Subrogation
- Medical/Cost Containment
- Disability Management/Vocational Rehabilitation
- Adequacy of Reserving
- File Documentation
- Action Plans and Diaries
- Communication
- Litigation Management
- Claims Payment Procedures, Including Timely Payment of Wage Replacement Benefits
- Following Internal Claims Handling Procedures and Claims Handled in a Timely and Efficient Manner
- Following claims handling procedures based on leading industry standard
- Management Oversight
- Internal controls to verify payees and payments are proper

B. ESD WC Trust information provided to auditor

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As part of the audit process, the claims auditing firm can expect to receive the following from each ESD WC Trust:

- A current (valued as of August 30, 2020) loss run for all claims, in an electronic format
- A copy of the Claims Manual (internal claims handling procedures)
- Access to hard and/or electronic copies of claims files and electronic claims systems at each ESD (location is different for ESD 123 & ESD 171, see III. A. above)
- Each Trust will be responsible for their own audit cost.
- There will be a designated person at each ESD WC Trust to serve as the point of contact for this audit.

C. Written reports

A written analysis of findings that clearly documents compliance in the claims administration process and identifies opportunities for improvement, is expected. Each ESD WC Trust would like the opportunity to review and discuss its own preliminary audit report before the final report is completed. Each ESD WC Trust would like one printed copy of the final report as well as an electronic copy.

We would also want an overall "ESD Summary" showing strengths and recommended leading industry standards for all of the Trust'.

V. **Qualifications**

The following are requests for information that will allow the ESD/WCT to learn more about your firm and its capabilities.

- A. Name of firm/individual and a brief history and description of your firm (a brochure will suffice).
- B. List all individuals who will be involved in the claims audit process - name, title, and qualifications, as well as experience with auditing workers' compensation claims. Please provide specific information about the servicing team that will be directly involved with this audit.

*Note: A minimum of five years in claims management and investigative experience, and a minimum of three years of experience in auditing the same manner of claims filed against the program being audited is preferred.*

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- C. Include a statement declaring independence from the programs being audited, their vendors, their insurers, their brokers, and their third party administrators; this includes: all 8 Educational Service Districts, Safety National Casualty Corp, Midwest Employers Casualty Company, AJ Gallagher, and Matrix.
- D. Explain your understanding of Educational Service Districts and Washington Workers' Compensation Trust.
- E. Describe any experience with workers' compensation self-insured clients, school or public entity Trust, in Washington State or the Northwest.
- F. Describe how you will perform the audit, including the activities you will complete in the auditing process, the number of claims you recommend be reviewed at each ESD, amount of time needed at each ESD, and your proposed timeline.
- G. Provide a sample of a workers' compensation claims audit report that your company has done.
- H. Provide the names and telephone numbers of at least four references of your workers' compensation auditing services. Two of the references should be recent clients. Two of the references should be either public entity or intergovernmental-Trust clients.
- I. Include proof of insurance in the form of a Certificate of Insurance evidencing professional liability insurance with limits of at least \$1,000,000.
- J. Include all expenses in the cost. Include the "not to exceed" cost of the audit for each ESD WC Trust separately. Each audit will be paid for by the ESD WC Trust receiving the audit.
- K. If selected as a finalist, identify who will be available to attend an interview on June 23, 2020 at PSESD in Renton Washington. A member of the team that will be performing the audit should attend the interview.

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- L. For the individual who completed the proposal, please provide the:  
Name; Title; Signature; and Date.

*At our sole discretion, we reserve the right to refuse any and all bids.*

**The Washington State Educational Service District Workers' Compensation Trust Excess Insurance Purchasing Group appreciates your interest in this selection process. We look forward to receiving your proposal at ESD 171 in Wenatchee, WA by Friday, April 17, 2020 at 12:00 pm PDT.**

sr/RFP for ESD WCP Audit 01-2020