



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Mary Hao
Director of Human
Resources Management

SUBJECT: SUPPLEMENTAL - Workers'
Compensation Third Party
Administrator Agreement

DATE: May 29, 2025

City Administrator Approval


Jestin Johnson (May 29, 2025 15:01 PDT)

Date: May 29, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Award A Professional Services Agreement With JT2 Integrated Resources, Inc. To Provide Workers' Compensation Administration Services For The Period July 1, 2025 through June 30, 2029, In An Amount Of Three Million, Forty- Four Thousand, Seven Hundred Four Dollars (\$3,044,704) For Contract Year 2025-2026 And An Amount Of Three Million, One Hundred Sixty-Six Thousand, Four Hundred Ninety-Three Dollars (\$3,166,493) For Contract Year 2026-2027, And An Amount Of Three Million, Two Hundred Ninety-Three Thousand, One Hundred Fifty-Three Dollars (\$3,293,153) For Contract Year 2027-2028, And An Amount Of Three Million, Four Hundred Twenty-Four Thousand, Eight Hundred Eighty Dollars (\$3,424,880) For Contract Year 2028-2029, With An Option To Extend The Agreement For One Two-Year Increment In An Amount Of Three Million, Five Hundred Sixty-One Thousand, Eight Hundred Seventy-Six Dollars (\$3,561,876) For Contract Year 2029-2030, And An Amount Of Three Million, Seven Hundred Four Thousand, Three Hundred Fifty-Two Dollars (\$3,704,352) For Contract Year 2030-2031, For A Total Amount Over The Six-Year Term Of The Contract Of Twenty Million, One Hundred Ninety-Five Thousand, Four Hundred Fifty-Eight Dollars (\$20,195,458).

REASON FOR SUPPLEMENTAL

At the May 27, 2025, Finance Management Committee meeting, the Human Resources Management Department staff presented an item requesting that a resolution be authorized to grant the City Administrator award a professional services agreement with JT2 Integrated Resources, Inc. to provide workers' compensation administration services.

At this meeting, Council requested that staff provide responses to the following three questions:

- 1) What pot of money goes into the workers' compensation being distributed out? Where does it come from? Is it included in this annual \$3 million dollars?

City Council
June 3, 2025

Response: The source of funds for workers' compensation insurance claims is the City's payroll deductions for Workers' Compensation insurance. This funding is allotted annually in the department's budget.

The cost of the recommended contract with JT2 includes all specified workers' compensation program administrative services, except for Managed Care Services and Return to Work/Transitional Duty Coordination Services, which are charged against individual claims as allocated services. The contract amount also does not include the cost of workers' compensation benefits paid to injured employees. The Third-Party Administrator (TPA) makes benefit payments directly to employees, on behalf of the City, and those benefits are paid out of a different fund, and are not part of the administration service fees paid under this contract.

2) Has JT2 done any similar work for any comparable municipalities?

Response: JT2 has been administering workers' compensation claims for municipalities since 1993, and for the City of Oakland since 2001. In addition to the City of Oakland, in the state of California, JT2 currently administers claims for the City of Fontana, the City of San Bruno, and the City of Indio.

3) What goes into the audit score?

Response: A Workers' Compensation Third-Party Administrator (TPA) performance audit evaluates how effective and compliant with applicable statutes a TPA is in its managing of workers' compensation claims on behalf of an employer or self-insured entity. These audits typically include both qualitative and quantitative elements across several key performance areas.

Using the last audit conducted on the City of Oakland's workers' compensation claims for calendar year 2024 as an example, approximately 15% of the City's claims were reviewed. There were 3,145 activities reviewed and scored, in the following categories:

Claim Handling – Administrative

- Caseload
 - Adjuster Caseload
- Case Review and Documentation
 - Examiner Reviews - Timing
 - Examiner Reviews - Quality Plan of Action
 - Supervisor Reviews
 - Medical Only Conversion

- Communication
 - Ongoing Employee Contact
- Fiscal Handling
 - Payments on Correct Claims
 - File Balancing
- Claim Creation
 - Three Point Contact - Initial Employee Contact
 - Three Point Contact - Initial Employer Contact
- Reserves
 - Initial Reserves for Probable Value
 - Initial Reserves Timely

Claim Handling – Technical

- Payments
 - Medical Bills Paid Timely
 - Penalties Coded Correctly
- Apportionment
 - Apportionment Ruled In/Out
 - Apportionment Pursued Appropriately
- Disability Management
 - Proactive Return to Work
 - Employer Noticed of Permanent Restrictions
- Reserving
 - Reserves Adjusted Timely
 - Temporary Disability & 4850 Benefits Reserves Separated
 - Temporary Disability Exposure Includes Life Pension
 - Future Medical Reserve Consistent with the Office of Self Insurance Plans
 - Allocated Reserves Accurate
- Resolution of Claim
 - Resolution Pursued Timely
 - Settlement Valuation
 - Medicare's Interests Protected
- Settlement Authority
 - PRISM Settlement Authority Requested
 - Employer Settlement Authority Requested

- Litigated Cases
 - Initiate Investigation Material to Potential Lit.
 - Litigation Management & Defense Attorney on Panel
- Subrogation
 - Identify and Notice Third Party Timely
 - Periodic Contact with Third Party
 - Complaint or Lien Filed Timely
 - Employer Involved in Complaint vs. Lien
 - Subrogation Pursued for Maximum Recovery
 - Approval to Accept, Waive, or Settle Claim
- Excess Coverage
 - Timely Initial Excess Reporting
 - Timely Subsequent Excess Reporting
 - Timely Excess Reimbursement Requests
 - Closing Excess Report Sent

Additional Metrics

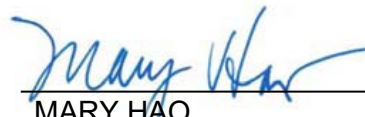
- Supervisor Caseload
- Respond to Written Inquiries
- Ongoing Employer Communication and Reporting
- Initial Decision
- Final Decision
- Investigating Arising out of Employment / Caused by Employment
- Indexing
- Initial Temporary Disability / Temporary Disability Payment
- Department of Workers' Compensation Notice
- Subsequent Temporary Disability / Temporary Disability Payments
- Overpayments
- Undisputed Awards Paid Timely
- Copy of Award Sent to Excess Insurance Carrier
- Medical Bills Objection Letters
- Employee Reimbursements Timely
- Advance Travel Timely
- Self-Imposed Penalties Paid
- Penalties Reimbursed
- Proper Use of Utilization Review
- Nurse Case Manager Used Appropriately
- Proof of Employer and PRISM Authority
- Employer Involved in Legal Activities Where Appropriate

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Award A Professional Services Agreement With JT2 Integrated Resources, Inc. To Provide Workers' Compensation Administration Services For The Period July 1, 2025 through June 30, 2029, In An Amount Of Three Million, Forty- Four Thousand, Seven Hundred Four Dollars (\$3,044,704) For Contract Year 2025-2026 And An Amount Of Three Million, One Hundred Sixty-Six Thousand, Four Hundred Ninety-Three Dollars (\$3,166,493) For Contract Year 2026-2027, And An Amount Of Three Million, Two Hundred Ninety-Three Thousand, One Hundred Fifty-Three Dollars (\$3,293,153) For Contract Year 2027-2028, And An Amount Of Three Million, Four Hundred Twenty-Four Thousand, Eight Hundred Eighty Dollars (\$3,424,880) For Contract Year 2028-2029, With An Option To Extend The Agreement For One Two-Year Increment In An Amount Of Three Million, Five Hundred Sixty-One Thousand, Eight Hundred Seventy-Six Dollars (\$3,561,876) For Contract Year 2029-2030, And An Amount Of Three Million, Seven Hundred Four Thousand, Three Hundred Fifty-Two Dollars (\$3,704,352) For Contract Year 2030-2031, For A Total Amount Over The Six-Year Term Of The Contract Of Twenty Million, One Hundred Ninety-Five Thousand, Four Hundred Fifty-Eight Dollars (\$20,195,458).

For questions regarding this report, please contact LARA WILLIAMS, ADMINISTRATIVE SERVICES MANAGER, at (510) 238-6676.

Respectfully submitted,



MARY HAO

Director, Human Resources Management
Department

Prepared by: Lara Williams, Administrative
Services Manager
Human Resources Management Department