



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Mary Hao  
Director of Human  
Resources Management

**SUBJECT:** Workers' Compensation Third Party  
Administrator Agreement

**DATE:** April 14, 2025

City Administrator Approval

  
Jestin Johnson (May 13, 2025 18:00 PDT)

Date: **May 13, 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).**

## **EXECUTIVE SUMMARY**

This report and the proposed accompanying resolution authorize the City Administrator to extend a Professional Services Agreement with JT2 Integrated Resources for a four-year term beginning July 1, 2025, through June 30, 2029, with an option to extend the agreement for one two-year term in the amount of \$20,195,458.

Staff completed a Request for Proposal (RFP) on November 29, 2024, to solicit qualified vendors to provide Third Party Administration of Self-Insured Workers' Compensation Program.

Finance and Management Committee  
May 27, 2025

After completion of a competitive process, staff recommends that the City Council authorize the City Administrator to negotiate and execute an agreement with JT2 Integrated Resources, Inc. to provide Workers' Compensation Third Party Administrator Services for the fiscal years 2025-2029.

## **BACKGROUND / LEGISLATIVE HISTORY**

Human Resources Management Department-Risk Division is responsible for administering the City's Self Insured Workers' Compensation Program. To facilitate that administration, the City has engaged a Third Part Administrator, JT2 Integrated Resources ("JT2"), to provide administration services to ensure full compliance with the State of California workers' compensation laws and City negotiated Memoranda of Understanding. The prior legislative history with JT2 is as follows:

- JT2 was selected by the City following a formal Request for Proposal ("RFP") process that took place in the Fall/Winter of 2024-2025. As a result of the RFP process, JT2 was selected to continue to provide Workers' Compensation Claims Administration Services, as they have provided the City since 2013.
- On July 30, 2013, Council authorized waiving the advertising and RFP process and authorized the City Administrator to extend the agreement with JT2 to provide third party administration of Workers' Compensation claims for a period of six months with an option to extend for an additional six months, for a total extended contract amount not to exceed \$2,955,039.12 for the twelve-month period (Resolution [84583 C.M.S.](#)).
- On January 21, 2014, City Council approved the awarding of a contract with JT2 on and authorized a two-year contract in the amount of \$2,477,278.82 for contract years 2013-2014 and a contract amount of \$2,477,278.82 for contract year 2014-2015 with an option to extend the agreement for three additional two-year terms, for a total contract amount of \$2,477,278.82 for contract year 2015-2016, \$2,511,538.40 for contract year 2016-2017, \$2,546,483.16 for contract year 2017-2018, \$2,582,126.83 for contract year 2018-2019, \$2,618,483.36 for contract year 2019-2020, \$2,655,567.03 for contract year 2020-2021 (Resolution No. [84805 C.M.S.](#)).
- On March 1, 2016, Council authorized the City Administrator to extend the professional services agreement with JT2 to continue providing third party administration services for Workers' Compensation administration services for the period of March 1, 20216 through February 28, 2017, in the amount of \$2,477,278.82 for this period, for a total amount over the three-year term of the contract of \$7,431,836.46 (Resolution No. [86020 C.M.S.](#)).
- On February 7, 2017, Council authorized the City Administrator to extend the professional services agreement with JT2 to continue providing third party administration Worker's Compensation administration services for the period of March 1, 2017 through February 28, 2019 in the amount of \$5,058,021.56 for a total amount over the five-year term of the contract of \$12,489,858.02 (Resolution No. [86590 C.M.S.](#)).

- On March 21, 2019, Council authorized the extension of the agreement with JT2 for the period of March 1, 2019, through February 28, 2021, in an amount of \$2,618,483.36 for contract year 2019-2020, and \$2,655,567.03 for contract year 2020-2021, for a total amount over the eight-year term of the contract of \$15,217,425.25 (Resolution No. [87571 C.M.S.](#)).
- On March 2, 2021, Council authorized the extension of the agreement with JT2 for the period of March 1, 2021, through June 30, 2023, in an amount of \$885,189.01 through June 30, 2021, \$2,655,567.03 for contract year 2021-2022, and \$2,655,567.03 for contract year 2022-2023, for a total amount over the ten-year contract term of \$21,376,644.60 (Resolution No. [88533 C.M.S.](#)).
- On June 6, 2023, Council authorized the City Administrator to extend the professional services agreement with JT2 to continue providing third party administration of Worker's Compensation administration services for the period of July 1, 2023, through June 30, 2025, in an amount of \$2,815,000 for contract year 2023-2024 and \$2,927,600 for contract year 2024-2025, for a total amount over the twelve-year term of the contract for \$27,119,264.60 (Resolution No. [89755 C.M.S.](#)).

## **ANALYSIS AND POLICY ALTERNATIVES**

Three Third Party Administrators responded to the City's RFP in November 2024. The City then convened a panel comprised of subject matter professionals, including those outside of the City who work in the Workers' Compensation field and City department staff who regularly handle claims. As a result of a thorough review of the responses to the RFP, including interviews, meetings held with labor groups, JT2 was found to be the administrator who would provide the most optimal services for the City's Workers' Compensation program.

Over the past decade, the City has worked with JT2 to handle the City's workers' compensation claims. In recent years, the City has also worked with JT2 to administer the alternative dispute resolution process for claims filed by employees represented by the Oakland Police Officers' Association. When concerns have arisen in claim handling, JT2 has been responsive to the City's feedback. JT2 has been a responsive and valued partner; when the City has brought concerns to JT2's attention regarding claims processing, JT2 has been responsive to the City's feedback and has taken steps to ameliorate deficiencies.

Contracting with an agency that has extensive experience in Workers' Compensation Claims administration and is familiar with the City of Oakland, ensures that claims are handled efficiently and within compliance standards, contributing to **responsive, trustworthy government**.

Staff also notes that the City, as a member of PRISM's<sup>1</sup> Workers' Compensation and Liability Coverages, is required to have a claims audit completed every two years. An independent audit

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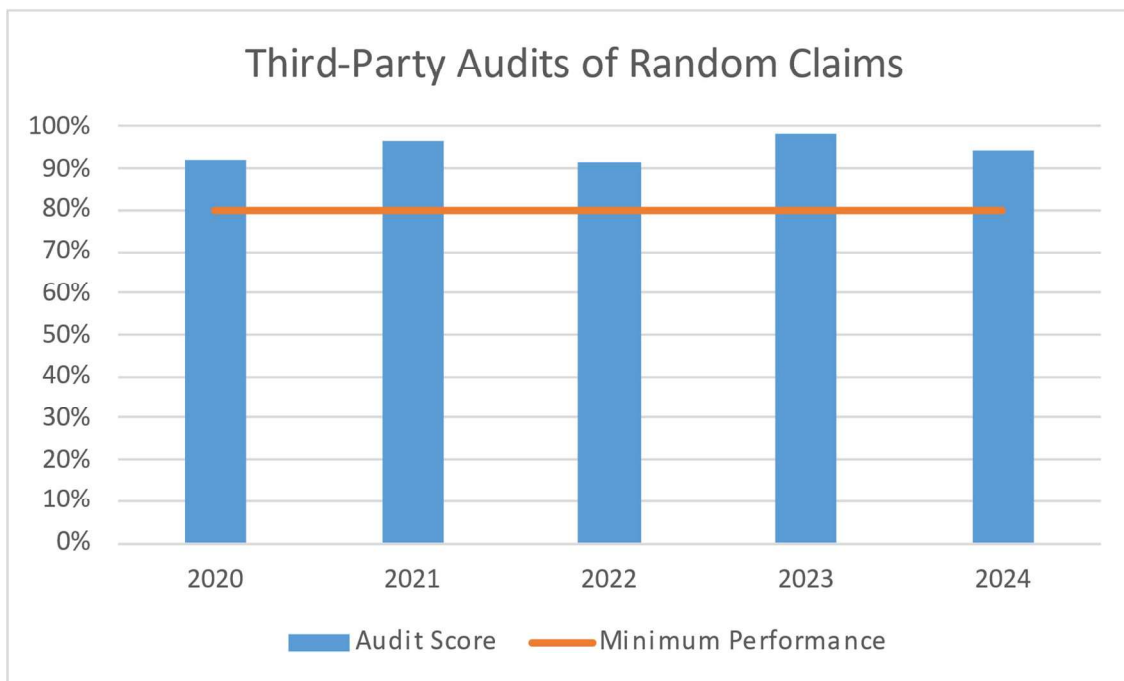
<sup>1</sup> PRISM (Public Risk Innovation, Solutions, and Management, formerly CSAC-Excess Insurance Authority (CSAC-EIA)) is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

firm reviews all claims files as part of the of audit and the performance of the third-party administrator.

Audit scores are a measure of excellence in the Workers' Compensation industry, and JT2 has consistently received high audit scores. The audit reviews claims handling and timeliness, compliance and regulatory adherence, financial accuracy and reserving, medical and return-to-work management, communication and documentation and audit reporting and recommendations.

All third-party administrators ("TPAs") are evaluated using the same standardized criteria. This ensures an objective comparison across all providers. A lower score in this evaluation reflects a vendor that is demonstrably less efficient, less accurate, and more prone to administrative issues. A lower score often correlates with a diminished quality of service.

As noted in the graph below, over the past five years, JT2's audit performance has been in the 90<sup>th</sup> percentile:



### **FISCAL IMPACT**

The contract agreement with JT2 would provide Workers' Compensation Third Party Administration (TPA) Services for a four-year term beginning July 1, 2025, through June 30, 2030, in the amount of \$20,195,458.

Funding for this contract is budgeted within Fund 1150 – Workers' Compensation Insurance Claim Fund, and no additional budgetary adjustment is necessary.

The Contract costs are inclusive of 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. This amount also does not include Workers' Compensation benefits cost, as the costs of benefits are paid to employees on behalf of the City by the TPA, rather than to the TPA for their administration services.

### **PUBLIC OUTREACH / INTEREST**

There are no public outreach opportunities associated with this report beyond the required publication on the City's website.

### **COORDINATION**

Development of this report was coordinated with internal staff in the Human Resources Management Department.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:** There are no economic opportunities associated with this report.*

***Environmental:** There are no environmental opportunities associated with this report.*

***Race & Equity:** There are no social equity opportunities associated with this report.*

### **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 Of 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).

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 (May 13, 2025 14:40 PDT)

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MARY HAO  
Director/Human Resources Management  
Department

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