

**REQUEST FOR PROPOSALS FOR
THIRD PARTY ADMINISTRATIVE SERVICES
SELF-INSURED WORKERS' COMPENSATION PROGRAM**

**QUESTIONS AND ANSWERS
APRIL 13, 2010**

Q1. 9. FAITHFUL PERFORMANCE BOND: Successful proposer shall obtain a faithful performance bond in an amount equivalent to three (3) months of service, but not less than \$100,000.00, which shall benefit the Entity should the Entity be forced to cancel this Agreement related to the performance or discontinuation of the Successful proposer. The additional cost for this section is approximately \$2,500 per year. Such a requirement is extremely rare. Is this a mandatory requirement for the City regardless of the additional cost?

A1. Yes this is a mandatory requirement for the City regardless of the additional cost.

Q2. 10. EMPLOYEE DISHONESTY BOND: The Successful proposer shall obtain an Employee Dishonesty Bond in an amount of \$1,000,000.00 with the City added as an additional insured. This bond shall cover any loss of the City's funds through the acts, errors and omissions of the Successful proposer or the Successful proposer's employees in their fiduciary responsibilities with respect to the handling of the City's funds. Will the City accept Employee Dishonesty Insurance rather a bond?

A2. Yes the City will accept a Bond or Crime Insurance "Employee Dishonesty" policy in the amount stated above.

Q3 13.5.5 Deductibles and Self-Insured Retentions: Insurance maintained by CONTRACTOR shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by CITY. Such approval shall not relieve CONTRACTOR from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$5,000 per occurrence, unless otherwise approved by CITY. We have a large organization and currently have a \$100,000 deductible for our E & O coverage. Will that be acceptable?

A3. Yes, the City will accept your \$100,000 deductible along with a letter of holding from your financial institution stating you have such funds available.

Q4. 1.4. Successful proposer shall maintain an operational office in the Reno/Sparks/Carson City area. Like many other TPA's, our office is located in Las Vegas, Nevada. Will the City consider a TPA with an office location in Las Vegas? Having two locations (one in Reno, and one in Vegas) increases direct costs unnecessarily and ultimately decreases valuable internal resources for high quality claims management including quality assurance and internal audit, SAS 70 Type II auditing, state of the art technology for integrated cost containment programs, data management and security, in house retention and training and more.

A4. No, the RFP stated specifically that the TPA must have a local office.

Q5. Is this RFP going to allow for all services (claims administration, bill review, case management, etc.) to be provided by one sole entity, or is it to be unbundled among 2 or more providers?

A5. Yes, it is the City's intention to keep all services with one entity.

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Q6. In order to contemplate the cost of entering and tracking incidents and whether or not accurate OSHA reports can be provided, it is important to know if the City will be reporting all incidents (C1's). If so, how many incidents does the City average per year?

A6. Currently, the C1's are filed with the carrier and do not appear in any type of report making it difficult to know the average per year.

Q7. Instruction number 1.3.4 asks for pricing for data conversion. Typically, employers moving from a group to self-insured don't require that information to be transferred because the group (PACT) maintains liability for the costs of the claims, reporting, etc. I believe this question is primarily relevant in the event the run-off claims data needs to be transferred to another TPA, but for PACT/ASC managed claims, do you also plan to convert this data?

A7. It has not yet been determined if the old SI claims/data will be moved, the PACT claims will stay with PACT.