

# **Advance Agenda Material**

**Please Retain For October 31, 2017  
Board Meeting**

OCTOBER 31, 2017



**ADVANCED AGENDA MATERIALS FOR  
RFP #17-084  
WORKERS' COMPENSATION AND  
ANCILLARY SERVICES**



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## TABLE OF CONTENTS

MEMO FROM DIRECTOR OF HUMAN RESOURCES .....	TAB 1
TIMELINE OF EVENTS .....	TAB 2
RISICO'S APPEAL TO PURCHASING MANAGER .....	TAB 3
PURCHASING MANAGER'S RESPONSE .....	TAB 4
RISICO'S APPEAL TO THE CAO .....	TAB 5
CAO'S RESPONSE .....	TAB 6

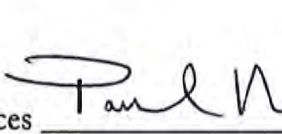


## Inter Office Memo

DEPARTMENT OF  
HUMAN RESOURCES

DATE: October 18, 2017

TO: Board of Supervisors

FROM: Paul Nerland, Director of Human Resources 

SUBJECT: Advance Agenda Materials – Appeal of RFP 17-084 Workers’  
Compensation Third Party Administrator and Ancillary Services

The Human Resources Department will be bringing a Board Agenda Item on October 31, 2017, recommending to your Board award of the contract for the Workers’ Compensation Third Party Administrator and Ancillary Services Provider. The first recommended action hears and considers an appeal from RISICO, our current vendor that was not chosen. Provided as advanced agenda material is information regarding the appeal including the following: RISICO’s appeal letter to the Purchasing Manager and the County Administrative Officer, and their respective responses. Additionally, a timeline of events of the Request for Proposal is included.

Should you have any questions, please contact me at 600-1800.

## RFP 17-084 WORKER'S COMPENSATION AND ANCILLARY SERVICES TIMELINE

June 09, 2017	RFP #17-084 released on Public Purchase
June 15, 2017	Vendor Conference attended by: <ol style="list-style-type: none"><li>1. Risico – Steven C. Wigh</li><li>2. AIMS – Larry Hunt, Janine Bowman</li><li>3. Sam Mann – Country of Fresno Risk Management</li><li>4. Shannon W. Kirby – County of Fresno Purchasing</li></ol>
June 22, 2017	Period for submitting questions for clarification expired at 10:00 AM
June 26, 2017	Addendum #1 issued
July 11, 2017	RFP closed with four (4) vendors responding <ol style="list-style-type: none"><li>1. AIMS</li><li>2. Intelligent Medical</li><li>3. Risico</li><li>4. Tristar</li></ol>
August 10, 2017	Evaluation Team meeting held at Purchasing, responses were ranked from one to four with one being the best. Evaluation team voted to visit the two top ranked vendors, AIMS and Tristar for a look at their facilities and a demonstration of their IT systems.
August 31, 2017	Visited AIMS' facility in the morning and Tristar's in the afternoon. Reconvened at Purchasing to discuss the visitations and select a vendor for recommendation of award. The Evaluation team voted unanimously to recommend AIMS.
September 12, 2017	Received Letter of Recommendation from the HR Department Head recommending AIMS for the Award. The Purchasing Manager concurred.
September 12, 2017	Issued and posted Tentative Award Notice to Acclamation Insurance Management Services (AIMS).
September 13, 2017	Received written request for and E mailed copies of the review committee's rating sheets to Steven Wigh at Risico.
September 15, 2017	Received written request for any additional rating sheets or scorecards from Steven Wigh at Risico.
September 18, 2017	E mailed the final ranking sheets done after the site visitations on August 31, 2017.

RFP 17-084 Timeline, continued

September 21, 2017	Purchasing Manager received Letter of Appeal from Steven Wigh at Risico.
September 26, 2017	Purchasing Manager sent response and denial of appeal to Steven Wigh at Risico.
October 4, 2017	CAO received second (2 <sup>nd</sup> ) Letter of Appeal from Steven Wigh.
October 4, 2017	CAO sent response and denial of appeal to second (2 <sup>nd</sup> ) Letter of Appeal from Steven Wigh.





September 21, 2017

Mr. Gary Cornuelle, Purchasing Manager  
**County of Fresno Purchasing**  
4525 E Hamilton Avenue, 2<sup>nd</sup> Floor  
Fresno, CA 93702-4599

**Re: Appeal of Notice of Award**  
**Workers' Compensation and Ancillary Services RFP 17-084**

Dear Mr. Cornuelle:

Risico Claims Management, Inc. is respectfully appealing the decision to issue the Notice of Award for RFP 17-084 to Acclamation Insurance Services.

Our appeal is based on two issues. ***First***, the Request for Proposal (RFP) evaluation panel scoresheet and evaluation panel, failed to question, consider and evaluate the results achieved by Risico over the last 5 years. Failing to incorporate a formal line of questioning and analysis regarding Risico's past performance into its RFP process has led the County to overlook Risico's achievements, creating an RFP process that is incomplete. ***Second***, Risico was not afforded the opportunity to participate in the oral interviews or onsite visit, which gave our competitors an unfair competitive advantage.

The RFP document and evaluation form are completely void of any reference of past performance. In our response we tried to compensate for this by creating a "Performance Highlights" coversheet, however, after reviewing the evaluation panel scoresheets, it is apparent at least one panelist actually viewed this negatively and the others had no comment.

I will reiterate for the purpose of this appeal, Risico achieved results that were never realized by a previous County TPA dating back to 2004. **Using records provided by the County, Risico was able to reduce the County claims caseload by 30%. Specifically, the total open claim caseload was lowered from 1393 claims to 985 claims.** No prior TPA has ever come close to this result. I will add, such performance is extremely rare in the workers' compensation claims industry and I can assure you, would be a result enthusiastically welcomed by any self-insured entity. I will point out the last TPA, a large national company, was unable to achieve this result.

The reduction in caseload, combined with Risico's management oversight has favorably impacted the cost of the County's Workers' Compensation Program and significantly lowered the overall program liabilities.



Page 2  
September 21, 2017

Mr. Gary Cornuelle, Purchasing Manager

At the end of FY 11/12 the County's annual workers' compensation program cost was \$10.8m. Risico's contract started on October 1, 2012 and at the end of FY 12/13, we achieved a program cost of \$9.6m. FY 13/ 14 the program cost was \$8.7m, FY 14/15 was \$8.3m and FY 15/16 was \$8.6m. **This result shows Risico outperformed a large, national TPA by lowering the County's program cost by an average of \$2 million per year.**

The County program liabilities (future estimated reserves/payments) have been significantly reduced as well. Omitting the catastrophic claims program liabilities, **overall program liabilities were reduced from \$62.8m in FY 12/13 to \$41m in FY 16-17, a reduction which benefited the County in the amount of \$21.8 million.**

It is clear, Risico achieved an outstanding outcome for the County. Unfortunately, the County's RFP process failed to consider the importance of our prior performance by omitting such an evaluation from its RFP process.

Additionally, Risico was not allowed to participate in oral interviews or subject to an onsite visit, which was afforded to the other competing TPA's. Risico was identified as a RFP finalist by a County Purchasing Official. The Purchasing Official explained the Evaluation Panel was familiar with our operation and did not need an oral interview or onsite visit. We believe this decision gave our competitors an unfair advantage. We believe all finalists should be afforded an oral interview and onsite visit in order to maintain a sense of fairness between those organizations and uphold the creditability of an RFP process. It is clear from reading the panel's scoresheets that they had questions about our proposal that were left unanswered because of this decision.

We respectfully ask for our appeal to be given your full consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Wigh".

Steven C. Wigh  
President, Risico

SCW/ph





# County of Fresno

INTERNAL SERVICES DEPARTMENT  
ROBERT W. BASH, DIRECTOR – CIO

Facility Services • Fleet Services • Graphics  
Information Technology • Purchasing  
Security • Telecommunications

September 29, 2017

Mr. Steven C. Wigh, President  
Risiko Claims Management  
PO Box 9783  
Fresno, CA 93794

RE: Appeal to Decision of the County of Fresno, Request for Proposal Number (RFP) 17-084 Worker's Compensation and Ancillary Services.

Dear Mr. Wigh,

The following addresses your letter dated September 21, 2017 appealing the recommendation for tentative award for the above-mentioned RFP.

**1. *The Request for Proposal (RFP) evaluation panel scoresheet and evaluation panel failed to question, consider and evaluate the results achieved by Risiko over the last 5 years.***

**Response:**

The evaluation committees for all County of Fresno RFPs base their tentative award on the proposals that are submitted for each RFP process. This is done to ensure all proposers have a fair and equal chance at a tentative award for the County. Past performance and references may factor into the tentative awarding of a contract. On this RFP, past performance was not a factor to evaluate.

**2. *Risiko was not afforded the opportunity to participate in the oral interviews or onsite visit, which gave our competitors an unfair competitive advantage.***

**Response:**

After a thorough review and consideration of all the proposals for the RFP, the evaluation committee elected to interview the two top ranked vendors. Risiko was not ranked high enough for consideration of a site visit. This determination was solely made by the evaluation panel and not the Purchasing Analyst who only oversees this process.

I have discussed the process for this RFP with the County Purchasing Analyst who presided over this RFP and I am confident that all procedures were properly followed and the process to tentatively award was fair and equitable to all proposers.

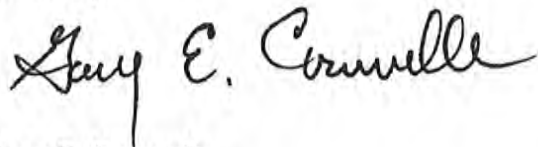
Based on the review of your concerns addressed in your appeal letter, I find nothing in your letter that supports your appeal. As a result, your appeal has been denied. You have the option to continue the appeal process. To do so, a Letter of Appeal must be submitted in hardcopy form to the County Administrative Officer, Mr. Jean Rousseau, 2281 Tulare St., Room 304, Fresno, CA

4525 E. Hamilton Avenue / Fresno, California 93702-4599/ (559) 600-7110 / Fax (559) 600-7126

Mr. Stephen C. Wigh  
September 25, 2017  
Page 2

93721. The letter must be received by Mr. Rousseau within seven (7) County business days, commencing on the date of this letter. Your letter must clearly state, in specific terms, the reason(s) for the appeal.

Sincerely,

A handwritten signature in black ink that reads "Gary E. Cornuelle". The signature is written in a cursive style with a large, stylized "G" and "C".

Gary E. Cornuelle  
Purchasing Manager





RECEIVED

OCT 04 2017

ADMINISTRATIVE OFFICE

October 4, 2017

Mr. Jean Rousseau, CPA  
County Administrative Officer  
**County of Fresno**  
2281 Tulare St. Room 304  
Fresno, CA 93721

Re: **Appeal of Notice of Award**  
**Workers' Compensation and Ancillary Services RFP 17-084**

Dear Mr. Rousseau:

Risico Claims Management, Inc. is respectfully appealing the decision of Mr. Gary Cornnuelle, Purchasing Manager, denying our appeal of the Notice of Award for RFP 17-084.

Our appeal was based on two issues. First, the Request for Proposal (RFP), evaluation panel scoresheet and evaluation panel to question, failed to consider and evaluate the results achieved by Risico over the last 5 years. Failing to incorporate a formal line of questioning and analysis regarding Risico's past performance into its RFP process has led the County to overlook Risico's achievements creating an RFP process that is incomplete. Second, Risico was not afforded the opportunity to participate in the oral interviews or onsite visit which gave our competitors and unfair competitive advantage and failed to recognize our statue as the County's TPA of Record.

The RFP document and evaluation form used by the County for RFP- 17-084 were completely void of any reference of past performance. In our response, we tried to compensate for this by creating a "Performance Highlights" coversheet, however, after reviewing the evaluation panel scoresheets, it is apparent at least one panelist actually viewed this negatively and the others had no comment. Additionally, in his letter denying our appeal, Mr Cornnuelle, stated "On this RFP past performance was not a factor to evaluate".

It is a matter of record, Risico achieved financial results never accomplished by a previous County TPA dating back to 2004. **During our tenure, Risico reduced the County claims caseload by 30%. Specifically, the total open claim caseload was lowered from 1393 claims to 985 claims.** No prior TPA has ever come close to this result including the County's prior TPA who was a large national vendor. I will respectfully add, such performance is extremely rare in the workers' compensation claims industry for an active program and I can assure you would be enthusiastically welcomed by any self-insured entity.





The County's annual workers' compensation program cost for FY 11/12 was \$10.8m. Risico's contract started on October 1, 2012 and at the end of FY 12/13, we achieved a program cost of \$9.6 million. FY 13/ 14 the program cost was \$8.7 million, FY 14/15 was \$8.3 million and FY 15/16 was \$8.6 million. **This result shows Risico outperformed a large, national TPA by lowering the County's program cost by an average of \$2 million per year or \$8 million over the 4 year period.**

The County program liabilities (future estimated reserves/payments) have been significantly reduced as well. Omitting the catastrophic claims program liabilities, **overall program liabilities were reduced from \$62.8m in FY 12/13 to \$41m in FY 16-17, a reduction which benefited the County in the amount of \$21.8 million.**

It is clear, Risico achieved an outstanding outcome for the County. Unfortunately, the County's RFP process failed to consider the importance of our prior performance by omitting such an evaluation from its RFP process. Mr. Cornnuelle asserts this was done to "have a fair and equal chance at a tentative award". However, why would the County solely consider speculative statements and totally disregard proven performance? A fair approach would have been to include such a line of questioning into the RFP that allows the respondents to show results they have had on similar accounts and estimate what type of result they could achieve for the County.

The second issue addresses the fact Risico was not allowed to participate in oral interviews or subject to an onsite visit which was afforded to the other competing TPA's. Risico was identified as a RFP finalist by a County Purchasing Official. The Purchasing Official explained the Evaluation Panel was familiar with our operation and did not need an oral interview or onsite visit. We understand from Mr Cornnulle's letter, the decision not to include us in the oral interviews and onsite visits was made by the Evaluation Panel. In response, I again question the fairness of such an action. During our tenure as your TPA, the County enjoyed financial success and a near flawless record of customer service to the County's injured workers. Why wouldn't we be afforded the courtesy to participate in an oral interview and on site visit? We believe all finalists should be afforded an oral interview and onsite visit in order to maintain a sense of fairness between those organizations and uphold the creditability of an RFP process.

While we have not been allowed to formally evaluate the costs proposals submitted our competitors, we have been able to review the notes made by the Evaluation Panel. **From those notes, the claims administration cost of the AIMS proposal was \$1,576,138 higher, and TriStar cost was \$2,837,371 higher than the cost of our proposal.** It is clear this is a "significant" difference price that the Evaluation Panel failed to properly evaluate because of the issues mentioned above.



I respectfully request our appeal be granted thereby awarding the tentative award to Risico Claims Management.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Wigh".

Steven C. Wigh  
President

SCW/sw





## County of Fresno

COUNTY ADMINISTRATIVE OFFICE  
**JEAN M. ROUSSEAU**  
COUNTY ADMINISTRATIVE OFFICER

October 4, 2017

**Via U.S. Mail & Email To: [swigh@risico.com](mailto:swigh@risico.com)**

Mr. Steven C. Wigh, President  
Risico Claims Management  
P.O. Box 9783  
Fresno, CA 93794-9783

**RE:** 2nd Appeal to Decision of the County of Fresno, Request for Proposal Number (RFP), 17-084; Worker's Compensation and Ancillary Services

Dear Mr. Wigh:

The County of Fresno is in receipt of your letter appealing the recommendation for tentative award for the above-mentioned RFP. Your letter identifies the basis for your appeal. The issues of your concerns are addressed below.

Your appeal is on the grounds that the evaluation panel failed to consider and evaluate the results of your firm for the past five years and that your firm was not afforded an interview as the other proposers were.

The County's RFP process is strictly based on the proposals that are submitted. It would not be a fair practice to bring in past performance, either positive or negative, as many things can change with a vendor from one contract period to the next. The language in the RFP regarding past performance and references may be used in the evaluation of the proposal is standard language in the RFP template that gives the opportunity to consider those two elements. In this RFP process, past performance was not considered. I do appreciate what your firm has done for the County over the past five years; however, the evaluators ranked two other proposals higher based on the overall quality of the proposals that were submitted. It is the responsibility of the evaluation panel to make recommendations in this process. It is Purchasing's responsibility to manage the process.

As for the recommendation by the evaluation panel to not recommend visiting your firm, that was strictly based on the overall ranking of the proposals and the evaluation panel's decision to visit the top two ranked proposers. You also mention cost in your letter. In

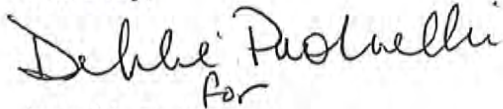


Mr. Steven C. Wigh  
Risiko Claims Management  
October 4, 2017  
Page 2

the RFP process, cost is only one factor in evaluating the proposals. The evaluation panel reviews the entire proposal and determines which proposal is best for the County overall with all factors taken into consideration.

Based on the reasons stated above, it is my conclusion that there is insufficient reason to change the tentative award recommendation. This denial of your appeal and our intent to recommend award of the contract to Acclamation Insurance Management Services (AIMS) may be further appealed to the Fresno County Board of Supervisors. If that will be your intent, please contact Gary Cornuelle, Purchasing Manager, by **Monday, October 9, 2017, 5 pm**, as the AIMS contract is scheduled to go before the Board of Supervisors on October 31, 2017.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jean M. Rousseau". Below the signature, the word "for" is written in a smaller, simpler script.

Jean M. Rousseau  
County Administrative Officer