



**CITY OF PITTSBURGH**  
**REQUEST FOR PROPOSAL**

**FOR**

**AUDIT SERVICES FOR WORKERS' COMPENSATION  
THIRD PARTY ADMINISTRATOR**

**Proposal Due Date:  
Friday, October 10, 2014  
4:00 PM**

City of Pittsburgh  
Department of Personnel and Civil Service Commission  
Room 431, City-County Building  
414 Grant Street  
Pittsburgh, Pennsylvania 15219

**PURPOSE:**

On behalf of Mayor William Peduto and the Director of Personnel and Civil Service Commission, we are pleased to issue this Request for Proposal (RFP) to contract with a professional firm to conduct an audit of services provided by the City of Pittsburgh's Workers' Compensation Third Party Administrator (TPA) and to provide an overall benchmarking review program for a three (3) year period commencing January 1, 2015 through December 31, 2017. This RFP is designed to detail the program(s) objectives and to assist in the preparation of the proposal.

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**PROPOSAL SUBMISSION:**

**What/When:** **Four (4) hard copies and one electronic copy MUST BE SUBMITTED to [michele.burch@pittsburghpa.gov](mailto:michele.burch@pittsburghpa.gov) no later than 4:00 p.m., Friday, October 10, 2014.**

**Where:** Michele Burch, Assistant Director  
City of Pittsburgh  
Department of Personnel and Civil Service Commission  
Room 431, City-County Building  
414 Grant Street  
Pittsburgh, PA 15219

**Important Dates:** It is the City's goal to adhere to the schedule as set forth below, but it reserves the right to change the schedule as needed by the City to fully understand and compare proposals.

<b>Deadline For Questions:</b>	<b>October 3, 2014</b>
<b>Proposal Due Date:</b>	<b>October 10, 2014</b>
<b>Finalist Presentations:</b>	<b>October 20-24, 2014</b>
<b>Finalist Selection:</b>	<b>November 1, 2014</b>

The City of Pittsburgh is not responsible for late delivery. Any proposals received after the deadline will be rejected. The City of Pittsburgh reserves the right to reject any and all proposals without liability and to negotiate further the terms of any proposal. The City of Pittsburgh further reserves the right to take any action affecting the RFP, this RFP process, or the services subject to this RFP that would be in the best interest of the City of Pittsburgh.

**Technical Assistance:**

If you have any questions regarding any elements of this Request for Proposal (RFP), you may contact Michele Burch, Assistant Director, Department of Personnel and Civil Service Commission, at one of the following:

E-mail: [michele.burch@pittsburghpa.gov](mailto:michele.burch@pittsburghpa.gov)  
Fax: (412) 255-2540

**All questions must be in written format and must be submitted in writing no later than Friday, October 3, 2014. Questions will be posted on the City of Pittsburgh's web page for the duration of the posting.**

**I. CONFIDENTIALITY:**

By submitting a response to this RFP, the provider expressly acknowledges that the City of Pittsburgh's data, plans, financial data, contents of the RFP, and other employer information disclosed in this process are the sole and exclusive property of the City of Pittsburgh. The provider agrees that it will not disclose any of the City of Pittsburgh's information to any third party without the express written permission of the City of Pittsburgh. The content of all responses to the RFP will be held confidential until the selection of a provider is made, but may be subject to disclosure thereafter.

## **II. SCOPE OF WORK:**

### **A. Background:**

The City of Pittsburgh's Workers' Compensation Program is self-insured, and we contract with a Third Party Administrator (TPA) to handle all administrative claims processing and payment services to provide statutorily required benefits to eligible current and former employees. The services requested in the RFP are to conduct an audit of services provided by the TPA and to provide an overall benchmarking review program. The City averages approximately 845 total workers' compensation and full salary claims per year.

### **B. Types of Services:**

#### **Third Party Administrator (TPA) - Contract/Statutory Compliance Audit**

1. **Claim Audit – includes testing the performance guarantees between the City and the TPA. Additionally a review of a random sample of workers' compensation income and medical benefit payments that will generally at least:**
  - Assess the claims adjudication process including payment/pricing accuracy, claimant eligibility, coordination with third parties, provider network status, and duplicate claim system edits;
  - Confirm that proper provisions are being administered, including required documentation;
  - Assess the timeliness and accuracy of the initial income benefit payments/denials, and medical benefit payments/denials;
  - Assess the internal controls of approval, data integrity, and payment process;
  - Assess the internal medical review protocols relative to precertification processes, including medical necessity and length of inpatient hospital stays;
  - Assess the timeliness of the three-point contact and weekly/biweekly contact;
  - Confirm the extent that claims are documented for prior injuries and occupational illnesses;
  - Verify recorded statements, documentation, claims diaries, and transcriptions for claimants and witnesses;
  - Assess the process utilized to recover duplicate medical payments;
  - Test the sample of medical claims for accuracy of the medical network provider contracts against the pricing information in the system. In conducting the review of the TPA, will be asked to provide network contracts and copies of the network fee schedules to review on-site;
  - Assess the statutory compliance observed in the claims reviewed, including timeliness and accuracy of payments, denials and filings; and
  - Test for the appropriate use of private investigations and case management. Check for documentation of expenses that exceed the threshold payable amount. Check for posting expenses timeliness. Assess the timeliness and accuracy of paying child support orders. Check for timely adjuster claims volume.
2. **An Operational Review That Will:**

- Assess internal administration procedures and controls to support accurate and timely claim processing, data maintenance and reporting;
- Assess records management and retention policies and practices;
- Assess disaster recovery plan; and
- Review internal standards and self-reported performance.

3. **Ancillary Service Vendor Review – Conduct focus reviews of various individual cost containment subcontractor services such as:**

- Facility and non-facility repricing function;
- Pre-authorization;
- Peer review;
- Case management;
- Private investigator; and
- Legal services.

4. A written report of the methodology, results of each of the performance standards, other findings and observations and an exhibit of the errors identified will be submitted at the conclusion of work. Performance penalties payable to the City as a result of the review must also be calculated.

**C. Vendor Review:**

- Collect and analyze workers' compensation data for internal and external benchmarking;
- Identify best practices for service levels for comparable programs in the public sector;
- Review for licenses or permits of TPA and sub-contractors;
- Review for contract deliverables;
- Review payments for accuracy of cost;
- Assist with recommendation for and development of standardized reporting;
- Highlight areas and aspects for focused corrective action and monitoring;
- Develop a platform providing a basis for effective comparisons both internally and externally; and
- Assist in developing an integrated risk management business plan for focused strategies to reduce direct and indirect loss costs.

**D. Review of Overpayment Process:**

- Perform comprehensive review of paid claim data to identify overpayments and/or duplicate payments due to unbundling, multiple procedure reduction adjustments, or incorrect application of statutory rules and regulations;
- Provide recommendation on program procedures and protocols based on trend analysis;

- Benchmark program procedures for industry comparisons; and
- Develop ongoing reports (cycle TBD) for program improvement recommendation.

### **III. STRUCTURED RESPONSE:**

Please include the following questions with the accompanying answers in a separate section of your proposal entitled “Structured Response”.

#### **A. Vendor History and Experience**

1. Is your company affiliated with another company including ownership and financial arrangements with ancillary service providers with whom you are proposing? If so, describe the “affiliate relationship”. “Affiliated” means owned by another company, owned by a common controller, shareholder, or interest, or inter-tied by contract as to be under the dominion or influence of another.
2. Are you licensed to do business in the State of Pennsylvania?
3. Do you have all of the necessary licenses and registrations to perform the proposed activities? If answer is no, please explain fully.
4. Please describe your experience in providing Pennsylvania Workers’ Compensation audits and benchmarking review services to clients with over 3,400 employees. Please specify two (2) references.
5. Please describe your experience in providing Pennsylvania Heart and Lung claims audits. Please include references if they differ from the references in #4.
6. Does your company, or any individual who owns 5% or more of this company, owe any delinquent taxes, fees, etc. to the City of Pittsburgh?
7. Is your firm involved with any current litigation against or by the City of Pittsburgh? If yes, please describe.
8. Please identify the individual(s) (name, address, phone number, and title) who would be assigned responsibility for the City of Pittsburgh’s account, and include a resume of his or her experience and qualifications.
9. Does your company have staff and facilities located in the Pittsburgh area? If so, describe your local staff and facilities. Will additional staff and/or facilities be necessary to complete this engagement?
10. Do you have an audit procedure manual? Please provide a copy.
11. Do you anticipate any mergers, transfers of company ownership, sales management reorganizations, or departures of key personnel within the next three years that might affect your ability to carry out your proposal if it results in a contract with the City of Pittsburgh?
12. Describe your firm’s experience in performing claims audits for Workers’ Compensation TPA firms or accounts.
13. Describe how your firm would conduct an annual workers’ compensation claims audit, including sample size, subcontractor audits, procedures, processes, and regulatory compliance. Describe your firm’s experience in providing workers’ compensation medical claims audits.
14. Specify the program scope that you anticipate using in reviewing workers’ compensation TPA program management.

15. Describe your experience in auditing workers' compensation ancillary services, such as cost containment, case management, PPO, and services of private investigators.
16. Describe your firm's experience in performing benchmarking reviews of workers' compensation vendors. Provide specific examples of recommendations that have improved processes or reduced overall program cost. Propose areas of expertise that are unique to your firm. Outline staff resources for vendor management. Describe your firm's capacity to benchmark the City against other comparable entities.
17. How often do you conduct your clients' workers' compensation benchmarking reviews?
18. What standardized workers' compensation reports have you provided to your clients and on what cycle?
19. Describe your experience in performing contiguous overpayment /duplicate payment reviews of paid claim data.
20. Please describe the methodology that you would use to review and recover overpayment/duplicate payments.

**B. Remuneration:**

The City of Pittsburgh requests that all services listed in the Scope of Work be included in the proposal.

1. Please provide your standard fee structure, given the information provided in this RFP.
2. Please indicate any additional charges to the standard fees. Provide a Fee Schedule(s) and description for those audit services to be performed.

**If any service is unable to be met it must be clearly communicated in the Vendor History and Experience Section as well as clearly identified in any additional charges to the standard fees.**

3. Please provide detail of proposed performance standards and guarantees, including:
  - a. Audit Accuracy
  - b. Document Processing
  - c. Website Guarantees
  - d. Customer Service

**C. Compliance and Contractual Requirements:**

**If any contractual or compliance requirement is unable to be met it must be clearly communicated under this section in your structured response.**

**1. MBE/WBE SOLICITATION AND COMMITMENT**

It is the City of Pittsburgh's current goal to encourage increased minority and women participation in all City of Pittsburgh contracts. The City of Pittsburgh, therefore, requires that all proposers demonstrate a good faith effort to obtain the participation of Minority and Women's Business Enterprises in work to be performed under City of Pittsburgh contracts. In order to demonstrate this good faith commitment, all proposers are required to complete and submit with their proposals a MBE/WBE Solicitation and Commitment Statement Form, which details the efforts made by the proposer to obtain such participation. The necessary form is attached as Exhibit 1. Failure to submit the MBE/WBE Solicitation and Commitment Statement Form will result in rejection of the bid. If you have questions pertaining to completing this form for MBE/WBE businesses, please contact our Equal Employment Opportunity Review Commission at 412-255-8804.

**2. VETERAN-OWNED SOLICITATION AND COMMITMENT**

The City of Pittsburgh has an annual goal of not less than five (5) percent participation by veteran-owned small businesses in all contracts. The participation goal shall apply to the overall dollar amount expended with respect to contracts. The City of Pittsburgh, therefore, requires that all proposers demonstrate good faith efforts to obtain the participation of veteran-owned small businesses in work to be performed under City of Pittsburgh contracts. In order to demonstrate this good faith commitment, all proposers are required to complete and submit with their proposals a Veteran Owned Solicitation and Commitment Form, which details the efforts made by the proposer to obtain such participation. The necessary form is attached as Exhibit 1. Failure to submit the Veteran Owned Solicitation and Commitment Statement Form will result in rejection of the bid. If you have questions pertaining to completing this form for Veteran Owned businesses, please contact our Bureau of Procurement Fleet and Asset Services at 412-255-2485.

A. Veteran-owned small business is defined by the City of Pittsburgh as a business having one hundred (100) or fewer full-time employees and not less than fifty-one (51) percent of which is owned by one (1) or more veterans, or in the case of any publicly owned business, not less than fifty-one (51) percent of the stock of which is owned by one (1) or more veterans, and the management and daily business operations of which are controlled by one (1) or more veterans.

B. For contracts under one hundred thousand dollars (\$100,000.00), veteran-owned small businesses shall be exempt from all bonding requirements.

**3. STATEMENT OF AFFILIATIONS:**

In accordance with the Ethics Code, all consultants who enter into a contract with the City of Pittsburgh for an amount of \$1,000 or more must file a “Statement of Affiliations” with the City Clerk within thirty (30) days of the execution of the contract. The Statement of Affiliations shall include:

- A description of any contractual or other business relationship with the City of Pittsburgh or any of its departments, agencies, boards, commissions or authorities, including the value of the contract or business relationship, entered into during the three calendar years previous to the execution of this Agreement;
- The consultant’s qualifications and experience which shall be applied to the performance of this Agreement;
- An identification of the consultant’s principals, including the names and addresses of all owners or partners or shareholders and officers, or, if the consultant is a public corporation, the officers, the members of the board of directors, and shareholders holding more than three (3) percent of the corporate stock.

**4. CONTRACT DISCLOSURE:**

All proposer responses should include a disclosure of any finder’s fees, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements of the firm that could present a real or perceived conflict of interest.

**5. LEGAL AND INSURANCE OBLIGATIONS OF PROVIDER:**

If chosen as the service provider, your organization will be required to satisfy the following requirements:

A. Contract for professional services with the City of Pittsburgh.

B. Secure and maintain in effect the following insurance coverages duly executed by the officers or authorized representatives of a reasonable and non-assessable insurance company.

	<u>Individual Occurrence</u>	<u>Aggregate</u>
<b>General Liability</b>		
Bodily Injury, including death	\$ 500,000.00	\$ 1,000,000.00
Property Damage	\$ 50,000.00	\$ 100,000.00
<b>Workers' Compensation</b>	<b>Statutory Provisions</b>	
<b>Automobile Liability*</b>	\$ 500,000.00	\$ 1,000,000.00
Bodily Injury, including death	\$ 50,000.00	\$ 1,000,000.00
Property Damage	\$ 50,000.00	\$ 100,000.00

\* Required only if a vehicle will be used in connection with the project.

**Additional Insurance Coverage Information:**

**All policies must be on an OCCURRENCE BASIS. Claims-made policies are not acceptable. On your Certificate of Liability Insurance, the City of Pittsburgh must be named as the certificate holder and also listed as ADDITIONAL INSURED. Listing the City as a certificate holder alone is not acceptable.**

Policies must be non-cancelable except upon thirty (30) days prior written notice to the City. **The legal name on the contract must agree with the name on the insurance certificate.**

**D.** Service provider shall not discriminate in employment on the basis of race, color, religion, ancestry, national origin, place of birth, sex, sexual orientation, familial status, age (40 and over), disability, non-disqualifying physical or mental disability or any other basis protected by federal, state or local law.

**V. CONCLUSIONS & INTERPRETATIONS:**

1. The City of Pittsburgh will not be bound by or be responsible for any explanation, interpretation or conclusions of this RFP or any documents provided by the City of Pittsburgh other than those given in writing by the City of Pittsburgh through the issuance of addenda. In no event may a proposer rely on any oral statement by the City of Pittsburgh or its agents, advisors or consultants. Should a proposer find discrepancies or omissions in this RFP, or any other documents provided by the City of Pittsburgh, the proposer should immediately notify the City of Pittsburgh of such potential discrepancy in writing. If the City of Pittsburgh determines that a change is necessary, an addendum will be distributed.
  
2. Any selection, if made, will be made on the basis of what the City of Pittsburgh believes to be in its best interests and the City of Pittsburgh's decision will be final. Notification will be made in writing. The City of Pittsburgh reserves the right to award a contract for any number of products and services described in this RFP.
  
3. Upon the completion of the proposal review process, the selected service provider shall be prepared to enter into a contract with the City of Pittsburgh to ensure that the project is completed as stipulated in the contract.

4. The selected service provider agrees that all direct or indirect costs for services proposed are disclosed in this proposal.
  
5. The selected service provider agrees that its response to this RFP will be binding for ninety (90) days.

# EXHIBIT 1

## CITY OF PITTSBURGH MBE/WBE/VETERAN OWNED SOLICITATION AND COMMITMENT FORM

SPECIFICATION NO.	DATE:	IS YOUR BUSINESS ANY OF THE FOLLOWING?
COMPANY NAME:		<input type="checkbox"/> MINORITY OWNED
ADDRESS:		<input type="checkbox"/> WOMAN OWNED
CITY, STATE AND ZIP CODE:		<input checked="" type="checkbox"/> VETERAN OWNED
FAX NUMBER AND E-MAIL ADDRESS:		(CHECK ALL THAT APPLY)

FOR ASSISTANCE REGARDING MBE / WBE BUSINESSES, CALL THE EQUAL OPPORTUNITY REVIEW COMMISSION AT 412-255-8804. FOR ASSISTANCE REGARDING VETERAN OWNED BUSINESSES, CALL THE BUREAU OF PROCUREMENT, FLEET AND ASSET SERVICES AT 412-255-2485.

FAILURE TO COMPLETE FORM MAY BE SUFFICIENT CAUSE FOR BID REJECTION

### PLEASE LIST ALL MBE / WBE / VETERAN OWNED BUSINESSES SOLICITED FOR PARTICIPATION

SOLICITATED COMPANY'S NAME AND ADDRESS	PHONE	FAX #	E-MAIL	MBE OR WBE OR VETERAN (CHECK ALL THAT APPLY)			
1.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				EST \$	EST %	EST \$	EST %
2.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				EST \$	EST %	EST \$	EST %
3.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				EST \$	EST %	EST \$	EST %
4.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				EST \$	EST %	EST \$	EST %

MBE / WBE / VETERAN HISTORY	CONTRACT NO.	DESCRIPTION	MBE USED	WBE USED	VETERAN OWNED USED

CITY OF PITTSBURGH MBE / WBE / VETERAN SOLICITATION AND COMMITMENT FORM				
NAME AND ADDRESS	PHONE	FAX	<u>CIRCLE:</u> MM MF NMF VETERAN	WORK PERFORMED: _____ EST. PAYMENT: _____ PAYMENT % OF CONTRACT: _____ DATE STARTED: _____
NAME AND ADDRESS	PHONE	FAX	<u>CIRCLE:</u> MM MF NMF VETERAN	WORK PERFORMED: _____ EST. PAYMENT: _____ PAYMENT % OF CONTRACT: _____ DATE STARTED: _____
NAME AND ADDRESS	PHONE	FAX	<u>CIRCLE:</u> MM MF NMF VETERAN	WORK PERFORMED: _____ EST. PAYMENT: _____ PAYMENT % OF CONTRACT: _____ DATE STARTED: _____
NAME AND ADDRESS	PHONE	FAX	<u>CIRCLE:</u> MM MF NMF VETERAN	WORK PERFORMED: _____ EST. PAYMENT: _____ PAYMENT % OF CONTRACT: _____ DATE STARTED: _____

I HEREBY ATTEST THAT ALL THE ABOVE FORMS HAVE BEEN FILLED OUT TO THE BEST OF MY KNOWLEDGE AND I ACKNOWLEDGE THAT THE DOCUMENTS SUBMITTED ARE THE MBE / WBE / VETERAN PARTICIPATION PLAN AS REQUIRED BY THE CITY OF PITTSBURGH.

(TYPE NAME AND TITLE):

SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_