



**Metropolitan  
St. Louis Sewer  
District**

2000 Hampton Avenue  
St. Louis, MO 63139-2979  
(314) 768-6200

*PURCHASE*

**Purchasing - Professional  
Services - Bids, Proposals and  
Specifications**

**V-F**

*VICL*

March 9, 1990

Public Risk Management Association  
1120 G Street N/W, Suite 400  
Washington, D.C. 20005

Dear Sir or Madam:

Enclosed please find our sample Request for Proposal for Worker's Compensation, Third Party Administrator. I appreciate your help in the development of this Request for Proposal.

If you should have any questions, please contact Karl J. Tyminski, Secretary Treasurer at (314) 768-6222.

Sincerely yours,

*Karl J. Tyminski*

Karl J. Tyminski  
Secretary Treasurer

Enclosure

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Metropolitan St. Louis Sewer District (MSD)

Request for Proposal  
Worker's Compensation  
Administrative Claims Handling and Reporting Services

February 15, 1990

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Metropolitan St. Louis Sewer District  
Request for Proposal

Administrative Claims Handling and Reporting Services

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## I. INTRODUCTION

The Metropolitan St. Louis Sewer District is seeking professional service proposals from qualified firms to provide Workers Compensation administration.

The District is self-insured for claims that are less than \$300,000 and maintains coverage above that amount.

On average, the District is composed of the following employee groups:

Construction and Maintenance	341
Treatment Plant Operations	306
Clerical	123
Management	132
Total	902

## II. GENERAL INFORMATION

### A. Background of MSD

The Metropolitan St. Louis Sewer District (MSD) was created in 1954 to provide a metropolitan-wide sewer system to serve the City of St. Louis and St. Louis County. Prior to the creation of the District, 95% of the sewage generated in the area was transported either through municipally owned sewers or open ditches and creeks, untreated, into the Mississippi or Missouri River. None of the municipalities or private sewer companies serving the area at that time had the jurisdictional authority or financial resources required to eliminate this health hazard.

When it began operations in 1956, the District took over all publicly owned existing wastewater and storm drainage facilities within its jurisdiction and began construction of an extensive system of collector and interceptor sewers and treatment plants. In 1977, the District annexed a 279 square mile area of the lower Missouri River basin and the Meramec River basin watersheds, thereby doubling its service area. The District purchased the Fee Fee Trunk Sewer Company and the Missouri Bottoms Sewer Company in 1978 and has acquired several other systems since that time.

The District's service area is divided into several wastewater treatment subdistricts. Where such subdistricts have been established, the Board possesses and exercises within such subdistrict all the powers,

duties and functions which are provided for the District as a whole. A map of the District is included within this document which includes information on the subdistricts.

The District encompasses an area of 524 square miles. Included is all of the City of St. Louis, which has an area of 62 square miles and 462 square miles of St. Louis County. Population within the District is currently estimated at 1,500,000. Of the 1,500,000 estimated population of the District, approximately 1,100,000 are located within the Mississippi River Subdistrict.

The area comprising the District is divided into three broad drainage areas or watersheds. They are the Mississippi, Missouri, and the Lower Meramec watersheds. All of the City of St. Louis and the eastern portion of St. Louis County drain into the Mississippi River. The remainder of St. Louis County is divided about equally into the Meramec and Missouri River watersheds.

MSD is organized pursuant to Article VI, Section 30 of the state constitution which empowers the people of St. Louis County and the City of St. Louis "to establish a metropolitan district for functional administration of services common to the area included therein." That section of the constitution prescribes a procedure to be followed in appointing a 19-member Board of Freeholders to prepare a Plan (Charter) for the proposed district. The constitution further provides that the Plan, if approved by voters in the City and the County.

"shall become the organic law of the territory therein defined, and shall take the place of and supercede all laws, charter provisions and ordinances inconsistent therewith relating to said territory."

In accordance with the above constitutional provisions, a Board of Freeholders was appointed to prepare a Plan for a metropolitan sewer district which was approved by the voters in February 1954. The first section of the Plan states that the Metropolitan St. Louis Sewer District is established.

"In the interest of public health and for the purpose of providing adequate sewer and drainage facilities within the boundaries herein defined, or as extended. ."

The Plan (Charter) of the Metropolitan St. Louis Sewer District describes it as "a body corporate, a municipal corporation and a political subdivision of the state. As a political subdivision of the state, MSD is comparable to a county or city, such as St. Louis County or the City of St. Louis. MSD is publicly owned, non-profit, and supported by taxes and various charges levied on persons within its boundaries.

Unlike a corporation's board of directors who is responsible solely to stockholders who choose to invest in the corporation, MSD's Board members are trustees, not directors. They are trustees of public property and public funds, and therefore, responsible to all persons within the District.

According to its Plan, MSD is governed by a Board consisting of six Trustees--three appointed by the Mayor of St. Louis and three by the St. Louis County Executive. Trustee appointments are not confirmed by any elected body; but they must be approved by a majority of the Circuit Judges of the area from which they are appointed. No more than two of each area can be of the same political party. They receive \$25 compensation per meeting and they must hold regular open meetings at least once a month. Presently, they meet once a month.

MSD's Board of Trustees determines all policies, enacts all District ordinances and appoints the Executive Director and Secretary-Treasurer. All other directors are appointed by the Executive Director. It makes all appropriations, approves all contracts and engages an accounting firm to perform the annual "independent audit" of the District.

In addition, the District's Plan prescribes various other duties of the Board of Trustees and grants numerous broad powers to the District and the Board of Trustees subject to federal and state laws. Among the powers granted are:

- o The right to enter on any lands or premises or on any waters to made examinations, soundings, or surveys;
- o The right to exercise the power of eminent domain in acquiring public or private property which the Board of Trustees deems necessary for the purposes of the District;

- o The authority to approve or reject plans and designs of any type of sewer facilities or stormwater drains proposed to be constructed or reconstructed by any person or corporation, private or public, within the District. (The Plan states that no such facilities shall be constructed without the approval of the District);
- o The power to levy whatever property tax rate the Board of Trustees deems necessary to provide sufficient revenues to pay the principal of and the interest on outstanding general obligation bonds;
- o The power to levy property taxes within the District or any subdistrict for operation and maintenance purposes, providing the rate does not exceed ten cents on the \$100 assessed valuation and the levy conforms to Article X, Section 22 of the Missouri Constitution (the Hancock Amendment).
- o The right to subdivide the District into any number of subdistricts deemed necessary, and to exercise all of the same powers within each subdistrict which the Board of Trustees is granted for the District as a whole;
- o The power to establish a schedule or schedules of rates, rentals, user charges or other charges to be collected from all real property served by the District's facilities, and to change any schedule of charges from time to time as the Board of Trustees deems necessary in conformance with Article X, Section 22 of the Missouri Constitution (the Hancock Amendment).
- o The right to levy and collect special benefit assessments on property, whether public or private, for the construction, improvement or extension of sewer or drainage facilities;
- o The right to incur debt by borrowing money in anticipation of the receipt of revenues from various sources;
- o The Plan permits the Board of Trustees to act unilaterally in exercising the above powers and does not require the approval of the electorate or any elected official or any

body of elected officials. The only actions of the Board of Trustees which require voter approval are the decisions to issue general obligation bonds, special benefit assessment bonds, revenue bonds and the levy of a new or increased tax, license or fee relative to those in existence on November 4, 1980.

Besides setting up the governing body, the Plan outlines several requirements and/or provisions;

- o MSD must operate with a balanced budget;
- o Details how MSD can tax and requires an annual public hearing on all taxes levied by the District;
- o Requires MSD to have Civil Service governed by a Civil Service Commission;
- o Requires Civil Service rules that contain provisions necessary to establish a merit system for all positions in the classified service;
- o Provides how the original boundaries of the District may be extended to include any area in St. Louis County.

MSD is also governed by the Missouri Constitution and the Federal and State Clean Water Act, which mandate the following requirements:

- o MSD must get permits for all of their discharges. These permits require a minimum of secondary treatment. This requires the multi-million dollar construction of treatment facilities.
- o To qualify for Federal grants, MSD must provide wastewater treatment in an area-wide manner.
- o MSD must also operate, maintain, and replace facilities so that they can continue to provide proper waste treatment or be subject to penalties and fines.
- o MSD must levy a user charge in compliance with the Clean Water Act which must be approved by the Department of Natural Resources to continue to receive future



grants and to avoid the possible refunding of past grants.

MSD is funded from a variety of sources, the primary source being sewer service charges which their customers pay every six months and for which the average residential user pays \$55 per year. This average residential user also pays personal and real property taxes for debt service and special construction for subdistricts which total \$25 per year. Other sources of funds MSD receives are federal and state grants, co-op projects with state and local governments, and miscellaneous fees such as connection fees and plan review fees for new development.

In order to finance construction and acquisition costs, the District, on behalf of each subdistrict, is empowered to issue general obligation bonds, revenue bonds, or special assessment bonds. The issuance of general obligation bonds, payable from a general tax levy on all the taxable property within the subdistrict, requires approval of a two-thirds majority of the voters voting at an election held in the subdistrict established. Revenue bonds, payable from sewer service charges, may be issued after a similar procedure, but require only a four-sevenths majority. Special assessment bonds also require a four-sevenths majority.

Responsibility for the MSD billing and collection activity is contained within the Finance Department. MSD has approximately 405,000 customers that it bills semi-annually. In January 1989, MSD increased its annual user charge rate for a single family residential user from \$55 to \$133. To soften the impact of this rate increase, the District will increase its billing frequency from a semi-annual to a quarterly basis.

As a means of keeping collection costs under control, the collection department manually collects only those accounts with balances over \$100. All accounts under \$100 receive computer generated collection material.

MSD developed performance measurement standards for its billing department in 1982 and now wishes to do the same for its collection department.

B. Objectives of Administrative Claims Handling and Reporting Services

- Establish a cost-effective risk management program.
- Provide analysis of risk exposure.
- Reduce liability and loss exposure.

- Identify problems and develop solutions.
- Reduce frequency and severity of job injuries.
- Provide timely loss information.
- Provide detailed monthly claims information on open and closed claims.
- Provide quarterly and annual claims summaries.
- Pay claims.
- Establish reserves.
- Provide training for supervisory personnel responsible for Workers Compensation activities.
- Provide and/or assist in the development of a safety training program for employees.

C. Schedule

It is the District's intention to adhere to the schedule as proposed in Attachment A.

III. EVALUATION AND SELECTION PROCESS

A. Initial Screening

The District has initially invited six TPA firms with local offices to respond to this request for proposals. Other firms requesting participation will be provided a set of bid specifications upon request.

The initial screening evaluation will be based upon your response to questions outlined in these specifications and our estimation of the quality and effectiveness of your services in the following areas:

Claims adjusting  
Monthly Loss Runs  
Loss Control Capabilities  
Anticipated Cost of Services

B. On-Site Interviews

Upon a careful evaluation of the responses, it is expected that two or three firms will be selected for

an on-site interview with management and technical staff.

C. Random Audit of Claims Files

Because of the difficulty associated with making objective judgments about the quality of TPA services proposed and the sometimes wide variance of quality from one claims office to another, the District requests the right to perform an on-site visit to your office.

IV. INFORMATION REQUIRED IN PROPOSAL

A. Transmittal Letter

A transmittal letter prepared on the Consultant's business stationery should accompany the proposal. The purpose of this letter is to transmit the proposal and therefore should be brief. The letter must be signed by an individual who is authorized to bind this firm to all statements, services and prices contained in the proposal.

B. Proposal Submission

Please provide at least one original and three copies of your proposal. Proposals must contain the following sections:

- Management Summary - This section should contain a brief synopsis of the objectives of this RFP and the solution that the Consultant is offering in this proposal;
- Proposal Work Plan - This section should contain a definitive description of the Consultant's proposed plan to achieve the objectives of the RFP as stated in Section II;
- Prior Experience - This section should describe in detail engagements that the Consultant has had with other clients in which similar services to those requested in this RFP were successfully performed. The name and location of the clients referenced in this section should be included;
- Personnel - This section should include resumes for each individual who is to be assigned to this program if the Consultant is awarded the contract. This section should also describe the role that each individual is to have in this program;

- References - The Consultant must supply a minimum of three different references to support the proposal. They must be similar to the subject area indicated in this RFP, and must identify the name of each organization, point of contact and telephone number. MSD shall have the right to contact any reference as part of the evaluation and selection process.
- Specimen Contracts - The Consultant must supply a minimum of two different specimen contracts used for services similar to those requested in this RFP.
- Financial Statement - The Consultant must provide recent financial statements.

C. Submission Deadline

Proposals must be submitted no later than 5:00 p.m. on March 21, 1990, to:

Attachment A

## Time Schedule

March 21, 1990	5:00 p.m.	Deadline for submission of proposals and fee schedule.
March 23, 1990		Notification of firms to make oral presentations.
March 30, 1990	9:00 a.m.	Oral presentations of proposals to MSD.
April 6, 1990		Results of evaluation of proposals and notice of award.
April 11, 1990		Introduction of contract Ordinance to Board of Trustees.
May 9, 1990		Adoption of contract Ordinance.
July 1, 1990		Effective date of contract.

Attachment B

**QUESTIONNAIRE****WORKERS' COMPENSATION CLAIMS ADJUSTING**

1. Nature of your organization, e.g., claims service of an insurance company, independent claims adjusting service, etc.
2. Where is your facility located and hours staffed, number of professional people, attorneys, claims adjusters, etc.?
3. Will the account be assigned to a local coordinator who can be contacted if additional information on a claim or claims is required?
4. Describe your investigative and reporting procedures. What criteria will be used to determine the extent of an investigation? Will MSD have access to these reports on a blanket or per request basis?
  - a. Be sure to include the frequency of follow up and/or visits in your response.
  - b. Discuss procedures that can be implemented and used to induce attorney involvement in workers compensation claims.
5. Describe the format of the initial report you will furnish MSD after a claim occurs and medical treatment is provided. How soon after treatment will the report be prepared and sent to MSD? Enclose a copy of your quality/service checklist used for internal audit of files.
6. What will be the frequency of status reports on any claim involving temporary total disability and/or permanent total disability?
7. Describe your capabilities in providing monthly statistical data on all activity that has occurred during each 30 day or monthly period. It should include and not be limited to:
  - a. A listing of employees by department (coding and Workers Compensation classification to be furnished upon award.)
  - b. Date of loss.
  - c. Description of injury.

- d. Cause.
  - e. Workers Compensation classifications.
  - f. Cost of medical treatment, drugs, dressing, etc.
  - g. Expense.
  - h. Total number of accidents and cost by department.  
Quarterly and annual summary of causes of accidents and cost by department.
  - i. What is the time required to prepare and forward copies to MSD?
  - j. Please furnish specimen copies of available statistical forms, formats, etc.
8. What is your success ratio (locally) in pursuing subrogation involving responsible third parties for claims costs paid on your client's behalf? (WC only) Any subrogation recovery is to be made payable to MSD.
9. Describe your Industrial Hygiene Department and its capability to function in a municipal environment.
10. Do you use and adhere to:
- a. A medical fee schedule? Do you utilize a relative value study, and if so, which one?
  - b. A litigation avoidance program on issues of permanent disability?
  - c. Advisory Rating System for the employee who has a permanent disability but is not represented by Counsel?
11. Describe your mechanism for early warning on short-term cases that are potentially long-term ones.
12. How frequently do you review the adequacy of reserves?
13. How will you maintain closed files?
14. Explain claims handling fee and method of billing.
15. Explain any Imprest Fund which you may require (in addition to claims handling fee).
- a. Monthly after initial establishment of fund.
  - b. Frequency of adjustment to determine accuracy of

funding level.

16. In event of termination of the contract by either party, describe how the run-off of claims will be handled.
17. Based upon your valuation of the attached historical claims data, indicate projected claims for the 1990 calendar year.

Medical Only \_\_\_\_\_

Indemnity \_\_\_\_\_

18. Do you require a catastrophe clause, and if so (1) what are the particulars such as: number of claimants from a single occurrence to be considered a catastrophe, and (2) is there an additional fee and if so indicate?
19. Provide a Sample Contract for additional definitions and responsibilities of the Contractor.
20. Are Occupational Disease claims included in the service fee? If not, describe.
21. Will the claims service fee for a work-associated injury follow to the final settlement of the claim regardless of time involved? If not, explain.
22. Define "claim" or "claimant" as it applies to your fee structure.
23. Can you provide, or work with providers of, structured settlements?
24. What percentage of WC claims do your ordinarily field investigate?

Medical Only \_\_\_\_\_

Lost Time \_\_\_\_\_

Pricing must be inclusive of all field time.

25. Define "allocated expense" as it applies to your fee structure.
26. What employee training will there be to help produce workers compensation claims?
27. What orientation will there be for claimants regarding rights and responsibilities?



**Names and Address of TPA's**

1. Mary Theresa Doyle  
GAB Business Services, Inc.  
P. O. Box 19917  
2201 South Brentwood Boulevard  
St. Louis, Missouri 63144  
(314) 961-7460
2. Tom Aurella  
Crawford and Company  
P. O. Box 24529  
760 Office Parkway  
St. Louis, Missouri 63141  
(314) 569-0100
3. John Stech  
Bierman-Condray, Inc.  
7710 Carondelet Avenue  
St. Louis, Missouri 63105  
(314) 725-2960
4. Terry Nixon  
Nixon and Company  
P. O. Box 3856  
St. Louis, Missouri 63122  
(314) 821-4888
5. Linda Hennemann  
Alexis  
120 South Central  
Clayton, Missouri 63105
6. Larry F. Scott  
Gallagher Bassett Services, Inc.  
12444 Powers Court Drive  
St. Louis, MO 63131