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To: SDAO Claims Audit Proposers
Date: January 26, 2018
Re: RFP Claims Audit Addendum /Questions & Answers

SDAO received questions about the Claims RFP from many proposers. Questions were grouped and have and answered them below.

1. When do you anticipate the date that the onsite field claim file review may be undertaken?
ANSWER: The onsite claims file review will need to occur during the months of March and April, not to exceed April 27th, 2018. Selected proposer will need to contact SDAO to determine onsite review dates.
2. What date is the claim audit report to be provided to you?
ANSWER: The audit report is to be electronically delivered on or before June 15th, 2018.
3. Will an onsite presentation of the report be requested for either a BOD meeting or SDAO staff meeting (if so when and where)?
ANSWER: A written report is the acceptable format with optional remote webinar style for questions and answers.
4. What were the names of the last two claim audit firms that undertook the SDAO / PACE claim audits and when?
ANSWER: Bickmore and Northshore.
5. How many open and closed claims were audited during your last audit for SDOA and PACE?
ANSWER: 53 SDAO P/C claims total, 103 PACE P/C claims total and 60 SDAO W/C claims.
6. How many open claims exist in the current claims inventory for SDOA and PACE (by line of coverage for GL, AL, APD and Property) to include workers compensation open lost time and medical only claims?
ANSWER: SDAO GL 160, SDAO AL 97, SDAO APD 56, SDAO PR 69, PACE GL 353, PACE AL 125, PACE APD 59, PACE PR 101, WC 336
7. Does the RiskMaster X claim system allow offsite claim file auditing capabilities, and would this be allowed?
ANSWER: Not Currently available

8. How many firms have responded to date for questions to your RFP?
ANSWER: This information is not necessary to submit a proposal.
9. Specific to the RFP proposal format and content under section B. QUALIFICATIONS, RELATED EXPERIENCE AND REFERENCES 3. "Provide up to five de-identified examples of recent audit services." I am interpreting the requirement below to mean that you want five redacted audit reports from prior audits. Is this correct?
ANSWER: Yes, this is correct.
10. Do you want the auditor to comment on compliance with AGRiP Advisory Standards specific to claims management?
ANSWER: The first of the two claims audits, no. We would like to work with the successful auditing firm to consider these standards. Please include a separate line for the fee as an optional expense.
11. Will the successful proposer have the ability to access RiskMaster remotely?
ANSWER: No, the successful proposer will need to be onsite to access and review files.
12. What percentage of open AL/GL claims is in suit?
ANSWER: SDAO 14% and PACE 16%.
13. What percentage of open Indemnity claims has attorney representation?
ANSWER: Both SDAO and PACE are at 25%.
14. Do the 7 PC adjusters specialize in particular types of claims?
ANSWER: Currently, one is a specialist and the other six are generalists.
15. The RFP indicates SDAO uses a mix of paper and electronic claim files, are older files paper and newer files electronic? B) At what point did electronic claim files start? C) Can the electronic claim files be reviewed remotely from the proposer's office?
ANSWER:
A. No, all files are both paper and electronic.
B. We use both paper and electronic for each claim.
C. No, all files must be reviewed onsite.
16. Given the mix of claim file types an on-site claim file review appears evident to some extent, can the on-site review be conducted in the SDAO Tigard office or will the claim file review take place elsewhere?
ANSWER: Onsite review will be at the Tigard office.
17. Are the SDAO standards and practices guidelines the same for both pools?
ANSWER: Yes.

18. Will the SDAO deductible billing procedures be available for the responder?

ANSWER: Yes.

19. Under the Scope of Work in the RFP, 19. Requests an evaluation of cost savings alternatives, such as bill review/MCO, are measures currently in place, if so what cost savings programs are in place?

Have cost saving measures already been identified?

ANSWER: We have bill review/MCO for workers comp claims only.

20. What has the SDAO retention level been over the past ten years?"

ANSWER: PACE per occurrence retentions for 2007 through 2009 are \$500k for liability and \$250k for property. Liability retentions were increased to \$600k beginning in accident year 2010. Effective July 1, 2013, liability retention increased to \$633,300 and retention for the property coverage changed to \$250k plus \$5M aggregate corridor deductible in the layer \$4.75M excess \$250k. As of July 1, 2014, the liability retention increased to \$666,700. On July 1, 2015, the liability retention increased to \$687,000. On July 1, 2016 the liability increased to \$750k. Claims are handled internally.

21. What are the current claims department internal controls?

ANSWER:

- A. Manager signature required on payments over \$5k.
- B. All denials require manager approval.
- C. All settlements require manager approval.
- D. Individual adjusters are given \$25k reserve and check writing authority.
- E. Claims manager has \$100k reserve and check authority.
- F. Director of claims has \$250k reserve and check writing authority.
- G. Executive Director has \$1M check writing authority.
- H. Check writing beyond these needs Trust approval.

22. Can you clarify under the Scope of Work, 8., what is intended by workload of office? Is this the claims support staff and supervisory spans of control in addition to adjuster workloads or is something else intended?

ANSWER: Evaluate the workload of each of the adjusters related to claims pending.

23. Would the SDAO like two reports for SDIS, one for P/C and one for WC?

ANSWER: Yes

24. Is a detailed estimated range of costs permissible (or is a fixed fee cost schedule required)?

ANSWER: Fixed fee, no estimated ranges.

25. Dispute Resolution – What standard rules and procedures for arbitration would SDAO prefer rather than the American Arbitration Association rules?

ANSWER: We are open to review but prefer American Arbitration Association rules.