



CLAIM SERVICE, INC.

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PENNSYLVANIA DEPARTMENT OF LABOR & INDUSTRY

BUREAU OF WORKERS' COMPENSATION

REQUEST FOR PROPOSAL FOR

WORKERS' COMPENSATION CLAIMS
ADMINISTRATION SERVICES

RFP NO.: BWC-2007-1

DATE: JULY 5, 2007

II-9. COST SUBMITTAL

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	2008	2009	2010
a. Standard hourly rate for claims adjusting	\$44.00	\$45.00	\$46.00
b. Standard hourly rate for rehabilitation services	\$65.00	\$70.00	\$70.00
c. Standard hourly rate for surveillance service	\$50.00	\$50.00	\$50.00
d. Hourly rate for clerical support	\$18.00	\$19.00	\$20.00
e. Claim file creation/setup charge per claim	\$50.00	\$50.00	\$50.00

If required by the Bureau a one time expense may be incurred to have the computer specialist convert the data from the handling TPA of the defunct self-insured to ACS Claim Service, Inc.' system. We have found in the past, we have been able to avoid this expense for the Bureau by requesting payment histories from the prior TPA and through our initial detailed review. The database is stored should down the road the data needs converted into the system. We would simply pass through the expense to have the computer specialist convert the data.

ACS Claim Service, Inc. will bill the current rate to the years listed above for special projects requested or meetings that are not billable to a specific claim file.

ACS Claim Service, Inc. and its' subcontractors will comply with the Commonwealth's travel reimbursement regulations and will check with the Bureau each year for the current rate.

The Bureau will be billed for actual services rendered in tenths of an hour on which our current billing system is already based.

ACS Claim Service, Inc. allocated expenses related to each claim will be billed at the actual cost to each claim file. These allocated expenses include: postage, photographs, telephone expense, faxes, mileage, copying, claim searches, tolls and parking.

Allocated expenses shall mean all items of expenses including photographers' fees, fees for medical expenses for claim evaluation purposes, fees for re-pricing of medical bills or Utilization Review costs related to the investigation of any claim, surveillance services and costs for vocational rehabilitation, medical case management and evaluations services needed to return the claimant to work.

ACS Claim Service, Inc. will not enter into any structured settlement agreements with a claimant over \$5,000.00 without specific written approval of the Chief of the Bureau's Self-Insurance Division or his designee.

If specialized services are required outside those specified above, ACS Claim Service, Inc. will receive pre-approval through the established procedures. ACS Claim Service, Inc. will be reimbursed on a cost basis for those services.

Reasonable expenses for services incurred from outside sources by ACS Claim Service, Inc. for allocated expenses outside rehabilitation and surveillance such as for medical records and copies of legal documents shall be reimbursed on a cost basis.

ACS Claim Service, Inc. shall not incur charges in excess of \$1000.00 per claim for allocated expenses and claim handling in any one month without prior approval of the Chief of the Bureau's Self-Insurance Division or his designee.

Based on ACS Claim Service, Inc.'s experience of the past 4 ½ years of servicing this contract, our projected service billings for the remainder of the contract demonstrate a significant reduction to the claims handling fees, when compared to the amount budgeted by the Bureau. ACS Claim Service, Inc.'s costs are 37% of the original projected cost of this contract. A saving for the Bureau, Self Insured Division of 63%! The budgeted amount for the current contract term was based on the prior TPA's work and billings.

During the current contract term, ACS Claim Service, Inc. was also able to recover monies from excess insurance carriers totaling almost \$1.8 million. This amount

exceeds the amount paid to ACS Claim Service, Inc. for the total handling of this contract over the last 5 year term of the current contract.

The majority of these funds could have been collected by the prior claim handlers, but weren't. Basically, ACS Claim Service, Inc. was able to collect more money through excess insurance recoveries, 410 orders recoveries and third party recoveries, then what was paid to ACS Claim Service, Inc. for our claim management services over the life of the current 5 year contract.

In addition, when ACS Claim Service, Inc. took over the claim handling during the current contract, the Bureau projected the life of the one Letter of Credit (for one of the defunct self insured employers) was 2 years. Through our cost conscious claim management, we were able to extend the life of that bond to almost 3 ½ years.

ACS Claim Service, Inc. does not accept any administrative or service arrangements with any of the subcontractors or vendors.

Should the Bureau renew the current contract with ACS Claim Service, Inc., the Bureau would save the cost of the transfer of files to include the file set up fees, staff expense in sending out the initial letters and transfer of the electronic and paper files. Anticipated cost equal to one month's claim handling service costs, according to ACS Claim Service, Inc.' calculations.

It needs to be noted that the hourly rate quoted in the rehabilitation and surveillance section of the above table is identical to the contracted fees it charges SWIF, another Department of Labor and Industry entity. It is supported by the larger referrals numbers created by SWIF and as such the Bureau receives the benefits of that large volume arrangement in the costs of this contract.

Our understanding from the RFP is the contract may be renewed by written, mutual consent of the Commonwealth and the Contractor for two additional one-year periods.

DOMESTIC WORKFORCE UTILIZATION CERTIFICATION

Each proposal will be scored for its commitment to use the domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States. Those who propose to perform a portion of the direct labor outside of the United States will receive a correspondingly smaller score for this criterion.

In order to be eligible for any consideration for this criterion, offerors must complete and sign the following certification. This certification will be included as a contractual obligation when the contract is executed. Failure to complete and sign this certification will result in no consideration being given to the offeror for this criterion.

I, Karen E. McKendry, President of ACS Claim Service, Inc. a Pennsylvania corporation ("Contractor") located at 2120 Fisher Road, Mechanicsburg, PA 17055, do hereby having a Federal Identification Number of 25-1722823, do hereby certify and represent to the Commonwealth of Pennsylvania ("Commonwealth")(Check one of the boxes below):

All of the direct labor performed within the scope of services under the contract will be performed exclusively within the geographical boundaries of the United States.

OR

0 (zero) percent of the direct labor performed within the scope of services under the contract will be performed within the geographical boundaries of the United States.

The Department of General Services (or other purchasing agency) shall treat any misstatement as fraudulent concealment of the true facts punishable under Section 4904 of the *Pennsylvania Crimes Code*, Title 18, of Pa. Consolidated Statutes.

Attest or Witness:

Kim Russo 7/5/07
Signature/Date

Kim Russo / CLAIMS Assoc.

Printed Name/Title

ACS Claim Service, Inc.
Corporate or Legal Entity's Name

Karen E. McKendry, 7/5/2007
Signature/Date

Karen E. McKendry, President

Printed Name/Title