



Office of the City Manager

CONSENT CALENDAR
JUNE 24, 2025

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Janelle Rodrigues, Director of Human Resources
Chaka Young, Employee Relations Manager

Subject: Contract: Innovative Claim Solutions for Third Party Claims Administration of City's Workers' Compensation Program

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute and implement a contract and any amendments with Innovative Claim Solutions, Inc. (ICS), to provide workers' compensation third-party administrative services in an amount not to exceed \$1,888,570 for the period July 1, 2025, through June 30, 2028.

FISCAL IMPACTS OF RECOMMENDATION

The costs for third-party administrative services provided by ICS are a fixed fee of \$605,000 for fiscal year 2026; \$629,200 for fiscal year 2027; and \$654,370 for fiscal year 2028.

Fiscal Year	Monthly Charge	Annual Charge
2026	\$50,416.66	\$605,000
2027	\$52,433.33	\$629,200
2028	\$54,530.83	\$654,370

Expenditures for this contract will be paid out of the Workers' Compensation Self-Insurance Fund, budget code 676-00-000-000-0000-000-102127, and funded as part of the overhead rate assessed for workers' compensation rates charged to City departments.

CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley is permissibly self-insured by the State of California, Department of Industrial Relations, to provide statutory required workers' compensation benefits to injured workers. The City has contracted with ICS for workers' compensation administrative services since April 1, 2000. The current contract with ICS for workers' compensation third-party administrative services expires on June 30, 2025. The new contract with ICS would be effective July 1, 2025, for a total amount not to exceed \$1,888,570.

BACKGROUND

On February 4, 2010, the Human Resources Department issued a Request for Proposal (RFP) for workers' compensation third-party administrative services, Specification No. 10-10486-C to firms that provide these types of services.

On May 18, 2010, the City Council adopted Resolution No. 64,875–N.S., that authorized the City Manager to execute and implement a contract and any amendments for workers’ compensation third-party administrative services with ICS.

The City has contracted with ICS for workers’ compensation administrative services since April 1, 2000. The current contract with ICS for workers’ compensation third-party administrative services expires on June 30, 2025.

On July 22, 2024, the Human Resources Department issued a Request for Proposal (RFP) Specification No.24-11669-C, for workers’ compensation third-party administrative services to firms that provide workers’ compensation claims services. The City received nine (9) responses from prospective bidders to the RFP. A selection committee made up of members from the Human Resources Department conducted an evaluation and chose Innovative Claim Solutions (ICS) as the best services to meet the City’s objectives at a reasonable price.

Innovative Claim Solutions has been providing claims management services for over 20 years. The third-party claim management services for a workers’ compensation program consist of responsibility for claims management including, but not limited to, approval of claims based upon whether an injury arose out of the course and scope of employment; denial of claims that did not arise out of the course and scope of employment; or delay of claim decisions in order to obtain additional information or evidence before a determination can be on a claim. The third-party administrator procures services and pays bills incurred by claims for the provision of benefits to injured employees. These expenses include, but are not limited to, medical; legal; temporary and permanent disability payments; and future medical needs of injured employees.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

A committee evaluated all vendors based on their responsiveness to the RFP, the price and associated costs to the City, ability to meet requirements stated in the scope of services, and references. As a result of this process, the selection committee unanimously recommended ICS to provide workers’ compensation third-party administrative services. Innovative Claim Solutions has provided superior quality claim management services throughout the terms of the contract and consistently applies professionalism, expertise, and superior customer service in their claim management practices.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Janelle Rodrigues, Director of Human Resources (510-981-6818)
Chaka Young, Employee Relations Manager (510-981-6821)

Attachment:
1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT: INNOVATIVE CLAIM SOLUTIONS FOR THIRD-PARTY CLAIMS ADMINISTRATION OF
THE CITY'S WORKERS' COMPENSATION PROGRAM

WHEREAS, the City of Berkeley is certified by the State of California Department of Industrial Relations under Labor Code Sections 3700 and 3705 to self-insure for providing statutorily required workers' compensation benefits to its employees; and

WHEREAS, on September 13, 2022, the Berkeley City Council adopted Resolution No. 70,507-N.S., that authorized the City Manager to amend the contract with ICS for third-party administrative services for the City's workers' compensation program by extending the term through June 30, 2025.

WHEREAS, on July 22, 2024, the City issued a Request for Proposal (RFP) for workers' compensation third-party administrative services, of which nine (9) firms submitted proposals; and

WHEREAS, based on an evaluation of the proposals submitted and discussion among the committee and based on all of the selection criteria used to evaluate the proposals and the performance of the proposers through an interview process, it is recommended that the firm of Innovative Claim Solutions, Inc. be selected to continue provision of third-party administrative services for the workers' compensation program.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley hereby authorizes the City Manager to execute a contract and any amendments with Innovative Claim Solutions, Inc. for third-party administrative services for the City's workers' compensation program for the period of July 1, 2025, to June 30, 2028 in an amount not to exceed \$1,888,570. All expenses will be paid from the Workers' Compensation Self-Insurance Fund budget code, (676-00-000-000-0000-000-000-102127). A record signature copy of said contract and any amendments are to be on file in the Office of the City Clerk.

