Vehicle Accident Claim Services (#02815)
Executive Summary

Background

Under RCW 4.92.210, the Department of Enterprise Service (DES) Office of Risk Management (ORM) is responsible for reviewing and managing all vehicle liability claims (auto claims) arising from tortious conduct of state government. DES maintains a centralized claims tracking system and investigates, negotiates, and settles claims. DES fulfills these responsibilities on behalf, and with the assistance, of the affected state agency. Under RCW 43.19.008, the Office of Financial Management (OFM) has charged DES with testing the market to determine if certain ORM services may be performed by the private sector in a more cost-efficient and effective manner.

Scope

DES conducted a competitive solicitation for services. The focus of the solicitation was on the vehicle accident claims investigation and resolution process. Services included within the solicitation included, but were not limited to, conducting an initial investigation, evaluating the claim and the exposure of the state related to the claim, setting appropriate reserves within the state's $10 million Self Insured Retention (SIR) fund and working with the claimants and claimants' counsel to resolve the claim.

ORM has currently delegated authority to the Washington State Department of Transportation (WSDOT) to conduct investigations for the agency's vehicle claims. Should it be concluded that it may be more beneficial for the state to privatize this work, DES will proceed in awarding a single statewide contract for these services with the Apparent Successful Bidder (ASB), which would include the claims processed at WSDOT.

Service Context

The services provided under this solicitation are provided for, and with assistance of, state agencies customers. Customers want a service provider who can build and maintain relationships. Customers also require that the provider of these services understand their unique concerns and business conditions, and ensure that the claims process takes these concerns into account. For example, the Washington State Patrol and WSDOT have specialized vehicles, special equipment, and unique security concerns around these properties. Compliance with the requirements of the Public Records Act is also critical. The RFQQ details the process and performance expectations of the contractor.

Solicitation Overview

The solicitation was issued via the Washington Electronic Business Solutions (WEBS) on April 22, 2015 to 1,818 vendors of which 394 were either women, minority, veteran or small businesses. Two amendments were posted, 1) to extend the bid due date and 2) answer questions raised at the pre-bid (held on May 5, 2015) and change the cost requirements. Responses were due on May 22, 2015 and two (2) vendors submitted responses: Hughes Claims Management, LLC and Partners Claims Services, Inc.

The solicitation was scored on cost and non-cost factors for a total of 1,000 points. Cost factors included a rate per claim for bodily injury, a rate per claim for property damage, and an hourly rate for services. The solicitation also allowed bidders to include rates for additional services including appraisals, medical records, expert opinions and salvage. There were 300 cost points available. An evaluation team consisting of representatives from ORM, WSDOT, and WSP evaluated the non-cost responses. A representative from DSHS withdrew due to a conflict of interest.

Non-cost factors included the vendors' experience level, the bidder's proposed approach for customer service and quality assurance, the bidders proposed approach for meeting the key requirements in the solicitation, company references, and the bidder's proposed performance measures. There were a total of 700 non-cost points available.

After the two responses were reviewed for cost and non-cost factors, Partners Claims Services, Inc. received the highest score of 803.32 points.

The bidder responses and the bid scoring and tabulations are enclosed.

Financial Review

The estimated cost of the vendor to provide the service is based on the per claim rates proposed multiplied by the number of actual claims in fiscal year 2014.

State costs to perform the service are broken down into the costs that would truly go away if the service were contracted out, and those costs that would be shifted to other parts of DES or the state.