Washington State Department of Enterprise Services

Vehicle Accident Claims Contract Out Comparison Summary

For Contract Starting in July 2015

Current Cost of Providing Service

	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Projected Cost of DES Providing Service	$93,835	$93,835	$187,671	$93,835	$93,835	$187,671
Projected Cost of WSDOT Providing Service	$189,720	$189,720	$379,440	$189,720	$189,720	$379,440
Total Projected Cost	**$283,555**	**$283,555**	**$567,111**	**$283,555**	**$283,555**	**$567,111**

Costs That Could be Eliminated

	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
DES Direct Staff Costs	$52,116	$52,116	$104,232	$52,116	$52,116	$104,232
DES Direct Non-Staff Costs	$1,861	$1,861	$3,722	$1,861	$1,861	$3,722
WSDOT Direct Staff Costs	$113,832	$113,832	$227,664	$113,832	$113,832	$227,664
Total Current Costs that the State Would No Longer Pay	**$167,809**	**$167,809**	**$335,617**	**$167,809**	**$167,809**	**$335,617**

Cost Transfers

Transferred Costs	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
DES internal shared services, rent, utilities	$37,352	$37,352	$74,704	$37,352	$37,352	$74,704
WSDOT staff costs that would not be eliminated	$75,888	$75,888	$151,776	$75,888	$75,888	$151,776
External cost allocations to DES	$2,507	$2,507	$5,014	$2,507	$2,507	$5,014
Total Current Costs that would be Transferred	**$115,747**	**$115,747**	**$231,493**	**$115,747**	**$115,747**	**$231,493**

Costs Related to Contracting Out the Service

New Costs Related to Contracting Out

New Costs Related to Contracting Out	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Contract Management	$27,021	$27,021	$54,041	$27,021	$27,021	$54,041
Total New Costs Related to Contracting Out	**$27,021**	**$27,021**	**$54,041**	**$27,021**	**$27,021**	**$54,041**

Vendor Contract Bids

Bids for Contracting Out	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Bid #1: Partners Claim Services, Inc.	$285,400	$285,400	$570,800	$285,400	$285,400	$570,800
Bid #2: Hughes Claims Management, LLC	$204,800	$204,800	$409,600	$204,800	$204,800	$409,600

Incremental Contract Cost (Savings)

Bid #1: Partners Claim Services, Inc.

	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Partners Claim Services, Inc. Contract Cost	$285,400	$285,400	$570,800	$285,400	$285,400	$570,800
New DES Costs Due to Contracting Out	$27,021	$27,021	$54,041	$27,021	$27,021	$54,041
Total Cost of Contracting with Partners Claim Services, Inc.	**$312,421**	**$312,421**	**$624,841**	**$312,421**	**$312,421**	**$624,841**
State Costs Eliminated	($167,809)	($167,809)	($335,617)	($167,809)	($167,809)	($335,617)
Net Change in State Costs with Partners Claim Services, Inc. Contract	**$144,612**	**$144,612**	**$289,224**	**$144,612**	**$144,612**	**$289,224**

Bid #2: Hughes Claims Management, LLC

	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Hughes Claims Management, LLC Contract Cost	$204,800	$204,800	$409,600	$204,800	$204,800	$409,600
New DES Costs Due to Contracting Out	$27,021	$27,021	$54,041	$27,021	$27,021	$54,041
Total Cost of Contracting with Hughes Claims Management, LLC	**$231,821**	**$231,821**	**$463,641**	**$231,821**	**$231,821**	**$463,641**
State Costs Eliminated	($167,809)	($167,809)	($335,617)	($167,809)	($167,809)	($335,617)
Net Change in State Costs with Hughes Claims Management, LLC Contract	**$64,012**	**$64,012**	**$128,024**	**$64,012**	**$64,012**	**$128,024**

Net Change in Staffing Full Time Equivalents (FTEs)

Reduction in Program FTEs	FY 2016	FY 2017	Biennial Total	FY 2018	FY 2019	Biennial Total
Current Level Program FTEs	3.2	3.2	3.2	3.2	3.2	3.2
Reduction in Tort Claim Investigation FTEs	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Increase in Contract Management FTE	0.3	0.3	0.3	0.3	0.3	0.3
New Level Program FTEs	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**

Budget By Program

DES and DOT FY15 Costs

Unmerge cells before pasting!

For convenience: after pasting, you may filter on "Obj" to hide "Blanks".

Key in Number of Annual FTEs below:

2.2

Division-Program-Sub Program	PI	Type	Source	Obj	SO	SSO	Amount	Adjusted Amount	Notes
DES							134,050.46	93,835.32	
DES		Job Positions					74,451.28	52,115.90	Adjusted for 0.7 FTE
DES		Job Positions		A			56,560.00	39,592.00	Adjusted for 0.7 FTE
DES		Job Positions		B			17,891.28	12,523.90	Adjusted for 0.7 FTE
DES		Direct Budgets		E			2,658.34	1,860.84	Adjusted for 0.7 FTE
DES		External Cost Allocations					3,581.19	2,506.83	Adjusted for 0.7 FTE
DES		External Cost Allocations	Jefferson Rent	E	ED	1104	13,535.28	9,474.69	Adjusted for 0.7 FTE
DES		Internal Cost Allocations		T	TE		39,824.37	27,877.06	Adjusted for 0.7 FTE
WSDOT							75,888.00	113,832.00	
WSDOT		Job Positions					75,888.00	113,832.00	Adjusted for 1.5 FTE
WSDOT		Job Positions		A			54,504.00	81,756.00	Adjusted for 1.5 FTE
WSDOT		Job Positions		B			21,384.00	32,076.00	Adjusted for 1.5 FTE
WSDOT							75,888.00	75,888.00	1.0 FTE to Transfer within WSDOT
WSDOT		Job Positions-Transferred					75,888.00	75,888.00	1.0 FTE to Transfer within WSDOT
WSDOT		Job Positions-Transferred		A			54,504.00	54,504.00	1.0 FTE to Transfer within WSDOT
WSDOT		Job Positions-Transferred		B			21,384.00	21,384.00	1.0 FTE to Transfer within WSDOT

Washington State Department of Enterprise Services

Reduction in Staffing Costs	Annual Savings	CARP Values	
Salaries (A)	(121,348.00)	(121,348.00)	Update information in each
Benefits (B)	(44,599.90)	(44,599.90)	cell indicated.
Employee Training & Development (EG)	0.00	0.00	
Travel (G)	0.00	0.00	
Other Direct Costs	(1,860.84)	(1,860.84)	
Indirect Staffing Costs (0% of Objs. A&B)	0.00	0.00	
Total	**(167,808.73)**	**(167,808.73)**	

Time period for ramping down staff costs	0

Reduction in Staffing Costs by Month	Monthly Savings		
FM01- July 2015	(13,984.06)		
FM02- August 2015	(13,984.06)		
FM03- September 2015	(13,984.06)		
FM04- October 2015	(13,984.06)		
FM05- November 2015	(13,984.06)		
FM06- December 2015	(13,984.06)		
FM07- January 2016	(13,984.06)		
FM08- February 2016	(13,984.06)		
FM09- March 2016	(13,984.06)		
FM10- April 2016	(13,984.06)		
FM11- May 2016	(13,984.06)		
FM12- June 2016	(13,984.06)	**(167,808.73)**	**FY16 Total Reduction**
Year One Savings	**(167,808.73)**		
FM13- July 2016	(13,984.06)		
FM14- August 2016	(13,984.06)		
FM15- September 2016	(13,984.06)		
FM16- October 2016	(13,984.06)		
FM17- November 2016	(13,984.06)		
FM18- December 2016	(13,984.06)		
FM19- January 2017	(13,984.06)		
FM20- February 2017	(13,984.06)		
FM21- March 2017	(13,984.06)		
FM22- April 2017	(13,984.06)		
FM23- May 2017	(13,984.06)		
FM24- June 2017	(13,984.06)	**(167,808.73)**	**FY17 Total Reduction**
Year Two Savings	**(167,808.73)**		

Notes & Assumptions

Staffing Costs reflect 0.7 FTE Tort Claims Investigator at DES and 1.5 FTE Tort Claims Investigators at WSDOT.

New Costs Due to Contracting Out	FY16 New Costs	FY17 New Costs	FY18 New Costs	FY19 New Costs
Contract Management Costs New Cost	27,020.73	27,020.73	27,020.73	27,020.73
Total Savings	**27,020.73**	**27,020.73**	**27,020.73**	**27,020.73**

Update information in each cell indicated.

Notes & Assumptions

Contract Management Costs include Salary, Benefits and Direct Costs for 0.25 FTE WMS employee.

Washington State Department of Enterprise Services

DES Continued Costs	FY16 Transf. Costs	FY17 Transf. Costs	FY18 Transf. Costs	FY19 Transf. Costs
Shared Services Costs	27,877.06	27,877.06	27,877.06	27,877.06
Jefferson Rent (No New Tenant)	9,474.69	9,474.69	9,474.69	9,474.69
Transferred Costs				
Transferred Costs				
Other Transferred Costs	0.00	0.00	0.00	0.00
Total DES Continued Costs	**37,351.75**	**37,351.75**	**37,351.75**	**37,351.75**

Update information in each cell indicated.

State Continued Costs	FY16 Transf. Costs	FY17 Transf. Costs	FY18 Transf. Costs	FY19 Transf. Costs
External Cost Allocations	2,506.83	2,506.83	2,506.83	2,506.83
Transferred Costs				
Total State Continued Costs	**2,506.83**	**2,506.83**	**2,506.83**	**2,506.83**

Notes & Assumptions

Washington State Department of Enterprise Services

Bid #1	FY16 Contract Costs	FY17 Contract Costs	FY18 Contract Costs	FY19 Contract Costs
Partners Claim Services, Inc.	285,400.00	285,400.00	285,400.00	285,400.00

Update information in each cell indicated.

Bid #2	FY16 Contract Costs	FY17 Contract Costs	FY18 Contract Costs	FY19 Contract Costs
Hughes Claims Management, LLC	204,800.00	204,800.00	204,800.00	204,800.00

Notes & Assumptions

Costs for Partners Claim Services, Inc. are based on 76 Bodily Injury Claims being processed at bid rate of $600 per claim and 872 Property Damage claims processed at bid rate of $275 per claim.

Costs for Hughes Claims Management, LLC are based on 76 Bodily Injury Claims being processed at bid rate of $400 per claim and 872 Property Damage claims processed at bid rate of $200 per claim.

Claim counts are based on FY14 actuals.

RFQQ #02815
Vehicle Accident Claims Services
Cost Scores

	Bidder 1	Bidder 2	Bidder 1	Bidder 2		Bidder 1	Bidder 2
Items	Partners Claim Services, Inc.	Hughes Claims Management, LLC	Partners Claim Services, Inc. Points	Hughes Claims Management, LLC Points		Partners Claim Services, Inc. **(Claims $ x Historical Figures - Section 1.8)**	Hughes Claims Management, LLC **(Claims $ x Historical Figures - Section 1.8)**
Fixed Rate Per Bodily Injury Claim	$600.00	$400.00	**66.67**	**100**		$45,600.00	$30,400.00
Fixed Rate Per Property Damage Claim	$275.00	$200.00	**72.73**	**100**		$239,800.00	$174,400.00
Hourly Rate	$70.00	$50.00	**71.43**	**100**		**$285,400.00**	**$204,800.00**
Preference in Rate Structure:	Hourly	No preference				**DES/WSDOT processed 76 Bodily Injury Claims and 872 Property Damage Claims in Fiscal Year 2014. The amounts above reflect what it would cost a vendor to complete the claims on a per claim basis (not hourly).	
Total Cost Score			**210.82**	**300**			

Additional Charges Not Evaluated:		
	Bidder 1	**Bidder 2**
	Partners Claim Services, Inc.	Hughes Claims Management, LLC
Appraisals	$60.00	$120.00 for Heavy Equipment, $425.00 claim under $20,000, $625.00 claim over $20,000
Medical Records	At Cost	$25-$300, At Cost
Medical Records Review Costs	At Cost	$100-$500+, At Cost
Opinions of Experts	At Cost	$100-$1,000+, At cost
Disposal of Salvage	$75.00	$100-$500+, At Cost