



August 27, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Award of Agreement for Claims Administration of the Self-Insured Workers' Compensation Program

Overview

On May 12, 2025, the Board of Directors approved the release of a request for proposals for claims administration of the Self-Insured Workers' Compensation Program. Proposals were received in accordance with Orange County Transportation Authority procurement procedures for professional and technical services. Approval is requested to execute an agreement for this service.

Recommendations

- A. Approve the selection of Pacific Secured Equities, doing business as Intercare Holdings Insurance Services, Inc., to provide claims administration for the Orange County Transportation Authority's Self-Insured Workers' Compensation Program.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-5-3964 between the Orange County Transportation Authority and Pacific Secured Equities, doing business as Intercare Holdings Insurance Services, Inc., in the amount of \$2,794,000, to provide claims administration for the Orange County Transportation Authority's Self-Insured Workers' Compensation Program, for a five-year term.

Discussion

The State of California requires each employer to secure payment for workers' compensation as provided in Section 3700 of the Labor Code. An employer may be insured through an insurance company or be permissibly self-insured. The Orange County Transportation Authority (OCTA) has received approval from the Director of the State of California Industrial Relations Department to self-insure and self-administer its workers' compensation claims.

OCTA contracts with and oversees a third party to administer the state-mandated claims process.

Contracting with the most qualified outside contractor or third-party administrator (TPA) is important as the TPA is primarily responsible for providing assistance and coordination of an injured employee's medical care and resolution of their claim as regulated by the State. Failure to properly follow state regulations can lead to costly penalties and litigation of claims. On an annual basis, a TPA working for OCTA may be required to simultaneously coordinate medical treatment for up to 150 employees, work with attorneys handling litigated cases, and ensure accuracy and timeliness of claim-related payments.

OCTA has been self-insured since January 1, 1979, and has contracted with a TPA to administer its workers' compensation claims since that date. Historically, OCTA has found TPAs with previous public transportation agency experience better equipped to understand the physical duties and jobs of transportation workers. In addition, TPAs who provide a dedicated claims team have been successful in reducing OCTA's overall costs of claims administration, medical and disability costs, legal fees, and medical case expenses.

Procurement Approach

This procurement was handled in accordance with OCTA's Board of Directors (Board)-approved procedures for professional and technical services. In addition to cost, other factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering such factors as staffing and project organization, prior experience with similar projects, work plan, and a fair and reasonable price structure.

On May 12, 2025, the Board authorized the release of Request for Proposals (RFP) 5-3964, which was issued electronically on CAMM NET. The project was advertised in a newspaper of general circulation on May 12 and May 19, 2025. A pre-proposal conference was held on May 20, 2025, with 11 attendees representing three firms. Two addenda were issued to provide a copy of the pre-proposal registration sheet and to respond to questions related to the RFP.

On June 10, 2025, five proposals were received. Two proposals were deemed non-responsive and were eliminated from evaluation due to one firm's failure to retract contractual exceptions and deviations and the other firm's failure to provide required pricing. An evaluation committee consisting of OCTA staff from the Contracts Administration and Materials Management, Risk Management, and Health, Safety, and Environmental Compliance departments, as well as

external representatives from the City of Huntington Beach and Los Angeles County Metropolitan Transportation Authority, met to review the three remaining responsive proposals. The proposals were evaluated based on the following Board-approved evaluation criteria and weightings:

- Qualifications of the Firm 20 percent
- Staffing and Project Organization 25 percent
- Work Plan 30 percent
- Cost and Price 25 percent

Several factors were considered in developing the evaluation criteria weightings. Qualifications of the firm was weighted at 20 percent to ensure consultants have sufficient resources and the necessary experience related to claims administration. Staffing and project organization was weighted at 25 percent to ensure the firms propose a knowledgeable management team and staff that are experienced in all aspects of the administration of workers' compensation claims to cost-effectively manage the claims process. Work plan was weighted highest at 30 percent to emphasize the importance of the proposing firms to effectively demonstrate their understanding and approach to completing the requirements specified in the scope of work. Cost and price was weighted at 25 percent to ensure competitiveness in proposed pricing to accomplish the required work and ensure that OCTA receives value for the services provided.

On June 24, 2025, the evaluation committee interviewed the three firms as listed below in alphabetical order based on the evaluation criteria:

Firm and Location

Athens Insurance Service, Inc., doing business as (dba)
Athens Administrators, Inc. (Athens)
Headquarters: Concord, California
Project Office: Orange, California

CorVel Enterprise Claims, Inc. (Corvel)
Headquarters: Irvine, California
Project Office: Irvine, California

Pacific Secured Equities, dba Intercare Holdings Insurance Services, Inc.
(Intercare)
Headquarters: Rocklin, California
Project Office: Orange, California

The interviews consisted of a presentation to demonstrate the firms' understanding of OCTA's requirements. The firms' project managers and key team members had an opportunity to present qualifications and respond to the evaluation committee's questions. Questions were related to each firm's approach to managing claims for a self-insured public agency, ensuring regulatory compliance, key personnel assignments, and performance measurement practices. Additional firm-specific questions addressed transition and onboarding processes, use of proprietary technology or tools, and understanding of OCTA's scope of work.

At the conclusion of the interviews, a request for a best and final offer (BAFO) was sent to the three firms to offer the opportunity to adjust pricing for the required services and for clarifications.

Based on the evaluation of the written proposals, the firm's qualifications, the proposed total annual fees, as well as information obtained from the interviews and BAFOs, the evaluation committee recommends Intercare for consideration of the award. The following is a brief summary of the proposal evaluation results.

Qualifications of the Firm

Athens is a privately held, family-owned S Corporation founded in 1976 and is headquartered in the City of Concord. The firm has nearly five decades of experience in workers' compensation claims administration and reported that approximately 60 percent of its client base is composed of public entities, including counties, cities, school districts, and transit agencies such as the Bay Area Rapid Transit, Golden Gate Bridge Authority, and Long Beach Transit. Athens employs approximately 600 staff and maintains a debt-free financial status. The firm utilizes its proprietary JARVIS platform to support claims administration, communication, and predictive modeling. Athens demonstrated strong audit performance and high client retention and provided information on its reporting capabilities and data management tools. Positive references were received for the firm.

CorVel is a wholly owned subsidiary of CorVel Corporation, a publicly traded healthcare management company founded in 1987. The firm operates 75 offices nationwide and employs over 5,000 staff. CorVel serves over 200 municipalities and public agencies and processes more than 360,000 claims annually. The firm provides all core services in-house through its proprietary CareMC Edge platform, which integrates claims administration, nurse triage, analytics, and reporting. CorVel reported over \$896 million in annual revenue and maintains a long-standing position of zero debt. The firm included general descriptions of its vendor relationships but did not provide subcontractor roles. While CorVel

demonstrated strong national experience and financial stability, the proposal did not fully address how its systems would be customized for OCTA's specific operational environment. Positive references were received for the firm.

Intercare is a privately held corporation founded in 1994 and headquartered in the City of Rocklin. The firm specializes in administering workers' compensation programs for public sector employers and has provided claims administration services for over 30 years. Approximately 70 percent of its claims volume is attributed to public entity clients, including transit agencies such as the San Francisco Municipal Transportation Agency, Riverside Transit Agency, Sacramento Regional Transit Agency, and the City of Santa Monica Big Blue Bus. Intercare is OCTA's current TPA and has supported OCTA's Self-Insured Workers' Compensation Program since 2010. The firm employs over 600 staff, including 38 located at its Orange, California office, and proposed to continue service from this location without disruption. Intercare demonstrated a clear understanding of OCTA's program and maintains a strong financial position. The firm also provided examples of its reporting tools, audit protocols, and predictive modeling capabilities. Additionally, the firm explained use of its proprietary e-provider platform, MW Exchange, that allows secure access to crucial claims information. Positive feedback was received from client references regarding Intercare's performance, responsiveness, and understanding of public agency needs.

Staffing and Project Organization

Athens proposed a claims management structure led by a division manager with more than 20 years of industry experience. The staffing structure did not identify specific individuals for key roles such as the claim's supervisor or examiners. During the interview, the project team described their approach to program implementation and demonstrated an understanding of OCTA's service expectations. Additionally, Athens stated that staffing would be finalized upon contract award, although onboarding timelines and transition plans for those positions were not clearly defined during the interview.

CorVel submitted a staffing plan supported by internal resources and stated that all services would be delivered in-house without subcontracting for core functions. The proposal included an organizational chart and labor allocations but listed several key roles – such as claims adjusters and claims assistant – unassigned. While CorVel indicated that staffing assignments would be finalized prior to implementation and referenced access to a broad national talent pool, the proposal did not include a transition timeline or contingency plan. The firm demonstrated familiarity with public agency staffing requirements and confirmed that proposed personnel would be available as needed. During the interview, the

project team outlined their general staffing framework and internal resource model, though some key roles and transition timelines remained to be finalized.

Intercare proposed an experienced team dedicated to OCTA's Self-Insured Workers' Compensation Program, with several team members having previously supported OCTA. The proposed claims supervisor, dedicated at 50 percent, has over 25 years of industry experience, while the two claims examiners and one claims assistant are fully dedicated. The proposed team is based in the City of Orange, which also supports other public sector clients. Additionally, Intercare provided labor hour projections to support the proposed staffing plan. The proposed project team demonstrated familiarity with public agency claims handling, regulatory compliance, and claims technology platforms. Intercare's proposed staffing structure supports continuity of service and seamless transition. During the interview, the project team clearly explained their roles and responsibilities and demonstrated familiarity with OCTA's current program and claims handling procedures.

Work Plan

Athens presented a work plan supported by its proprietary JARVIS platform, which includes integrated tools for real-time communication, predictive analytics, dashboard access, and claimant messaging. The firm proposed a 30- to 45-day transition period, led by an onboarding specialist and supported by weekly transition calls and a dedicated integration team. Athens also included stewardship reporting and other engagement tools designed to support return-to-work outcomes. While the proposal included a general outline of workflow processes, it did not include specific internal audit protocols, measurable performance indicators, or detailed descriptions of vendor coordination practices. During the interview, the team highlighted features of their JARVIS system and onboarding strategy, and described their general approach to managing public agency programs.

CorVel proposed a work plan centered around its CareMC Edge platform, which integrates claims administration, nurse triage, analytics, and client reporting into a single system. The plan includes a 30-day transition schedule, quarterly quality audits, and the use of predictive tools to support early intervention and claims closure strategies. CorVel also described the development of a new web-based portal for injured workers to access claim information and resources. While the firm demonstrated strong national capabilities and internal systems, the proposal did not provide detailed information on how its platform would be integrated into OCTA's infrastructure or how system customization would be managed. During the interview, the team described their platform capabilities and outlined a

high-level transition approach, though several operational details were not fully addressed.

Intercare presented a detailed and tailored work plan aligned with OCTA's operational needs. The approach includes monthly on-site meetings at OCTA's facilities, quarterly audits, ongoing coordination with occupational clinics, and scheduled reviews of complex claims. The plan also incorporates the use of predictive modeling and benchmarking through Official Disability Guidelines, recorded statements via Zoom, and an electronic provider portal to expedite communications. Intercare proposed proactive claims handling, early intervention, and close coordination with OCTA's Risk Management team. A structured transition plan was included to support an uninterrupted changeover. The proposed work plan reflects familiarity with OCTA's current program and the capacity to provide seamless service. During the interview, the project team clearly outlined continued work processes, claims workflows, e-provider platform, and use of predictive tools, demonstrating a detailed understanding of OCTA's operational needs.

Cost and Price

Pricing scores were based on a formula, which assigned the highest score to the firm with the lowest fees and weighed the remaining firms' fees based on their relation to the lowest fees. The RFP requested that the firms propose annual firm-fixed prices to represent OCTA in all matters related to the investigation, adjustment, processing, supervision, and resolution of workers' compensation claims against OCTA. Intercare proposed a competitive overall bundled fee structure, which amounts to a total of \$2,794,000 for five years, slightly less than the OCTA Project Manager's independent cost estimate.

Procurement Summary

Based on the evaluation of the written proposals, the firm's qualifications, work plan, as well as information obtained from the interviews and BAFOs, the evaluation committee recommends the selection of Intercare as the top-ranked firm to provide workers' compensation claims administration. The firm delivered a thorough and comprehensive proposal that was responsive to all requirements of the RFP.

Fiscal Impact

These services are included in OCTA's Fiscal Year 2025-26 Budget, People and Community Engagement, Risk Management Department,

Account No. 0041-7519-A2311-F41 and is funded through Local Transportation Fund.

Summary

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute Agreement No. C-5-3964 between the Orange County Transportation Authority and Pacific Secured Equities, doing business as Intercare Holdings Insurance Services, Inc., in the amount of \$2,794,000, for a five-year term to provide claims administration services for the Orange County Transportation Authority's Self-Insured Workers' Compensation Program.

Attachments

- A. Review of Proposals, RFP 5-3964 Claims Administration of the Self-Insured Workers' Compensation Program
- B. Proposal Evaluation Criteria Matrix (Short-Listed Firms), RFP 5-3964 Claims Administration of the Self-Insured Workers' Compensation Program
- C. Contract History for the Past Two Years, RFP 5-3964 Claims Administration of the Self-Insured Workers' Compensation Program

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