

REQUEST FOR PROPOSALS FOR

**Third Party Administration (TPA) Services for the
Commission's Self-Insured Auto and General Liability Claims**

ISSUING OFFICE

**Pennsylvania Turnpike Commission
Department of Safety and Risk Management**

RFP NUMBER

04-115-2968

DATE OF ISSUANCE

September 10, 2004

REQUEST FOR PROPOSALS FOR

Third Party Administration (TPA) Services for Auto and General Liability Claims MSC No. 2968

TABLE OF CONTENTS

Part I	- GENERAL INFORMATION FOR CONTRACTORS	3
Part II	- INFORMATION REQUIRED FROM CONTRACTORS	8
Part III	- CRITERIA FOR SELECTION	10
Part IV	- WORK STATEMENT	11

APPENDIX A, STANDARD CONTRACT TERMS AND CONDITIONS

PART I

GENERAL INFORMATION FOR CONTRACTORS

I-1. Purpose. This request for proposals (RFP) provides interested contractors with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for **Third Party Administration (TPA) Services for the investigation and adjusting of Commission's Automobile Liability and General Liability Claims.**

I-2. Issuing Office. This RFP is issued for the Commission by the **Safety and Risk Management Department, Elizabeth J. Little, P.O. Box 67676, Harrisburg, PA 17106-7676, delivery address, 700 Eisenhower Boulevard, Middletown, PA 17057, Phone 717-986-9621, Fax 717-986-8785, e-mail address: elittle@paturnpike.com.** The Issuing Office is the sole point of contact in the Commission for this RFP.

I-3. Scope. This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

I-4. Problem Statement. The Pennsylvania Turnpike Commission is seeking qualified organizations to provide Third Party Administration (TPA) Services for the investigation and adjusting of claims incurred within the Commission's Self-Insured Automobile Liability and General Liability Program.

The Third Party Administrator (TPA) will manage each claim to insure tight cost control, adequate claim reserves, accurate loss payments and strict administrative expense supervision.

I-5. Type of Contract. It is proposed that if a contract is entered into as a result of this RFP, it will be a fixed cost per claim contract and will contain the Standard Contract Terms and Conditions shown in Appendix A. The Commission may in its sole discretion undertake negotiations with contractors whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

I-6. Rejection of Proposals. The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing contractors.

I-7. Sub Contracting. Any use of subcontractors by a contractor must be identified in the quote. During the contract period use of any subcontractors by the selected contractor, that were not previously identified in the quote, must be approved in writing by the Commission prior to any work being done.

A firm that responds to this solicitation as a prime may not be included as a designated sub consultant to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not preclude a firm from being set forth as a designated sub consultant to more than one prime consultant responding to the project advertisement.

I-8. Incurring Costs. The Commission is not liable for any costs incurred by contractors prior to issuance of a contract.

I-9. Preproposal Conference. There will not be a pre-proposal meeting for this RFP. **Written questions should be forwarded to the Issuing Office at the address indicated above to be received no later than September 22, 2004 to ensure sufficient analysis can be made before an answer is supplied.** All questions and written answers will be issued as an addendum to all contractors who receive the original RFP and become part of this RFP.

I-10. Addenda to the RFP. If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be **issued to all contractors who received the original RFP.**

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to assure the RFP complies with any changes in the published advertisement.

I-11. Response Date. To be considered, proposals should arrive at the **Contract Administration Department, Attention: George Hatalowich on or before October 22, 2004 at noon.** Contractors mailing proposals should allow sufficient mail delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commission office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open, unless the contractors are otherwise notified by the Commission. The time for submission of proposals shall remain the same.

I-12. Proposals. To be considered, contractors should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **six (6)** copies to the Contract Administration Department. No other distribution of proposals will be made by the contractor. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the contractor to its provisions and include the contractor's Federal Identification Number. For this RFP, the proposal must remain valid for at least **sixty (60)** days. Moreover, the contents of the proposal of the selected contractor will become contractual obligations if a contract is entered into.

Each and every contractor submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or telefax notice received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt. However, if the contractor chooses to attempt to provide such written notice by telefax transmission, the Commission shall not be responsible or liable for errors in telefax transmission. A proposal may also be withdrawn in person by a contractor or its authorized representative, provided its identity is made known and it signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this RFP.

I-13. Economy of Preparation. Proposals should be prepared simply and economically, providing a straightforward, concise description of the contractor's ability to meet the requirements of the RFP

I-14. Discussions for Clarification. Contractors who submit proposals may be required to make an oral or written clarification of their proposals to the Commission to ensure thorough mutual understanding and contractor responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

I-15. Best and Final Offers. To obtain best and final offers from contractors whose proposals are determined by the Commission, in its sole discretion, to be reasonably susceptible of being selected for award, the Commission may (a) enter into discussions; (b) schedule oral presentations; and (c) request revised proposals.

I-16. Prime Contractor Responsibilities. The selected contractor will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected contractor to be the sole point of contact with regard to contractual matters.

I-17. Proposal Contents. Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. If a contract is executed, however, the successful proposal submitted in response to this RFP shall be subject to disclosure. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing contractors at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

I-18. Debriefing Conferences. Contractors whose proposals are not selected will be notified of the name of the selected contractor and will be given the opportunity to be debriefed, at the Contractor's request. The Issuing Office will schedule the time and location of the debriefing. The contractor will not be compared with other contractors, other than the position of its proposal in relation to all other proposals for each criterion for selection.

I-19. News Releases. News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

I-20. Commission Participation. Unless specifically noted in this section, contractors must provide all services to complete the identified work.

I-21. Cost Submittal. The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal. **Failure to meet this requirement may result in disqualification of the proposal.**

I-22. Term of Contract. The term of the contract will commence on the Effective Date (as defined below) and will end three (3) years from the Effective Date. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

I-23. Contractor's Representations and Authorizations. Each contractor by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the contractor in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.
- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other contractor or potential contractor.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a contractor or potential contractor, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the contractor, the contractor, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the contractor in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the contractor and except as otherwise disclosed by the contractor in its proposal, the contractor has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the contractor that is owed to the Commonwealth.
- h. The contractor is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the contractor cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.

- i. The contractor has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each contractor, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

PART II

INFORMATION REQUIRED FROM CONTRACTORS

Contractor proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. Each proposal shall consist of two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal, in response to Sections II-1 through II- [7/8] hereof; (ii) Cost Submittal, in response to Section II-[] hereof.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the contractor's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the contract.

The Commission may make such investigations as deemed necessary to determine the ability of the contractor to perform the work, and the contractor shall furnish to the Commission all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such contractor fails to satisfy the Commission that such contractor is properly qualified to carry out the obligations of the agreement and to complete the work specified.

II-1. Statement of the Problem. State in succinct terms your understanding of the problem presented or the service required by this RFP.

II-2. Management Summary. Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

II-3. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of personhours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

II-4. Prior Experience. Include experience in **Auto and General Liability Third Party Administration (TPA) Services**. Experience shown should be work done by individuals who will be assigned to this project as well as that of your company. Studies or projects referred to should be identified and the name of the customer shown, including the name, address, and telephone number of the responsible official of the customer, company, or agency who may be contacted.

II-5. Personnel. Include the number, and names where practicable, of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the work. Include through a resume or similar document education and experience in **Auto and General Liability Third Party Administration (TPA) Services**. Indicate the responsibilities each will have in this project and how long each has been with your company. Identify subcontractors you intend to use and the services they will perform.

II-6. Training. If appropriate, indicate recommended training of Commission personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

II-7. Objections and Additions to Standard Contract Terms and Conditions. Contractor will identify which, if any, of the terms and conditions contained in Appendix A it objects to and what additional terms and conditions contractor requires. Contractor's failure to object or to request additions will result in its waiving its right to do so later, but the Commission may consider late objections and additional requests if it is in the best interest of the Commission to do so.

II-8. DBE/MBE/WBE Information. Not Applicable

II-9. Cost Submittal. The information requested in this section shall constitute your cost submittal. **This portion of the proposal must be bound and sealed separately from the remainder of the proposal.** The total cost you are proposing must be broken down into the following components: All costs incurred by the Contractor, including direct labor, labor overhead, travel, consultant/subcontractor costs, supplies, materials, other direct costs, general overhead, fee or profit will be incorporated into a per cost claim fee.

- a. Automobile Liability**
 - (1) Bodily Injury
 - (2) Property Damage
 - (3) Physical Damage Claims

- b. General Liability**
 - (1) Bodily Injury
 - (2) Property Damage

Only work satisfactorily performed after execution of a written contract, after the contractor's receipt of a notice to proceed from the Commission and after the contract term has begun will be reimbursed.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal should be (a) timely received from a contractor; (b) properly signed by the contractor; and (c) formatted such that all cost data is kept separate from and not included in the Technical Submittal.

III-2. Proposals will be reviewed and evaluated by a committee of qualified personnel selected by the Commission. This committee will recommend for selection the proposal that most closely meets the requirements of the RFP and satisfies Commission needs. Award will only be made to a contractor determined to be responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-3. The following areas of consideration will be used in making the selection:

a. Understanding the Problem. This refers to the contractor's understanding of the Commission needs that generated the RFP, of the Commission's objectives in asking for the services or undertaking the study, and of the nature and scope of the work involved.

b. Contractor Qualifications. This refers to the ability of the contractor to meet the terms of the RFP, especially the time constraint and the quality, relevancy, and recency of studies and projects completed by the contractor. This also includes the contractor's financial ability to undertake a project of this size.

c. Personnel Qualifications. This refers to the competence of professional personnel who would be assigned to the job by the contractor. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on studies/services similar to that described in the RFP. Particular emphasis is placed on the qualifications of the project manager.

d. Soundness of Approach. Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the study/service. Of equal importance is whether the technical approach is completely responsive to all written specifications and requirements contained in the RFP and if it appears to meet Commission objectives.

e. Available Facilities. This refers to the ability of the Contractor to effectively investigate and adjust the Commission's claims statewide, including those claimants who live outside of Pennsylvania, with the Contractor's physical office locations. The Contractor shall make available site visit to all facilities used to complete the activities required in Part IV Work Statement. Sites will include all Subcontractor facilities used by the Contractor.

f. Cost. While this area may be weighted heavily, it will not normally be the deciding factor in the selection process.

PART IV
WORK STATEMENT

IV-1. Objectives.

a. General. The Pennsylvania Turnpike Commission has utilized the same Third Party Administrator (TPA) Service since 1981. We are seeking to assess if another Third Party Administrative (TPA) Service can provide cost savings and better services.

b. Specific. The Third Party Administrator (TPA) will manage each claim to insure tight cost control, adequate claim reserves, accurate loss payments and strict administrative expense supervision.

IV-2. Nature and Scope of the Project. The Pennsylvania Turnpike Commission is seeking qualified organizations to provide nationwide third party administration (TPA) services for the investigation and adjusting of Commission's Self-Insured Automobile Liability and General Liability claims. Once a claim reaches litigation, the Commission will take over the claim.

IV-3. Requirements. The Third Party Administrator (TPA) will be responsible for handling approximately 200 to 300 liability claims per year. They will obtain records from the claimants, police, attorneys, insurance carriers, and various Commission departments, located, but not limited to, the Commonwealth of Pennsylvania, as needed for the determination of negligence for auto and general liability of claims. A primary contact for all claims shall be provided to the Commission

IV-4. Tasks. The Commission will choose from the following two options. Please provide your proposal for both.

- **Quote Option I** The Pennsylvania Turnpike Commission will cut draft for Third Party payment
- **Quote Option II** The Third Party Administrator (TPA) will cut draft for Third Party payment

The Third Party Administrator (TPA) will be required to

- Provide acknowledgement of receipt of claim
- Start investigation within 24 hrs of receipt
- Review and evaluate all accident and loss reports;
- Supervise and direct all field claim handling;
- Establish and monitor reserves;
- Evaluate claims and losses for determination of negligence and validity of dollar amounts owed;
- Make recommendation for payment of injury damage claims legally owed, obtain release, and deny others.
- Provide officials of the Commission, an Initial Report, Interim (if necessary), and Final Report;
- Designate an Account Executive charged with coordination of services and as a liaison with the Pennsylvania Turnpike Commission;
- Monitor losses and make recommendations to reduce exposure.

- Provide a Loss Analysis Report
- Provide monthly loss runs with adequate information to assess claim activity by Commission delineated operating units or areas.
- Communicate with claims staff via e-mail.

IV-5. Reports and Project Control. The Contractor will provide an Initial Report, an Interim Report (where necessary) and Final Report for each claim indicating reserves, description of incident, damaged property, preliminary investigation results, liability analysis, and a final report summarizing the results.

It will be the responsibility of the claims adjuster to provide updates during the course of the investigation to the Commission’s representative and to act as liaison between the Commission and the Claimant.

a. Initial Report. This report will provide a summary of the investigation. It will include acknowledgement to the claimant the investigation is underway, information gathered from the PTC personnel involved, State Police, claimant, witnesses, and other pertinent parties. An assessment of liability will be provided and appropriate payment recommendation. If claim is denied, the denial letter should be attached.

b. Interim Reports. As necessary, interim reports will be provided for claims lasting over 2 months. The report shall included basic claim information and a summary of what has transpired to the report date, what is pending, and what actions will be taken Problem Identification Report. An “as required” report, identifying problem areas. The report should describe the problem and its impact on the overall project and on each affected task. It should list possible courses of action with advantages and disadvantages of each, and include Contractor recommendations with supporting rationale.

c. Final Report. The Contractor will be responsible in providing a final report to the Commission addressing, at a minimum, the following key areas:

(1) Summary. The Final Report should summarize the review conducted with terminology that will be meaningful to Commission officials indicating the Contractor’s recommendation on liability and recommended settlement or denial.

(2) Describe data collection, analysis of the data, and any other techniques used during the investigation.

(3) The final report should summarize findings, conclusions, and recommendations developed in each task that relate to recovery of funds.

(4) The final report should include all supporting documentation; e.g., charts, forms, questionnaires, etc., used in the collection of the data for this contract.

a. Task Plan. A work plan for each task that identifies the work elements of each task, the resources assigned to the task, and the time allotted to each element and the deliverable items to be

produced. Where appropriate, a PERT or GANTT chart display should be used to show project, task, and time relationship.

b. Status Report. A semi-annual progress report covering activities, problems, and recommendations; the report should be keyed to the work plan developed by the contractor in its proposal, as amended or approved by the Commission.

c. Problem Identification Report. An “as required” report, identifying problem areas. The report should describe the problem and its impact on the overall project and on each affected task. It should list possible courses of action with advantages and disadvantages of each, and include contractor recommendations with supporting rationale.

d. Final Report. At termination of the contract, the TPA should provide a final report addressing at a minimum the following key areas:

- (1) Summary. A status of the open and closed claims.
- (2) The final report should provide detailed information as to the transfer of claims information to any subsequent TPA.