SEPTEMBER 2024

LIST OF COMPETITIVE PROCUREMENTS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

F. Personal Service Contracts

(Staff Summaries required for items estimated to be greater than $1,000,000.)

1–2. CaremarkPCS Health, LLC **$2,726,200,000 (not to exceed)** ***Staff Summary Attached***
$14,700,000 ↓

Five-year base includes two, 1-year Options
Through December 31, 2024
Contract #s 428062 / 6000020

Award of a contract to provide pharmacy benefit management services. Also, add additional funding (6000020) for the continued provision of pharmacy benefits for NYC Transit, MTA Bus, and SIRTOA employees, retirees, and their dependents for the remainder of year 2024.

3. Cigna Health and Life Insurance **$208,900,000 (not to exceed)** ***Staff Summary Attached***
Five years, includes two, 1-year Options
Contract # 9000031

Award of a contract to provide health care benefits, inclusive of medical and prescription coverage, for non-represented and represented Metro-North Railroad employees and their dependents residing in Connecticut.

4. Sedgwick Claims Management Services, Inc **$86,851,000 (not to exceed)** ***Staff Summary Attached***
Six years, includes three, 1-year Options
Contract # 15868

Award of a contract to provide NY Workers' Compensation Program Third-Party Administrator and related services to the MTA, NYC Transit, Staten Island Rapid Transit Operating Authority, Manhattan and Bronx Surface Transit Operating Authority, Long Island Bus, and MTA Bus Company and, at the option of the MTA, the Triborough Bridge and Tunnel Authority.

Staff Summary

Metropolitan Transportation Authority

Item Numbers: 1–2			
Department, Department Head Name: **Deputy Chief Benefit Admin Officer** **Stephen Scholl**			
Internal Approvals			
Order	**Approval**	**Order**	**Approval**
1	Procurement		
2	Legal		
3	DDCR		
4	CFO		

SUMMARY INFORMATION	
Vendor Name CaremarkPCS Health, LLC	**Contract Nos.** 428062 6000020
Description: Pharmacy Benefits Manager	
Total Amount: (not to exceed) $2,740,900,000 **Contract 428062: $2,726,200,000** ($1,441,900,000 base + $1,284,300,000 for two 1-year Options) **Contract 6000020: $14,700,000**	
Contract Term (including Options, if any) January 1, 2025–December 31, 2029	
Option(s) included in Total Amount? ☒ Yes ☐ No ☐ N/A	
Renewal? ☒ Yes ☐ No	
Procurement Type ☒ Competitive ☐ Noncompetitive	
Solicitation Type ☒ RFP ☐ Bid ☐ Other:	
Funding Source ☒ Operating ☐ Capital ☐ Federal ☐ Other:	

Purpose

Board approval is sought to award a competitively negotiated personal service contract to CaremarkPCS Health, LLC ("CVS Health") to provide pharmacy benefit management services. Under this contract, CVS Health will administer prescription drug benefits for eligible plan members from NYC Transit, MTA Bus, and Staten Island Rapid Transit Operating Authority ("SIRTOA"). The period of performance is five years (January 1, 2025–December 31, 2029), which includes two, 1-year options to extend the contract at the MTA's sole discretion. The total contract price, inclusive of options, is an amount not-to-exceed $2,726,200,000. The Board is also requested to authorize the MTA Assistant Deputy Chief Procurement Officer to approve the exercise of Options 1 and 2.

Board approval is also sought to add additional funding in the amount of $14.7 million to Contract 6000020 for the continued provision of pharmacy benefits for NYC Transit, MTA Bus, and SIRTOA employees, retirees, and their dependents for the remainder of year 2024. This additional funding will be added to the original competitively negotiated personal service contract with CVS Health. The 2024 estimates were adjusted upward in order to reflect an increase in enrollment and more utilization of higher-cost drugs.

Discussion

The contract with the current benefits provider, CVS Health, expires on December 31, 2024. The performance of CVS Health's services is monitored quarterly during the term of the current contract; MTA project management has found its performance satisfactory. Pharmacy Benefit Managers ("PBM") are third-party administrators of prescription drug programs and are primarily responsible for processing and paying prescription drug claims. By aggregating prescription drug purchases, PBMs can negotiate favorable rebates and discounts on behalf of their clients. Transport Workers Union ("TWU") Local 100 and Local 106, Amalgamated Transit Union Local 726 and Local 1056, Subway Surface Supervisors Association, represented employees of MTA Bus Company and Staten Island Railway, as well as NYC Transit operating employees are able to receive pharmacy benefits through this contract. In all, approximately 155,000 employees, retirees, and their dependents are covered under this program.

The proposed contract consists of two plans: (1) a commercial plan that primarily serves members ineligible for Medicare; and (2) an Employer Group Waiver Plan ("EGWP"), which serves Medicare-eligible members, taking advantage of financial incentives for employers made available through the Affordable Care Act.

A two-step Request for Proposals ("RFP") procurement process was utilized: Step 1, the prequalification step, identified firms that met the MTA's minimum requirements for a contract award; and in Step 2, prequalified firms received the detailed RFP package. The Step 1 prequalification requirements for the plan providers included (1) certifications and licenses required to administer the pharmacy plans; (2) offering of PBM plans similar to those sought in this RFP (e.g., with a minimum of three employer groups, each with 20,000+ eligible employees and retirees, and overall current plan membership of over 1 million participants); and (3) maintaining a national network of providers meeting the minimum access standards. Three firms submitted responses: CVS Health, Keenan Pharmacy Services, and Optum Rx. All three met the prequalification requirements of Step 1, and subsequently, asked to submit proposals for Step 2 of the RFP. One proposal was received from CVS Health. Keenan and Optum respectfully chose not to move forward with Step 2.

A selection committee ("SC") was assembled with personnel from MTAHQ Deputy Chief of Employee Benefits, Senior Director of Labor Relations, MTAHQ Assistant Director of Economic Analysis, MTAHQ Manager of Benefits Administration, and a representative for TWU Local 100. The CVS Health proposal was evaluated based on the proposer's experience with similar accounts; experience and expertise in maintaining a large network of retail pharmacies; mail-order and specialty pharmacy programs; ability to match currently utilized pharmacies and plan design; administrative and reporting capabilities; network access; both customer service programs; clinical programs; strength of the implementation plan; IT support for all functions; diversity practices; and cost.

MTA was assisted in this RFP process by Mercer Health & Benefits LLC ("Mercer"), a benefit advisory consultant. Mercer prepared solicitation documents, financial modeling, and pricing analysis as well as other support services and additionally, performed an analysis of disruption to plan members due to: (1) changes in copays associated with difference in formularies; and (2) members geographic proximity to network pharmacies. In support of the review and analysis of proposal, Mercer utilized its proprietary financial model to (1) evaluate the detailed pricing provided by CVS Health; and (2) project the net plan costs over five years.

Using its proprietary financial model, Mercer evaluated the initial, revised, and Best and Final Offer ("BAFO") pricing of both for Commercial and EGWP plans compared to the industry benchmarks. The projected 2025 cost of $424.8 million is 1 percent or $4.4 million lower when compared to the 2024 expected cost of $429.2 million. The total five-year estimated costs, net of guaranteed rebates and EGWP revenue, is $2,726,200,000 for CVS Health. This estimate includes an annual claim and rebate trend (increase) of 11 percent to forecast the overall contract estimate. When comparing the initial CVS Health proposal to the final negotiated cost, a five-year total cost avoidance of $94.7 million is projected. This cost avoidance has been achieved due to improvements in pricing terms such as higher discount guarantees, which effectively lower pricing for drugs and provide higher rebates.

Accordingly, based on market benchmarks and comparison with current contract pricing, the final price has been found to be fair and reasonable. In addition, annual market checks were negotiated in the contract to review the future years' discounts and rebates compared to market benchmarks. The annual market check allows for the MTA to keep pace with any improvements in market pricing.

After a thorough review of the CVS Health proposal, oral presentations, and BAFO analysis, the SC recommended CVS for award as it offered the best value to the MTA.

Negotiation of commercial terms and conditions have been substantially completed with the exception of a few remaining items the parties are currently working to finalize. However, there does not appear to be any remaining terms and conditions to be negotiated that would impact CVS Health's current price.

This contract has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Any applicable cybersecurity requirements, to the extent required, shall be included in the contract terms and conditions prior to award.

M/W/DBE Information
The MTA Department of Diversity and Civil Rights ("DDCR") has established zero percent MWBE/SDVOB goals on this contract because the participant data and benefit contract provisions are considered highly sensitive and confidential in nature. Subcontracting to third parties would increase the risk and exposure of confidential information.

Impact on Funding
The contract is funded by NYC Transit's operating budget.

Alternatives
Do not approve award of the contract. This alternative is not recommended; these are benefits NYC Transit must provide its employees.

Recommendation
To award a competitively negotiated personal service contract to CVS Health to administer prescription drug benefits.

Staff Summary

Metropolitan Transportation Authority

Item Number: 3			
Department, Department Head Name: **Deputy Chief Benefit Admin Officer, Stephen Scholl**			
Internal Approvals			
Order	**Approval**	**Order**	**Approval**
1	Procurement		
2	Legal		
3	DDCR		
4	CFO		

SUMMARY INFORMATION	
Vendor Name Cigna Health and Life Insurance	**Contract No.** 9000031
Description: Metro-North Railroad Health Benefits	
Total Amount: $208,900,000 ($108,000,000 base + $100,900,000 Option years)	
Contract Term (including Options, if any) January 1, 2025–December 31, 2029	
Option(s) included in Total Amount? ☒ Yes ☐ No ☐ N/A	
Renewal? ☒ Yes ☐ No	
Procurement Type ☒ Competitive ☐ Noncompetitive	
Solicitation Type ☒ RFP ☐ Bid ☐ Other:	
Funding Source ☒ Operating ☐ Capital ☐ Federal ☐ Other:	

Purpose

Board approval is sought to award a competitively negotiated, personal service contract to Cigna Health and Life Insurance ("Cigna") to provide health care benefits, inclusive of medical and prescription coverage for non-represented and represented employees, and their dependents. The period of performance is five years (January 1, 2025–December 31, 2029), which includes two, 1-year options to renew at the MTA's sole discretion, for a total not-to-exceed amount of $208.9 million, itemized as $43.6 million for stop-loss fees, $1.9 million for admin fees, and $163.4 million for projected claims. The Board is also requested to authorize the MTA Assistant Deputy Chief Procurement Officer to approve the exercise of Options 1 and 2.

Discussion

This contract covers the provision of health benefits to Metro-North Railroad ("MNR") represented and non-represented employees/retirees and their dependents residing in Connecticut. MNR currently has a health maintenance organization ("HMO") program provided by ConnectiCare, Inc. ("ConnectiCare"), which covers approximately 2,700 members. Also included are all required HMO services through a single provider and, consistent with prior practice, prescription drug coverage. The current contract awarded to ConnectiCare (#15324) expires on December 31, 2024.

A two-step Request for Proposal ("RFP") process was used to issue a successor contract, starting with a prequalification step to identify firms that met the minimum requirements. The prequalified firms then received the detailed RFP package.

The Step 1 prequalification requirements for the medical plans included (1) certifications and licenses required to underwrite or administer group medical plans in Connecticut; (2) a current contract offering a medical plan in Connecticut with a minimum of three employer groups, each with 5,000 or more eligible employees and retirees; and (3) at least 10 years of experience administering and/or insuring employer-sponsored medical plans in Connecticut. The prequalification requirements for the prescription benefits included (1) certifications and licenses required to underwrite or administer group prescription drug plans in Connecticut; (2) a current prescription drug plan in Connecticut with a minimum of three employer groups, each with 5,000 or more eligible employees and retirees; and (3) at least 10 years of experience administering and/or insuring employer-sponsored prescription drug plans in Connecticut.

Four firms submitted responses to Step 1 (prequalification process): Anthem HealthChoice Assurance, Inc. d/b/a Anthem Blue Cross and Blue Shield ("Anthem"); Cigna; ConnectiCare; and MagnaCare. The RFP allowed for both fully insured and self-insured plan options. Cigna and ConnectiCare proposed both options, whereas Anthem only proposed for the self-insured plan. MagnaCare did not submit a Step 2 (technical) proposal.

The evaluation criteria for the RFP were: (1) proposer's responsiveness to the RFP and its demonstration of a clear understanding of the objectives and constraints of the undertaking as described in the RFP documents; (2) the proposer's relevant experience, staffing, proven account management, organizational stability, and references; (3) administrative services capabilities, including billing policies and procedures, online capabilities, member service hours, foreign language accommodations, regulatory compliance (e.g., HIPAA), reporting capabilities, and strength of implementation plan; (4) network access and provider disruption minimization; (5) the cost to the MTA based on proposer's submission and discount analysis; and (6) proposer's diversity practices.

The MTA used Mercer Health & Benefits LLC ("Mercer"), a benefits consulting firm, to assist with the preparation of solicitation documents, financial modeling, and pricing analysis as well as providing other support services.

The Selection Committee ("SC") consisted of the MTAHQ Deputy Chief of Employee Benefits, MNR Human Resources Business Partner, and the MNR Executive Director of Management & Budget. Cigna, ConnectiCare, and Anthem were invited for oral presentations, further review of their technical proposals, negotiations, and were then requested to submit Best and Final Offers ("BAFOs"). Subsequent to requesting BAFOs, ConnectiCare withdrew its proposal from the RFP process.

BAFOs were received from Cigna for both the fully and self-insured options and from Anthem for self-insured only. Self-insured proposals included stop-loss insurance coverage to limit MTA's liability and protect the organization from the financial impact of high-cost claims (claimants over $150,000). Mercer performed the financial analyses on the BAFOs received. The projected self-insured estimates for the five-year term from Anthem and Cigna was $214.1M and $208.9M respectively, for a difference of $5.2M or 2.5 percent. Cigna was the only proposer for the fully insured option in the estimated amount of $222.6M projected over the five-year term. For comparison, Cigna's self-insured estimated cost was $13.7M, or 6.6 percent less when compared to Cigna's fully insured option. The self-insured estimates developed by Mercer include a projected trend increase for each category as follows: medical claims trend of 9 percent, Rx claims of 12 percent, and stop loss 30 percent for years 2–5. Once cost was incorporated into the SC's evaluation, Cigna was ranked first for both options by the SC.

The SC convened and voted unanimously to recommend Cigna's self-insured option as the recommendation for award, since it offered the lowest cost and best value to the MTA based on the evaluation criteria for this procurement.

Based on the foregoing, the competitively negotiated pricing is deemed to be fair and reasonable.

Cigna has not provided medical benefits services for MTA in the past but has been awarded other contracts with MTA e.g. dental benefits. Cigna's performance on different contracts with MTA has been satisfactory.

Negotiation of commercial terms and conditions have been substantially completed with the exception of a few remaining items that the parties are currently working to finalize. However, there does not appear to be any remaining terms and conditions to be negotiated that would impact Cigna's current price.

This contract has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Any applicable cybersecurity requirements, to the extent required, shall be included in the contract terms and conditions prior to award.

In connection with the review of Cigna's responsibility pursuant to the All-Agency Responsibility Guidelines, Cigna was found to be responsible notwithstanding significant adverse information, and such responsibility finding was approved by the Chief Administrative Officer in consultation with the MTA General Counsel on July 23, 2024. No new SAI has been identified.

M/W/DBE Information

The MTA Department of Diversity and Civil Rights (DDCR) has established zero percent MWBE/SDVOB goals on this contract because the participant data and benefit contract provisions are considered highly sensitive and confidential in nature. Subcontracting to third parties would increase the risk and exposure of confidential information.

Impact on Funding

The contract is funded by MNR operating budget.

Alternatives

1. Perform all services in-house. This alternative is not feasible since performing these functions in house would require the hiring of additional full and part-time employees, including associated overhead costs, which would not be cost effective.
2. Do not approve award of the contract. This alternative is not recommended; these are benefits MNR must provide its employees.

Recommendation

Award a competitively negotiated personal service contract to Cigna to provide health care benefits inclusive of medical and prescription coverage for MNR non-represented and represented employees, retirees, and their dependents who reside or work in the state of Connecticut.

Item Number: 4			
Department, Department Head Name: Paige Graves, General Counsel, MTA Legal Department David Farber, General Counsel, NYCT and MTA Bus			
Internal Approvals			
Order	**Approval**	**Order**	**Approval**
1	**Procurement**		
2	**Legal**		
3	**DDCR**		
4	**CFO**		

SUMMARY INFORMATION	
Vendor Name Sedgwick Claims Management Services, Inc. (Sedgwick)	**Contract No.** 15868
Description: NY Workers' Compensation Program Third-Party Administrator Services	
Total Amount: $86,851,000 $51,616,000 base + $35,235,000 option years	
Contract Term (including Options, if any) Three years plus three 1-year options	
Option(s) included in Total Amount? ☒Yes ☐ No ☐ N/A	
Renewal? ☐ Yes ☒ No	
Procurement Type ☒ Competitive ☐ Noncompetitive	
Solicitation Type ☒ RFP ☐ Bid ☐ Other:	
Funding Source ☒ Operating ☐ Capital ☐ Federal ☐ Other:	

Purpose:

Board approval is sought to award a competitively procured and negotiated personal service contract to Sedgwick Claims Management Services, Inc. ("Sedgwick") to perform, in its capacity as a third-party administrator ("TPA"), claims administration and ancillary services for the NYS Workers' Compensation program of the Metropolitan Transportation Authority ("MTA"), New York City Transit Authority ("NYC Transit"), the Staten Island Rapid Transit Operating Authority ("SIRTOA"), Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"), MTA Bus Company ("MTA Bus"), and at the MTA's election, the Triborough Bridge and Tunnel Authority ("TBTA") [1] (collectively, the "MTA Agencies"). The contract is for an initial term of three years with three 1-year options to extend for a total not-to-exceed amount of $86,851,000, comprised of a not-to-exceed amount of $51,616,000 for the initial term and a not-to-exceed aggregate amount of $35,235,000 for the three option years, if exercised.

Discussion:

In addition to Workers' Compensation claims administration services, the contract includes several ancillary services such as medical bill review, managed care/medical case management, and claim investigation and litigation services. The contract also includes the provision of a Certified Preferred Provider Organization ("CPPO"), which is a PPO certified by the New York State Department of Health to provide diagnosis, treatment, and rehabilitation services to employees covered by New York State Workers' Compensation law for work-related injuries and illnesses, provided that the CPPO services would not commence until all approvals required by applicable law have been obtained. All contract services are hereinafter referred to collectively as the "Services."

Employees of the MTA Agencies are covered by NYS Workers' Compensation Law. There are approximately 5,000 Workers' Compensation claims made by MTA Agency employees each year. The MTA Agencies are self-insured for all Workers' Compensation benefits and costs. Except for TBTA, the MTA Workers' Compensation program is currently self-administered. The total amount of NYC Transit Workers' Compensation benefits and costs (excluding program administration costs) during the past five calendar years has been steadily increasing and exceeded $240 million in 2023.

[1] This contract will also cover the administration of legacy claims belonging to the former Long Island Bus ("LIB"). As of the contract effective date, TBTA claims are not included in the contract scope because TBTA's small Workers' Compensation program is already administered by a third-party (non-Sedgwick) administrator; however, the MTA may elect to add them at any time during the contract term.

Workers' Compensation claims administration and ancillary services principally consist of claims intake, review, and evaluation; claims-related investigations; benefits payments; managing return-to-work processes; providing managed care services, which include medical case management and coordination to help ensure that employees are receiving effective and appropriate medical services; and claims litigation services.

The MTA Agencies' Workers' Compensation program is primarily administered by the Workers' Compensation Unit (the "WC Unit") of the MTA Legal Department. The WC Unit has approximately 40 employees, which is down from over 60 employees in 2018, and is currently supported by several vendors. The principal services performed by such vendors are described as medical bill review and payments; consultant claims examiners; CPPO services; telephonic intake of claims; independent medical examination services; and claims litigation services. These services, combined with the other more limited services currently performed by vendors for MTA Workers' Compensation program administration, are collectively referred to as the "Vendor Services."

The MTA's self-administration of its Workers' Compensation programs has long been hampered by a shortage of staff due to hiring and retention challenges coupled with budgetary constraints, inadequate, cumbersome claims administration IT systems, lack of training capacity and expertise, and paper-based processes. Despite the best efforts and commitment of WC Unit staff, all of this has resulted in suboptimal claims handling.

There are also significant financial ramifications. It is difficult for the understaffed and under-resourced WC Unit to proactively identify and take advantage of appropriate opportunities to deny ("controvert") claims outright, and/or controvert their nature, extent, and duration based on fact investigations, statistical analysis, and independent medical examinations, and/or use industry best practices to ensure that claimants return to work once they are fit for duty.

In late 2022, Guidehouse was engaged to review the MTA's Workers' Compensation program and recommend short-[2] and long-term strategic initiatives. Their principal recommendation was that the program should be outsourced to a TPA for the reasons discussed in this document. This recommendation is corroborated by the fact that the Port Authority, Massachusetts Bay Transportation Authority, Southeastern Pennsylvania Transportation Authority, and Washington Metropolitan Area Transit Authority all utilize TPAs to administer their Workers' Compensation programs.

Guidehouse estimated that outsourcing program administration to a TPA would result in annual reduction of $20 million or more in Workers' Compensation program benefits and costs as compared to current costs. Additionally, the cost of the contract services themselves will be substantially offset by a rightsizing of the WC Unit over time.

A two-step process, comprised of a Request for Qualifications ("RFQ") followed by a Request for Proposals ("RFP"), was used for this procurement. The RFQ specified that proposers meet the following minimum qualifications: (1) be a New York State licensed TPA; (2) have handled a minimum of 40,000 Workers' Compensation claims per calendar year for each of the past five years; and (3) have administered a minimum of 4,000 Workers' Compensation claims per calendar year for at least one particular client for each of the past three years.

Ten firms submitted responses to the RFQ, eight of which were deemed qualified: Broadspire Services, Inc. ("Broadspire"); Constitution State Services LLC; CorVel Enterprise Comp, Inc. ("CorVel"); ESIS, Inc.; Gallagher Bassett Services, Inc.; Helmsman Management Services LLC; Sedgwick; and TRISTAR Claims Management Services, Inc. ("TRISTAR"). The RFP was then issued to the eight qualified firms only; four submitted proposals: Broadspire, CorVel, Sedgwick, and TRISTAR.

The RFP required each firm to submit proposals based on two different pricing models: (1) time and materials ("TM") for claims administration; and (2) a one-time fee per claim for administration of the claim during the entire contract term ("Per Claim Price") (also known as a "Life of Contract" price). In both pricing models, ancillary services were priced separately from claims administration. Also, firms were given the opportunity to submit different Per Claim Prices for claims made after the contract commencement date ("New Claims") and for pre-existing claims, the administration of which would be taken over by the TPA as part of the Services ("Legacy Claims"). For each pricing model, firms were also required to submit one proposal that included the provision of a CPPO and a separate proposal that did not.

[2]Several of these short-term internal changes have been successfully implemented over the past 18 months.

Both pricing models provided that 10 percent of certain amounts payable under the contract to the TPA would be contingent upon compliance with specified performance standards.

The Selection Committee ("SC") for this RFP was comprised of one senior staff member from each of the WC Unit, MTA Department of Risk & Insurance Management, and the Office of the NYC Transit President. The SC's analysis of the proposals was supported by staff from several other MTA Departments and Guidehouse and its subconsultant, all as technical advisors. The evaluation criteria, in order of importance, were: (1) proposed approach; (2) proposed staffing plan; (3) cost; (4) proposer qualifications; and (5) diversity practices.

Based on the review and evaluation of the initial technical and price proposals, the SC recommend proceeding with Broadspire, CorVel, and Sedgwick. After obtaining revised proposals and answers to questions submitted by the SC, the SC requested best and final offers ("BAFOs") from CorVel and Sedgwick based on the quality of their technical proposals. The initial set of price proposals from all proposers ranged from $96.6 million to $195.9 million. The BAFOs from Sedgwick and CorVel were substantially less, ranging from $73.9 million to $117.3 million for the various award scenarios.

The SC determined that Sedgwick's proposal using the Per-Claim Price model, in the total not-to-exceed amount of $86,851,000 for the six-year term inclusive of the three option years (the "Selected Proposal"), was the most advantageous to the MTA based on the selection criteria. The Selected Proposal offers an integrated approach that combines data-driven technology and continuous innovation with a strong clinical focus to improve outcomes, reduce lost time, and manage medical costs. Sedgwick will also supply a fully integrated claims management system and use of their public entity data set for benchmarking and identifying opportunities for program improvement.

Sedgwick is a leading global provider of technology-enabled risk, benefits, and integrated business solutions and has been providing Workers' Compensation claims handling services for 54 years. In addition, Sedgwick's book of business is comprised of a number of New York–based clients and other clients comparable to the MTA, including large and complex governmental entities, clients with unionized workforces, and transit agencies. Sedgwick also has demonstrated experience in managing a transition from self-administration of a Workers' Compensation program to a TPA model.

For the Per-Claim Price model, Sedgwick's total price for the six-year term of the contract is $86.9 million, compared to CorVel's proposed price of $111.8 million. The two principal components of this price difference were a lower Per Claim Price for Legacy Claims and a lower price to provide managed care services. Sedgwick's initial Per-Claim Price proposal was $118 million, which was reduced to $86.9 million through negotiations and the BAFO process, which equates to a savings of 26 percent. The Per-Claim Price and total cost of the Selected Proposal are consistent with the independent cost estimates developed prior to the beginning of this procurement.

Based on the foregoing, the competitively negotiated pricing is deemed to be fair and reasonable.

This contract has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Sedgwick has already agreed to the applicable cybersecurity requirements, which will be included in the contract.

M/W/DBE Information

The Department of Diversity and Civil Rights established 15 percent MBE, 15 percent WBE, and 6 percent SDVOB participation goals for this RFP. Sedgwick submitted an MWBE/SDVOB utilization plan that meets the MWBE/SDVOB goal requirements.

Impact on Funding

The costs of the contract will be funded from the savings that will be achieved as a result of the administration of the Workers' Compensation program pursuant to the contract, as described herein, as well as by the repurposing of funds currently budgeted for Workers' Compensation related vendor services that will be replaced by the contract services.

Alternatives

Do not award the contract and continue to self-administer the MTA Agencies' Workers' Compensation programs. This alternative is not recommended due to the reasons set forth herein.

Recommendations

Approval of the award of a competitively procured and negotiated personal service contract to Sedgwick to provide the Services.