M. CLAIMS AUDIT REQUEST FOR PROPOSAL (RFP)

General Outline
(for illustrative purposes only)

Transmittal Letter

I. Introduction

This should include a general discussion of the purpose of the RFP and any relevant background information on the project.

II. Timetable for RFP Process

The proposed timetable for the RFP process should be presented, including the dates to select auditor and to begin and complete the project.

III. Background of the JPA

This action should include a general description of the JPA, its claims administration program, TPA to be audited (if applicable), estimated total number of claims, etc.

IV. Overall Objective of the Audit

The general objectives of a liability/workers’ compensation claims audit are:

A. To assess the efficiency and effectiveness of the present claims administrator.

B. To review a reasonable sample of open and closed claims files.

C. To evaluate the adjuster’s experience, competence, and staffing levels.

D. To ensure that all provisions of the contract for services are met.

V. Services to be Provided

This section should include the exact scope of the audit. In general a claims audit for either tort liability or workers’ compensation should include, but not be limited to, the following areas of examination:

A. Accuracy or excessiveness of payments.

B. Evaluation of reserve accuracy.
C. A systems audit of the administrative system used to pay claims. Identification of any weaknesses in procedures.

D. Proper case monitoring procedures, including litigation management.

E. Use of outside services, such as defense counsel, rehabilitation vendors, field investigators, and expert witnesses.

F. Accuracy, completeness, and timeliness of computer claim runs.

G. Timely notification of all claims that need to be reported to JPA’s excess insurers.

H. Case loads of adjusters.

I. Processing claims or potential claims in accordance with JPA policies, procedures, and settlement authority.

J. Reasonableness of charges.

K. Promptness of payments (W.C. only).

L. Technical competence and expertise of personnel handling the claims.

M. Diary system maintained.

N. Indexing of claimants.

O. Timely contact with claimant (W.C. only).

P. Determination that administrator is keeping the JPA and its members adequately informed as to the status and development of claims.

Q. Quality control mechanisms.

R. Pursuit of subrogation opportunities and collection success.

S. Adequacy of claim file documentation, including properly executed releases.

T. Adequate errors and omissions, fidelity insurance.
VI. Contents of Proposal

This section normally requests that the proposer submit:

A. Overall approach and plan of activities

B. Qualifications of auditor to be assigned to the project

C. Description of firm

D. Cost

E. Insurance (General Liability, Automobile Liability, Errors & Omissions)

F. References

VII. Proposal Submission Requirements

This section should specify:

A. Deadline for submission of proposal

B. Number of proposal copies required

C. Address to mail or deliver proposal

D. Person to contact in the event of questions

E. Any other special instructions or requirements.