



# City of Austin

## Recommendation for Action

**File #:** 25-0984, **Agenda Item #:** 53.

6/5/2025

---

### **Posting Language**

Authorize a contract for the implementation of a healthcare network for City employees with compensable workers' compensation claims and third-party claims administration for the Human Resources Department with Athens Insurance Services, Inc D/B/A Athens Administrators, for an initial term of two years with up to three one-year extension options in an amount not to exceed \$11,130,000. Funding: \$700,000 is available in the Human Resources Department's Operating Budget.

### **Lead Department**

Financial Services Department.

### **Client Department(s)**

Human Resources Department.

### **Fiscal Note**

Funding in the amount of \$700,000 is available in the Fiscal Year 2024-2025 Operating Budget of the Human Resources Department.

Funding for the remaining contract term is contingent upon available funding in future budgets.

### **Purchasing Language:**

The Financial Services Department issued a Request for Proposals (RFP) 5800 SLW3021 for these services. The solicitation was issued on December 16, 2024, and closed on January 23, 2025. Of the five offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's website. This information can currently be found at:

[https://financeonline.austintexas.gov/afo/account\\_services/solicitation/solicitation\\_details.cfm?sid=141744](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=141744)

### **MBE/WBE:**

This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9B (Minority-Owned and Women-Owned Business Enterprise Procurement Program). For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established. However, the recommended contractor identified subcontracting opportunities.

### **For More Information:**

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: [FSDCentralProcurementRCAs@austintexas.gov](mailto:FSDCentralProcurementRCAs@austintexas.gov) or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

### **Additional Backup Information:**

---

The contract will provide program administration of the self-funded workers' compensation program. This includes the development and implementation of a robust and inclusive healthcare network of quality physicians located in the Central Texas area to give City employees superior medical care when they have a compensable job-related injury or disease. The contract also includes investigation of workers' compensation claims to determine compensability and the payment of both medical and income benefits in accordance with Texas workers' compensation laws and regulations.

The contract provides medical management and cost containment services including medical case management and utilization review as well as legal representation at Division of Workers' Compensation hearings. Pharmacy benefit management (PBM) services will be provided which allow employees to purchase prescription drugs from a national network of participating retail pharmacies or from the PBM's mail order service.

This service meets Citywide goals to comply with legislative mandates; additionally, the City has performance measures designed to track progress of the contractor that includes a rating of "high tier" by the Division of Workers' Compensation for the timely and accurate payment of medical and income benefits.

The contract replaces a contract expiring February 28, 2026. Due to price increases experienced in 2021 and 2022 caused by increased COVID-19 claims, the fiscal authority within the existing contract will be exceeded prior to contract expiration. This also provides an opportunity to synchronize the contract date with the City's fiscal year. The requested authorization is based on offers received and departmental estimates of future needs. The recommended contractor is not the current provider for these services.

An evaluation team with expertise in this area evaluated the offers and scored Athens Insurance Services, Inc D/B/A Athens Administrators as the best to provide these services based on a 504-physician panel, claims administration, price, local business preference, and small business preference.

If a contract is not secured, the City will be unable to implement the most advantageous medical care for our employees. Execution of the new contract is critical to ensure continuation of medical and lost wage benefits provided to eligible employees. A new contract must be finalized prior to June 10, 2025, to allow implementation of the services to begin in conjunction with the new fiscal year on October 1, 2025.