THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Chief Executive Office - Risk Management BOARD AGENDA #: *B-10

AGENDA DATE: June 7, 2016

SUBJECT:
Approval of Agreement with York Risk Services Group, Inc. for Workers' Compensation Third Party Administrator Services for the Period of July 1, 2016 Through June 30, 2018

BOARD ACTION AS FOLLOWS:

No. 2016-282

On motion of Supervisor Chiesa , **Seconded by Supervisor** Withrow
and approved by the following vote,
Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

1) X **Approved as recommended**
2) _____ **Denied**
3) _____ **Approved as amended**
4) _____ **Other:**

MOTION:

ATTEST: ELIZABETH A. KING, Clerk of the Board of Supervisors **File No.**

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM

DEPT: Chief Executive Office - Risk Management BOARD AGENDA #: *B-10

Urgent ○ Routine ⊙ AGENDA DATE: June 7, 2016

CEO CONCURRENCE: 4/5 Vote Required: Yes ○ No ⊙

SUBJECT:

Approval of Agreement with York Risk Services Group, Inc. for Workers' Compensation Third Party Administrator Services for the Period of July 1, 2016 Through June 30, 2018

STAFF RECOMMENDATIONS:

1. Approve Agreement with York Risk Services Group, Inc. for Workers' Compensation Third Party Administrator services for the period of July 1, 2016 through June 30, 2018.

2. Authorize the Purchasing Agent to sign the Agreement and any necessary amendments as permitted under the Agreement.

DISCUSSION:

The County currently contracts with York Risk Services Group, Inc. (York) for Workers' Compensation Third Party Administrator (TPA) services. The existing agreement with York became effective July 1, 2013 and is set to expire on June 30, 2016. The standard term for a County contract of this type would provide for an initial three-year term with two one-year extension options. However, the option to extend this agreement was inadvertently omitted from the terms and conditions of the previously approved contract. In order for the parties to extend the contract for another two years, the County must execute a new contract.

The County transitioned to York from Acclamation Insurance Management Services (AIMS) for TPA services after a thorough and comprehensive Request for Proposal (RFP) evaluation process. The Board previously approved the RFP and the County's General Services Agency (GSA), Purchasing Division, issued it on December 11, 2012. The RFP was sent electronically to 374 vendors and out of the eight vendors that responded, seven vendors passed Phase I of the evaluation process. An Evaluation Committee, consisting of individuals with direct experience and knowledge related to contracting for Workers' Compensation TPA services, evaluated vendor qualifications, pricing, reference checks, audit results, presentation, and interview responses. Based on the completed RFP evaluation, York received the highest score, 272.6 out of a total possible 300 points, and was subsequently awarded the contract.

To ensure that the County is continuing to receive the best available services at an affordable cost, the County will conduct another RFP for Workers' Compensation TPA services in mid to late 2017 to coincide with the new proposed contract termination date in June 2018. Staff from GSA and Chief Executive Office (CEO) – Risk Management will collaborate on the development of the new RFP to be considered by the Board of Supervisors prior to distribution.

Workers' Compensation TPA services are very important to the County in ensuring that proper administrative processes and protocols are in place to address employee on-the-job injury needs that comport to State regulations. In addition, supporting managed care programs, such as Medical Provider Network (MPN) management, bill review, utilization review, and nurse case management, is critical in handling Workers' Compensation claims, controlling costs, and improving the efficiency and effectiveness of the Worker's Compensation program. The County's Workers' Compensation TPA is responsible for managing approximately 412 active claims at any given time. Transitioning this responsibility from one vendor to another takes several months of staff time to accomplish and exposes the County to additional risks in the continuity of managing Workers' Compensation benefits. County staff recommends a five-year cycle for evaluating potential Workers' Compensation TPA vendors through the RFP process.

As previously reported, York has been in business as a Third Party Administrator for over 50 years. York has over 25 years of experience providing claims administration services for California public agencies and offers a state-of-the-art computer system, integrated managed care programs, and employs a quality assurance department with various training programs. They operate in a paperless environment with instant communication and workflow processes designed to communicate claim updates to the County in a real-time electronic environment. Prior to working with York, the County was dependent upon a paper file system for managing Workers' Compensation claims. The implementation of the paperless system has provided significant efficiencies regarding County staff time.

North Bay Associates recently completed a Workers' Compensation Claims Audit of the services provided by York. The Workers' Compensation Claims Audit report dated April 28, 2016 was specifically prepared for the accounts administered by York for the City of Cupertino and the County of Stanislaus. The sample used to develop the data for the audit was taken from open indemnity cases provided by York consisting of 50 files, or 11.5% of the total open inventory of indemnity files. The audit covered file activity from May 1, 2014, the date of the last audit. The audit data shows an overall composite score of 91.1%, which is up from the prior audit that resulted in a composite score of 83.2%. Overall, 10 of the 15 key audit points scored 100%. Key areas that showed improvement from the prior audit were File Balancing, from 92% to 100%; Required Notices, from 66% to 91%; Reserves Revised Appropriately, from 86% to 96%; and Examiner Diaries, from 33% to 86%.

Based on the foregoing information, staff recommends executing a new two-year agreement with York with the expectation that a new RFP for Workers' Compensation TPA services will be issued in 2017 for implementation in July 2018. A copy of the proposed agreement with York is attached to this agenda item for review.

POLICY ISSUE:

Approval of the proposed agreement with York will support ongoing administration and regulatory compliance of the County's Workers' Compensation program.

FISCAL IMPACT:

The recommended agreement with York will total $1,047,570 in administrative costs over the two-year period, with $518,599 expended in year one and $528,971 in year two. Consistent with the existing contract, the proposed administrative service fees reflect a 2% inflationary increase for both years. In addition to the contracted rates for claims administration, the

proposed agreement with York includes pricing for various managed care programs. The fees for the various management care programs are not changing from the existing contract with York and will remain the same for both proposed contract years. The total cost of the managed care program will vary dependent upon the number and complexity of claims filed, with costs projected to be approximately $55,000 per year. All program costs are outlined in the attached proposed agreement.

The Workers' Compensation program is funded through contributions from departments based on each department's risk exposure and prior claims history. The projected administrative fees are included in the distribution of the annual department Workers' Compensation charges for Fiscal Year 2016-1017 as noted below:

Cost of recommended action:		$ 518,599
Source(s) of Funding:		
Department Revenue	518,599	
Funding Total:		$ 518,599
Net Cost to County General Fund		$ -
Fiscal Year:	2016-2017	
Budget Adjustment/Appropriations needed:	**No**	

BOARD OF SUPERVISORS' PRIORITY:

Approval of the proposed agreement with York supports the Board of Supervisors' priorities of Efficient Delivery of Public Services and Effective Partnerships by ensuring that proper administrative processes and protocols are in place.

STAFFING IMPACT:

Existing staff in the Chief Executive Office – Risk Management Division will continue to monitor the contract with York Risk Services Goup, Inc.

CONTACT PERSON:

Jody Hayes, Assistant Executive Officer. Telephone: (209) 525-5714.

ATTACHMENT(S):

1. Proposed Agreement between the County and York Effective July 1, 2016 through June 30, 2018.

Attachment 1

Proposed Agreement between the County and York
Effective July 1, 2016 through June 30, 2018

AGREEMENT
FOR
PROFESSIONAL SERVICES

This Agreement for Professional Services is made and entered into by and between the County of Stanislaus ("County") and YORK Risk Services Group, a California corporation ("Consultant"), as of July 1, 2016 (the "Agreement").

Introduction

WHEREAS, the County has a need for services involving Workers' Compensation claims administration and medical management; and

WHEREAS, the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

Terms and Conditions

1. Scope of Work

1.1 The Consultant shall furnish to the County upon execution of this Agreement or receipt of the County's written authorization to proceed, those services and work set forth in **Exhibit A**, which is attached hereto and, by this reference, made a part hereof.

1.2 All documents, drawings and written work product prepared or produced by the Consultant under this Agreement, including without limitation electronic data files, are the property of the Consultant; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Consultant may copyright the same, except that, as to any work which is copyrighted by the Consultant, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. The County shall defend, indemnify and hold harmless the Consultant and its officers, employees, agents, representatives, subcontractors and consultants from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, arising out of or resulting from the County's reuse of the documents and drawings prepared by the Consultant under this Agreement.

1.3 Services and work provided by the Consultant under this Agreement will be performed in a timely manner in accordance with a schedule of work set forth in Exhibit A. If there is no schedule, the hours and times for completion of said services

and work are to be set by the Consultant; provided, however, that such schedule is subject to review by and concurrence of the County.

1.4 The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement. Except for that representation and any representations made or contained in any proposal submitted by the Consultant and any reports or opinions prepared or issued as part of the work performed by the Consultant under this Agreement, Consultant makes no other warranties, either express or implied, as part of this Agreement.

1.5 If the Consultant deems it appropriate to employ a consultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant will so advise the County and seek the County's prior approval of such employment. Any consultant, expert or investigator employed by the Consultant will be the agent of the Consultant not the County.

2. Consideration

2.1 The Consultant shall be compensated on either a time and materials basis or a lump sum basis, as provided in Exhibit A attached hereto.

2.2 Except as expressly provided in this Agreement, Consultant shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement, including, but not limited to, meals, lodging, transportation, drawings, renderings or mockups. Specifically, Consultant shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.

2.3 The Consultant shall provide the County with a monthly or a quarterly statement, as services warrant, of fees earned and costs incurred for services provided during the billing period, which the County shall pay in full within 30 days of the date each invoice is approved by the County. The statement will generally describe the services performed, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs. All invoices for services provided shall be forwarded in the same manner and to the same person and address that is provided for service of notices herein.

2.4 County will not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such

sums is the sole responsibility of Consultant. County has no responsibility or liability for payment of Consultant's taxes or assessments.

3. Term

3.1 The term of this Agreement shall be from July 1, 2016 through June 30, 2018 unless sooner terminated as provided below or unless some other method or time of termination is listed in Exhibit A.

3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

3.3 The County may terminate this agreement upon 30 days prior written notice. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Consultant as provided in Paragraph 2 herein, subject to any applicable setoffs.

3.4 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, or (b) sale of Consultant's business.

4. Required Licenses, Certificates and Permits

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Consultant to provide the services and work described in Exhibit A must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits will be procured and maintained in force by Consultant at no expense to the County.

5. Office Space, Supplies, Equipment, Etc.

Unless otherwise provided in this Agreement, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement. The Consultant--not the County--has the sole responsibility for payment of the costs and expenses incurred by Consultant in providing and maintaining such items.

6. Insurance

6.1 Consultant shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:

6.1.1 General Liability. Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars ($1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

6.1.2 Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars ($1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Consultant's work under this Agreement.

6.1.3 Automobile Liability Insurance. If the Consultant or the Consultant's officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars ($1,000,000) per incident or occurrence.

6.1.4 Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Consultant certifies under section 1861 of the Labor Code that the Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant will comply with such provisions before commencing the performance of the work of this Agreement.

6.2 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by County. At the option of the County, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the County guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The County, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it will be responsible for and pay any self-insured retention or deductible and will pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Consultant's defense and indemnification obligations as set forth in this Agreement.

6.3 The Consultant shall obtain a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the County and its officers, officials and employees as additional insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Consultant, including the insured's general supervision of its subcontractors; (b) services, products and completed operations of the Consultant; (c) premises owned, occupied or used by the Consultant; and (d) automobiles owned, leased, hired or borrowed by the Consultant. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against the County its officers, officials and employees for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Consultant.

6.4 The Consultant's insurance coverage shall be primary insurance regarding the County and County's officers, officials and employees. Any insurance or self-insurance maintained by the County or County's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.

6.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials and employees.

6.6 The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6.7 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to County. The Consultant shall promptly notify, or cause the insurance carrier to promptly notify, the County of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.

6.8 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide of no less than A-:VII; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance.

6.9 Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.

6.10 At least ten (10) days prior to the date the Contractor begins performance of its obligations under this Agreement, Contractor shall furnish County with certificates of insurance, and with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of the Contractor. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in County's sole and absolute discretion, approved by County. County reserves the right to require complete copies of all required insurance policies and endorsements, at any time.

6.11 The limits of insurance described herein shall not limit the liability of the Consultant and Consultant's officers, employees, agents, representatives or subcontractors.

7. Defense and Indemnification

7.1 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend the County and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Consultant or Consultant's officers, employees, agents, representatives or subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property, including the loss of use. Notwithstanding the foregoing, Consultant's obligation to indemnify the County and its agents, officers and employees for any judgment, decree or arbitration award shall extend only to the percentage of negligence or responsibility of the Consultant in contributing to such claim, damage, loss and expense.

7.2 Consultant's obligation to defend, indemnify and hold the County and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Consultant to procure and maintain a policy of insurance.

7.3 To the fullest extent permitted by law, the County shall indemnify, hold harmless and defend the Consultant and its officers, employees, agents, representatives or subcontractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney's fees, arising out of or resulting from the negligence or wrongful acts of County and its officers or employees.

7.4 Subject to the limitations in 42 United States Code section 9607 (e), and unless otherwise provided in a Scope of Services approved by the parties:

(a) Consultant shall not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the negligence of Consultant or its subcontractors;

(b) No provision of this Agreement shall be interpreted to permit or obligate Consultant to assume the status of "generator," "owner," "operator," "arranger," or "transporter" under state or federal law; and

(c) At no time, shall title to hazardous substances, solid wastes, petroleum contaminated soils or other regulated substances pass to Consultant.

8. Status of Consultant

8.1 All acts of Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Consultant relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in Exhibit A, Consultant has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Consultant. It is understood by both Consultant and County that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

8.2 At all times during the term of this Agreement, the Consultant and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.

8.3 Consultant shall determine the method, details and means of performing the work and services to be provided by Consultant under this Agreement. Consultant shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of Consultant in fulfillment of this Agreement. Consultant has control over the manner and means of performing the services under this Agreement. If necessary, Consultant has the responsibility for employing other persons or firms to assist Consultant in fulfilling the terms and obligations under this Agreement.

8.4 Consultant is permitted to provide services to others during the same period service is provided to County under this Agreement; provided, however, such services do not conflict directly or indirectly with the performance of the Consultant's obligations under this Agreement.

8.5 If in the performance of this Agreement any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision and control of Consultant. All terms of employment including hours, wages,

working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Consultant.

8.6 It is understood and agreed that as an independent contractor and not an employee of County, the Consultant and the Consultant's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and, except as expressly provided for in any Scope of Services made a part hereof, do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.

8.7 It is further understood and agreed that Consultant must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Consultant's assigned personnel under the terms and conditions of this Agreement.

8.8 As an independent contractor, Consultant hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. Records and Audit

9.1 Consultant shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for a minimum of four (4) years from the termination or completion of this Agreement. This includes any handwriting, typewriting, printing, photostatic, photographing and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds or symbols or any combination thereof.

9.2 Any authorized representative of County shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by Consultant. Further, County has the right at all reasonable times to audit, inspect or otherwise evaluate the work performed or being performed under this Agreement.

10. Confidentiality

The Consultant agrees to keep confidential all information obtained or learned during the course of furnishing services under this Agreement and to not disclose or reveal such information for any purpose not directly connected with the matter for which services are provided.

11. Nondiscrimination

During the performance of this Agreement, Consultant and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate

in violation of any federal, state or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex or sexual orientation. Consultant and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

12. Assignment

This is an agreement for the services of Consultant. County has relied upon the skills, knowledge, experience and training of Consultant and the Consultant's firm, associates and employees as an inducement to enter into this Agreement. Consultant shall not assign or subcontract this Agreement without the express written consent of County. Further, Consultant shall not assign any monies due or to become due under this Agreement without the prior written consent of County.

13. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

14. Notice

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Consultant or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County:
County of Stanislaus
CEO-Risk Management Division
1010 10th Street, Suite 5900
Modesto Ca 95354

To Consultant:
York Risk Services Group, Inc.
Attn: Jody Moses
333 City Blvd. W #1500
Orange, CA 92868

With copy to:
York Risk Services Group, Inc.
Attn: General Counsel
One Upper Pond Road, Building F, Fourth Floor
Parsippany, New Jersey 07054

15. Conflicts

Consultant agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

16. Severability

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

17. Amendment

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

18. Entire Agreement

This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which is not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

19. Advice of Attorney

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. Construction

Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

21. Governing Law and Venue

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

22. Incorporation of Performance Standards

22.1 All claims administration services performed by TPA shall comply with those provisions set forth in the CSAC EIA Workers' Compensation Claims Administration Guidelines attached hereto as Exhibit A and incorporated herein as though fully set forth. Should the attached Standards be amended, during the term of the Agreement, such amendments shall be deemed to be incorporated herein.

22.2 TPA shall comply with the SCOPE of work as provided in the County's Request for Proposal including a maximum case load of 150 indemnity claims.

22.3 Additionally, the compensation for claims administration services may be adjusted according to the Performance Based Contract Provision, attached hereto as Exhibit B and incorporated herein as though fully set forth during the term of the Agreement, such amendments shall be deemed to be incorporated herein.

[SIGNATURES SET FORTH ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Agreement on the day and year first hereinabove written.

COUNTY OF STANISLAUS

By:_____
Keith D. Boggs, Assistant Executive Officer,
GSA Director/Purchasing Agent

"County"

BUSINESS NAME

By:_____
Jody Moses, Senior Vice President

"Consultant"

APPROVED AS TO CONTENT:
Department of CEO-Risk Management Division

By:_____
Jody Hayes, Assistant Executive Officer

APPROVED AS TO FORM:
County Counsel

By:_____
Thomas E. Boze, County Counsel

Assistant

EXHIBIT A

A. SCOPE OF WORK

The Consultant shall provide services under this Agreement for Professional Services between the County of Stanislaus and YORK ("Consultant"), as set forth in Appendix B (Scope of Work), and Appendix C (CSAC-EIA's ADDENDUM A Workers' Compensation Claims Administration Guidelines) attached hereto and, by this reference, made a part hereof.

B. COMPENSATION

The Consultant shall be compensated for the services provided under this Agreement as follows:

1. Consultant will be compensated as noted in APPENDIX D and APPENDIX D-2 , attached hereto and, by this reference, made a part hereof.

The parties hereto acknowledge the maximum amount to be paid by the County for claims administration services provided shall not exceed $1,047,570, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Consultant to perform or to assist in the performance of its work under this Agreement.

C. PERFORMANCE BASED CONTRACT PROVISIONS

The Consultant shall adhere to the Performance Based Contract provisions, as set forth in Appendix E (Performance Based Contract provision – TPA), attached hereto and, by this reference, made a part hereof.

APPENDIX B
SCOPE OF WORK

1. SERVICES

Services to be provided MUST include, but not be limited to:

1.1 Claims Administration of new and existing claims. The County's past three year claim average has been 132 new indemnity claims and 127 medical only claims per fiscal year.

1.2 Online real time access to all claims data including but not limited to:

- Ability to access and input information for completion of the Form 5020 into an online system (NOTE: This system must generate a hardcopy of the form as well as populate the TPA's claim system database).
- Ability to view claim payments.
- Ability to view examiner's Plan of Action.
- Ability to view claims disposition (accepted, denied, settled).
- Ability to view list of authorized RX including date approved, dosage and applicable medical condition.
- Ability to view claims settlement type; Stipulated Award, Compromise & Release, Findings & Award, etc.
- Accurate tracking of lost time and associated payments (TTD, TPD, LC 4850).
- Ability of County to run standard and ad hoc reports (provide copies of reporting capability with RFP submission).
- Ability to produce claim status reports including paid to date amounts by reserve type and outstanding reserve balances (NOTE: provide copy of status report with RFP submission).
- Ability to view examiner notes.
- Ability to view examiner's Diary Status.
- Ability to view accepted and denied body parts.
- Ability to view the litigation status, along with applicant and defense attorney contact information.
- Ability to view staff of Contractor's assigned (i.e., Nurse Case Management, Investigators, etc.).
- Ability to produce accurate OSHA reports on a monthly and annual basis.

1.3 Transition claims from current TPA provider, both electronic files and hard copy files. The Contractor must be able to begin claims administration on February 1, 2013 and must be able to avoid any late payments. The Contractor will identify time line for transition of all claim data, records and files.

1.4 Assist the County in submitting a revised Medical Provider Network. The County has an existing Medical Provider Network (Appendix F that the Contractor shall work with the County to mirror the existing providers and may make recommendations for additions or deletions to the existing network subject to the County's approval. The Contractor will be able to provide access to the current MPN providers through its existing PPO Networks. If there are any physicians on the existing network that the Contractor does not currently have access to, the Contractor will notify the County in the RFP submission. The Contractor may make recommended changes to the Network in the RFP submission.

2. CLAIM MANAGEMENT

2.1 Each Claims Examiner shall (a) have a minimum of three years active claims adjusting experience as a claims examiner, (b) have a Self-Insured Competency Certificate and (c) maintain a case load of 150 open indemnity claims or less at all times. The County requests to have Claims Examiners (Claims Trainee or Assistant will not suffice) assigned exclusively to the County's account *, with availability to County staff during core business hours of 8:00 am to 5:00 pm Monday through Friday. It is preferred that a 1.5-to-1 ratio be maintained between Technical Assistance and Claims Examiners. Claims Examiners and support staff shall have direct supervision from a licensed supervisor and/or manager. *Two examiners shall be full time and assigned to the County exclusively. One examiner may be part time or be shared with another client. The County currently utilizes a department assignment for examiners and will approve all examiner department assignments.

2.2 Claim files shall be reviewed and set up within twenty-four (24) hours of receipt from the County. All new claims will be indexed through CSAC-EIA's index system upon setup and annually thereafter. Questionable claims will be delayed and promptly investigated. The County will be notified of the disposition of all new claims within forty-eight (48) hours of receipt of the claims. A completed signed medical release shall be obtained on all claim files.

2.3 If a doctor's first report of work injury is received without a corresponding claim, the examiner will immediately contact the County to determine if a new claim has occurred.

2.4 The Contractor proposer shall establish monetary reserves adequate for the expected compensation and medical benefits on each injury/claim file made up. A claims diary system to review the status of each injury/claim every twenty (20) to thirty (30) days will be adhered to by all examiners.

2.5 Claims with severe injuries or extended lost time require phone or personal contact with claimants shall occur within twenty-four (24) hours of receipt of claim, except in cases where employees are represented by an attorney. All other indemnity claims shall have contact with claimants within three (3) business days or less.

2.6 All claim files shall be available to the County, in person and on line, for inspection, review, and/or claims audit with or without prior notice to the adjusting firm. It is understood and agreed that all files will remain the property of Stanislaus County at all times.

2.7 All Claims Administration staff must be pre-approved by the County. The Contractor will provide the County with current resumes and past work experience history for the County's review prior to assigning staff to the County's account.

2.8 All claim decisions (deny/accept) require prior consultation and consideration by County's Risk Management Division.

2.9 The County must first approve settlement authority for claims before presented or negotiated with injured workers or their attorneys. The Contractor shall submit a written analysis of the case, including settlement options and recommendations to County's Risk Management Division at least ten (10) working days prior to settlement offers or conferences. The County must approve all settlement offers in excess of $5,000. The County must be informed of all settlement offers below $5,000.

3. COMPENSATION AND MEDICAL BENEFITS

3.1 The Contractor shall provide all compensation and medical benefits that may be due, in a timely manner in compliance with the statutory requirements of the California Labor Code and County expectations. All treatment plans should be reviewed and approved in accordance with Utilization Review criteria to determine if treatment is reasonable, necessary and appropriate based on readily accepted scientific medical evidence such as ACOEM or other nationally recognized and peer- reviewed scientific medical evidence.

3.2 Temporary Disability and LC 4850 benefit payments shall coincide with the County's payroll schedule.

3.2.1 All required benefit and informational notices shall be sent to the injured employees in a timely manner.

3.2.2 Estimates of permanent disability shall be provided to the County and defense counsel on all claims where PD benifis are anticipated or may be due.

3.2.3 Medical evaluations will be arranged when needed, reasonable, and/or requested. Copies of all medical reports and legal correspondence will be provided to the County within 24 hours of receipt. Access to electronic documents may replace the need to send hard copies. Notification of new documents must be provided within 24 hours of documents being received by the claims examiner.

3.2.4 Promptly pay all medical and other bills on the claims within twenty (20) days or file a timely objection.

3.2.5 Reduce medical bills, other than medical legal expenses, to the Relative Value Schedule and recommended rates set by the Administrative Director, Division of Industrial Relations or based on PPO contracts that may apply.

3.3 Medical Control

3.3.1 Expedite obtaining signed medical release forms for all claims.

3.3.2 Administration of the County's existing Medical Provider Network (MPN), including monitoring medical treatment to allow changes through the MPN. Any changes to the MPN will require the County's final approval.

3.3.3 Monitor medical treatment for injured employees, including the review of all "Doctors First Report of Work Injury", to ensure that the treatment is related to a compensable injury or illness and complies with ACOEM and other nationally recognized and peer-reviewed scientific medical evidence guidelines.

3.3.4 Maintain close liaison with treating physicians to ensure that employees receive proper care, avoid over-treatment, and to assure physician compliance with Utilization Review standards.

3.3.5 The County has an aggressive Disability Management Program and will accommodate modified duty whenever possible. The Contractor must assist the County in facilitating injured employees in returning to work, including modified duty options and expediting evaluations to determine the physical capabilities of all injured workers.

3.3.6 Maintain close working relationship with County's Risk Management Division, Disability Management Unit which includes the Disability Manager, and the Disability Coordinators.

3.3.7 Provide medical reports in a timely manner including, but not limited to all reports of work restrictions, temporary or permanent from any and all physicians even if the report is not considered substantial evidence.

3.4 Employee Services

3.4.1 Provide information and guidance to the County's employees regarding workers' compensation benefits, inquiries on specific injuries and permanent disability ratings in accordance with the County's policies and the County's MPN.

3.4.2 Assist in resolving employee problems related to an industrial injury in non-litigated cases.

3.4.3 Recommend policies and procedures to ensure that the employee's ability to work is consistent with the findings of the Workers Compensation Appeals Board.

4. REHABILITATION, JOB DISPLACEMENT, LITIGATION & SUBROGATION

4.1 Job Displacement

4.1.1 Comply with labor code statutes and rules & regulations applicable to rehabilitation for workers' compensation injuries.

4.1.2 Provide injured employees Job Displacement vouchers in a timely manner and comply with the Labor Codes statutes and rules & regulations applicable to job displacement benefits for workers' compensation injuries.

4.1.3 Maintain adequate reserves on all claims where rehabilitation is an issue.

4.1.4 Prepare and submit the Division of Industrial Relations Rehabilitation forms as required by statute.

4.2 Litigation

4.2.1 Selection of defense counsel shall be approved by the County prior to an assignment being made. Investigations are to be coordinated with County staff.

4.2.2 Litigation effort shall be controlled and closely monitored by the administrator with regular communication with the County (copies, etc.)

4.2.3 Medical Control of litigated claims shall stay with the Administrator and shall not pass to defense counsel unless approved by the County.

4.2.4 The County staff must first approve settlement authority for claims before being presented or negotiated with injured workers and or their attorney(s). The Contractor shall submit a written analysis of the case, including settlement options and recommendations to County's Risk Management Division at least ten (10) working days prior to settlement offers or conferences. The County must approve all settlement offers in excess of $5,000. The County must be informed of all settlement offers below $5,000.

4.2.5 Claims examiners will make an effort to settle claims without assignment to defense counsel when ever possible.

4.3 Subrogation

4.3.1 The Contractor shall identify and pursue subrogation opportunities in consultation with County's Risk Management Division.

4.4 Investigation

4.4.1 The use of investigators must be approved by the County prior to an assignment being made.

4.4.2 The Contractor shall investigate every claim using three-point contact, and recorded statements when appropriate. Recorded statements require prior approval of County's Risk Management Division.

4.4.3 The Contractor shall take an aggressive stance against fraud by filing FB1/FB2 forms with the State Department of Insurance whenever warranted. The Contractor shall aggressively pursue fraud cases with the District Attorney's office when appropriate.

5. REPORTS AND REPORTING CAPABILITY

NOTE: Proposers should provide sample reports available with RFP submission.

Contractor shall provide a computerized loss analysis and summary reports each month covering activity on all newly reported, opened, and newly closed claims for the period. The report will be customized, as determined by the County, for County needs within the capability of the adjusting firm and, as a minimum, provide the following for claim year:

5.1 Excess Insurance Carrier Claims & Reports: The Contractor shall adhere to the County's excess insurance carrier claim reporting requirements (attached).

5.2 Actuary Reports: The Contractor shall provide reports and other requested data to actuarial firm at the County's request.

5.3 Weekly Reports: The Contractor shall provide at a minimum the following reports to County's Risk Management Division electronically on a weekly basis:

5.3.1 Status of all open claims with employees off on a disability or newly returned to work.

5.3.2 List of all employees being accommodated on modified duty including the current work restrictions.

5.3.3 Appearance, hearing, trial and important date calendar.

5.3.4 Claims in "delay" status or newly accepted or denied claims.

5.3.5 Check register in Excel format.

5.3.6 All claims open by claim type.

5.3.7 Bill Review activity and associated savings.

5.3.8 Utilization Review referrals and decisions.

5.4 Monthly Reports: The Contractor shall provide at a minimum the following reports to County's Risk Management Division electronically on a monthly basis before the 10th day of each month:

5.4.1 Detailed report of all open claims (regardless of date of injury), including name, claim number, location, description of claim, injury and mechanism of injury, amounts paid, reserved and incurred for medical expense and indemnity.

5.4.2 All new claims opened during the month by department and location stating the claim number, injured's name, cause and type of injury, body part, amount paid during the period to date and remaining reserves for medical, compensation, and any future allocated expense. Total amount incurred for each type of payment must also be shown.

5.4.3 All claims closed during the month by department and location stating the claim number, injured's name, cause and type of injury, body part, amount paid to date for medical, compensation, and any future allocated expense. Total amount incurred for each type of payment must also be shown.

5.4.4 Lag report listing all claims reported in the last month, by department and dates of knowledge and reporting dates.

5.4.5 Administrative reports containing number of claims, medical only, indemnity and first aid/incident; number of closed claims; number of active files assigned to each examiner; amount paid for medical, expense, and indemnity for each department, division or agency in: amount reserved for medial expense and indemnity for each agency; indemnity paid, 4850 benefits, Temporary Disability, Permanent Disability, Death Benefits, expenses paid for:, Nurse Case Management, Investigators, and attorneys; cases assigned to counsel, investigators, nurse case managers; amounts recovered in apportionment and subrogation; number of litigated cases; list of cases settled during the month, indicating the amount of the settlement and method of settlement (stipulations, C&R, dismissal, etc); penalties paid, including whether attributable to TPA or County; savings related to modified duty accommodations and ad hoc reports upon request.

5.4.6. Report claims accurately and timely including tracking for all claimants meeting mandatory Medicare reporting requirements per Medicare Secondary Payer and related statutes and provide associated data to the County.

5.4.7. Prepare and provide County's Risk Management Division with OSHA 300 report at the department and division levels to meet Cal-OSHA standards.

5.4.8. Prepare charts and graphs on a quarterly basis for statistical analysis of countywide claim frequency and severity as well as similar charts and graphs for the top five departments.

5.4.9 Provider summaries to include individual claims, number of visits, visit intervals and amounts paid.

5.4.10 Monthly check reconciliation reports.

5.4.11 Bill Review activity and associated savings.

5.4.12 Utilization Review referrals and decisions.

5.5 Quarterly Reports: The Contractor shall provide at a minimum the following reports to County's Risk Management Division electronically on a quarterly basis before the 10th day of the month ending the quarter:

5.5.1 Charts, graphs and supporting documents (include number of claims, paid to date and future reserves valued as of the end of the quarter) for Claims Filed by Year of Injury for past six (6) years (number of indemnity, medical only and first aid claims); Occupation most frequent, Cause of Loss Most Frequent, Paid Loss Days by Department, Modified Duty Savings by Department, Job Experience (number of years employed 1-5, 6-10, etc). Valuation for all charts and graphs that include prior years data are all valued as of the same date as the end of the quarter.

5.6 Annual Reports: The Contractor shall provide at a minimum the following reports to County's Risk Management Division on an annual basis by September 1st of each year;

5.6.1. Annual Self-Insured Report as required by the State of California.

5.6.2 Vendor report in spreadsheet format, listing amounts paid to each vendor.

5.6.3 1099 reports for each vendor.

5.6.4 OSHA 300 A report by department and division.

5.6.5 An annual report as of June 30th each fiscal year with loss trend analysis including charts, graphs and supporting reports.

5.6.6 Charts, graphs and supporting reports to assist Departments in the development of Departmental Action Plans.

5.6.7 Amounts paid for fiscal year valued as of year-end by Reserve Type. Amounts paid for prior five (5) fiscal years valued as of current year-end date by reserve type of year of injury.

5.6.8 Amounts paid during the fiscal year for all dates of injury valued as year-end by Department/Division/Unit.

6. OTHER SERVICES

6.1 At the sole discretion of the County, examiners attendance at Workers' Compensation Appeals Board Hearings, rehabilitation conferences, conferences with legal counsel (defense counsel), meeting with County staff, departments and employee groups shall be required.

6.2 Claims Management services shall include:

6.2.1 Special claims review of open claim files at the request of the County.

6.2.2 Regular quarterly review of all indemnity claims with reserves in excess of $50,000 and/or of problem & complex claims as deemed appropriate by the County.

6.2.3 Ensure that all required payments are made timely and that medical bills are paid within twenty (20) days or objection timely filed.

6.2.4 Indexing of all new claims and periodic reindexing of existing claims.

6.2.5 Quarterly department file reviews will be coordinated and attended by claims administration staff.

6.2.6 Semi-annual defense attorney file reviews will be coordinated and attended by claims administration staff.

6.3 Forms: Forms necessary for the County's processing and benefits or claims information are to be provided at the expense of the adjusting firm to include pre-printed DWC-1 forms, state mandated posting notices, workers' compensation facts brochures, MPN website, MPN brochures and MPN employee notification letters as necessary.

6.4 Managed Care: Managed Care services include medical bill review, utilization review, and nurse case management. The County may award these services separately from the awarded Third Party Administrator, or may award a single contract for all services to one (1) firm, which ever is determined to be in the County's best interest. The firms awarded Managed Care and Claims Administration shall cooperate fully with each other.

6.5 Bill Review Services: The Contractor shall perform bill review, which may include pharmacy review, and provide reports for such reviews to the TPA and the County. The selected Bill Review vendor will provide weekly and monthly reports.

6.6 Utilization Review Services: The Contractor shall be responsible for evaluating situations that may require and/or benefit from referral to the approved UR vendor. It is expected that the experienced examiner will make most first line UR decisions and defer to formal UR assessment when an appropriate medical expertise is needed or when required by the State. The Contractor shall employ utilization standards and guidelines to review treatment requests and outline all review fees to include physician reviews and any automatic per file referral fees. The Contractor's medical director shall be Board certified as required by law. The Contractor shall provide monthly reports.

6.7 Nurse Case Management: The use of Nurse Case Managers shall be pre approved by the County. The assigned nurse case manager shall be a licensed RN and must have direct experience working with medical providers in Stanislaus County.

6.8 Medical Provider Network (MPN): The County has an established MPN in place and wishes to continue to utilize the existing MPN. The Contractor will be expected to either administer the current MPN while working to improve it or to develop, establish and attain State approval of a new custom MPN that meets all the needs of the County. There must be a specific contact designated who will act as the representative responsible for administering the Medical Provider Network. The administrator will provide any necessary notice to the State, medical providers, claimants and/or their representatives. The County will have final approval of the physicians to be included in the MPN.

7. FINANCIAL ACCOUNTING

7.1 A trust fund shall be maintained for the purpose of paying benefits that may be due on the claims. The amount that will be maintained in the trust fund shall be determined by the parties and confirmed by written document or letter.

7.1.1 Payments from the trust fund will be those sums that should reasonably be paid on benefits mandated and/or required by the California Labor Code on those injuries where such benefits may be due.

7.2 TPA will reconcile bank statement monthly and will submit copies to the County's Risk Management Division for final verification.

7.3 The adjusting firm shall provide monthly check/vouchers register of all transactions made for the period. It shall list the checks/vouchers in numerical order, claim number, amount, payee, recoveries of all types and any other information considered necessary.

7.4 At the sole discretion of the County, there may be an annual/yearly financial audit of the trust account to ensure the integrity of the account. This account may also be subject to a Grand Jury audit at any time.

7.5 Request for special deposits and all requests for payments in excess of $5,000 must be requested prior to check being disbursed and reimbursement at month end for a trust transfer balance.

7.6 The Contractor shall employ measures to mitigate penalties and overpayments and ensure that the County does not incur expenses due to no fault of the County. Penalties that are incurred due to no-fault of the County shall be reimbursed to the County within thirty (30) days of payment of penalty. Overpayments that occur due to no fault of the County shall be reimbursed to the County within thirty (30) days of overpayment. Penalties and overpayments will be documented by monthly reports provided to the County by the Contractor.

7.7. The Contractor's employees designated as signors on the County's trust account must be pre approved. Prior to obtaining signing authority, the Contractor shall conduct a background investigation including but not limited to an individual credit check.

8. RECORDS, FILES, TRANSCRIPTS, TAPES, ETC.

All records, files, transcripts, computer tapes and any other materials on workers' compensation adjusting activities developed on the County of Stanislaus workers' compensation claims are the property of the County and must be relinquished in good order and condition upon termination of the contract with the adjusting firm without an additional cost.

9. DATA CONVERSION

All open and closed claims must be converted from current claims system to claims administrator's claims system. Conversion must be completed within two months of award.

10. IMPLEMENTATION TIME LINE

The Contractor must provide an implementation time line to illustrate how claims transition, data conversion, etc. will take place.

11. SUPPLEMENTAL SCOPE OF SERVICES

11.1 Audits

11.1.1 In the event of the State audit by OBAE (Office of Benefits Assistance and Enforcement), the Administrator selected shall be responsible for all associated legal costs, including those of the County.

11.1.2 The Administrator is required to cooperate with an independent outside auditor selected by the County. The County reserves the right to audit the administrator at any time and as frequently as the County may deem necessary.

11.2. Penalty assessments and payments

11.2.1 The parties hereto acknowledged that they are familiar with the various penalties that the California Workers Compensation Reform Act of 1989 (and subsequent laws) can impose on both employers and claim administrators. Penalties arising from a failure of the County to provide timely notice of claims or such other employer obligations shall be and remain the sole responsibility of the County and the County hereby agrees to indemnify, defend and hold the Administrator harmless from all claims arising from the imposition of such penalties. Administrative penalties arising solely from the failure of Administrator to comply in a timely and proper manner with its duties as a claims administrator shall be and remain the sole responsibility of the Administrator and the Administrator hereby agrees to indemnify, defend and hold the County harmless from all claims arising from the imposition of such administrative penalties.

11.2.2 More specifically, the parties acknowledge that the California Workers' Compensation Reform Act of 1989 requires first payment of Temporary Disability Indemnity within fourteen (14) days of the County's knowledge of the injury and generally imposes an automatic penalty of 10% of the amount delayed for late indemnity payments, which shall be payable directly to the injured employee without application. Furthermore, the parties agree that unless the Administrator is provided with notice of the claim within ten (10) days of the County's knowledge date of the injury, the above referenced automatic penalty of 10% shall be and remain the sole responsibility of the County. The Administrator will agree, however, to make good faith effort with due diligence to issue the first **T**emporary disability indemnity payment within the fourteen (14) day requirement, even in the event that the notice of claim is not received by the Administrator within ten (10) days of the County's knowledge of injury.

11.3 Meetings with the County: The County requires the Contractor to schedule, organize and conduct meetings with County representatives at least twelve (12) times per year. County representatives may include large departments' top management and/or outside defense counsel. The purpose of the meetings will be to review current cases; review the functioning of the workers' compensation program; develop coordinated plans for handling claims; coordinate plans for returning employees to work; and develop and implement appropriate rehabilitation plans. From time to time, the County may request Contractor to address specific issues as may arise during the course of the contract about which County desires additional information.

11.4 Cost Savings: Contractor shall maximize cost savings by efficient and timely provision of benefits to injured workers', utilization review, medical provider networks, recovery of

subrogation rights, co-defendant contributions, advantageous negotiated settlements, and early return to work as appropriate.

11.5. Training County Personnel: Contractor shall assist in the training of County staff as required. Design forms, procedures and techniques to improve the claim process. Contractor shall instruct County personnel as directed by the County's Risk Management Division about automated systems and reports. Contractor shall update County staff on current changes in workers' compensation law and case decisions.

11.6 Procedure Manual
Contractor shall assist in preparing and maintaining standards and procedure manual in compliance with state law and County needs with particular attention to a coordination of benefits between the Labor Code and the Government Code.

11.7 Accreditation of Administrator
Contractor shall maintain appropriate accreditation and/or license with five (5) years experience as a provider of workers' compensation services in the State of California (NOTE: include a copy of the license with the RFP submission). Contractor must notify County immediately if accreditation is lost. The Contractor must have provided claims administration for public sector clients.

11.8 Toll Free Telephone Number: The County requests Contractor maintain a toll-free number for access to contractor's office by injured workers and other interested parties. The Contractor shall bear the cost of the toll-free telephone service.

11.9 Claims Examiner Education: All of Contractor's claims examiners assigned to provide service to the County of Stanislaus account will have a solid working knowledge of the Labor Code, including reforms as provided in SB 227, SB 228, SB 899, and any other workers compensation reform currently or hereafter in effect.

11.10 Claims Staff: Contractor shall conduct background checks on all personnel assigned to work on the County's account.

12. SYNOPSIS OF MAJOR SERVICES

The following is a synopsis of the major services requested of the proposer awarded the Claims Management Agreement:

12.1. Initial Services:

12.1.1 Preparation of the basic claims management agreement.

12.1.2 Written Utilization Review procedure to be filed with the State.

12.1.3 Development of the claims payment procedure (subject to County approval).

12.1.4 Design and printing of employer reports, medical referrals, notice to injured employees and any other forms necessary or required.

12.1.5 Establish banking arrangements and/or claims replenishment/reimbursement procedures.

12.1.6 Assume claims management of open files for prior policy years.

12.1.7 Establish all database-coding requirements.

12.2 Ongoing Services:

12.2.1 Issue payments of temporary disability synchronized with the County bi-weekly payroll period.

12.2.2 Issue 4850 payments with vouchers synchronized with the County bi-weekly payroll period.

12.2.3 Review and process all industrial cases in accordance with the requirements of the Department of Industrial Relations and the Workers' Compensation Appeals Board.

12.2.4 Maintain a physical claim record or file on each reported industrial injury.

12.2.5 Maintain, administer and monitor use of County's Medical Provider Network.

12.2.6 Assure medical treatment is in accordance with agreed upon Utilization Review policy and procedure and is based on readily accepted scientific medicine.

12.2.7 Bill Review reducing fees to RVS or PPO contracts as appropriate.

12.2.8 Maintain on a case-by-case basis current estimates of future claims cost.

12.2.9 Prepare all necessary reports to the various state agencies (annual report to self- insurance plans, OSHA and others as required by law).

12.2.10 Coordination of claims activities required due to legal, investigation or subrogation concerns.

12.2.11 Advise the County on each subrogation/excess insurance reimbursable/recovery case and provide recommendations. Recovery checks on excess cases to be sent to County for deposit at the end of each quarter.

12.2.12 Provide monthly, quarterly, and annual loss reports as needed and or as deemed appropriate by the County's Risk Management Division.

12.2.13 Assist the County's Risk Management Division in returning injured employees to work as soon as medically possible.

12.2.14 Work with County's Disability Management Unit on all problematic claims including, but not limited to:

12.2.14.1 Modified Duty Assignments beyond 30 (thirty) days. Evaluate every thirty (30) days for signs of improvement.

12.2.14.2 Total Temporary Disability in excess of 30 (thirty) days. Evaluate every thirty (30) days, develop and monitor action plans.

12.2.14.3 All claims where hospitalization is necessary.

12.3 The CSAC-Excess Insurance Authority Addendum "A" (attached) Worker's Compensation Claims Administration Guidelines are to be used in addition to the requirements set forth in this Request for Proposal.

APPENDIX C

Adopted:	December 6, 1985
Amended:	March 4, 1988
Amended:	October 7, 1988
Amended:	October 6, 1995
Amended:	October 1, 1999
Amended:	June 6, 2003
Amended:	March 2, 2007
Amended:	July 1, 2009
Amended:	July 1, 2011
Amended:	March 2, 2012

ADDENDUM A
WORKERS' COMPENSATION
CLAIMS ADMINISTRATION GUIDELINES

The following Guidelines have been adopted by the CSAC Excess Insurance Authority (hereinafter The Authority or the EIA) in accordance with Article 18(b) of the CSAC Excess Insurance Authority Joint Powers Agreement. It is the intent of these Guidelines to comply with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Guidelines, the Labor Code or the Code of Regulations, the most stringent requirement shall apply.

I. CLAIM HANDLING - ADMINISTRATIVE

A. Case Load

1. The claims examiner assigned to the Member shall handle a targeted caseload of 150 but not to exceed 175 indemnity claims. This caseload shall include future medical cases with every 2 future medical cases counted as 1 indemnity case.

2. Supervisory personnel should not handle a caseload, although they may handle specific issues.

B. Case Review and Documentation

1. Documentation should reflect any significant developments in the file and include a plan of action. The examiner should review the file at intervals not to exceed 45 calendar days. Future medical files should be reviewed at intervals not to exceed 90 calendar days. The supervisor shall monitor activity on indemnity files at intervals not to exceed 120 calendar days. Future medical files shall be reviewed by the supervisor at intervals not to exceed 180 calendar days. An accomplishment level of 95% shall be considered acceptable.

2. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion. An accomplishment level of 95% shall be considered acceptable.

3. All medical-only cases shall be reviewed for potential closure or transfer to an indemnity examiner within 90 calendar days following claim file creation. An accomplishment level of 95% shall be considered acceptable.

C. Communication

1. Telephone Inquiries

Return calls shall be made within 1 working day of the original telephone inquiry. All documentation shall reflect these efforts. An accomplishment level of 95% shall be considered acceptable.

2. Incoming Correspondence

All correspondence received shall be clearly stamped with the date of receipt. An accomplishment level of 95% shall be considered acceptable.

3. Return Correspondence

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt. An accomplishment level of 95% shall be considered acceptable.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis to verify that statutory benefits are paid appropriately. Balancing is defined as, "an accounting of the periods and amounts due in comparison with what was actually paid". An accomplishment level of 95% shall be considered acceptable.

2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file. An accomplishment of 95% shall be considered acceptable.

E. Medicare Reporting

Proper verification of a claimant's status as to Medicare eligibility shall be completed and documented in the claim file. In those cases where the claimant does meet the eligibility requirements, mandatory reporting to the Center for Medicaid Services (CMS) must be completed directly or through a reporting agent in compliance with Section 111of the Medicare Medicaid and SCHIP Extension Act of 2007 ("MMSEA"). An accomplishment of 100% shall be considered acceptable.

II. CLAIM CREATION

A. Three Point Contact

Three point contact shall be conducted with the injured worker, employer representative and treating physician within 3 working days of receipt of the claim by the third party administrator or self administered entity. If a nurse case manager is assigned to the claim, initial physician contact may be conducted by either the claims examiner or the nurse case manager. In the event a party is non-responsive, there should be evidence of at least three documented attempts to reach the individual. Medical-only claims shall have this three point contact requirement as well. An accomplishment level of 95% shall be considered acceptable.

B. Compensability

1. The initial compensability determination (accept claim, deny claim or delay acceptance pending the results of additional investigation) and the reasons for such a determination shall be made and documented in the file within 14 calendar days of the filing of the claim with the employer. In the event the claim is not received by the third party administrator or self administered entity within 14 calendar days of the filing of the claim with the employer, the third party administrator or self administered entity shall make the initial compensability determination within 7 calendar days of receipt of the claim. An accomplishment level of 100% shall be considered acceptable.

2. Delay of benefit letters shall be mailed in compliance with the Division of Workers' Compensation (DWC) guidelines. In the event the employer does not provide notice of lost time to the third party administrator or self administered entity timely to comply with DWC guidelines, the third party administrator or self administered entity shall mail the benefit letters within 7 calendar days of notification. An accomplishment level of 100% shall be considered acceptable.

3. The final compensability determination shall be made by the claims examiner or supervisor within 90 calendar days of employer receipt of the claim form. An accomplishment level of 100% shall be considered acceptable.

C. AOE/COE Investigation

If a decision is made to delay benefits on a claim, an AOE/COE investigation shall be initiated within 3 working days of the decision to delay. This may include, but is not limited to, assigning out for witness/injured worker statements, initiating the QME/AME process, requesting medical records, etc. An accomplishment level of 95% shall be considered acceptable.

D. Reserves

1. Using the information available at claim file set up, an initial reserve shall be established for the most probable case value. An accomplishment level of 95% shall be considered acceptable.

2. The initial reserve shall be electronically posted to the claim within 14 calendar days of receipt of the claim. An accomplishment level of 95% shall be considered acceptable.

E. Indexing

All claims shall be reported to the Index Bureau at time of initial set up and re-indexed on an as needed basis thereafter. An accomplishment level of 95% shall be considered acceptable.

The EIA maintains membership with the Index Bureau that members can access.

III. CLAIM HANDLING – TECHNICAL

A. Payments

1. Initial Temporary and Permanent Disability Indemnity Payment

a. The initial indemnity payment shall be issued to the injured worker within 14 calendar days of knowledge of the injury and disability. In the event the third party administrator or self administered entity is not notified of the injury and disability within 14 calendar days of the employer's knowledge, the third party administrator or self administered entity shall make payment within 7 calendar days of

notification. Initial permanent disability payments shall be issued within 14 calendar days after the date of last payment of temporary disability. This shall not apply with salary continuation. An accomplishment level of 100% shall be considered acceptable.

b. The properly completed DWC Benefit Notice shall be mailed to the employee within 14 calendar days of the first day of disability. In the event the third party administrator or self administered entity is not notified of the first day of disability until after 14 calendar days, the DWC Benefit Notice shall be mailed within 7 calendar days of notification. An accomplishment level of 100% shall be considered acceptable.

c. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document. An accomplishment level of 100% shall be considered acceptable.

d. Overpayments shall be identified and reimbursed timely where appropriate. The third party administrator or self administered entity shall request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit shall be sought as part of any resolution of the claim. An accomplishment level of 95% shall be considered acceptable.

2. Subsequent Temporary and Permanent Disability Payments

a. Eligibility for indemnity payments subsequent to the first payment shall be verified, except for established long-term disability. An accomplishment level of 100% shall be considered acceptable.

b. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document. An accomplishment level of 100% shall be considered acceptable.

3. Final Temporary and Permanent Disability Payments

a. All final indemnity payments shall be issued timely and the appropriate DWC benefit notices sent. An accomplishment level of 100% shall be considered acceptable.

b. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7. of this document. An accomplishment level of 100% shall be considered acceptable.

4. Award Payments

a. Payments on undisputed Awards, Commutations, or Compromise and Releases shall be issued within 10 calendar days following receipt of the appropriate document. An accomplishment level of 95% shall be considered acceptable.

b. For all excess reportable claims, copies of all Awards shall be provided to the Authority at time of payment. An accomplishment level of 95% shall be considered acceptable.

5. Medical Payments

a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 working days of receipt. An accomplishment level of 100% shall be considered acceptable.

b. The medical provider must be notified in writing within 30 working days of receipt of an itemized bill if a medical bill is contested, denied or incomplete. An accomplishment level of 100% shall be considered acceptable.

c. A bill review process should be utilized whenever possible. There should be participation in a PPO and/or MPN whenever possible.

6. Injured Worker Reimbursement Expense

a. Reimbursements to injured workers shall be issued within 15 working days of the receipt of the claim for reimbursement. An accomplishment level of 95% shall be considered acceptable.

b. Advance travel expense payments shall be issued to the injured worker 10 working days prior to the anticipated date

of travel. An accomplishment level of 95% shall be considered acceptable.

7. Penalties

a. Penalties shall be coded so as to be identified as a penalty payment. An accomplishment level of 100% shall be considered acceptable

b. If the Member utilizes a third party administrator, the Member shall be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty, on a monthly basis. An accomplishment level of 95% shall be considered acceptable.

c. If the Member utilizes a third party administrator, the Member, in their contract with the administrator, shall specify who is responsible for specific penalties.

B. Medical Treatment

1. Each Member shall have in place a Utilization Review process. An accomplishment level of 100% shall be considered acceptable.

2. Disputes regarding spine surgery shall be resolved using the process set forth in Labor Code Section 4062(b). An accomplishment level of 100% shall be considered acceptable.

3. Nurse case managers shall be utilized where appropriate. An accomplishment level of 95% shall be considered acceptable.

4. If enrolled in a Medical Provider Network, the network shall be utilized whenever appropriate.

C. Apportionment

1. Investigation into the existence of apportionment shall be documented. An accomplishment level of 100% shall be considered acceptable.

2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued. An accomplishment level of 100% shall be considered acceptable.

D. Disability Management

1. The third party administrator or self administered entity shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The TPA or self-administered entity shall notify a designated Member representative immediately upon receipt of temporary work restrictions or a release to full duty, and work closely with the Member to establish a return to work as soon as possible. An accomplishment level of 95% shall be considered acceptable.

2. The third party administrator or self administered entity shall notify a designated Member representative immediately upon receipt of an employee's permanent work restrictions so that the Member can determine the availability of alternative, modified or regular work. An accomplishment level of 100% shall be considered acceptable.

3. If there is no response within 20 calendar days, the third party administrator or self administered entity shall follow up with the designated Member representative. An accomplishment level of 100% shall be considered acceptable.

4. Members shall have in place a process for complying with laws preventing disability discrimination, including Government Code Section 12926.1 which requires an interactive process with the injured worker when addressing a return to work particularly with permanent work restrictions.

5. Third party administrators or self administered claims professional shall cooperate with members to the fullest extent, in providing medical and other information the member deems necessary for the member to meet its obligations under federal and state disability laws.

E. Supplemental Job Displacement Benefits

1. Supplemental Job Displacement Benefits – Dates of injury 1/1/04 and after: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided. An accomplishment level of 100% shall be considered acceptable.

2. The third party administrator or self administered entity shall secure the prompt conclusion of vocational rehabilitation/SJDB and settle where appropriate. An accomplishment level of 95% shall be considered acceptable.

F. Reserving

1. Reserves shall be reviewed at regular diary and at time of any significant event, e.g., surgery, P&S/MMI, return to work, etc., and adjusted accordingly. This review shall be documented in the file regardless of whether a reserve change was made. An accomplishment level of 95% shall be considered acceptable.

2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately. An accomplishment level of 100% shall be considered acceptable.

3. Permanent disability indemnity exposure shall include life pension reserve if appropriate. An accomplishment level of 100% shall be considered acceptable.

4. Future medical claims shall be reserved in compliance with SIP regulation 15300 allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy. An accomplishment level of 100% shall be considered acceptable.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall take appropriate action to finalize the claim. An accomplishment level of 95% shall be considered acceptable.

2. Settlement value shall be documented appropriately utilizing all relevant information. An accomplishment level of 95% shall be considered acceptable.

H. Settlement Authority

1. No agreement shall be authorized involving liability, or potential liability, of the Authority without the advance written consent of the Authority. An accomplishment level of 100% shall be considered acceptable.

2. The third party administrator shall obtain the Member's authorization on all settlements or stipulations in excess of the settlement authority provided in any provision of the individual

contract between the Member and the claims administrator. An accomplishment level of 100% shall be considered acceptable.

IV. LITIGATED CASES

The third party administrator or self administered entity shall establish written guidelines for the handling of litigated cases. The guidelines should, at a minimum, include the points below, which may be adopted and incorporated by reference as "the guidelines".

A. Defense of Litigated Claims

1. The third party administrator or self administered entity shall promptly initiate investigation of issues identified as material to potential litigation. The Member shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the Member. The Member shall be kept informed on the scope and results of investigations. An accomplishment level of 95% shall be considered acceptable.

2. The third party administrator or self administered entity shall, in consultation with the Member, assign defense counsel from a list approved by the Member. An accomplishment level of 95% shall be considered acceptable.

3. Settlement proposals directed to the Member shall be forwarded by the third party administrator, self administered entity or defense counsel in a concise and clear written form with a reasoned recommendation. Settlement proposals shall be presented to the Member as directed so as to insure receipt in sufficient time to process the proposal. An accomplishment level of 95% shall be considered acceptable.

4. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the Member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense. An accomplishment level of 95% shall be considered acceptable.

5. The third party administrator or self administered entity shall comply with any reporting requirement of the Member. An accomplishment level of 95% shall be considered acceptable.

B. Subrogation

1. In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, attempts to obtain information regarding the identity of the responsible party shall be made within 14 calendar days of recognition of subrogation potential. Once identified, the third party shall be contacted within 14 calendar days with notification of the Member's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury. An accomplishment level of 95% shall be considered acceptable.

2. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member shall be entitled. An accomplishment level of 95% shall be considered acceptable.

3. The file shall be monitored to determine the need to file a complaint in civil court in order to preserve the statute of limitations. An accomplishment level of 95% shall be considered acceptable.

4. If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Upon Member authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action. An accomplishment level of 95% shall be considered acceptable.

5. Whenever practical, the claims administrator shall aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured worker's net recovery for future benefit payments. An accomplishment level of 95% shall be considered acceptable.

V. EXCESS COVERAGE

A. Claims meeting the definition of reportable excess workers' compensation claims as defined by the Memorandum of Coverage Conditions Section shall be reported to the Authority within 5 working days of the day on which it is known the criterion is met. Utilize the Excess Workers' Compensation First Report Form available through the EIA website. An accomplishment level of 100% shall be considered acceptable.

B. Subsequent reports shall be transmitted to the Authority on a quarterly basis on indemnity claims and on a semi-annual basis on future medical claims sooner if claim activity warrants, or at such other intervals as requested by the Authority, in accordance with Underwriting and Claims Administration Standards. Utilize the Excess Workers' Compensation Status Report Form available through the EIA website, or a comparable form to be approved by the Authority. An accomplishment level of 95% shall be considered acceptable.

C. Reimbursement requests should be submitted in accordance with the Authority's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity. Utilize the Excess Workers' Compensation Claim Reporting and Reimbursement Procedures available through the EIA website. An accomplishment level of 95% shall be considered acceptable.

D. A closing report with a copy of any settlement documents not previously sent shall be sent to the Authority. An accomplishment level of 95% shall be considered acceptable.

APPENDIX D
YORK PRICING

Category	Rate		Frequency
Claims Administration			
Claims Administration Fee (July 1, 2016 – June 30, 2017)	$ 518,599		Annual
Claims Administration Fee (July 1, 2017 – June 30, 2018)	$ 528,971		Annual
Other Administrative Costs			
Data Conversion	Waived		
Access to Database/Misc IT Charges	Free		
Bank Reconciliation	Free		
Subrogation	Free with attorney fees charged as allocated expense to claim file		
Indexing *(may be done at no charge through CSAC-EIA)*	Free		
Claim file storage including closed inventory	Free		
Claim file storage including closed inventory	Free		
Medicare Reporting	Free		
Ad hoc report programming per hour	Free		
Medical Provider Network Administration	Option 1	$150	Per provider contract with County's existing MPN
	Option 2	$42	Per claim access for WellComp MPN – waived during the transition period if County chooses Option 3
	Option 2	Waived	Filing Fee for WellComp MPN
	Option 3	$150	Per provider contract with WellComp MPN Custom Carve-out
Bill Review			
Fee per Bill to reduce to fee schedule	$7.50		Per Bill
% of Savings for PPO Savings below fee schedule	24% with a $5,000 cap on a per bill basis		
% of Savings for Hospital Inpatient	0% of savings for reducing bills to fee schedule		
% of Savings for Hospital Outpatient	0% of savings for reducing bills to fee schedule		
% of savings Negotiated Bill Review	0% of savings for reducing bills to fee schedule		

APPENDIX D
YORK PRICING
(CONTINUED)

Category	Rate	Frequency
Utilization Review		
Nurse Review - per hour	$95.00	~~Hourly~~ Per event
Doctor Review - per hour	$225.00	Hourly
Peer Review - per hour	$225.00	Hourly
Pre-Certification (hospital or surgery) - fee per case	$95.00	Per Case
Concurrent Review - fee per case	$95.00	Per Case
Nurse Case Management		
Telephonic Case Management - per hour	$98.00	Hourly
Field Case Management - per hour	$98.00	Hourly
Travel and wait time - per hour	$98.00	Hourly
Mileage charges for travel	IRS rate	Per Mile
Catastrophic Case Management	$98.00	Hourly
Other Charges	No other charges	

APPENDIX D-2

YORK

May 13, 2016

Mr. Jody Hayes
Assistant Executive Officer
Stanislaus County – Risk Management
1010 10th Street, Suite 5900
Modesto, CA 95354

VIA EMAIL

Re: Managed Care Pricing Information

Dear Mr. Hayes:

The following information provides clarification regarding York's managed care pricing:

- Medicare Reporting
  There is no fee directly associated with Medicare reporting regardless of the Reporting Agent the County utilizes.

- Bill Review
  York would like to confirm that the only fees associated with percentage of savings for hospital inpatient, hospital outpatient, and negotiated bill review would be the per bill fee of $7.50 to reduce to fee schedule. As an example, if we received a hospital bill for $50,000 from a hospital that was not in a PPO network and reduced the bill to fee schedule of $20,000, we would only charge $7.50. We would not charge a percentage of the $30,000 savings.

  Stanislaus County requested an option for containing costs associated with bill review, and York is willing to cap PPO savings fees on a per bill basis at $5,000. Based on the bill review data the County provided, we have identified that the County currently achieves very low PPO penetration. We are confident that we will achieve a much higher PPO penetration, which will provide greater net bill review savings to the County overall. That said, we must pay the PPO. Our goal is to access the best PPO savings for the County on each bill, and, as a result, our average reimbursement rate to the PPO ranges from 10 to 18% of savings depending on which network we access.

  Here is an example of how this would work:

  A firefighter for the County has an extended inpatient hospital stay. The hospital is in the PPO network and sends us a bill for $225,000. First, York reduces the bill to fee schedule or $140,000, which is $85,000 in fee schedule savings. To do this, we charge a fee of $7.50.

  Then, York identifies that we can take additional PPO savings, which reduces the bill an additional $60,000 so the County will pay $80,000 on the $225,000 bill. Without the $5,000 per bill cap on PPO charges, the County would pay York $14,400 in PPO savings fees ($14,400 is 24% of the $60,000 in PPO savings). With the cap, however, the County will never pay more than $5,000 in PPO savings. Assuming a reimbursement rate of 18% to the PPO network, York will pay the PPO $10,800 while only charging the County $5,000 to access the network.

APPENDIX D-2

Should the County have further questions regarding our managed care pricing, please do not hesitate to contact us.

Best regards,

Jon Lord
Managing Vice President, Public Entity Sales
Phone: (714) 620-1375

Jody Gray
President, Public Entity
Phone: (714) 620-1336

APPENDIX E

Stanislaus County
Performance Based Contract Provision - TPA

CSAC Excess Insurance Authority will conduct a biennial claims audit, which will be used as one of the bases for evaluating performance, in addition to providing timely, and accurate claim data as requested.

The claims audit will evaluate compliance with the CSAC EIA Workers' Compensation Claims Administration Guidelines (claim guidelines). The claims audit will measure the percentage of compliance achieved in each of seven (7) selected audit categories.

If the claims audit composite score is below 90%, penalties to the claims administration fees would apply as outlined below.

If the performance as identified by the audit is at a level significantly below the 90% composite score noted previously, such that the County schedules an interim audit with an independent auditor, the cost of said interim audit will be the responsibility of TPA to reimburse the County upon submission of the paid invoice.

Penalty Calculation

TPA can be assessed a penalty of up to $7,000, or $1,000 for each of the audit categories listed below where the composite rating for a category is 90%:

Audit Category

- Medicare Reporting
- Three Point Contact
- Indexing
- Disability Management
- Reserving
- Reimbursement & Recovery
- Excess Reporting

Auditor Controls

In conducting the annual audit, the auditor will limit the evaluation to areas directly under TPA's control. The audit will be limited to activity performed by TPA since the previous audit. The sample size obtained for each audit category shall be at least forty (40) files representing all County claims, or that audit category will be disregarded. As respects the audit category of "Reserving", the auditor shall consider a file to be in compliance if reserve changes are properly considered and documented and the auditor's reserve recommendation is within 5% of the indicated reserve. However, in the event of a dispute the independent auditor's final opinion will be the determining factor.

Payment of Penalty

The penalty shall apply to claims administration fees earned during the July 1st to June 30th contract year during which the audit is completed. The penalty shall be payable in equal monthly installments over the contract year immediately following the subject audit year. (For example, if the audit is completed during the 2016/17 contract year, the penalty shall be assessed during the 2017/18 contract year.) The penalty is separate from the annual administration fee. Should this contract be cancelled, or not renewed beyond the term of this Agreement, the balance of the penalty shall be payable within thirty (30) days of the termination or non-renewal.

Claim Reports

The monthly, quarterly and annual claim reports are to be fully checked for quality prior to submitting to the County, and will be provided by or before the 15th of the month. Failure to provide accurate and timely reports will result in a $100 penalty for the first report missed. Late or inaccurate reporting penalty will be capped at $2,500 for each contract year, with the penalty being assessed at the end of that contract year. If the County is required to re-request data due to errors identified, or the reports are submitted after the indicated due date and time, the penalty provision will apply.