EBIX Insurance No. S200002506

AGREEMENT FOR SERVICES BETWEEN THE CITY OF SANTA CLARA, CALIFORNIA, AND SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

PREAMBLE

This Agreement is entered into between the City of Santa Clara, California, a chartered California municipal corporation (City) and Sedgwick Claims Management Services, Inc., an Illinois corporation, (Contractor). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

A. City desires to secure the services more fully described in this Agreement, at Exhibit A, entitled "Scope of Services";

B. Contractor represents that it, and its subcontractors, if any, have the professional qualifications, expertise, necessary licenses and desire to provide certain goods and/or required services of the quality and type which meet objectives and requirements of City; and,

C. The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

The Parties agree as follows:

AGREEMENT TERMS AND CONDITIONS

1. AGREEMENT DOCUMENTS

The documents forming the entire Agreement between City and Contractor shall consist of these Terms and Conditions and the following Exhibits, which are hereby incorporated into this Agreement by this reference:

Exhibit A – Scope of Services

Exhibit B – Schedule of Fees

Exhibit C – Insurance Requirements

Exhibit D – CSAC-EIA Workers' Compensation Claims Administration Guidelines

This Agreement, including the Exhibits set forth above, contains all the agreements, representations and understandings of the Parties, and supersedes and replaces any previous agreements, representations and understandings,

whether oral or written. In the event of any inconsistency between the provisions of any of the Exhibits and the Terms and Conditions, the Terms and Conditions shall govern and control.

2. TERM OF AGREEMENT

Unless otherwise set forth in this Agreement or unless this paragraph is subsequently modified by a written amendment to this Agreement, the term of this Agreement shall begin on July 1, 2020 and terminate on June 30, 2022. This Agreement shall automatically renew for up to three (3) additional one (1) year option periods except when written notice of non-renewal is delivered by either party to the other. Such notice must be delivered a minimum of one hundred and eighty (180) days prior to the next expiration date of this Agreement. All such renewal periods shall comply with the compensation allocation parameters set forth in Section 6 of this Agreement.

3. SCOPE OF SERVICES & PERFORMANCE SCHEDULE

Contractor shall perform those Services specified in Exhibit A. Time is of the essence.

4. WARRANTY

Contractor expressly warrants that all materials and services covered by this Agreement shall be fit for the purpose intended, shall be free from defect and shall conform to the specifications, requirements and instructions upon which this Agreement is based. Contractor agrees to promptly replace or correct any incomplete, inaccurate or defective Services at no further cost to City when defects are due to the negligence, errors or omissions of Contractor. If Contractor fails to promptly correct or replace materials or services, City may make corrections or replace materials or services and charge Contractor for the cost incurred by City.

5. QUALIFICATIONS OF CONTRACTOR - STANDARD OF CARE

Contractor represents and maintains that it has the expertise in the professional calling necessary to perform the Services, and its duties and obligations, expressed and implied, contained herein, and City expressly relies upon Contractor's representations regarding its skills and knowledge. Contractor shall perform such Services and duties in conformance to and consistent with the professional standards of a specialist in the same discipline in the State of California.

6. COMPENSATION AND PAYMENT

In consideration for Contractor's complete performance of Services, City shall pay Contractor for all materials provided and Services rendered by Contractor in accordance with Exhibit B, entitled "SCHEDULE OF FEES." The maximum

compensation of this Agreement for third-party administration and bill review services, to include options years, is One Million Eight Hundred Fifty-Four Thousand Five Hundred Seventy Nine dollars ($1,854,579.00), subject to budget appropriations, which includes all payments that may be authorized for Services and for expenses, supplies, materials and equipment required to perform the Services. Rates for other ancillary services in Exhibit B shall be paid as needed as a claim file expense not associated with this maximum compensation. All other work performed or materials provided in excess of the maximum compensation not included in Exhibit B shall be at Contractor's expense. Contractor shall not be entitled to any payment above the maximum compensation according to these terms and conditions under any circumstance.

7. TERMINATION

A. Termination for Convenience. City shall have the right to terminate this Agreement, without cause or penalty, by giving not less than one hundred and eighty (180) days' prior written notice to Contractor.

B. Termination for Default. If Contractor fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, City may terminate this Agreement immediately upon written notice to Contractor.

C. Upon termination, each Party shall assist the other in arranging an orderly transfer and close-out of services. As soon as possible following the notice of termination, but no later than thirty (30) days after the notice of termination, Contractor will deliver to City all City information or material that Contractor has in its possession.

D. Upon notice of termination of this agreement, Contractor shall cooperate and assist in the transition to a new vendor in a manner that is usual and customary in the industry. This includes accurate and timely transition of all claims system data as instructed by the City to the new vendor and maintaining all claims administration activities in accordance with this agreement and with industry standards. Failure to comply with this Section 7(D) will be considered a breach of contract and Contractor agrees they will be responsible for all costs incurred by City, whether direct or indirect, for curing such deficiencies. Any legal costs incurred by the City in enforcing this Section 7(D) shall be borne by the Contractor.

8. ASSIGNMENT AND SUBCONTRACTING

City and Contractor bind themselves, their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written approval of City. Contractor shall not hire subcontractors without express written permission from City.

Contractor shall be as fully responsible to City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it.

9. NO THIRD-PARTY BENEFICIARY

This Agreement shall not be construed to be an agreement for the benefit of any third-party or parties and no third-party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

10. INDEPENDENT CONTRACTOR

Contractor and all person(s) employed by or contracted with Contractor to furnish labor and/or materials under this Agreement are independent contractors and do not act as agent(s) or employee(s) of City. Contractor has full rights to manage its employees in their performance of Services under this Agreement.

11. CONFIDENTIALITY OF MATERIAL

All ideas, memoranda, specifications, plans, manufacturing procedures, data, drawings, descriptions, documents, discussions or other information developed or received by or for Contractor and all other written information submitted to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor and shall not, without the prior written consent of City, be used for any purposes other than the performance of the Services nor be disclosed to an entity not connected with performance of the Services. Nothing furnished to Contractor which is otherwise known to Contractor or becomes generally known to the related industry shall be deemed confidential.

12. OWNERSHIP OF MATERIAL

All material, which shall include, but not be limited to, data, sketches, tracings, drawings, plans, diagrams, quantities, estimates, specifications, proposals, tests, maps, calculations, photographs, reports, designs, technology, programming, works of authorship and other material developed, collected, prepared or caused to be prepared under this Agreement shall be the property of City but Contractor may retain and use copies thereof. City shall not be limited in any way or at any time in its use of said material. However, Contractor shall not be responsible for damages resulting from the use of said material for work other than Project, including, but not limited to, the release of this material to third parties.

13. RIGHT OF CITY TO INSPECT RECORDS OF CONTRACTOR

City, through its authorized employees, representatives or agents shall have the right during the term of this Agreement and for four (4) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Contractor for the purpose of verifying any and all charges made by Contractor in connection with Contractor compensation under this

Agreement, including termination of Contractor. Contractor agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to City. Any expenses not so recorded shall be disallowed by City. Contractor shall bear the cost of the audit if the audit determines that there has been a substantial billing deviation in excess of five (5) percent adverse to the City.

Contractor shall submit to City any and all reports concerning its performance under this Agreement that may be requested by City in writing. Contractor agrees to assist City in meeting City's reporting requirements to the State and other agencies with respect to Contractor's Services hereunder.

14. HOLD HARMLESS/INDEMNIFICATION

A. To the extent permitted by law, Contractor agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, employees, volunteers and agents from and against any claim, injury, liability, loss, cost, and/or expense or damage, including all costs and attorney's fees in providing a defense to any such claim or other action, and whether sounding in law, contract, tort, or equity, in any manner arising from, or alleged to arise in whole or in part from, or in any way connected with the Services performed by Contractor pursuant to this Agreement – including claims of any kind by Contractor's employees or persons contracting with Contractor to perform any portion of the Scope of Services – and shall expressly include passive or active negligence by City connected with the Services. However, the obligation to indemnify shall not apply if such liability is ultimately adjudicated to have arisen through the sole active negligence or sole willful misconduct of City; the obligation to defend is not similarly limited.

B. Contractor's obligation to protect, defend, indemnify, and hold harmless in full City and City's employees, shall specifically extend to any and all employment-related claims of any type brought by employees, contractors, subcontractors or other agents of Contractor, against City (either alone, or jointly with Contractor), regardless of venue/jurisdiction in which the claim is brought and the manner of relief sought.

C. To the extent Contractor is obligated to provide health insurance coverage to its employees pursuant to the Affordable Care Act ("Act") and/or any other similar federal or state law, Contractor warrants that it is meeting its obligations under the Act and will fully indemnify and hold harmless City for any penalties, fines, adverse rulings, or tax payments associated with Contractor's responsibilities under the Act.

D. Workers' Compensation Acts not Limiting. Contractor's indemnifications and obligations under this Section 14, or any other provision of this Agreement, shall not be limited by the provisions of any workers'

compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

E. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 14 shall apply regardless of whether or not any insurance policies are determined to be applicable to the liabilities, tax, assessment, penalty or interest asserted against City.

F. Survival of Terms. Contractor's indemnifications and obligations under this Section 14 shall survive the expiration or termination of this Agreement.

15. INSURANCE REQUIREMENTS

During the term of this Agreement, and for any time period set forth in Exhibit C, Contractor shall provide and maintain in full force and effect, at no cost to City, insurance policies as set forth in Exhibit C.

16. WAIVER

Contractor agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver(s) of any other condition of performance under this Agreement. Neither City's review, acceptance nor payments for any of the Services required under this Agreement shall be constructed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

17. NOTICES

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Santa Clara
Attention: Human Resources
1500 Warburton Avenue
Santa Clara, CA 95050
Email 1: humanresources@santaclaraca.gov
Email 2: manager@santaclaraca.gov
Phone: 408-615-2080
Fax: 408-985-0667

And to Contractor addressed as follows:

Sedgwick Claims Management Services, Inc.

8125 Sedgwick Way
Memphis, TN 38125
Email:
Phone: 901-415-7400
Fax: 901-415-7409

The workday the e-mail was sent shall control the date notice was deemed given. An e-mail transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following business day.

18. COMPLIANCE WITH LAWS

Contractor shall comply with all applicable laws and regulations of the federal, state and local government, including but not limited to "The Code of the City of Santa Clara, California" ("SCCC"). In particular, Contractor's attention is called to the regulations regarding Campaign Contributions (SCCC Chapter 2.130), Lobbying (SCCC Chapter 2.155), Minimum Wage (SCCC Chapter 3.20), Business Tax Certificate (SCCC section 3.40.060), and Food and Beverage Service Worker Retention (SCCC Chapter 9.60), as such Chapters or Sections may be amended from time to time or renumbered. Additionally, Contractor has read and agrees to comply with City's Ethical Standards (http://santaclaraca.gov/home/showdocument?id=58299).

19. CONFLICTS OF INTEREST

Contractor certifies that to the best of its knowledge, no City officer, employee or authorized representative has any financial interest in the business of Contractor and that no person associated with Contractor has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. Contractor is familiar with the provisions of California Government Code section 87100 and following, and certifies that it does not know of any facts which would violate these code provisions. Contractor will advise City if a conflict arises.

20. FAIR EMPLOYMENT

Contractor shall not discriminate against any employee or applicant for employment because of race, sex, color, religion, religious creed, national origin, ancestry, age, gender, marital status, physical disability, mental disability, medical condition, genetic information, sexual orientation, gender expression, gender identity, military and veteran status, or ethnic background, in violation of federal, state or local law.

21. NO USE OF CITY NAME OR EMBLEM

Contractor shall not use City's name, insignia, or emblem, or distribute any information related to services under this Agreement in any magazine, trade paper, newspaper or other medium without express written consent of City.

22. GOVERNING LAW AND VENUE

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California. The venue of any suit filed by either Party shall be vested in the state courts of the County of Santa Clara, or if appropriate, in the United States District Court, Northern District of California, San Jose, California.

23. SEVERABILITY CLAUSE

In case any one or more of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

24. AMENDMENTS

This Agreement may only be modified by a written amendment duly authorized and executed by the Parties to this Agreement.

25. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which shall constitute one and the same instrument.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

Approved as to Form: Dated: _____

BRIAN DOYLE
City Attorney

DEANNA J. SANTANA
City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
Fax: (408) 241-6771

"CITY"

SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.
an Illinois corporation

Dated: June 15, 2020
By (Signature): J. Edward Peel
Name: J. Edward Peel
Title: Vice-President
Principal Place of Business Address: 8125 Sedgwick Way, Memphis, TN 38125
Email Address:
Telephone: (901) 415-7400
Fax: (901) 415-7409

"CONTRACTOR"

EXHIBIT A
SCOPE OF SERVICES

The Services to be performed for the City by the Contractor under this Agreement are set forth below for each service element to be delivered. It is expected that adjustments to services will be required if new laws and/or regulations are enacted that affect the delivery of benefits under the State's workers' compensation statutory construct. As the Contractor is a sophisticated operator in the field it is expected that these types of changes were contemplated in the process of submitting a proposal for these services and pricing included anticipation of such statutory/regulatory changes. The City requires that all TPA services be provided in a manner that is customary in the industry as a minimum. The particular requirements included in this Scope of Services are very specific to the City's requirements and philosophy for effective workers' compensation program management, but may not include all elements that arise due to changes in the statutory/regulatory scheme and may not include every element that is considered an appropriate standard of care in the business. Following is a listing of the primary service elements required along with basic expectations. It is expected that Contractor will provide quality service that is customary in the business.

A. Third-party Administrator (TPA)

The following service elements are the minimum requirements of the City for TPA services.

1. All claims, files, records, reports and supporting documentation related to City claims are the property of the City.

2. The Contractor and any sub-contractors must maintain insurance coverages consistent with those included in Exhibit C of this Agreement.

3. The Contractor must have a claims office that houses the City claims examining team in a location in the Bay Area to ensure accessibility for vendor staff and City staff to easily meet.

4. The Contractor must conform to the then-current claims administration guidelines of the CSAC-Excess Insurance Authority, or successor agency, that are in effect at any given point in time. The current specifications are included in Exhibit D of this Agreement. Of particular importance are the sections dealing with case review and documentation, three-point contact, resolution of claim, case closure, and staffing levels.

5. Administration of all City claims must be performed under the management and supervision of an individual with an extensive public entity examiner/adjuster background that possesses and maintains a current certificate to administer workers' compensation claims from the State of California. A certificate in Self-Insurance Plan administration is preferred.

6. All Examiners assigned to the City's account must possess and maintain a current certificate to administer workers' compensation claims in the State of California. A certificate in Self-Insurance Plan administration is preferred.

7. The Contractor must prepare in a timely manner the information necessary to issue Federal form 1099 notices to vendors paid through the Contractor and provide the information to the City Finance Department in a form acceptable to the Finance Department. Conversely, the Contractor must timely provide Form W-9 and Form CA590 to the Finance Department as required by statute.

8. The Contractor must timely notify the City's excess carrier of all claims that meet the criteria contained in Exhibit D of this Agreement and any future revisions of Exhibit D.

9. The Contractor shall within 90 days of a claim opening provide information to the City concerning all claims with subrogation potential. The Contractor shall respond to the first request for information by acknowledging that the claim has been presented and providing a brief prognosis for the claim. The Contractor shall respond to subsequent status requests by providing the current status of the claim and a printout of the payments made to date. Once the claim is closed, the Contractor must forward copies of all bills paid along with a printout of the payments. The Contractor must have the ability to provide an acceptable report to Human Resources Staff on a recurring and per request basis.

10. The Contractor must prepare the Public Self-Insurer's Annual Report and transmit to the City for signature four weeks in advance of the deadline for submission to the State of California.

11. The Contractor must coordinate all return to work related issues with Human Resources Staff. This includes supporting the interactive process in applicable circumstances.

12. The Contractor must make available examiners and supervisors for participation in claims reviews with representatives of City Departments and Human Resources Department as scheduled/requested.

13. The Contractor must have appropriate staff available to participate in periodic meetings with, or training of, City staff with regard to issues associated with workers' compensation.

14. The City requires statistical information to analyze its workers compensation program for cost containment and actuarial purposes. The Contractor shall have data support/reporting capabilities that provide recurring monthly claims reports specified by the City, and an ability to provide graphs of claims data, at a minimum, by department. These reports should include the ability to feature types of injuries, causes of injuries, costs per claim, etc. It is preferable that the Contractor has a means of archiving recurring reports in a location accessible to City Human Resources Department Staff.

15. The data support/reporting offered by the Contractor must allow City staff to access all claims information in an ad-hoc, on-demand fashion that permits some level of real time report creation/generation by City staff.

    The following list is an exemplar and not conclusive list of the type of loss run information the City will require on an automatic, recurring basis. Other reports may be required periodically.

    a. Monthly loss runs for all open and closed claims. The Contractor's program should have the ability to capture this information at any time during the year. This loss run must include the claim number, the date of the loss, date reported, cause of loss, type of loss, description of loss, body part affected (this item should have the ability to be updated if other body parts are later added), department and division, as well as amount paid, reserved, and total amounts incurred for all species of payments. TD, PD and 4850 benefits should be captured in this report.

    b. Provider summaries to include individual claims, number of visits, visit intervals and dollars amounts.

    c. Expense loss runs, which should have the ability to separate legal expenses, investigative expenses, medical legal expenses, and other expenses.

    d. Incurred claims run on monthly or quarterly basis showing new claims filed within a specified time period.

    e. Open claims run showing all claims open as of a specified date.

    f. The ability to facilitate accurate and timely reporting and tracking for all claimants meeting mandatory Medicare reporting requirements per Medicare Secondary Payer and related statutes. The reporting requirements include proper reporting to Medicare and in providing associated data to the City.

    g. Monthly Stadium Claim costs reports.

    h. Other customized reports as deemed necessary for program administration.

    The reporting requirements discussed above, and any other reporting requirements that may be required/developed, must be available in an Excel spreadsheet format.

16. The Contractor must provide Human Resources Staff access to the Contractor's claim and reporting system. It is estimated that a minimum of two Staff members will need access to the system. However, there could be more.

17. It is preferred that the Contractor is able to provide an online Form 5020 entry system that is accessible to designated City staff in each department at some point during the course of this agreement. This system must generate a hardcopy of the form as well as populate the Contractor's claim system database.

18. The City maintains a checking account at a bank with which to pay all workers compensation-related costs. The account was initiated with funds from the City's Workers' Compensation Internal Service Fund and is replenished regularly upon presentation by the Contractor of proof of issuance of checks. The Contractor will be required to work with the City's Finance Department staff for accounting, bank reconciliation, and to provide electronic data to the bank in support of a Positive Pay system.

19. The Contractor must maintain its own checking account for paying self-imposed penalties and any other fees, costs or charges that are the responsibility of the administrator. The Contractor must provide monthly reports to track penalty payment activities.

20. The Contractor must provide reporting and tracking services to the City that comply with the requirements of Medicare Section 111 Mandatory Reporting requirements.

21. The Contractor shall properly secure and maintain the highest level of privacy and confidentiality of any and all claim information to which the Contractor is privy under this Agreement, unless and until the Contractor obtains the express written consent from the Human Resources Department to release such information. All claim information or any related information shall be considered to be confidential and shall be protected as such. This applies to any and all claims data in any form (oral, hard copy, or electronic) that the Contractor comes in contact with in the course of executing this Agreement, including, but not limited to, City workers' compensation claims, health and fiscal data, or any other personally identifiable data that should be reasonably understood to be confidential and not generally known or subject to public disclosure, or otherwise exempt from public disclosure under the law. Public disclosure shall mean disclosure to anyone (including City departments and employees not designated to the Contractor by City as being authorized to assist in administering claims activities within a given department) outside of the Human Resources Department and its authorized personnel and/or designee(s). The only exception to this requirement relates to any information that the Contractor is required by statute and or regulation to provide to other third parties, to include the State of California. The Contractor shall notify City about releases of information under these circumstances.

22. The Contractor must have a robust electronic claims management system that provides efficient use by TPA staff and designated Human Resources Staff.

B. Bill Review

The following service elements are the minimum requirements for Bill Review services provided to the City.

1. Bill Review is primarily a function intended to ensure payment of medical billings at the State mandated Official Medical Fee Schedule (OMFS) rate.

Vendor-negotiated or other existing network savings below the OMFS are also a benefit of the Bill Review process.

2. Bill Review shall be performed on all billings related to the administration of the City's workers' compensation program.

3. The Contractor shall be responsible for facilitating the Bill Review process through all available electronic and manual means to provide maximum efficacy as is customary in the business.

4. It is expected that savings will be realized from a combination of the charging of an appropriate administrative fee for activities related to the Bill Review process, ensuring appropriate service codes compatible with services rendered are submitted by providers for payment, the payment of the appropriate OMFS rate for these services, and any negotiated network fee savings below the OMFS.

5. Reporting must be provided on a recurring basis that indicates appropriate rates for services are enforced via the process for all billings.

6. The City may contract with an unaffiliated third-party vendor to perform medical management consultation services. The Contractor will be required to work with any such medical management consultant to obtain any identified additional savings for the City that should have been found by the Contractor and may be required to reimburse for any savings verified by the medical management consultant that are not otherwise recoverable by the Contractor.

C. Utilization Review (UR)

The following service elements are the minimum requirements for UR services provided to the City.

1. Utilization Review is necessary in considering the efficacy of various medical procedures during the claim process. The City's philosophy is that basic medical Requests for Authorization (RFA's) should be resolved at the lowest possible level and UR is only necessary in circumstances where complicated medical issues are involved.

2. UR is intended to be a mechanism for ensuring appropriate treatment is rendered to City employees while maximizing cost effectiveness, not a mechanism to deny treatment or generate revenue.

3. Reporting must be provided in a recurring manner that shows the level at which UR decisions are made, an assignment of costs to these activities, as well as efficacy of referrals relative to provision of services to injured employees, good claim management principals, and cost impacts.

4. The City may contract with an unaffiliated third-party vendor to perform medical management consultation services. The Contractor will be required to work

with any such medical management consultant to obtain any identified additional savings for the City that should have been found by the Contractor and may be required to reimburse for any savings verified by the medical management consultant that are not otherwise recoverable by the Contractor.

EXHIBIT B

SCHEDULE OF FEES

Pricing for subparagraphs A and B of this Exhibit B is based on the estimated claim volumes outlined above and the estimated required staffing to service those claims. Sedgwick reserves the right to request modification of the annual flat fee if changes in program requirements or an increase in claim volume of greater than 10% impacts the staffing requirements of the unit. Any such request must be tendered no later than December 31 of any fiscal year in order to afford time for the City to process an amendment and request for additional appropriations to the City Council for approval. Any such modification will be contingent upon City Council approval. Claim administration services are contingent on Contractor also providing Managed Care services.

A. Claims Administratiion Services

1. For year one of this Agreement (July 1, 2020 through June 30, 2021), the City shall pay Contractor $22,655.17 per month for TPA services per this Agreement ($271,862.00 annual cost).

2. For year two of this Agreement (July 1, 2021 through June 30, 2022), the City shall pay Contractor $24,241.00 per month for TPA services per this Agreement ($290,892.00 annual cost).

3. If option year one is exerciesed in year three (July 1, 2022 through June 30, 2023), the City shall pay Contractor $25,937.83 per month for TPA services per this Agreement ($311,254.00 annual cost).

4. If option year two is exercised in year four (July 1, 2023 to June 30, 2024), the City shall pay Contractor $26,845.67 per month for TPA services per this Agreement ($322,148.00 annual cost).

5. If option year three is exercised in year five (July 1, 2024 to June 30, 2025), the City shall pay Contractor $27,785.25 per month for TPA services per this Agreement ($333,423.00 annual cost).

B. Bill Review Services

1. For year one of this Agreement (July 1, 2020 through June 30, 2021), the City shall pay Contractor $62,500.00 annual cost annually for Bill Review services per the terms of this Agreement.

2. For year two of this Agreement (July 1, 2021 through June 30, 2022), the City shall pay Contractor $62,500.00 annual cost annually for Bill Review services per the terms of this Agreement.

3. If option year one is exercised in year three (July 1, 2022 through June 30, 2023), the City shall pay Contractor $65,000.00 annual cost annually for Bill Review services per the terms of this Agreement.

4. If option year two is exercised in year four (July 1, 2023 to June 30, 2024), the City shall pay Contractor $67,500.00 annual cost annually for Bill Review services per the terms of this Agreement.

5. If option year three is exercised in year five (July 1, 2024 to June 30, 2025), the City shall pay Contractor $67,500.00 annual cost annually for Bill Review services per the terms of this Agreement.

C. The following claim administration fees and services will be provided by the Contractor's managed care services. Managed care fees not set forth above are detailed below and will be charged to the appropriate claim file requiring the service, which is the industry custom. Contractor may update these fees from time to time with 60 days written notice to the City.

SERVICE DESCRIPTION	RATE DESCRIPTION
Medical Bill Review and Provider Networks	
Preferred provider organization (PPO) networks/out of network services	-The annual flat fee for Bill Review set forth above covers up to 3,640 bills per year; Bills exceeding that threshold will be charged at $18.55 per bill. -Additionally, bills $100,000 or greater, will have PPO fees charged at 17% of savings. Surgical implant bills discounted have PPO fees charged at 27% of savings.
Clinical Services	
Clinical consultation	$80 per call Implementation fee (one-time) — $1,550 Fees to be determined for changes to standard workflows/script.

Clinical consultation with intake (FROI)	$105 per call Implementation fee (one-time) — $1,550 Fees to be determined for changes to standard workflows/script.
Telephonic case management	Evaluation and recommendation $150
	• 1–30 days: $395 • Every 30 days thereafter: $295
	Surgery nurse service charged at same TCM rates as outlined above. Surgery nurse app - $75 per case
Nurse advocate	$95 per hour
Behavioral health specialist	$95 per hour
Utilization review	$109 per review
Physician advisor/peer review	$250 per review
Complex pharmacy management	Pharmacy nurse management/pain coaching: $115 per hour
	Option #1 • First medication $375 • 2 to 4 meds $650 • 5 to 7 meds $975 • 8 to 12 meds $1,400 • More than 12 meds $1,400 + $100 per each additional med (script) with cap of $2,200 Option #2 - Physician and PharmD management (as needed): $250 per hour
Work Placement Solutions	
Transitional work placement (at Not-for-Profit)	$900 for placement $450 No-show
Vocational expert	$95 per hour Custom return to work program design, development or consultation
	$95 per hour, plus direct expenses Exceptions to standard rate:(1)

Field case management: Full field	Catastrophic case management: $140 per hour
Field case management: Clinical assessment	$660: One visit $795: Two visits
Field case management: Vocational screening/testing	$695
Field case management: Vocational assessment	$870
Field case management: Job analysis	$640
Field case management: Ergonomic evaluation	$710
Field case management: Labor market survey	$580
Field case management: Automated transferable skill analysis	$325
Field case management: Life care plan	$145 per hour
Field case management: Expert witness/expert testimony	$150 per hour
Field case management: Customized RTW services	$145 per hour
Field case management: Limited assignment	$95 per hour (1)
Field case management: IME facilitation/attendance	$118 per hour
Sedgwick Managed Care Administrative Services	
Sedgwick standard medical card	No charge; customization starts at $3,500
Standard provider panel postings	Included in Sedgwick Bill Review program fees

California Lien Resolution	28% of the below fee schedule savings subject to minimum fee of $125 and cap of $7,500 per lien. Expert witness testimony or hearing representation charged at $125 per hour plus direct expenses

EXHIBIT C
INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the City, and prior to commencing any of the Services required under this Agreement, the Contractor shall provide and maintain in full force and effect during the period of performance of the Agreement and for twenty-four (24) months following acceptance by the City, at its sole cost and expense, the following insurance policies from insurance companies authorized to do business in the State of California. These policies shall be primary insurance as to the City of Santa Clara so that any other coverage held by the City shall not contribute to any loss under Contractor's insurance. The minimum coverages, provisions and endorsements are as follows:

A. COMMERCIAL GENERAL LIABILITY INSURANCE

1. Commercial General Liability Insurance policy which provides coverage at least as broad as Insurance Services Office form CG 00 01. Policy limits are subject to review, but shall in no event be less than, the following:

   $1,000,000 Each Occurrence
   $2,000,000 General Aggregate
   $2,000,000 Products/Completed Operations Aggregate
   $1,000,000 Personal Injury

2. Exact structure and layering of the coverage shall be left to the discretion of Contractor; however, any excess or umbrella policies used to meet the required limits shall be at least as broad as the underlying coverage and shall otherwise follow form.

3. The following provisions shall apply to the Commercial Liability policy as well as any umbrella policy maintained by the Contractor to comply with the insurance requirements of this Agreement:

   a. Coverage shall be on a "pay on behalf" basis with defense costs payable in addition to policy limits;

   b. There shall be no cross-liability exclusion which precludes coverage for claims or suits by one insured against another; and

   c. Coverage shall apply separately to each insured against whom a claim is made, or a suit is brought, except with respect to the limits of liability.

B. BUSINESS AUTOMOBILE LIABILITY INSURANCE

Business automobile liability insurance policy which provides coverage at least as broad as ISO form CA 00 01 with policy limits a minimum limit of not less than one million dollars ($1,000,000) each accident using, or providing coverage at least as broad as, Insurance Services Office form CA 00 01. Liability coverage shall apply to all owned (if any), non-owned and hired autos.

In the event that the Work being performed under this Agreement involves transporting of hazardous or regulated substances, hazardous or regulated wastes and/or hazardous or regulated materials, Contractor and/or its subcontractors involved in such activities shall provide coverage with a limit of one million dollars ($1,000,000) per accident covering transportation of such materials by the addition to the Business Auto Coverage Policy of Environmental Impairment Endorsement MCS90 or Insurance Services Office endorsement form CA 99 48, which amends the pollution exclusion in the standard Business Automobile Policy to cover pollutants that are in or upon, being transported or towed by, being loaded onto, or being unloaded from a covered auto.

C. WORKERS' COMPENSATION

1. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars ($1,000,000) policy limit Bodily Injury by disease, one million dollars ($1,000,000) each accident/Bodily Injury and one million dollars ($1,000,000) each employee Bodily Injury by disease.

2. The indemnification and hold harmless obligations of Contractor included in this Agreement shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefit payable by or for Contractor or any subcontractor under any Workers' Compensation Act(s), Disability Benefits Act(s) or other employee benefits act(s).

3. This policy must include a Waiver of Subrogation in favor of the City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents.

D. PROFESSIONAL LIABILITY

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against negligent acts, errors or omissions of the Contractor. Covered services as designated in the policy must specifically include work performed under this agreement. Coverage shall be in an amount of not less than one million dollars ($1,000,000) per claim or two million dollars ($2,000,000) aggregate. Any coverage containing a deductible or self-retention must first be approved in writing by the City Attorney's Office.

E. COMPLIANCE WITH REQUIREMENTS

All of the following clauses and/or endorsements, or similar provisions, must be part of each commercial general liability policy, and each umbrella or excess policy.

1. Additional Insureds. City of Santa Clara, its City Council, commissions, officers, employees, volunteers and agents are hereby added as additional insureds in respect to liability arising out of Contractor's work for City, using Insurance Services Office (ISO) Endorsement CG 20 10 11 85, or the combination of CG 20 10 03 97 and CG 20 37 10 01, or its equivalent.

2. Primary and non-contributing. Each insurance policy provided by Contractor shall contain language or be endorsed to contain wording making it primary insurance as respects to, and not requiring contribution from, any other insurance which the indemnities may possess, including any self-insurance or self-insured retention they may have. Any other insurance indemnities may possess shall be considered excess insurance only and shall not be called upon to contribute with Contractor's insurance.

3. Cancellation.

   a. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided due to non-payment of premiums shall be effective until written notice has been given to City at least ten (10) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least ten (10) days prior to the effective date of non-renewal.

   b. Each insurance policy shall contain language or be endorsed to reflect that no cancellation or modification of the coverage provided for any cause save and except non-payment of premiums shall be effective until written notice has been given to City at least thirty (30) days prior to the effective date of such modification or cancellation. In the event of non-renewal, written notice shall be given at least thirty (30) days prior to the effective date of non-renewal.

4. Other Endorsements. Other endorsements may be required for policies other than the commercial general liability policy if specified in the description of required insurance set forth in Sections A through E of this Exhibit C, above.

F. ADDITIONAL INSURANCE RELATED PROVISIONS

Contractor and City agree as follows:

1. Contractor agrees to ensure that subcontractors, and any other party involved with the Services, who is brought onto or involved in the performance of the Services by Contractor, provide the same minimum insurance coverage required of Contractor, except as with respect to limits. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this Agreement. Contractor agrees that upon request by City, all agreements with, and insurance compliance documents provided by, such subcontractors and others engaged in the project will be submitted to City for review.

2. Contractor agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge City or Contractor for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third-party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.

3. The City reserves the right to withhold payments from the Contractor in the event of material noncompliance with the insurance requirements set forth in this Agreement.

G. EVIDENCE OF COVERAGE

Prior to commencement of any Services under this Agreement, Contractor, and each and every subcontractor (of every tier) shall, at its sole cost and expense, provide and maintain not less than the minimum insurance coverage with the endorsements and deductibles indicated in this Agreement. Such insurance coverage shall be maintained with insurers, and under forms of policies, satisfactory to City and as described in this Agreement. Contractor shall file with the City all certificates and endorsements for the required insurance policies for City's approval as to adequacy of the insurance protection.

H. EVIDENCE OF COMPLIANCE

Contractor or its insurance broker shall provide the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage shall be delivered to City, or its representative as set forth below, at or prior to execution of this Agreement. Upon City's request, Contractor shall submit to City copies of the actual insurance policies or renewals or replacements. Unless otherwise required by the terms of this Agreement, all certificates, endorsements, coverage verifications and other items required to be delivered to City pursuant to this Agreement shall be mailed to:

EBIX Inc.
City of Santa Clara Human Resources Department
P.O. Box 100085 – S2
Duluth, GA 30096

Or

EBIX Inc.
City of Santa Clara Human Resources Department
1 Ebix Way
John's Creek, GA 30097

Telephone number: 951-766-2280
Fax number: 770-325-0409
Email address: ctsantaclara@ebix.com

I. QUALIFYING INSURERS

All of the insurance companies providing insurance for Contractor shall have, and provide written proof of, an A. M. Best rating of at least A 6 (A- VI) or shall be an insurance company of equal financial stability that is approved by the City or its insurance compliance representatives.

EXHIBIT D

CSAC-EIA WORKERS COMPENSATION CLAIMS ADMINISTRATION STANDARDS

Adopted: December 6, 1985
Last Amended: July 1, 2019

ADDENDUM A
WORKERS' COMPENSATION
CLAIMS ADMINISTRATION STANDARDS

The following Standards 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 Standards to ensure compliance with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Standards, the Labor Code or the Code of Regulations, the most stringent requirement shall apply.

I. CLAIM HANDLING - ADMINISTRATIVE

A. Case Load

1. Each claims examiner assigned to the Member should handle a targeted caseload of 150 but not to exceed 165 claims. In situations where caseloads include future medical and medical only claims, these claims shall be counted as 2:1 in the caseload limit.

2. Supervisory personnel should not handle a caseload, although they may handle specific issues or a small number of conflict claims.

B. Case Review and Documentation

1. Documentation shall reflect any significant developments in the file and include a plan of action. Plan of action statements shall be updated at the time of examiner diary review.

2. The examiner shall review indemnity and medical-only files at intervals not to exceed 45 calendar days. Future medical files shall be reviewed at intervals not to exceed 90 calendar days.

3. The supervisor shall review all new claims within 60 calendar days of initial set up and subsequently 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.

4. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion. If claims are maintained in a paperless system, documents shall be clearly identified (e.g., medical report, WCAB Orders, legal, etc.).

5. Medical Only Claims

a.) If a medical-only claim is still open at 90 calendar days, it shall be transferred to an indemnity examiner.

b.) If, at any time, it is anticipated there will be indemnity benefits paid, the claim shall be transferred to an indemnity claim type.

c.) If the medical-only claim remains open at 180 days, the claim shall be converted to an indemnity claim type, unless there is documentation showing that medical treatment will be ending and the claimant will be discharged from care within the next 30 days, or the claimant is only seeking treatment for a blood-borne pathogen exposure protocol.

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.

2. Incoming Correspondence

All correspondence received shall be clearly stamped with the date of receipt.

3. Return Correspondence

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt.

4. Ongoing Claimant Contact

On cases involving unrepresented injured workers who are off work, telephone contact shall be made at a minimum of once every 30 days and within 3 working days after discharge from the hospital or outpatient facility following a surgical procedure. This is in addition to nurse case management involvement on claims where nurse case managers are assigned.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis and prior to sending a benefit termination notice 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".

2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file.

E. Medicare Reporting

Mandatory reporting to the Center for Medicaid Services (CMS) shall be completed directly or through a reporting agent in compliance with Section 111of the Medicare Medicaid and SCHIP Extension Act of 2007 ("MMSEA"). Medicare eligibility shall be documented in the claim file at time of settlement evaluation.

II. CLAIM CREATION

A. Three Point Contact

Three-point contact shall be conducted on all claims with the non-represented 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. This initial contact should be substantive and clearly documented in the claim file. In the event a party is non-responsive, there shall be evidence of at least three documented attempts to reach the individual.

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.

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.

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.

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.

D. Reserves

1. Using the information available at claim file set up, an initial reserve shall be established for the most probable case value.

2. The initial reserve shall be electronically posted to the claim within 14 calendar days of receipt of the claim.

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. Blood borne pathogen exposure claims are an exception to this requirement.

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. Effective 1/1/2013, permanent disability payments shall be issued upon approval of an Award pursuant to Labor Code Section 4650(b)(2). Prior to a PD Award, advances may be due if the employer has not offered the employee a position paying at least 85% of their wages and compensation at time of injury or the employee is not employed in a position paying at least 100% of their wages and compensation at time of injury. This shall not apply with salary continuation.

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.

c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.

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.

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.

b. Ongoing indemnity payments shall be paid in accordance with Labor Code Section 4650(c).

c. Subsequent DWC benefit notices shall be issued in accordance with CCR 9812.

d. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document.

3. Final Temporary and Permanent Disability Payments

a. All final indemnity payments shall be issued timely.

b. The appropriate DWC benefit notices shall be issued in accordance with CCR 9812.

c. Self-imposed penalty shall be paid on late payments in accordance with Section III. A.7. of this document.

4. Award Payments

a. The claim file shall reflect demonstrated efforts to initiate/batch payments on undisputed Awards, Commutations, or Compromise and Release agreements within 10 working days following receipt of the appropriate document, unless the Award indicates payment is due sooner.

b. For all claims in the primary workers' compensation program (PWC) and/or excess reportable claims, copies of all Awards shall be provided to the Authority at time of payment.

5. Medical Payments

a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 days of receipt.

b. The medical provider shall be notified in writing within 30 days of receipt of an itemized bill if a medical bill is contested, denied or incomplete.

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.

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

7. Penalties

a. Penalties shall be coded so as to be identified as a penalty payment.

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.

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 as set forth in Labor Code Section 4610.

2. Disputes regarding utilization review determinations shall be resolved using the Independent Medical Review process set forth in Labor Code Section 4610.5.

3. Nurse case managers shall be utilized where appropriate. Rationale for assignment and continued necessity shall be documented in the claim notes at each regular diary review.

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.

2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued.

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.

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.

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.

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 on or after 1/1/04 and before 1/1/13: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided. Dates of injury on or after 1/1/13: Benefits pursuant to Labor Code 4658.7 shall be timely provided.

2. The third-party administrator or self-administered entity shall secure the prompt conclusion of SJDB.

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. Where the SIP model does not apply, claims shall be reserved for the most probable value.

2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately.

3. Permanent disability indemnity exposure shall include life pension reserve if appropriate.

4. Future medical claims shall be reserved in compliance with CCR 15300 (b)(4) 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.

5. Allocated expense reserves shall include medical cost containment, legal, investigation, copy service and other related fees.

6. A reserve worksheet shall be utilized and/or detailed rationale substantiating reserve levels shall be documented within the claim file.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall begin appropriate action to finalize the claim.

2. Follow up finalization efforts shall continue and be documented at regular diary reviews until resolution is complete.

3. Settlement value shall be documented appropriately utilizing all relevant information.

4. Where settlement includes resolution of future medical for a Medicare beneficiary or an expected Medicare beneficiary, the settlement shall document the strategy to protect Medicare's secondary payor status.

5. Pursuant to CCR15400.2, claim files with awards for future benefits shall be reviewed for administrative closure two years after the last provision of benefits.

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. The member shall be notified of any settlement request submitted to the EIA.

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.

3. Proof of settlement authorization(s) shall be maintained in the claim file.

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".

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.

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. Initial referral and ongoing litigation management shall be timely and appropriate. The third-party administrator or self-administered entity shall maintain control of the ongoing claim activities.

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.

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.

5. The third-party administrator or self-administered entity shall comply with any reporting requirement of the Member.

V. 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.

2. 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.

3. 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. If the third-party is a non-governmental entity, a complaint shall be filed in civil court within 2 years in order to preserve the statute of limitations.

4. 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.

5. 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.

6. 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.

7. Member (and EIA if applicable) approval is required to waive pursuit of subrogation or agree to a settlement of a third-party recovery. This approval shall be documented in the claim file. In cases of self-administered entities, a process shall be documented noting the authority levels within the member organization to waive pursuit of subrogation or agree to a settlement of a third-party recovery.

VI. 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.

B. Subsequent reports shall be transmitted to the Authority on a quarterly basis on all indemnity claims and on a semi-annual basis on all future medical claims or 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.

C. Reimbursement requests shall 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.

D. A closing report with a copy of any settlement documents not previously sent shall be sent to the Authority.

Following is the history of prior amendments to this document:

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
Amended: October 4, 2013