

## **PROFESSIONAL SERVICES AGREEMENT**

### **BETWEEN THE CITY OF RIALTO AND**

#### **ADMINSURE**

THIS SERVICES AGREEMENT (herein "Agreement") is made and entered into this 9th day of August, 2022, by and between the City of Rialto, a municipal corporation and California general law city ("City"), and AdminSure, Inc., a California corporation, ("Consultant"). City and Consultant are sometimes individually referred to as "Party" or collectively as "Parties".

#### **RECITALS**

A. City has sought, by Request for Proposals No. 22-070 the performance of professional services related to Workers' Compensation Claims Adjusting Services as defined and described particularly in Article 1 of this Agreement.

B. Following the submission of a proposal for the performance of the services defined and described particularly in Article 1 of this Agreement, Consultant was selected by the City to perform those services.

C. Pursuant to Chapter 2.48 of the Rialto Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for the performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

#### **OPERATIVE PROVISIONS**

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

### **ARTICLE 1. SERVICES OF CONSULTANT**

#### **1.1 Scope of Services.**

In compliance with all terms and conditions of this Agreement, Consultant shall provide the professional services specified in the "Scope of Services" attached hereto as **Exhibit "A"** incorporated herein by this reference, which services may be referred to herein as the "services" or "work" hereunder. As a material inducement for City to enter into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, it meets all local, state, and federal requirements in performing the services, and it is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently, and to the best of its ability, experience, and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional

standards in performing the work and services required hereunder and that all materials will be of good quality, fit for the purpose intended. For purposes of this Agreement, the phrase “highest professional standards” shall mean those standards of practice recognized by one or more professional firms performing similar work under similar circumstances.

## **1.2 Consultant’s Proposal.**

The Agreement between the Parties shall consist of the following: (1) this Agreement; (2) the Scope of Services; (3) the City’s Request for Proposals No. 22-070; and, (4) the Consultant’s signed, original proposal submitted to the City (“Consultant’s Proposal”), (collectively referred to as the “Contract Documents”). The Contract Documents and Accepted Proposal shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the Scope of Services, Consultant’s Proposal, and/or this Agreement, the terms of this Agreement shall govern.

## **1.3 Compliance with Law.**

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any federal, state, or local governmental entity having jurisdiction in effect at the time service is rendered.

## **1.4 Licenses, Permits, Fees, and Assessments.**

Consultant shall obtain, at its sole cost and expense, such licenses, permits, and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant’s performance of the services required by this Agreement, and shall indemnify, defend, and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes penalties, or interest levied, assessed, or imposed against City hereunder.

## **1.5 Familiarity with Work.**

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. If Consultant discovers any latent or unknown conditions that will materially affect the performance of the services hereunder, then Consultant shall immediately inform the City of such fact and shall not proceed except at City’s risk until written instructions are received from the Contract Officer.

## **1.6 Care of Work.**

Consultant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies, and/or other components thereof, to prevent losses or damages, and shall be responsible for all such damages to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

## **1.7 Prevailing Wages.**

Consultant is aware of the requirements of California Labor Code Section 1720, *et seq.* and 1770, *et seq.*, as well as California Code of Regulations, Title 8, Section 1600, *et seq.*, ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "Public Works" and "Maintenance" projects. It is the understanding of City and Consultant that the Prevailing Wage Laws may not apply to this Agreement because the Agreement does not involve any services subject to prevailing wage rates pursuant to the California Labor Code or regulations promulgated thereunder. However, Consultant shall defend, indemnify, and hold City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

## **1.8 Further Responsibilities of Parties.**

Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless specified in this Agreement, neither Party shall be responsible for the service of the other.

## **1.9 Additional Services.**

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to, or deducting from said work. No such extra work or change may be undertaken unless a written order is first given by the Contract Officer to the Consultant, describing in detail the extra work or change and the reason(s) therefor and incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work or change, and/or (ii) the time to perform this Agreement, which said adjustments shall be reflected in an amendment to the Agreement subject to the written approval of the Parties. Any amendment to this Agreement shall be reviewed and approved by the City Manager. In accordance with Rialto Municipal Code section 2.48.180, increases in compensation of this Agreement may be approved by the City Manager provided: (a) the initial Contract Sum was less than One Hundred Thousand Dollars (\$100,000) and the amended Contract Sum when considering any or all amendments will not exceed One Hundred Thousand Dollars (\$100,000); or (b) the agreement was approved by the City Council and the increases in compensation taken either separately or cumulatively do not exceed One Hundred Thousand Dollars (\$100,000). Any greater increases, taken either separately or cumulatively must be

approved by the City Council. Payment for additional services rendered by Consultant under this Agreement requires the submission of the actual costs of Consultant's performance of the extra work with the invoice(s) for the extra work claim(s), as provided in Section 2.4. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors.

No claim for an adjustment in the contract amount or time for performance shall be valid unless the procedures established in this Section are followed.

## **ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT**

### **2.1 Contract Sum.**

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the "Cost Proposal" attached hereto as **Exhibit "B"** and incorporated herein by this reference. Upon commencement of this Agreement the total compensation, including reimbursement for actual expenses, shall not exceed Two Hundred and Fifty-Six Thousand Dollars \$256,000 (the "Contract Sum") each year. The Contract Sum may also be increased for additional services pursuant to Section 1.9.

### **2.2 Method of Compensation.**

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services; (iii) payment for time and materials based upon the Consultant's rates as specified in the Schedule of Compensation, provided that time estimates are provided for the performance of sub tasks, but not exceeding the Contract Sum; or (iv) such other methods as may be specified in the Schedule of Compensation.

### **2.3 Reimbursable Expenses.**

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

### **2.4 Invoices.**

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement,

Consultant is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City may independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission.

### **2.5 No Waiver.**

Review and payment by City to Consultant of any invoice for work performed by Consultant pursuant to this Agreement shall not be deemed a waiver of any defects in work performed by Consultant or of any rights or remedies provided herein or any applicable law.

## **ARTICLE 3. PERFORMANCE SCHEDULE**

### **3.1 Time of Essence.**

Time is of the essence in the performance of this Agreement.

### **3.2 Schedule of Performance.**

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as **Exhibit "C"** and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer.

### **3.3 Force Majeure.**

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall, within ten (10) days of the commencement of such delay, notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and

extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer shall extend the time for performance in accordance with the procedures set forth in Section 1.9. The Contract Officer's determination shall be final and conclusive upon the Parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

### **3.4 Term.**

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect through completion of the services related to Request for Proposals No. 22-070, (the "Project"), and as identified in the Schedule of Performance, **Exhibit "C"**.

## **ARTICLE 4. COORDINATION OF WORK**

### **4.1 Representatives and Personnel of Consultant.**

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Nerissa Burnside  
(Name)

Sr. Workers' Compensation Director  
(Title)

Nicolas Bowers  
(Name)

Workers' Compensation Director  
(Title)

It is expressly understood that the experience, knowledge, capability, and reputation of the foregoing Principals were a substantial inducement for City to enter into this Agreement. Therefore, the Principals shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires to reassign any staff or subcontractor of Consultant, Consultant shall, immediately upon a Reassign Notice from City of such desire of City, reassign such persons or persons.

#### **4.2 Status of Consultant.**

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care, or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

#### **4.3 Contract Officer.**

The Contract Officer shall be the City Manager or other such person designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

#### **4.4 Independent Contractor.**

Neither the City nor any of its employees shall have any control over the manner, mode, or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives, or agents, or in fixing their number, compensation, or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

#### **4.5 Prohibition Against Subcontracting or Assignment.**

The experience, knowledge, capability, and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control

of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

## **ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS**

### **5.1 Insurance Coverages.**

The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees, and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury, and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure, and provide legal defense for both the Consultant and the City against any loss, claim, or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, and hired cars.

(d) Professional Liability. Professional liability insurance appropriate to the Consultant's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of, or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements.

(f) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified

endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

## **5.2 General Insurance Requirements.**

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees, and agents as additional insureds, and any insurance maintained by City or its officers, employees, or agents shall apply in excess of, and not contribute with, Consultant's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees, and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any Party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Consultant shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. 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.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Consultant agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to any persons or property resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible nor shall it limit the Consultant's indemnification liabilities as provided in Section 5.3.

In the event the Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance

that the Consultant is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

### **5.3 Indemnification.**

To the full extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless the City, its officers, employees and agents (“Indemnified Parties”) against any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein “claims or liabilities”) that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations, or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Consultant is legally liable (“indemnitors”), arising from Consultant’s reckless or willful misconduct, or arising from Consultant’s or indemnitors’ negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys’ fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents, or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents, or employees, any and all costs and expenses incurred by the City, its officers, agents, or employees in such action or proceeding, including but not limited to, legal costs and attorneys’ fees.

Consultant shall incorporate similar, indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City’s sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City’s negligence, except that design professionals’ indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness, or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

Notwithstanding the foregoing, to the extent that the Consultant's services are subject to California Civil Code Section 2782.8, the above indemnity, including the cost to defend, shall be limited to the extent required by Civil Code Section 2782.8.

#### **5.4 Sufficiency of Insurer or Surety.**

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager Consultant.

### **ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION**

#### **6.1 Records.**

Consultant shall keep, and require subcontractors to keep, such ledgers books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of 3 years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Consultant's business, custody of the books and records may be given to City, and access shall be provided by Consultant's successor in interest.

#### **6.2 Reports.**

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

### **6.3 Ownership of Documents.**

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and Consultant's guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

### **6.4 Confidentiality and Release of Information.**

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Consultant's conduct.

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant.

However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

## **ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION**

### **7.1 California Law.**

This Agreement shall be interpreted, construed, and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, Eastern Division.

### **7.2 Disputes; Default.**

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold all invoices and shall proceed with payment on the invoices only when the default is cured. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

### **7.3 Retention of Funds.**

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

#### **7.4 Waiver.**

Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

#### **7.5 Rights and Remedies are Cumulative.**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

#### **7.6 Legal Action.**

In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

#### **7.7 Termination Prior to Expiration of Term.**

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event of termination without cause pursuant to this Section, the City need not provide the Consultant with the opportunity to cure pursuant to Section 7.2.

#### **7.8 Termination for Default of Consultant.**

If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the

Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

## **ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION**

### **8.1 Non-liability of City Officers and Employees.**

No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

### **8.2 Conflict of Interest.**

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

Additionally, pursuant to Rialto Municipal Code section 2.48.145, Consultant represents that it has disclosed whether it or its officers or employees is related to any officer or employee of the City by blood or marriage within the third degree which would subject such officer or employee to the prohibition of California Government Sections 87100 et. seq., Fair Political Practices Commission Regulation Section 18702, or Government Code Section 1090. To this end, by approving this Agreement, Consultant attests under penalty of perjury, personally and on behalf of Consultant, as well its officers, representatives, that it/they have no relationship, as described above, or financial interests, as such term is defined in California Government Section 87100 et. seq., Fair Political Practices Commission Regulation Section 18702, or Government Code Section 1090, with any City of Rialto elected or appointed official or employee, except as specifically disclosed to the City in writing.

### **8.3 Covenant Against Discrimination.**

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, gender identity, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, sexual orientation, gender, gender identity, marital status, national origin, ancestry, or other protected class.

### **8.4 Unauthorized Aliens.**

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

## **ARTICLE 9. MISCELLANEOUS PROVISIONS**

### **9.1 Facilities and Equipment.**

Except as otherwise provided, Consultant shall, at its own cost and expense, provide all facilities and equipment necessary to perform the services required by this Agreement. City shall make available to Consultant only physical facilities such as desks, filing cabinets, and conference space ("City Facilities"), as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of City. The location, quality, and time of furnishing of City Facilities shall be in the sole discretion of City. In no event shall City be required to furnish any facilities that may involve incurring any direct expense, including but not limited to computer, long distance telephone, network data, internet, or other communication charges, vehicles, and reproduction facilities.

### **9.2 Payment of Taxes.**

Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any federal and state taxes.

### **9.3 Notices.**

All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by pre-paid First Class U.S. Mail, registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive

such notice if delivered personally or by messenger or overnight courier; (ii) three (3) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Any notice, request, demand, direction, or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered. Other forms of electronic transmission such as e-mails, text messages, instant messages are not acceptable manners of notice required hereunder. Notices or other communications shall be addressed as follows:

If to City:                   City of Rialto  
150 S. Palm Ave.  
Rialto, CA 92376  
Attn: City Manager  
Tel: (909) 820-2525  
Fax: (909) 820-2527

With copy to:               Burke, Williams & Sorensen, LLP  
1770 Iowa Avenue, Suite 240  
Riverside, CA 92507  
Attn: Eric S. Vail, City Attorney  
Tel: (951) 788-0100  
Fax: (951) 788-5785

If to Consultant:           AdminSure, Inc.  
3380 Shelby Street  
Ontario, CA, 91764  
Alithia Vargas-Flores, President  
Phone: (909) 861-08169  
  
Fax: (909) 987-1131  
  
Email: avargas-flores@adminsures.com

Either Party may change its address by notifying the other Party of the change of address in writing.

#### **9.4 Interpretation.**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

#### **9.5 Counterparts.**

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

## **9.6 Integration; Amendment.**

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City. The Parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

## **9.7 Severability.**

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

## **9.8 Corporate Authority.**

The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have executed and entered into this Agreement on the date first written above.

**CITY:**

**CITY OF RIALTO, a municipal corporation**

By: \_\_\_\_\_  
Marcus Fuller, City Manager

**ATTEST:**

By: \_\_\_\_\_  
Barbara A. McGee, City Clerk

**APPROVED AS TO FORM:**

Burke, Williams & Sorensen, LLP

By: \_\_\_\_\_  
Eric S. Vail, City Attorney

**CONSULTANT:**

**AdminSure, Inc.**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Alithia Vargas-Flores  
Name

\_\_\_\_\_  
President  
Title

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Ashley Sells  
Name

\_\_\_\_\_  
Corporate Secretary  
Title

**\*\*Two signatures are required if a corporation\*\***

## **EXHIBIT “A”**

### **SCOPE OF SERVICES**

#### **Technical Approach**

In addition to providing Workers' Compensation Claims Adjusting Services, we provide Utilization Review Services and Bill Review Services through our wholly owned subsidiary, MedReview Inc. – which is located in-house, on AdminSure's premises. It's important to note that nearly 100% of our Workers' Compensation clients have selected us to provide them with Utilization Review Services and Bill Review Services in addition to Claims Administration Services as they have found that tightly integrating these services results in greater timeliness, efficiency, and reliability. This is particularly important in view of the deadlines, penalties, and Electronic Data Interchange (EDI) requirements associated with these activities. We are able to ensure we are in full compliance with the Workers' Compensation Laws of California promulgated by the Department of Industrial Relations as well as the Workers' Compensation industry's best practices and industry standards by adhering to our Workers' Compensation Claims Administration Standards, and our State of California approved Utilization Review: Plan, Adjuster Authorization Criteria, and Workflows (Appendix 3), as well as other client-specific and/or pool standards, i.e. PRISM's (Public Risk Innovation, Solutions, and Management) Standards. It's important to note that City/PRISM Standards shall supersede any/all Standards. We are also very familiar and experienced with PRISM Standards and excess reporting requirements as we currently work with nearly 50 PRISM affiliated cities, and we are one of PRISM's preferred Third Party Administrators (TPAs). Adhering to the above-noted standards has resulted in very positive results. Our most recent State of California Audit Scores prove that we are in full compliance of industry standards and best practices: Our Workers' Compensation Department's score is nearly four times better than the passing score and our Utilization Review Department's score is 100%.

#### **Understanding of City's Request for Qualifications Needs**

The following is a detailed description of our approach to provide services based on the City's Scope of Services – Scope of Work as noted within the Request for Proposal (RFP). We have found that explaining exactly how we will comply is best answered by summarizing what can be expected of us, in general, when administering a Workers' Compensation claim on behalf of the City of Rialto. In doing so will concisely demonstrate that we have a unique understanding of the City's needs based on the RFP.

We strive to respond to the City's and injured workers' questions, requests, et cetera, within one workday by way of e-mail, telephone, et cetera. Specifically, phone calls, faxes and electronic transmissions (e-mails) will be responded to within one workday that they are received, and all mailed correspondence will be responded to within two to five workdays of receipt.

We operate in a paperless environment wherein all mail, documents, et cetera received/created is scanned/saved in our computer system on a real-time basis so that the City has access to review all claims information on a real-time basis. Correspondence will be electronically date stamped on the day received and will be “matched” to the appropriate claim file and given (assigned) to the assigned claims adjusters within 24 hours. Claims Staff will review unmatched mail, if any, and appropriate action will be taken.

Claims are reported to us in various ways dependent on client preference. We prefer claims to be electronically reported to us by way of our on-line 5020 reporting module (real-time) which allows for the proper electronic forms to be attached (system entries: 5020, ECF, Supervisor’s Report of Injury or Illness, et cetera). Specifically, at no additional cost, the City is able to directly and securely report new claims (and pertinent new claim information) to us in a completely electronic (paperless) manner through our company website utilizing our On-Line Services Module.

Upon receipt of an Employer’s Report of Occupational Injury or Illness (Form 5020) and/or a Workers’ Compensation Claim Form (DWC 1), we will open/prepare a claim file within one to two workdays (or sooner if necessary).

Within one to two workdays, we will contact the City and request the appropriate forms from both the injured worker and the City be provided to us when notification of an injury/illness or incident by any source is first received in our office, i.e. Application of Adjudication, Notice of Legal Representation, Doctor’s First Report of Injury (DFR, Form 5021). We will document said contact in our computer notepad after the claim has been created in our system.

If there is no evidence that the DWC 1 Form was provided to the injured worker, we will provide the injured worker with the DWC 1 Form within one workday of knowledge of the injury. Should we receive a request for a DWC 1 Form, we will advise the sender (if the sender is a non-litigated injured worker) to notify the City and we will also immediately contact the City so that the documentation provision of the DWC 1 Form is maintained with the City.

Once a claim file is opened and/or we have knowledge of a possible or imminent claim, we make immediate (within one workday) 3-point contact with the City, the injured worker, and the treating medical facility (physician) – all communications are documented in our computer notepad. In the event a party is non-responsive, there will be evidence of at least three documented attempts to reach the individual by phone, email or in writing. Medical-Only claim files will also have this three-point contact requirement as well. Legal contact with opposing counsel will also be made when an Application is our first notice.

On all non-litigated, lost time cases where the injured worker is temporarily disabled has not returned to work), telephone contact will be established with the injured worker within one to two workdays of receipt of notice of a claim and will continue as often as necessary,

but not less than twice a month until the injured worker returns to work. All contact will be documented in our computer notepad.

On all non-litigated claims, we will also provide ongoing information, guidance, and assistance to injured workers at every stage of the claims process: compensability, the delay process, conditional denial process, all statutory benefits, permanent disability ratings (potential apportionment; 15% increase/decrease reference permanent disability benefits (if applicable), and permanent/alternative work, et cetera), the Qualified/Agreed Medical Examiner/Independent Medical Review (IMR) process, and settlement of claims, et cetera.

When making the initial phone contact, we will ask the injured worker to make contact with us as well whenever they may have any questions, concerns, comments, et cetera. We will maintain contact with all non-litigated injured workers from the inception to disposition of their claim file(s). All contact will be documented in our computer notepad.

Based on all the information present at that time, we determine whether or not investigation, surveillance, fraud, litigation, and/or subrogation efforts are necessary or applicable. Our goal is to provide exceptional, timely, and appropriate services for the City and their injured workers as in doing so will assist us in developing and maintaining a professional and trusting rapport with the City and their injured workers.

Within 14 calendar days of receipt of a claim form (DWC 1), a proper notice will be sent to the injured worker notifying them of the decision reference their claim (acceptance, delay or denial), and their rights under the Workers' Compensation Laws of California. If a decision is made to delay a claim file (benefits), an AOE/COE (arose out of employment, in the course of employment) investigation will be initiated within three workdays of the decision to delay; of course, with prior City approval.

We have many investigative techniques in place to identify and investigate questionable or fraudulent industrial injury claims. We will work closely with the City and their injured workers/employees to obtain all pertinent information on each claim file so that the most appropriate decisions are made in a timely manner.

Based on all the information present at that time, we determine which medical facility and/or physician will be best to examine and/or provide medical treatment to the injured worker. A Qualified Medical Examination (QME), Agreed Medical Examination (AME), or Independent Medical Examination (IME), et cetera may also be options depending on the facts/specifics of each claim.

Transportation reimbursements and all reimbursement to injured workers will be mailed within 15 workdays of the request for reimbursement. Advance travel expense payments will be mailed to the injured employee at least 10 workdays prior to the anticipated date of travel.

We obtain Index Claim Searches (ISO/EDEX) on all lost time claims and all claims wherein any disability benefit is due, as well as when it is appropriate (i.e. all new claims, and at necessary intervals on continuing active claims). The purpose of an Index Claim Search (ISO/EDEX) is to obtain a history of any previous (or current) claim filings the injured worker may have that may impact the claim(s) against the City and/or wherein the City may be in a position to receive a credit (apportionment). All index services are at no additional cost to the City.

In addition, with prior City authorization, we immediately assign (refer) an investigator to a claim when any identified issue arises that may impact the nature, extent, or scope of the City's liability. Referrals will include specific instructions regarding the scope of the investigation and the City will be kept informed of the costs and results of all investigations. Also, when a claim is believed to be fraudulent ("red flags" are identified), we will refer the claim to the appropriate law enforcement agency for further investigation – of course, with prior authorization from the City.

For all denied and contested (delayed) claims, we will contact the City to discuss the claim in its entirety, including "red flags," et cetera, before any notice is sent or communication is made with the injured worker. The claims adjuster will document the factual, medical, and/or legal basis for the delay or denial that is in accordance with the Workers' Compensation Laws of California. Reference questionable claims that should be or may be accepted, we will contact the City to discuss claims such as these in their entirety.

Once a claim is entered into our system and the decision to accept, delay or deny the claim has been made, we set appropriate reserves and place the claim on an appropriate diary cycle. Compensability determination and reasons for same will be clearly documented in our computer notepad within one to two workdays of receipt of the claim. We will discuss our recommendation to delay or deny a claim with our City contact(s) prior to sending any notices. We will also discuss acceptance of any questionable claims prior to sending notices.

All open claim files will have an assigned diary date on an ongoing basis until date of closure. Our regular diary reviews are clearly distinguished in our computer notepad from routine file documentation. All open claim files are on an active diary for review of: current work status, medical status, review of reserves, investigation/litigation/subrogation status, and plan of action towards claim resolution and closure, et cetera.

The initial plan of action will be clearly documented in our computer notepad within 14 calendar days of the initial claim set-up. Lost time claims are reviewed at least every 14 days, medical-only claims are reviewed at least every 30–45 days, and Awarded Future Medical claims are reviewed for Compromise and Release (C&R) settlement potential and/or administrative closure no less than twice a year. We will also monitor the diary reviews by utilizing a "No Activity" report every month to identify any files that have fallen off diary, if any.

Initial claim reserves will be posted electronically and will reflect the most probable value of the claim file (life of the claim). Reserves are based on the information available at the time of the claim opening and are adjusted accordingly based on medical, legal, et cetera facts that develop as the claim file matures, as well as per Self-Insurance Plan (SIP) Regulations, Labor Codes, California Code of Regulations (CCRs), et cetera. Initial claim reserves and subsequent reserve changes will be reviewed and approved by the assigned claims manager.

As claim values increase and decrease, claim reserves will be reviewed and adjusted, if necessary, on a regular basis and on each diary date (at least every 45 workdays). Future medical claim reserves are reviewed at least every 180 days. The rationale for reserves will be documented in our file notes and the amounts allocated to each reserve category will be documented. We also establish and maintain indemnity, medical, and allocated expense reserves as separate line items to ensure each expense is being properly reserved and paid.

Physicians' offices will be contacted within one to two workdays of notice on all new indemnity claims. Such contact will continue as needed during the continuation of temporary disability (lost time benefits) to ensure that treatment is related to the compensable injury or illness. All contact will be documented in our computer notepad. On all non-litigated, lost time cases where the injured worker has not returned to work, telephone contact will be established with the injured worker within one to two workdays of receipt of notice of a claim and will continue as often as necessary, but no less than twice a month until the injured worker (employee) returns to work.

We will also proactively obtain work restrictions and/or a release to work/duty on all cases in order to facilitate a return to temporary modified work/hours, full duty work, et cetera. All efforts will be documented in our computer notepad. In cases where an injured worker's restrictions are permanent, we will immediately contact the City so that a determination can be made as to the availability of alternative, modified, or regular work, et cetera.

If we do not receive a response from the City within one to two weeks, we will follow up with the City. We will work as a team with the City in order to comply with laws preventing disability discrimination, including Government Code Section 12926.1. We will also assist the City to the fullest extent to ensure that they are meeting their obligations under State and Federal Disability Laws.

With regard to disability benefit payments, we will determine eligibility for disability benefits through medical documentation and City confirmation. The following is our process for issuing benefit payments (both live checks and vouchers (paper transactions) reference salary continuation, if any), including settlements: accurate and timely indemnity benefit payments; notices (including Division of Workers' Compensation (DWC) benefit notices) and Awards will be calculated, processed, and transmitted (mailed) to injured workers as required by California Labor Codes, California Code of Regulations (CCRs), et cetera.

Initial indemnity benefit payments and/or notices will be processed and mailed to injured workers within 14 days of the first day of compensable disability. Payments reference undisputed Awards, computations, or Compromise and Release agreements, et cetera will be issued within 10 workdays or sooner if necessary to ensure payment is made within 20 calendar days of the WCAB's approval date (following receipt of the appropriate documentation).

All subsequent and final indemnity benefit payments and notices will be verified and issued in compliance with the Workers' Compensation Laws of California. All benefits and settlements will be approved by the City's claims manager prior to payment being issued and will be documented in our computer notepad. Late payments, if any, will include a self-imposed penalty in accordance with the Labor Code. A hard copy of all benefit notices will be sent to the City, if requested, as all notices, correspondence, et cetera are saved in our computer system and may be accessed at any time by the City.

Any and all fines/penalties incurred as a result of our failure to comply with statutory laws and/or administrative regulations, if any, shall be our sole responsibility. We will reimburse the City no later than 15–30 days from the event causing the penalty assessment. We will also provide the City with Penalty Report every month, if any. Reference overpayments, we will request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit will be sought as part of any resolution of the claim.

We also balance all benefits paid in our computer system whenever a benefit ends, a new benefit begins, receipt of an Award, when there is a change in benefit type or benefit rate, et cetera, and we will also balance each applicable claim file on a semi-annual basis.

In the event the claims adjuster and the City determine a claim warrants legal service/referral, the claims adjuster will retain primary responsibility of the claim file. Defense Counsel will not be used to perform routine activities that are the responsibility of the claims adjuster. The claims adjuster will also carefully evaluate and monitor the attorney's aggressiveness in resolving claims, ability to identify issues, responsiveness, timeliness, and billing practices. The claims adjuster will also provide the City with advance notice of depositions, hearings, trials, et cetera, so they may attend, if necessary or desired. We will also copy the City with all legal correspondence and legal case status updates.

Defense Counsel will provide the City and us with an initial case analysis and plan of action within 10 workdays of the assignment. In addition, all preparation for trial will involve the City so that all material evidence and possible witnesses are utilized in order to obtain the most favorable outcome for the City.

Our criteria for referring cases for legal defense services include, but are not limited to: when a deposition of the injured worker is warranted and/or when there are components of the claim that require legal review/analysis, i.e. personnel issues, other pending litigation, global settlement, et cetera. City approval will be obtained prior to any request

for legal service and/or referral to the City's choice of attorney and we will adhere to all City protocols regarding litigation. We will also cooperate fully with all attorneys selected by the City including City attorneys, in-house attorneys, et cetera.

We will also maintain a litigation management budget for each litigated file, and provide litigation status reports on a monthly basis for each litigated file, if necessary. Should an attorney near or exceed the previously stated/agreed-upon litigation budget, we will immediately review the claim and provide the City with an analysis as to the reason(s) and legitimacy for same; thereafter, we will recommend a plan of action, i.e. contact the attorney, obtain a new budget, et cetera. We also thoroughly review all attorney bills and confirm the services were performed prior to approving for payment. All settlement proposals will be presented to the City in sufficient time to obtain City Council authority (if applicable), and all settlement proposals will be in a format deemed acceptable to the City.

With regard to subrogation management, we aggressively pursue recovery in all subrogation claims. We will identify and seek recovery from any individual, agency/entity (public or private), or State Fund that may be a party to a claim. Within 10 workdays of recognition of subrogation potential, we will place the at-fault party (parties) on notice that we will pursue maximum recovery reference all benefits and payments made on the claim file. Whenever possible, in a civil action, we attempt to settle by means of a Third Party Compromise and Release. If this is not possible, we make every effort to offset the Workers' Compensation expenses through a credit against the proceeds from the injured worker's civil action.

We will provide the City with the necessary information concerning all claims with subrogation potential. We will also provide a projection of the possibility of recovery and the probable recovery amount. Thereafter, we will provide subsequent statuses by providing the City and all interested parties with the current status of the subrogation claim and provide a payment listing of all payments made to date.

Subrogation claims will also be monitored to determine the need to file a Lien or a Complaint in Intervention (in a civil action) to preserve/protect the Statute of Limitations. If the injured worker brings an action against the party responsible for the injury, we will consult with the City reference the value of the subrogation claim and recommend a plan of action. Upon City authorization, Subrogation Counsel will be assigned to file a Lien or a Complaint in Intervention. Upon assignment of the case, Subrogation Counsel will be required to provide a "not-to-exceed" estimate of fees. The fees will be authorized by the City prior to commencement of any work by Subrogation Counsel. Should Subrogation Counsel near the "not-to-exceed" fees, we will obtain continuing authority from the City prior to incurring additional costs and said authority will be clearly documented in our computer notepad.

With regard to medical care, our approach for maintaining the Utilization Review process is to adhere to: The Medical Treatment Utilization Schedule (MTUS)/the American College of Occupational and Environmental Medicine's (ACOEM) Guidelines, all

applicable California Labor Codes, California Code of Regulations (CCRs), et cetera reference Utilization Review in order to approve, modify, or deny Request for Authorization (RFA) treatment requests. We also notify the City immediately upon notice of an injured worker's hospitalization as a result of a work injury regardless of the date of injury. We will document said contact in our computer notepad.

Upon receipt of a Utilization Review Request for Authorization (RFA) that cannot be approved at the claims adjusting level, we will immediately (within 24 hours) forward (e-mail or place in the proper "workflow") the scanned request along with pertinent medical reports (scanned) to our Utilization Review department so that a decision is made within the strict mandatory timelines.

Utilization Review referrals are also made when a modification or denial of requested medical treatment/service (RFA) is necessary, a Peer Review is necessary, or when a non-examining medical opinion is needed. All of our Utilization Review actions, efforts, documents, et cetera are noted and stored in our computer system for our City contact(s) to review on a 24/7/365 basis.

Requests for medical treatment/service (RFA) that may be referred for Utilization Review include, but are not limited to: requests for questionable medical treatment or services, overuse of medications or certain types of treatment such as chiropractic care, and treatment/service that appears to be medically inappropriate for the injured worker based on their medical history, and/or the claim file's accepted body part(s) and/or diagnoses, et cetera.

We will manage all medical care by remaining in constant contact with all medical service providers including the City's choice of Nurse Case Managers (NCM), if any. We will also contact injured workers to remind them of their upcoming medical appointments by way of letter and/or telephone, if necessary. We will also develop and recommend, as requested by the City, a panel of physicians for the initial and ongoing treatment of employee injuries/illnesses, and recommend a panel of medical specialists for treatment requiring long-term or specialty care. Panels are comprised of quality physicians and facilities that have experience in occupational medicine and consistently produce successful treatment results. Ancillary providers will also be selected based on their high level of experience in treating workplace injuries, their treatment results, as well as their reputation within the medical community and Workers' Compensation industry.

In the event a claim warrants referral to a Nurse Case Manager (NCM) provider, we will contact the City for approval and to discuss the intent, scope and cost of the services needed. Cases that may benefit from NCM services include, but are not limited to: catastrophic injuries or illnesses, complex surgeries or procedures, severe diagnoses, and problematic medical cases/claims. Claims that simply reach a certain lost time or "days opened" threshold, i.e. 30 days of lost time, or 120 days opened, et cetera, with no other factors present, are not appropriate cases for NCM services. However, there are cases with unique circumstances that will warrant NCM services perhaps on day one of the claim; therefore, it's best to consider NCM services on a case-by-case basis.

NCM providers work in close collaboration with the injured workers' physicians and all interested parties in order to return the injured worker to their usual and customary occupation, modified duties, a rehabilitation program, et cetera. They also assist claims staff in ensuring medical treatment and medical procedures lead to quantifiable results instead of unnecessary and/or excessive medical treatment or procedures that have no possible value. NCM providers also assist us in ensuring that injured workers receive quality and appropriate care that is cost-benefit effective.

When a NCM provider is assigned to a claim, we will continue to evaluate injured workers' physical capacity reference their ability to return to work (modified/light duty – work restrictions; full duty – usual and customary occupation, U&C). We will work alongside the NCM provider and treating physician(s) to ensure that the City's' injured workers receive all the benefits they're entitled to that is specific to the City's approach.

We will utilize whomever the City selects as their choice of NCM provider as we do not provide this service at this time. Although we are able to recommend various NCM providers, the final selection rests with the City. It's also important to note that, as with all vendors, we do not receive and are not entitled to any commissions, fees or any other type of compensation from any vendor the City selects.

We continuously review all open claims and provide a current plan of action towards closure in our computer notepad (at least every 30 days). Our goal is to provide the injured worker with all the benefits they are entitled to that is specific to the City's approach. Therefore, all benefits are paid appropriately and timely and all medical bills are reviewed for reductions per the Official Medical Fee Schedule (OMFS), Inpatient Hospital Fee Schedule (IHFS), and Preferred Provider Organizations (PPO) discounts, if applicable, as well as other network organization discounts, and/or negotiated rates.

With regard to medical benefit payments, we will authorize payment of medical benefits as follows: prior to any payment, all bills will be reviewed for accuracy and appropriateness by claims adjusting staff. Medical bills submitted without supporting documentation will be objected to within 30 days of receipt and will not be reviewed for payment until such documentation is obtained, if applicable. Medical bills will be paid, objected to, or denied in accordance with State Statutes (usually within two to five workdays of receipt).

Medical-legal bills/costs will also be reviewed for appropriateness and necessity. Medical-legal bills/costs that do not qualify as valid medical-legal expenses will be objected to in a timely manner according to the Workers' Compensation Laws of California. As required by Senate Bill (SB) 899, payment of medical treatment regarding delayed (AOE/COE) claims will be processed through utilization review and bill review but will not exceed \$10,000.

We are also mindful that an injured worker may hinder progression of their claim(s) due to nefarious or non-industrial reasons. If we anticipate or have knowledge that this is

occurring or may occur, we will work closely with the City, and all parties involved, to ensure that the claim does not become stagnant. We will schedule conference calls and roundtable meetings with all parties involved which may include the claims adjuster, claims manager, our City contact(s), the injured worker, physician, and if applicable, the defense attorney, so that there is constant action occurring on the claim file, not just “movement.”

We will also conduct claim file review meetings to discuss the overall case management of the claims, coordination of Workers’ Compensation related activities, medical treatment, litigation, and any topics, issues, concerns, et cetera related to the City’s Workers’ Compensation Program. These meetings will take place on-site at the City’s location, our office, or wherever else the City prefers. All meetings are at no additional cost.

Once an injured worker’s initial/final medical diagnosis is determined, we address all issues that may arise thereof, which include, but are not limited to: medical treatment/service requests, ergonomic studies, lost time benefits (Temporary Disability, Salary Continuation, Labor Code 4850, et cetera), return to work/modified (light) duty, permanent disability (Permanent Disability Rating(s) and Permanent Disability Benefits), rehabilitation (Vocational Rehabilitation/Supplemental Job Displacement Benefits (SJDB)), and Americans with Disabilities Act (ADA) Interactive Meetings, et cetera. Also, when necessary and/or appropriate, we will always obtain and utilize the City’s “essential job functions” analysis and/or Job Description (Job Analysis).

We will assist with ensuring the City’s injured employees, personnel, and other agencies address and/or provide rehabilitation, and/or reassignment of injured employees with physical or performance limitations arising out of industrial injuries. This may include assisting with the Americans with Disabilities Act (ADA) Interactive Process.

Upon receipt of a medical report that requires a permanent disability rating, we will review and internally rate the report within 10 workdays of receipt. When necessary, we also request an informal/outside rating or board rating. We will also address any potential apportionment, credits, penalties, et cetera, as well as the 15% increase/decrease potential (Labor Code 4658) – if applicable.

Permanent disability (PD) advances are issued timely along with appropriate Division of Workers’ Compensation (DWC) benefit notices no later than 14 calendar days of receipt of the qualifying report. Should the City/we object to the report’s permanent disability findings, we will mail the appropriate objection notice reference the report/PD findings within 14 calendar days as required by State law. We will also re-review the reserves and set/re-set PD reserves accordingly, if necessary, at that time.

Once the above-noted final issues/matters are determined, we would be in a position to resolve and/or negotiate a settlement which will be based on medical/legal and factual findings. Within 10 workdays of receiving all the necessary information, we will provide the City with our written settlement recommendation (Stipulations with Request for Award,

Compromise and Release, et cetera) prior to agreeing to any settlement. Our settlement recommendation will include a brief history of the injury, the rating(s) of all pertinent medical reports, the amounts paid and reserved on the claim, the proposed settlement, the pros and cons of the proposed settlement which will include an estimate of future cost or consequences if the City were to reject the proposed settlement. We will also provide the City with any and all pertinent information that is available so that the most appropriate and cost-effective settlement may be offered and agreed upon.

Reference excess and excess reporting, applicable claim files wherein incurred reserves are nearing/at 50% of the City's self-insured retention (SIR) level (amount), or may have the potential to exceed the City's self-insured retention level, will be reported in accordance with the reporting criteria established by the City and the City's excess insurance carrier's policies within five workdays, or sooner if necessary, from the day on which it is known that any criteria is met.

When a claim nears/reaches one-half of the SIR, we are able to report to the client every 90 calendar days (on a quarterly basis) regarding the status of the claim. Our report will be on an approved form and will include a current status of the claim, our plan of action for the future handling of the claim, and the current paid to date and total incurred amounts listed by all payment categories.

Our process for reporting claims other than "at/near 50% incurred" to the City's excess insurance carrier (e.g. death, cerebral injury, one year of lost time, et cetera) will be in accordance with the reporting criteria established by the City and the excess insurance carrier's policies. From the day on which the claim occurs/is made, or when it is known that any criteria is met, there will be no delay in reporting such claims to the excess insurance carrier.

We will also provide the City with a copy of all excess correspondence prepared or received by our office. Requests for reimbursement will be made within 30 days of exceeding the SIR and every six months or sooner thereafter. The requests for reimbursement will be made on the form prescribed by the excess insurance carrier with a copy to the City. Upon receipt of excess reimbursements, we will immediately mail/provide the check to the City for deposit. Also, when applicable, we will send the City a closing report upon resolution of a claim involving excess insurance coverage.

In addition, we effectively manage every aspect of the Medicare Set-Aside Allocation (MSA) portion of a claim, when applicable, reference qualifying settlements. We will also attend all WCAB/Rehab Hearings, Conferences, Proceedings, Trials, depositions, et cetera, as needed and at no additional cost. We will obtain City approval prior to settling any claim, lien, et cetera as final settlement authority shall always rest with the City.

Furthermore, as the City's designated Reporting Agent (RA), we will provide reporting services to CMS regarding Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA). Initial and Subsequent Reporting/Services includes initial and

subsequent reporting as required by law, at no additional cost. At this time, we are the RA for 100% of our clients.

With regard to reducing/resolving “older” claims, we will review all claim files in their entirety to identify all pending items that may be prohibiting the file from moving forward/being closed. After we review the “older” claims in detail, we will create a plan of action/strategy to resolve all outstanding issues that may be delaying the claim from moving towards disposition (settlement)/closure. Outstanding issues may include: obtaining a current medical report, resolving liens, preparing a Stipulations with Request for Award, offering a C&R, et cetera. We will identify all areas that require attention to ensure “older” claims are resolved in a timely, professional, and cost-effective manner.

It is important to reiterate that all open claims are on an active diary for review for closure. Lost time claims are reviewed at least every 14 days, all medical-only claims are reviewed at least every 30–45 days, and Future Medical claims are reviewed for Compromise and Release (C&R) settlement potential and/or administrative closure no less than twice a year.

It is also important to reiterate that our claims managers review all open claims on an ongoing basis as well as randomly audit a minimum of 10% of each of their claims adjusters’ caseloads on a continuous basis to ensure we are meeting and/or exceeding all standards. The purpose of our internal audits is to ensure proper claims handling procedures are being adhered to and that a current plan of action towards settlement and/or closure is documented in every open claim file. All claim files will be available for review by City staff or by an auditor at any time.

Also, at no additional charge, we will provide the City with any and all printed and electronic (with the ability to amend) Workers’ Compensation Posters, Forms, Pamphlets, et cetera, as required by law. With regard to assisting non-English speaking claimants, we are able to obtain multi-lingual speaking assistance from translating firms should a claimant prefer to verbally communicate with us in a language other than English or Spanish.

#### Return-to-Work (RTW) Program Management

In order to assist the City in establishing or maintaining a Return-to-Work (RTW) Program – no matter how formal or informal it may be, we will: obtain status of light or modified duty and constantly address lost time benefits which includes the 3-day waiting period as well as later dates in the claim (from inception/opening to disposition/closure). We will also work closely with the City to ensure that our combined efforts in preventing injuries and returning injured workers back to work are streamlined. Our philosophy is that the procedures in place for RTW Programs should be communicated to all employees, be current and appropriate, and be applicable to 100% or at least the great majority of employees – both sworn and non-sworn when applicable.

Also, our experience is that RTW Programs work best when there is a mutual commitment from both the employer and injured worker. Employers who appropriately accommodate their injured workers' work restrictions while they are recovering from their injury or illness experience that their injured workers return to their regular job duties (usual and customary occupation) much earlier than expected. The possibility of re-injury is also greatly minimized when work restrictions are adhered to by both the employer and injured worker.

We will consistently follow up with the injured workers' physicians to obtain return-to-work and/or work restriction(s) status. Upon receipt of any work limitations, we will immediately (within one to two workdays) notify the City by e-mailing/faxing the necessary medical documentation so that modified, permanent, et cetera accommodation consideration may be addressed/initiated as soon as possible.

We will continue to obtain work status from the physician until the injured worker has been released to return to full duty (usual and customary occupation), or a final medical determination has been made, i.e. the injured worker has reached maximum medical improvement (MMI)/permanent and stationary (P&S) status.

In cases where the injury or illness residuals might involve permanent work restrictions and/or work-related retirement potential, the claims adjuster will immediately contact/consult with the City to review all the options they and the injured worker may have. Options include, but are not limited to: permanent modified position/hours, new job offer, retirement (CalPERS – Industrial Disability Retirement (IDR) Benefits), et cetera.

We have found that the above approach along with consistent communication among the claims adjusters, physicians, our clients, and injured workers are the key elements when administering successful RTW Programs. Should the City contract with a vendor to assist with RTW, we shall cooperate with the assignment of cases/claim files and/or the provision of information in order to help facilitate a RTW Program.

### Litigation Management

In the event the claims adjuster and/or the City determine a claim warrants legal service/referral, the claims adjuster will retain primary responsibility of the claim file. Defense Counsel will not be used to perform routine activities that are the responsibility of the claims adjuster. The claims adjuster will also carefully evaluate and monitor the attorney's aggressiveness in resolving claims, ability to identify issues, responsiveness, timeliness, and billing practices. The claims adjuster will also provide the City with advance notice of depositions, hearings, trials, et cetera, so they may attend, if necessary or desired. We will also copy the City with all correspondence and case status updates.

Our criteria for referring cases for legal defense services include, but are not limited to: when a deposition of the injured worker is warranted and/or when there are components of the claim that require legal review/analysis, i.e. personnel issues, other pending litigation, global settlement, et cetera. City approval will be obtained prior to any request

for legal service and/or referral to the City's choice of attorney and we will adhere to all protocols regarding litigation. We will also cooperate fully with all attorneys chosen by the City, including in-house attorneys, if any.

We will also maintain a litigation management budget for each litigated file and provide litigation status reports on a monthly basis for each litigated file. Should an attorney near or exceed the previously stated/agreed-upon litigation budget, we will immediately review the claim and provide the City with an analysis as to the reason(s) and legitimacy for same; thereafter, we will recommend a plan of action, i.e. contact the attorney, obtain a new budget, et cetera. We also thoroughly review all attorney bills and confirm the services were performed prior to approving for payment.

Lastly, all settlement proposals will be presented to the City in sufficient time to obtain City Council authority and all settlement proposals will be in a format deemed acceptable to the City.

### Subrogation Management

With regard to subrogation management, we aggressively pursue recovery in all subrogation claims. We will identify and seek recovery from any individual, agency/entity (public or private), or State Fund that may be a party to a claim. Within 10 workdays of recognition of subrogation potential, we will place the at-fault party (parties) on notice that we will pursue maximum recovery reference all benefits and payments made on the claim file. Whenever possible, in a civil action, we attempt to settle by means of a Third Party Compromise and Release. If this is not possible, we make every effort to offset the Workers' Compensation expenses through a credit against the proceeds from the injured worker's civil action.

We will provide the City with the necessary information concerning all claims with subrogation potential. We will also provide a projection of the possibility of recovery and the probable recovery amount. Thereafter, we will provide subsequent statuses by providing the City and all interested parties with the current status of the subrogation claim and provide a printout of all of the payments made to date. Subrogation claims will also be monitored to determine the need to file a Lien or a Complaint in Intervention (in a civil action) to preserve/protect the Statute of Limitations. If the injured worker brings an action against the party responsible for the injury, we will consult with the City reference the value of the subrogation claim and recommend a plan of action. Upon City authorization, Subrogation Counsel will be assigned to file a Lien or a Complaint in Intervention. Upon assignment of the case, Subrogation Counsel will be required to provide a "not-to-exceed" estimate of fees. The fees will be authorized by the City prior to commencement of any work by Subrogation Counsel. Should Subrogation Counsel near the "not-to-exceed" fees, we will obtain continuing authority from the City prior to incurring additional costs and said authority will be clearly documented in our computer notepad.

## Loss Control Services – IDR and ADA

We are able to provide safety training and other loss prevention services with the assistance of organizations that specialize in many areas such as ergonomics (“ergonomic evaluations”), biomechanics and injury causation, environmental and industrial hygiene, and ADA compliance, et cetera. Our services will be at no cost and the services provided by the City’s choice of outside vendors will always be at-cost as we will never add on any additional fees.

Also, considering that the great majority of our clients are full-service cities with police and/or fire departments, we are very well versed regarding the presumptions for Safety Members, specifically police and/or fire, and their impact on CalPERS Retirement Benefits – Industrial Disability Retirement (IDR). In addition, we are extremely knowledgeable and experienced with Workers’ Compensation claims that involve the coordination of Labor Code 4850 Benefits, IDR/CalPERS, and Americans with Disabilities Act (ADA) matters. In addition, when information is received or it is anticipated that information will be received that may involve a potential IDR and/or ADA matter, we will immediately contact the City to review the entire scope of the matter and create a plan of action that is beneficial for both the City and the injured worker. We will effectively coordinate all benefits and all of our actions will be clearly documented in our computer notepad so that everyone is well informed on a real-time basis.

## Client Training

The field of Workers’ Compensation is constantly changing due to new information, case law, proposed changes, newly enacted Statutes and California Code of Regulations, et cetera, all of which requires analysis and possible implementation of changes/adjustments to our clients’ Workers’ Compensation Programs. Therefore, we are committed to continuously educating and training our clients so that we are always in compliance with the Workers’ Compensation Laws of California and the Workers’ Compensation industry’s best practices and standards.

At no additional cost, we are able to provide the City with ongoing training, including all training materials/handouts, as well as conduct presentations and provide written communications to ensure that the Workers’ Compensation procedures in place are proper and purposeful, and to ensure that all areas of the Workers’ Compensation process are being adhered to.

Training involves providing information and guidance (review and discussion) regarding specific claims, general procedures, as well as positive and negative trends. The training subject matter will also include recent WCAB decisions, case law updates, and emerging trends in the Workers’ Compensation industry. This type of training will ensure the City’s Workers’ Compensation Program is administered in professional and lawful manner.

We are also able to coordinate safety training and other loss prevention services with the assistance of organizations that specialize in many areas such as ergonomics, biomechanics and injury causation, environmental and industrial hygiene, and ADA

compliance, et cetera. Our services will be at no cost and the services provided by the City's choice of outside vendors will always be at-cost as we will never add on any additional fees.

In addition to the above, we are able to assist the City with staying current on the legal requirements and best practices of risk management in the Workers' Compensation arena by providing all pertinent information we receive from all channels throughout the Workers' compensation industry, such as: the State of California, attorneys, conferences we attend, et cetera. We are also able to advise the City of industry meetings and conferences that would be beneficial to attend.

We are also able to keep the City updated on their Workers' Compensation financial trends by providing useful reports that may illustrate areas of the City's Workers' Compensation Program that deserve "kudos," or may require immediate internal attention and/or action.

At no additional cost, we are also able to provide assistance in developing policies and procedures relating to City's Workers' Compensation Program which will be created based on the information we gather through handling and auditing the City's claims. We will also incorporate industry best practices and standards, as well as our internal standards.

### Internal Training

As previously noted, because the field of Workers' Compensation is constantly changing, we are committed to continuously educating and training our entire staff so that we are always in compliance with the Workers' Compensation Laws of California and the Workers' Compensation industry's best practices. The training subject matter will also include recent WCAB decisions, case law updates, and emerging trends in the Workers' Compensation industry, et cetera. We have found that providing our personnel and clients with pertinent training and proper assistance results in well-managed Workers' Compensation Programs; thereby, reducing the overall costs incurred by our clients.

We provide all of our claims adjusting personnel (including claims assistants) company resources and time to attend classes, seminars, and any other type of training or continuing education programs to strengthen their skills and expand their knowledge base. In addition to outside training, we also provide our adjusting personnel with in-house training sessions on at least a monthly basis. Our in-house training covers all areas of the Workers' Compensation field which includes, but is not limited to: Senate Bill (SB) Updates, an overview of California Labor Codes, California Code of Regulations (CCRs), changes in Statutes, recent WCAB decisions, case law updates, mandatory reporting to CMS regarding Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) Reporting, Medicare Set-Asides (MSAs), AMA

(American Medical Association) and Medical Treatment Utilization Schedule (MTUS)/American College of Occupational and Environmental Medicine's (ACOEM) Guidelines, investigation/subrosa, et cetera.

We annually certify that each claims adjuster is in compliance with all legal and regulatory licensing and continuing educational requirements as required by the State of California and are able to provide the City proof of same annually.

We are able to attract and maintain high quality staff by assigning manageable caseloads, providing competitive salaries and superior benefits, as well as offering flexible work schedules and continuing education benefits and promoting from within.

Specifically, we pay 100% of our employees' benefit costs and a large percentage of their dependents' benefit costs. Our 401k benefit is 1:1 (dollar-for-dollar match) at up to 6% of our employees' salary. We also pay for all Workers' Compensation, Utilization Review, Bill Review, et cetera education courses/training courses as well as all materials (textbooks, et cetera) upfront so that our employees do not incur any expenses. We also reimburse our employees for their transportation costs (mileage) when attending courses/training courses. In addition, we not only encourage all of our employees to attend college, we pay up to \$2,500 per year towards college tuition, books, materials, et cetera for any employee who is pursuing an applicable college degree. We strongly believe that our company's salaries, benefits, and incentives combined with our professional yet warm work environment – as well as our great clients – are the reasons why our employees enjoy working with us, day after day, year after year.

### Quality Control Efforts

We have found that in order to work well with our clients and their injured workers, as well as reach the desired results, all parties must be committed to working well with one another. Specifically, this means monitoring performance levels, documenting and communicating results, as well as comparing outcomes to goals through internal controls.

Therefore, in addition to continuously training our personnel, we perform internal audits on a continuous basis so that we are able to ensure compliance with all applicable standards and industry best practices, as well as identify and prevent any potential deficiencies in the quality of service we provide.

In conjunction with the above, we perform the following proactive, quality control measures (internal controls):

- Maintain constant communication with all interested parties to ensure quality of service*
- Foresee, anticipate, and/or identify the issue/matter that may be imminent*
- Plan/create a strategy – then take action to remedy the issue/matter*

- *Set timelines and timeframes for resolution – track and document results*
- *Follow up to confirm the issue/matter is remedied*
- *Set protocols to minimize and/or eliminate the possibility of the issue/matter reoccurring*
- *Document a clear description(s) of the issue/matter and action(s) that were taken; document the time elapsed between the identification and completed corrective action(s)*

The above will be completed on a continuous, ongoing basis and statistical reports will be analyzed on a monthly basis to identify any areas that may require attention, discussion, et cetera.

Reference our internal audits, our claims adjusters and their work product are reviewed and managed on continuous, daily basis. Our claims managers supervise their claims adjusters' work product and efforts by reviewing all open claims on an ongoing basis as well as randomly audit a minimum of 10% of each of their claims adjusters' caseloads on an ongoing basis. In doing so ensures that we are meeting and/or exceeding standards, ensures proper claims handling procedures are being adhered to, and that a current plan of action towards settlement/closure is documented in every open claim file.

Also, because we operate in a paperless environment, all mail, documents, et cetera received/created are scanned/saved in our computer system on a real-time basis so that all interested parties: claims managers, claims supervisors, claims adjusters, and our client contacts, et cetera have access to review all claims information. This transparency allows for a very detailed and timely approach to monitoring active claims.

In addition, we are able to provide quarterly file reviews, and training sessions/training materials at no additional cost. Our City contacts will have 24/7/365 on-line, real-time (read only) access to all claims information, as well as report writing capabilities, and systems training all at no additional cost. We will also provide all standard, ad hoc, State, Federal, et cetera reports at no additional cost.

#### Claim Closures – Procedures and Storage

After a manager/supervisor approves the closure of a hard claim file, the closed claim file is stored in a filing cabinet located in our office. The closed claim file is then prepared for closed storage at the end of the same fiscal year that the claim was closed. Thereafter, the hard copy claim files are stored at a secured facility (Corodata) located in Corona, California.

All closed claim files continue to be accounted for in RMIS/our computer operating system as a "closed claim file." Should a closed claim file need to be retrieved from storage, the claims adjuster simply requests claim file be delivered to our office the next workday.

We also deliver all closed claim files (except for closed Future Medical files) that have been closed (inactive) for more than five fiscal years to our clients on an end-of-the-fiscal-year basis – at which time, our clients use their own discretion when scanning, storing, or destroying their closed claim files. Alternatively, we are able to destroy hard claim files on behalf of the City at no additional cost.

### Client Profile

We customize each of our clients' Workers Compensation Programs and document all preferences, protocols, et cetera within a Client Profile. This is a living document and each client is able to adjust/update as needed. Therefore, it would merely be a matter of working closely with our City contacts so that we are able to perfect the desired claims handling approach and process that is specific to the City's requirements and expectations. We are also able to adjust our internal standards accordingly to meet the City's needs so that we provide the City, and City's injured workers, with the services they expect and deserve.

### Insurance Requirements

We are able to meet the City's insurance coverage requirements as described in the RFP.

### Bill Review Services

Since 1998, we have provided Bill Review Services for our self-insured clients through our wholly owned subsidiary, MedReview Inc. Please refer to Appendix 1 for a list of our Workers' Compensation clients for which we provide Bill Review Services. We do not provide Bill Review Services for any Third Party Administrator (TPA) or entity other than our Workers' Compensation clients.

Our Bill Review Department is located in-house, on AdminSure's premises, and is fully integrated with our claims adjusters and utilization review personnel. Integration of these services results in a very prompt and interactive relationship between our claims adjusters and bill review personnel; thereby, ensuring only approved bills are reviewed and paid timely. This approach definitely distinguishes our organization from other bill review providers as we have found that tightly integrating these services results in greater cost savings, timeliness, efficiency, and reliability; this is particularly important in view of the deadlines, penalties, and Electronic Data Interchange (EDI) requirements associated with these activities.

Our Bill Review Department's sole purpose is to obtain the greatest savings for our clients by comprehensively reviewing medical bills, reducing every medical bill per the Official Medical Fee Schedule (OMFS), Inpatient Hospital Fee Schedule (IHFS), and maximizing Preferred Provider Organizations (PPO) discounts, network organization discounts, and/or negotiated rates. We provide an Explanation of Benefits (EOB) with every bill we review and complete. In addition, all EOBs are saved in our Risk Management Information System (RMIS) for review by the City, claims adjusters, et cetera.

Our guaranteed turnaround time for Bill Review Services is no more than three workdays. Since 1998, we have never exceeded a three-workday turnaround time and in fact, we are consistently on a 2-workday turnaround time. In addition, our accuracy ratio is greater than 99%. We base the accuracy of our Bill Review Services on the fact that less than 1% of the medical bills we review are disputed or returned to us for re-review. We are also able to support the accuracy of our Bill Review Services based on the knowledge and experience our State Certified Medical Bill Review Staff possesses as well as the comprehensive medical bill review software we utilize.

Our Bill Review Staff's qualifications include many years of processing hundreds of thousands of Workers' Compensation medical bills, providing expert testimony in defense of our medical bill reviews at Mandatory Settlement Conferences (MSCs), Lien Hearings/Trials, et cetera, as well as the completion of numerous State of California medical bill reviewer certification courses.

It's important to reiterate that our claims adjusters review all medical bills prior to sending them for review and payment. This effort curtails inappropriate medical bills from being reviewed or paid. After claims adjusters approve medical bills to be reviewed, the bills are closely reviewed by a staff of four full-time State Certified Medical Bill Reviewers who have over 50 years of combined bill review experience.

When it becomes necessary to defend a medical bill review recommendation at a Mandatory Settlement Conference (MSC), or Lien Hearing/Trial, et cetera, we will re-review the medical bill per the OMFS/IHFS and apply all applicable PPO/Network discounts, as well as negotiated rates. We will also analyze the applicable sections of the OMFS/IHFS, and PPO/Network/Negotiated Rates contracts, if applicable, that pertain to the medical bill in question.

If any amount is due, we will obtain the City's approval prior to any settlement negotiation. If no amount is due, we will present our findings to the provider prior to the MSC, or Lien Hearing/Trial, et cetera, and request that they take the matter off calendar. Should the provider disagree, we will attend the MSC, or Lien Hearing/Trial, et cetera, to defend the City's/our position. We will not negotiate a settlement that is above the OMFS/IHFS and/or disallows a legitimate PPO/Network/Negotiated Rate discount.

The bill review software we utilize (StrataWare by StrataCare) interfaces with our Risk Management Information System (RMIS), Ventiv/Valley Oak Systems (IVOS). The bill review software performs many cost containment functions and monitoring capabilities which include, but are not limited to, the following:

□ *Unbundling – The software is loaded with automated edits that detect inappropriate coding; i.e. the billing of codes that are inclusive in the value of other codes, codes that are billed by inappropriate provider types, dates of service prior to dates of injury, et cetera. The system is capable of customizing rules by client, and we have the ability to employ rules in a tiered approach*

*Down Coding/Up Coding – Provides the capability of changing a code to another that better describes the services performed based on the supporting documentation given by the provider*

*Assistant Surgeon – Calculates the correct allowance based on the specific modifier*

*Duplicate Billing – Capable of monitoring duplicate billing by way of automatic claim match, tax ID of the provider, date(s) of service match, and procedure match protocols, et cetera*

*Capability of tracking the 24-visit capitation regarding physical therapy, chiropractic, and occupational therapy through automated software. In addition, claims adjusters (and our clients) have the ability to override a review/process through an overriding component in our bill review software system – if requested/necessary*

Our Bill Review Department is 100% paperless. Our workflow process is as follows:

*Medical bills are reviewed by claims adjusters and placed in our Bill Review Department's workflow for review or objection*

*Once a bill is reviewed and processed, the Explanation of Benefits (EOB) is printed along with a check to the vendor/provider. The EOB is attached to the check*

*Thereafter, when necessary, the hardcopy EOB is visually checked (quality control) against the bill that was sent in for review and payment*

All individual items: bills, EOBs, and check copies are electronically stored as a document and assigned to a respective claim file in both our RMIS (IVOS) and the bill review system (StrataWare). Thereby, all users are able to refer to all documents on a real-time basis.

There are no additional fees for online access, or for transmitting medical billing information to the Workers' Compensation Information System (WCIS) on behalf of the City as require by State Law, i.e. Medical Bill Review EDI (Electronic Data Interchange) Services.

Although nearly 100% of our Workers' Compensation clients have selected us to provide professional, cost-effective Utilization Review Services and Bill Review Services through our wholly owned subsidiary, MedReview Inc., we are able to work with outside providers (contracted out) reference these Services (electronic transfer of results and charges to claim files).

We are able to integrate (electronically interface) with another entity (create and integrate workflows with outside bill review, et cetera vendors) through transferring and receiving data by using a secure File Transfer Protocol (FTP) or secure VPN (Virtual Private Network). Because we operate in a paperless environment, we are also able to transmit

documents and images which will allow for our claims adjusting staff to coordinate with contracted out vendors in a timely and seamless manner.

Specifically, our Risk Management Information System (RMIS) is adaptable with outside vendors and we do not anticipate any limitations; however, should there be any cost associated with integrating our RMIS with an outside vendor's RMIS, all costs – if any – shall be those of the outside vendor. We kindly encourage you to contact our clients for a reference as to why they (nearly 100% of our clients) prefer we provide these services alongside and within their Workers' Compensation Program.

Regarding Bill Review Services, should we not be selected to provide Bill Review Services, there will be a per-bill fee for our direct costs; specifically, for the obtaining/receiving of electronic files and for the processing/handling (our Staff's time), as well as the printing (paper/toner) and mailing (envelope/stamp) of each check/EOB/EOR (Explanation of Benefits/Explanation of Review) on behalf of the City and its choice of Bill Review provider.

It's important to reiterate that nearly 100% of our City clients utilize us for Bill Review Services (and Utilization Review Services) for five important reasons:

- Cost Efficiencies*
- Transparency*
- Control*
- Accountability*
- Trust*

We are truly committed to providing purposeful medical management services that ensure positive outcomes. We do not believe in over-promoting medical management services that exaggerate positive claim outcomes or overreach by suggesting self-serving, unrealistic savings through affiliated or outsourced service providers to our clients.

We prefer to focus on and provide prompt, assertive, and professional claims handling services along with applying reasonable Utilization Review and every Medical Management Service, Provider Network Savings, Preferred Provider Organization (PPO) Savings, and Fee Schedule (OMFS/IHFS) Savings, Negotiated Rates, et cetera to the fullest extent allowed by law so that we may provide the City's injured workers with all the medical treatment and services they are medically and legally entitled to in the most timely and cost-effective and cost-sensitive manner.

We believe this proven approach will produce meaningful results, real savings, and will truly strengthen the City's position in maintaining a professional and well-managed Workers' Compensation Program. It's also important to reiterate that we do not provide

Bill Review Services or Utilization Review Services for any Third Party Administrator (TPA) or entity other than our Workers' Compensation Clients.

### Utilization Review Services

Since 2004, we have provided Utilization Review Services for our self-insured clients through our wholly owned subsidiary, MedReview Inc. Please refer to Appendix 1 for a list of our Workers' Compensation clients for which we provide Utilization Review Services. We do not provide Utilization Review Services for any Third Party Administrator (TPA) or entity other than our Workers' Compensation clients.

Our Utilization Review Department is located in-house, on AdminSure's premises, and is fully integrated with our claims adjusters and bill review personnel. Integration of these services has enabled our claims adjusters to promptly and accurately expedite the entire claims and utilization review process within the complex timeframes mandated by the Workers' Compensation system.

What distinguishes our utilization review approach from all others is our commitment to providing fair, timely, and professional services while achieving cost efficiencies. We are unique in that although we rely upon the Medical Treatment Utilization Schedule (MTUS)/American College of Occupational and Environmental Medicine's (ACOEM) Guidelines to determine utilization review decisions, we are mindful of the genuine injured worker in that we make great efforts to render appropriate decisions as quickly as possible as we are very aware that no one appreciates waiting to hear whether or not their requested medical treatment or service is approved.

In general, our criteria for referring a claim for utilization review occurs when a decision to approve a Request for Authorization (RFA)/medical treatment/service request cannot be made at the claims adjusting level. Utilization review referrals are made when a modification or denial of requested medical treatment or service (RFA) is necessary. Utilization review referrals are also made when a Peer Review is necessary or when a non-examining medical opinion is needed. Please refer to Appendix 3 for a sample of the treatment/services, et cetera we recommend are approved at the claims adjusting level. The City may adjust this to suit their specific approach and needs.

It's important to note that per the Workers' Compensation Laws of California, only a physician can modify or deny a RFA. Non-physicians may only approve the RFA, request additional information, or request a modification of treatment. However, unlike physicians, a non-physician cannot modify a RFA unless the physician who initially requested the RFA resubmits their RFA requesting the non-physician's recommended modified treatment. All RFAs must be responded to within five workdays, and in no event may the RFA decision be rendered after 14 days from receipt of the RFA.

Requests for medical treatment/service authorization (RFA) that may be referred for utilization review include, but are not limited to: surgical procedures, requests for questionable medical treatment or services, overuse of medications or certain types of treatment such as chiropractic care, and treatment/service that appears to be medically

inappropriate for the injured worker based on their medical history, and/or the claim file's accepted body part(s) and/or diagnoses, et cetera. Our entire Utilization Review Staff is appropriately licensed. They provide our clients with over 50 years' worth of combined experience in handling California Workers' Compensation injured workers and over 100 years' worth of combined experience in nursing. They are well versed in a wide variety of medical specialties, thereby making them qualified to review Utilization Review requests (RFAs). They are also well versed in MTUS/ACOEM Guidelines and other evidence based medical treatment guidelines that are generally recognized by the national medical community and are scientifically based.

We will promptly communicate treatment plans and statuses to the City, injured workers, and all interested parties because we are aware that the utilization review decisions we make directly impact an injured worker's ability to return to full duty or modified work, as well as their nonindustrial, day-to-day activities – life in general. We also understand that the decisions we make also impact the City's staffing levels and financial stature, i.e. overtime costs, as well as City "morale/culture." Furthermore, we truly understand that our utilization review decisions, as well as all of our decisions, must be made with: both the heart and mind, be medically based and timely, as well as cost-benefit sensitive/effective.

Our Utilization Review Services contain overall claims' costs by ensuring that only the most beneficial and cost-effective medical treatment and medical services are approved. Our internal process and interface capability when transmitting Utilization Review (UR) decisions to bill review is very timely, detailed and accurate. When UR modifies or denies treatment, a UR note is placed in our bill review system and is also attached to the specific claim file (IVOS) so that the treatment that is not authorized for payment is not reviewed for payment. This eliminates unauthorized treatment from being reviewed or paid.

Additional savings are also realized when a physician's or provider's request for medical treatment or service (RFA) is answered in an appropriate and expeditious manner – as in doing so reduces costs such as: unsubstantiated lost time benefits, inflated permanent disability ratings, unnecessary litigation, inappropriate medical treatment billings, et cetera. These "soft savings" in conjunction with medical care that has been appropriately modified and/or denied, et cetera reduces both short term and long-term medical costs; thereby, reducing the overall cost of the City's Workers' Compensation Program.

#### Pharmacy Benefit Network and Medical Cost Containment

We recommend MyMatrixx for our clients' Pharmacy Program Services in order to contain pharmacy costs. However, should the City prefer a particular vendor regarding any Pharmacy Service/Program, we will utilize whoever the City prefers. In general, there are no fees associated with the Pharmacy Services/Programs; however, should the City's choice of vendor charge a fee/cost, it will be at-cost as we will not add on any additional fees/costs.

It's important to note that the overuse and cost of long-term medications are also contained by utilizing our Claims Adjusting Staff's and Utilization Review Staff's expertise and experience. Decisions are based on MTUS/ACOEM Guidelines and other evidence-based medical treatment guidelines that are generally recognized by the national medical community and are scientifically based; thereby, ensuring the medical and financial (costs) decisions made are in the best interests of both the City and the injured worker.

In general, pharmacy services are handled at the claims adjusting level unless a modification or denial is necessary. If a pharmacy service (request) is sent for utilization review, it will be reviewed the same day or no later than within one workday. Should a medication be approved previously, there is no requirement to have the Utilization Review Department review the request unless there is a question as to the medical necessity and/or appropriateness of the requested prescription/medication.

The overuse and costs of long-term medication requests are also contained through our Claims Adjusting Staff's, Utilization Review Staff's, and Bill Review Staff's expertise and experience when determining there may be excessive or inappropriate drug usage.

Our staff's oversight in conjunction with our integrated software systems allows for the following to be addressed in a timely manner: when an injured worker has been prescribed/taking medications on an ongoing basis and same does not appear warranted based on the lack of treatment or surgery; the injured worker continues to have the same complaints on an ongoing basis despite taking the medications; the injured worker has a history of requesting a physician or multiple physicians (polypharmacy) provide additional medications or refills sooner than needed – especially without being examined, or alleges medications were lost/misplaced/stolen; as well as “drug seeking” habits such as going to an emergency room to seek treatment in order to obtain medications.

It's important to reiterate that medication decisions will always be based on MTUS/ACOEM Guidelines and other evidence-based medical treatment guidelines that are generally recognized by the national medical community and are scientifically based; thereby, ensuring the medical and financial (costs) decisions we make are in the best interests of both the injured worker and the City. We also contain costs by utilizing a select group of diagnostic service providers (networks) for MRI, EEG, EKG, and other diagnostic testing, to ensure that the City is providing their injured workers with the most beneficial and cost-effective treatment/services. When selecting a provider for any diagnostic testing, we interview the local representatives and closely review their price lists. Each provider is evaluated and utilized based on their competitive pricing and demographics. Each provider is also evaluated for their quality of service, service area, the timeliness in which appointments may be made, knowledge of work-related injuries, and willingness to provide second opinions.

Providers our clients currently utilize are professional and timely, and their billing practices are appropriate. We/our clients avoid providers who have a history of filing liens as those types of providers are known to grossly inflate their prices and provide poor service. Should the City prefer specific service providers, we will utilize same.

## Claim Management Claims System and Reports

We utilize the most current version of the Ventiv/Valley Oak Systems (IVOS) as our Risk Management Information System (RMIS). IVOS is considered the “industry standard” in its class of RMIS because the system operates seamlessly in a “best practices” claims environment. Our RMIS is integrated with our Bill Review (Bill Payment) and Utilization Review systems.

IVOS is a 100% web-based claims administration system that can be accessed anywhere, at any time, through just a browser. At absolutely no cost, we will provide the City with read-only access to all claim files/data via a secured website. Read-only (includes report writing module) access to our RMIS will be at no cost for an unlimited number of City users. There are no restrictions to the data.

Our City contacts will have 24/7/365 internet-based access and services available at all times in order to manage, review, audit, et cetera, claim files and to retrieve information and create reports through our report writing module. Again, there are no fees associated with read-only access to our RMIS or when utilizing the report writing module. We will also provide system training for our City users (contacts) at no additional cost.

Our user-friendly RMIS provides very current, effective, and dependable technological capabilities that result in managing claims in a more informed and timely manner; thereby, providing our claims adjusting staff with more time to problem solve, administer claims, and settle/close claims.

Our system is a “one system” approach that encompasses all of the functionality that is required/necessary to link/tie in the following Services: Claims Administration, Risk Management, Bill Review (Bill Payments), Utilization Review, Medical Management, Work Status Coordination, and Litigation Management, et cetera. This enables complete collaboration among all parties involved in the claims administration and risk management process.

Collaboration extends to online access to our claim notes, correspondence, diary, payment history, and much more. Everyone works on the same system, at the same time, sharing information in real time. The system empowers the City and us to make better, more informed decisions in a much shorter timeframe; thereby, ultimately lowering the costs associated with the City’s Workers’ Compensation Program.

Of the many capabilities our RMIS provides, one specific capability is producing ad hoc reports (specialized, custom, et cetera). Our reports are useful from both a risk management and data management perspective and will be tailored to the City’s specific needs. At no additional cost, we are able to provide hundreds of reports such as OSHA Forms (Logs/Summaries/Reports), and reports that illustrate pertinent claim information, loss history (paid losses), incurred costs, cost drivers and savings, as well as reports that track all information and payments made on each individual claim; claims losses showing

severity, frequency and statistics in graph or other visual charts showing accident (injury) trends by type of injury, body part, days lost, et cetera.

Our computer system tracks all lost time scenarios within the “Work Status Tab” – please refer to Appendix 4 for a sample (screenshot). This tab allows us to track all types of lost time benefits such as temporary modified duty and temporary partial disability such as: full time/full duty; full time/modified duty; part time/full duty; part time/modified duty; permanent modified duty; temporary total disability, et cetera.

In addition, our system tracks Labor Code 4850 benefits separately in that it applies the temporary disability rate as one transaction and the remaining balance as a Labor Code 4850 benefit transaction. This is very important reference annual State reporting as the City’s assessments are calculated based on the temporary disability rate amounts, not the entire Labor Code 4850 benefit amounts.

We are able to provide reports on a daily, weekly, monthly, quarterly, annual, et cetera basis for and on behalf of the City, including those required by State and Federal law. Reports include a complete record of all financial transactions, including, but not limited to: check registers that enumerate check issuance data, and/or voucher (paper transaction) data, whatever is appropriate for the City; as well as management summaries, claim listings and loss analyses (paid losses and incurred costs), et cetera. At no additional cost, we are able to provide the City with any/all requested reports/loss runs (loss run analysis, summary report, et cetera) typically within five workdays, or sooner, of the request.

In summary, we will provide all requested/required monthly reports by no later than the 10<sup>th</sup> (usually within five workdays) day of the following month, or sooner. We will also provide online access to our computer system (RMIS), which includes report writing capability, for an unlimited number of City users at no charge.

Please refer to Appendix 4 for a summary of reports we are able to provide as well as sample claims reports (computer-generated reports) that illustrate our reporting capabilities which include standard/regular monthly, quarterly, semi-annual, and annual computer loss runs.

It’s important to reiterate that there are literally hundreds of reports we are able to create and generate for the City at no additional charge.

#### Data Conversion

We will timely and accurately convert the City’s claims data from the current claims system to our claims software system. We expect that the data conversion will be completed within 30 workdays of receipt of the City’s complete and final data.

## Financial Management and Positive Pay Services

At no additional cost, we will continue to process payments/checks for all approved expenses and statutory benefits by way of the City's (Workers' Compensation) checking account. We will adhere to all City financial management specifications and requirements. We will facilitate this task with a "transparent" approach in that we are able to provide daily, weekly, monthly, yearly, ad hoc, special, et cetera reports to maintain the integrity of the account. We are also able to provide daily electronic check registers.

In addition to the above, we are able to administer Positive Pay Services with the City's choice of bank at no additional cost. Our Positive Pay Services provide protection against the potential of theft and fraudulent or tampered checks from being created, cashed, or deposited.

The following describes the general process of how we administer/manage Positive Pay Services:

- On a daily basis, our computer system informs our client's bank as to which checks have been issued – payee, amount, check number, et cetera*
- Reconciliation files are then received from the bank and imported into our computer system verifying/cross referencing which checks have "cleared" and the "cleared" dates*
- This information is then displayed on the individual payments. Check information is viewed from the payment window (computer) to indicate the status of the check as "cleared," "stopped," or "voided"*

In summary, we are able to provide the City with live check, voided check, voucher (paper transaction), and positive pay, et cetera, information on a daily, weekly, monthly, et cetera basis. We are also able to provide the City with a daily report listing all transactions: checks, voided checks, vouchers (paper transactions), et cetera, that we issue on behalf of the City. Reports illustrating all bank transactions, such as check registers, can be provided to the City on a daily, weekly, monthly, et cetera basis. All Positive Pay Services that we directly provide to the City, including reports, are at no additional cost.

## Proposed Funding Arrangement

Our proposed funding arrangement for issuing checks and vouchers (paper transactions), if any, on behalf of the City's Workers' Compensation Program is for the City to continue to maintain a checking account from which all Workers' Compensation Benefits and Payments are to be paid. We will prepare checks and issue those checks directly to payees without delay.

We will sign checks with a facsimile signature and if necessary, manually. The City would continue to maintain an adequate balance in the account to meet all of its Workers' Compensation obligations without delay.

## Issuing Checks and Benefit Payments (Including Settlements)

The following is our process for issuing checks: prior to payment, all bills will be reviewed for accuracy and appropriateness by claims adjusting staff. Medical bills submitted without supporting documentation will be objected to within 30 days from receipt and will not be reviewed for payment until such documentation is obtained, if applicable. Medical bills will be paid, objected to, or denied in accordance with State Statutes (usually within two to five workdays of receipt).

All medical bills will be reviewed for reduction in accordance with the California Official Medical Fee Schedule (OMFS) and Inpatient Hospital Fee Schedule (IHFS), as well as Preferred Provider Organization (PPO) discounts, network organization discounts, and/or negotiated rates. We will apply all Fee Schedules that may apply to all medical bills with the purpose of obtaining the greatest savings for the City.

Medical-legal bills/costs will also be reviewed for appropriateness and necessity. Medical-legal bills/costs that do not qualify as valid medical-legal expenses will be objected to on a timely basis according to the Workers' Compensation Laws of California. As required by SB899, payment of medical treatment regarding delayed (AOE/COE) claims will be processed through Utilization Review and Bill Review but will not exceed \$10,000.

The following is our process for issuing benefit payments, including settlements: accurate and timely indemnity benefit payments, notices and Awards will be computed, processed, and transmitted (mailed) to injured workers as required by California Labor Codes, Statutes and California Code of Regulations, et cetera (within 10 days or sooner if necessary). Initial indemnity benefit payments and notices will be processed and mailed to the injured worker within 14 days of the first day of compensable disability.

Reference all non-litigated, lost time cases where the injured worker has not returned to work, telephone contact will be established with the injured worker within one to two workdays of receipt of notice of a claim and will continue as often as necessary, but not less than twice a month until the injured worker (employee) returns to work. Such contact with the injured worker/employee will be documented in our computer notepad.

All subsequent and final indemnity benefit payments and notices will be verified and issued in compliance with the Workers' Compensation Laws of California. All benefits and settlements will be approved by the City's claims manager prior to payment being issued and will be documented in the computer notepad. Late payments, if any, will include a self-imposed penalty in accordance with the Labor Code. We will provide the City with a Penalty Report every month, if any, and we reimburse the City for any penalties that are our responsibility within 30 days from the date the penalty was processed.

## Claim Reconciliation

We reconcile each claim file to ensure all payments have been made appropriately on the correct file, in the correct amount. Files are reconciled when a payment (benefit, medical bill, vendor invoice, et cetera) is made, at the time of settlement, and at the time of closure. Our reconciliation efforts are clearly documented in our computer system.

## Project Managers' Qualifications

Our following Project Managers will ensure professional and technical staff are assigned to perform all Services:

### ***Project Managers***

***Nerissa Burnside – Senior Workers' Compensation Claims Director***

***Nicolas Bowers – Workers' Compensation Claims Director***

Our Project Managers (Workers' Compensation Directors) have successfully completed numerous projects during the first quarter of this year and do not currently have a pending new client onboarding project assigned to them with an approximate September 1, 2022 potential start date. Therefore, they have sufficient time and resources to devote to the City of Rialto's Workers' Compensation Claims Adjusting Services Project (RFP). Please refer to Appendix 5 for their resumes that detail their years of experience, qualifications, and education, et cetera, thank you.

As noted below within the Firm's Resources Section, we will also assign the best-fit Workers' Compensation Claims Manager to the City's account who will manage the services related to the RFP, and we will assign a City of Rialto Claims Team. Claims Adjusting Staff assigned to the City's account may be subject to prior City approval. We will communicate with our City contact(s) during the interview process as it is absolutely imperative to the success of the City's Self-Insured Workers' Compensation Program that the assigned Claims Adjusting Staff are compatible with the City's personnel and that our business relationship is based on mutual goals and shared philosophies.

In addition, the City's assigned Workers' Compensation Claims Manager will have the authority to resolve client issues immediately including increasing staffing (should workloads increase over the life of the Agreement), or reassignment of Staff to the City's satisfaction. If/when necessary, we will provide a qualified back-up claims adjuster in the event of any absence of the City's Claims Adjusting Staff. Should the City request/require a different approach, we will adhere accordingly.

## Firm's Qualifications

Our California DIR Number (Certificate of Consent to Administer Number) is 092. Our principal officers are Alithia Vargas-Flores, President and Ashley Sells, Corporate

Secretary; they both have the authority to bind our company in a contractual agreement. It's important to note that we are not proposing sub consultants and this section's questions have been answered within our RFP response thus far.

### **Firm's Resources**

We have more than sufficient resources to provide the requested professional services in the timeframe required, and we are able to assign additional resources as demand for services may increase dependent upon the City's needs by looking to our 100+ Workers' Compensation Professional Staff to assist the assigned City of Rialto Workers' Compensation Team. We would need less than 30 days lead time to coordinate the request for services and implement additional Staff/resources as follows:

- Staff – City of Rialto Claims Team:*
- Director of Operations*
- Workers' Compensation Claims Manager*
- Workers' Compensation Claims Adjuster(s)*
- Workers' Compensation Claims Assistant*
- Workers' Compensation Office Assistant*
- Clerical Support Staff*
- Utilization Review Staff*
- Bill Review Staff*
- Bill Pay Staff*
- Check Processing Staff*
- Information Systems/Technology (IS/IT) Support Staff*

**EXHIBIT “B”**

**“COST PROPOSAL”**

<b><u>Cost Proposal</u></b>	
<p><i><u>Claims Administration Services</u></i></p> <p style="text-align: center;"><i><u>Flat Fee</u></i></p>	<ul style="list-style-type: none"> <li>▪ <i>Year One: The monthly flat fee would be based on the average open monthly caseload as follows:               <ul style="list-style-type: none"> <li>▪ \$146 per Indemnity Claim</li> <li>▪ \$73 per Future Medical/Medical-Only Claim</li> </ul> </i></li> <li>▪ <i>Year Two: 3% minimum increase</i></li> <li>▪ <i>Year Three: 3% minimum increase</i></li> <li>▪ <i>Year Four (Optional): 3% minimum increase</i></li> <li>▪ <i>Year Five (Optional): 3% minimum increase</i></li> </ul>
<p><i>Bill Review Services</i></p> <p style="text-align: center;"><i><u>Flat Fee</u></i></p>	<ul style="list-style-type: none"> <li>▪ <i>\$10 flat fee per bill for Official Medical Fee Schedule (OMFS) Savings/Inpatient Hospital Fee Schedule (IHFS) Savings, and when applicable, plus .60 cents for E-Bill/OCR Services</i></li> <li>▪ <i>When applicable, not to exceed 25% Preferred Provider Organization (PPO) savings fee. There are no PPO fees when there are no PPO Savings</i></li> <li>▪ <i>No additional fees for transmitting medical billing information on behalf of the City to the Workers’ Compensation Information System (WCIS) as required by State Law, i.e. Medical Bill Review EDI (Electronic Data Interchange) Reporting and Services</i></li> </ul>
<p><i>Utilization Review Services</i></p> <p style="text-align: center;"><i><u>Flat Fee</u></i></p>	<ul style="list-style-type: none"> <li>▪ <i>When applicable, non-physician review – flat fee of 5% with \$750 cap per bill reviewed/reported – \$85/\$170 per review/decision</i></li> <li>▪ <i>When applicable, physician review – flat fee at the rate of \$200 per hour – billed in 10-minute increments</i></li> </ul>
<i>One-Time Data Conversion Fee</i>	<ul style="list-style-type: none"> <li>▪ <i>\$9k</i></li> </ul>
<i>Transition/Onboarding/Implementation</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee</i></li> </ul>
<i>CMS/MMSEA – Internal Reporting</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee</i></li> </ul>
<i>City On-Line Access (All Data/Reports)</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee – unlimited number of read-only City users</i></li> </ul>
<i>All Reports &amp; Custom/Ad Hoc Reports</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee</i></li> </ul>
<i>WCIS, ISO/EDEX &amp; 1099s</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee</i></li> </ul>
<i>Training &amp; Development of Special Account Instructions/Procedures &amp; Banking Fees</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee. Reference “Banking fees,” please make note that any fees charged by the City’s choice of bank shall be at cost as we will not add on any fee for our internal services</i></li> </ul>
<i>All Meetings, Claim Reviews, Forms, Posters, Pamphlets &amp; Checks</i>	<ul style="list-style-type: none"> <li>▪ <i>No fee</i></li> </ul>

**EXHIBIT "C"**

**"SCHEDULE OF PERFORMANCE"**

The initial contract term shall be for three (3) years, with the option to renew for two (2) additional years, in one (1) year increments, not to exceed five (5) years. The Contract term for services shall commence after the date of Council award, the execution of an Agreement for Professional Services and the issuance of a City of Rialto purchase order. Anticipated start date is September 1, 2022. This start date is subject to change.