



**CONTRACT MA-017-24010669**  
**FOR**  
**THIRD PARTY ADMINISTRATION SERVICES**  
**FOR THE COUNTY'S WORKERS' COMPENSATION CLAIMS PROGRAM**  
**WITH**  
**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

This Contract MA-017-24010669 for Third Party Administration Services for the County's Workers' Compensation Claims Program, hereinafter referred to as "Contract" is made and entered into as of the date fully executed by and between the County of Orange, a political subdivision of the State of California on behalf of County Executive Office, CEO hereinafter referred to as "County" and Sedgwick Claims Management Services, Inc., with a place of business at 333 City Boulevard West, Suite 1500, Orange, CA 92868, hereinafter referred to as "Contractor", with County and Contractor sometimes individually referred to as "Party", or collectively referred to as "Parties".

**ATTACHMENTS**

This Contract is comprised of this document and the following Attachments, which are attached hereto and incorporated by reference into this Contract:

- Attachment A – Scope of Work  
Attachment B – Payment and Compensation  
Attachment C – Staffing Plan  
Attachment D – Performance Defects  
Attachment E – Case Management Assignment Definitions  
Attachment F – County of Orange Policy and Retention Guidelines  
Attachment G – Special Account Instructions  
Attachment H – County of Orange Prior Authorization Plan  
Attachment I - County of Orange Required Reports  
Attachment J – County of Orange Litigation Protocols

**RECITALS**

**WHEREAS**, County solicited via a Request for Proposal ("RFP") for Third Party Administration Services for the County's Workers' Compensation Claims Program as set forth herein; and

**WHEREAS**, Contractor responded and represented that it is qualified to provide Third Party Administration Services for the County's Workers' Compensation Claims Program to the County as further set forth in the Scope of Work, attached hereto as Attachment A; and

**WHEREAS**, County agrees to pay Contractor based on the schedule of fees set forth in Payment and Compensation, attached hereto as Attachment B; and

**NOW, THEREFORE**, the Parties mutually agree as follows:

**ARTICLES**

**General Terms and Conditions:**

- A. **Governing Law and Venue:** This Contract has been negotiated and executed in the state of California and shall be governed by and construed under the laws of the state of California. In the event of any legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure

Section 394. Furthermore, the parties specifically agree to waive any and all rights to request that an action be transferred for adjudication to another county.

- B. **Entire Contract:** This Contract contains the entire Contract between the parties with respect to the matters herein, and there are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing. Electronic acceptance of any additional terms, conditions or supplemental Contracts by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on County unless accepted in writing by County's Purchasing Agent or designee.
- C. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the parties; no oral understanding or agreement not incorporated herein shall be binding on either of the parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.
- D. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California state sales or use tax. Out-of-state Contractors shall indicate California Board of Equalization permit number and sales permit number on invoices, if California sales tax is added and collectable. If no permit numbers are shown, sales tax will be deducted from payment. The Auditor-Controller will then pay use tax directly to the State of California in lieu of payment of sales tax to Contractor.
- E. **Delivery:** Time of delivery of commodities and services is of the essence in this Contract. County reserves the right to refuse any commodities and services and to cancel all or any part of the commodities not conforming to applicable specifications, drawings, samples or descriptions or services that do not conform to the prescribed scope of work. Acceptance of any part of the order for commodities shall not bind County to accept future shipments nor deprive it of the right to return commodities already accepted at Contractor's expense. Over shipments and under shipments of commodities shall be only as agreed to in writing by County. Delivery shall not be deemed to be complete until all commodities or services have actually been received and accepted in writing by County.
- F. **Acceptance Payment:** Unless otherwise agreed to in writing by County, 1) acceptance shall not be deemed complete unless in writing and until all the commodities/services have actually been received, inspected, and tested to the satisfaction of County, and 2) invoices are to be submitted in advance, once a year for the fixed cost by line of coverage (property, casualty or miscellaneous, as applicable) to the user agency/department to the ship-to address, unless otherwise directed in this Contract.
- G. **Warranty:** Contractor expressly warrants that the commodities covered by this Contract are 1) free of liens or encumbrances, 2) merchantable and good for the ordinary purposes for which they are used, and 3) fit for the particular purpose for which they are intended. Acceptance of this order shall constitute an agreement upon Contractor's part to indemnify, defend and hold County and its indemnities as identified in paragraph "BB" below, and as more fully described in paragraph "BB," harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by County by reason of the failure of the commodities/services to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable state or federal codes, ordinances, orders, or statutes, including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.
- H. **Patent/Copyright Materials/Proprietary Infringement:** Unless otherwise expressly provided in this Contract, Contractor shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Contract. Contractor warrants that any software as

modified through services provided hereunder will not infringe upon or violate any patent, proprietary right, or trade secret right of any third party. Contractor agrees that, in accordance with the more specific requirement contained in paragraph "BB" below, it shall indemnify, defend and hold County and County Indemnitees harmless from any and all such claims and be responsible for payment of all costs, damages, penalties and expenses related to or arising from such claim(s), including, costs and expenses but not including attorney's fees.

- I. **Assignment:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties. Furthermore, neither the performance of this Contract nor any portion thereof may be assigned by Contractor without the express written consent of County. Any attempt by Contractor to assign the performance or any portion thereof of this Contract without the express written consent of County shall be invalid and shall constitute a breach of this Contract.
- J. **Non-Discrimination:** In the performance of this Contract, Contractor agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any subcontractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. Contractor acknowledges that a violation of this provision shall subject Contractor to penalties pursuant to Section 1741 of the California Labor Code.
- K. **Termination:** In addition to any other remedies or rights it may have by law, County has the right to immediately terminate this Contract without penalty for cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any material breach of contract, any misrepresentation or fraud on the part of Contractor. Exercise by County of its right to terminate Contract shall relieve County of all further obligation.
- L. **Consent to Breach Not Waiver:** No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
- M. **Remedies Not Exclusive:** The remedies for breach set forth in this Contract are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Contract does not preclude resort by either party to any other remedies provided by law.
- N. **Independent Contractor:** Contractor shall be considered an independent contractor and neither Contractor, its employees, nor anyone working under Contractor shall be considered an agent or an employee of County. Neither Contractor, its employees nor anyone working under Contractor shall qualify for workers' compensation or other fringe benefits of any kind through County.
- O. **Performance Warranty:** Contractor shall warrant all work under this Contract, taking necessary steps and precautions to perform the work to County's satisfaction. Contractor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other commodities/services furnished by Contractor under this Contract. Contractor shall perform all work diligently, carefully, and in a good and workmanlike manner; shall furnish all necessary labor, supervision, machinery, equipment, materials, and supplies, shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the work. If permitted to subcontract, Contractor shall be fully responsible for all work performed by subcontractors.

P. **Insurance:** Prior to the provision of services under this contract, Contractor agrees to purchase all required insurance at Contractor's expense, including all endorsements required herein, necessary to satisfy County that the insurance provisions of this contract have been complied with. Contractor agrees to keep such insurance coverage, Certificates of Insurance, and endorsements on deposit with County during the entire term of this contract. In addition, all subcontractors performing work on behalf of Contractor pursuant to this contract shall obtain insurance subject to the same terms and conditions as set forth herein for Contractor.

Contractor shall ensure that all subcontractors performing work on behalf of Contractor pursuant to this contract shall be covered under Contractor's insurance as an Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein for Contractor. Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this contract. It is the obligation of Contractor to provide notice of the insurance requirements to every subcontractor, and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this contract for inspection by County representative(s) at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars (\$50,000) shall specifically be approved by County's Risk Manager, or designee, upon review of Contractor's current audited financial report. If Contractor's SIR is approved, Contractor, in addition to, and without limitation of, any other indemnity provision(s) in this Contract, agrees to all of the following:

1. In addition to the duty to indemnify and hold County harmless against any and all liability, claim, demand or suit resulting from Contractor's, its agents, employee's or subcontractor's performance of this Contract, Contractor shall defend County at its sole cost and expense with counsel approved by Board of Supervisors against same; and
2. Contractor's duty to defend, as stated above, shall be absolute and irrespective of any duty to indemnify or hold harmless; and
3. The provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated above applies, and Contractor's SIR provision shall be interpreted as though Contractor was an insurer and County was the insured.

If Contractor fails to maintain insurance acceptable to County for the full term of this contract, County may terminate this contract.

### **Qualified Insurer**

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the State of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by Contractor shall provide the minimum limits and coverage as set forth below:

<b>Coverage</b>	<b>Minimum Limits</b>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$5,000,000 per claims or per occurrence \$5,000,000 aggregate
Blanket Fidelity/Crime Bond	\$5,000,00 per occurrence
Network Security and Privacy Liability	\$5,000,00 per occurrence

**Required Coverage Forms**

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing liability coverage as broad.

**Required Endorsements**

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming County of Orange, its elected and appointed officials, officers, employees and agents as Additional Insureds, or provide blanket coverage, which will state *As Required By Written Contract*.
2. A primary non-contributing endorsement using ISO Form CG 20 01 04 13, or a form at least as broad evidencing that Contractor's insurance is primary and any insurance or self-insurance maintained by County of Orange shall be excess and non-contributing.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against ***County of Orange, its elected and appointed officials, officers, employees and agents***, or provide blanket coverage, which will state *As Required by Written Contract*.

The Network Security and Privacy Liability policy shall contain the following endorsements which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, employees, and agents as Additional Insureds for its vicarious liability.
2. A primary and non-contributory endorsement evidencing that the Contractor's insurance is primary, and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

All insurance policies required by this contract shall waive all rights of subrogation against County of Orange, its elected and appointed officials, officers, employees and agents when acting within the scope of their appointment or employment.

The County of Orange shall be the loss payee on the Employee Dishonesty coverage. A Loss Payee endorsement evidencing that the County of Orange is a Loss Payee shall accompany the Certificate of Insurance. (Only include this provision when Employee Dishonesty Insurance is required).

Contractor shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of Contract, upon which County may suspend or terminate this contract.

If Contractor's Professional Liability or Network Security & Privacy Liability are "Claims-Made" policy(ies), Contractor shall agree to the following:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of the contract services.
2. Insurance must be maintained, and evidence of insurance must be provided for at least three (3) years after expiration or earlier termination of contract services.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract services, Contractor must purchase an extended reporting period for a minimum of three (3) years after expiration of earlier termination of the Contract.

The Commercial General Liability policy shall contain a severability of interests clause, also known as a "separation of insureds" clause (standard in the ISO CG 001 policy).

Insurance certificates should be forwarded to the agency/department address listed on the solicitation.

If Contractor fails to provide the insurance certificates and endorsements within seven (7) days of notification by CEO/Procurement or the agency/department purchasing division, award may be made to the next qualified vendor.

County expressly retains the right to require Contractor to increase or decrease insurance of any of the above insurance types throughout the term of this contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify Contractor in writing of changes in the insurance requirements. If Contractor does not deposit copies of acceptable Certificates of Insurance and endorsements with County incorporating such changes within thirty (30) days of receipt of such notice, this contract may be in breach without further notice to Contractor, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

If the Contractor fails to maintain insurance acceptable to the County for the full term of this Contract, the County may terminate this Contract.

**Q. Bills and Liens:** Contractor shall pay promptly all indebtedness for labor, materials, and equipment used in performance of the work. Contractor shall not permit any lien or charge to attach to the

work or the premises, but if any does so attach, Contractor shall promptly procure its release and, in accordance with the requirements of paragraph “BB” below, indemnify, defend, and hold County harmless and be responsible for payment of all costs, damages, penalties and expenses related to or arising from or related thereto.

- R. **Changes:** Contractor shall make no changes in the work or perform any additional work without County’s specific written approval.
- S. **Change of Ownership/Name, Litigation Status, Conflicts with County Interests:** Contractor agrees that if there is a change or transfer in ownership of Contractor’s business prior to completion of this Contract, and County agrees to an assignment of Contract, the new owners shall be required under the terms of sale or other instruments of transfer to assume Contractor’s duties and obligations contained in this Contract and complete them to the satisfaction of County.

County reserves the right to immediately terminate Contract in the event County determines that the assignee is not qualified or is otherwise unacceptable to County for the provision of services under Contract.

In addition, Contractor has the duty to notify County in writing of any change in Contractor’s status with respect to name changes that do not require an assignment of Contract. Contractor is also obligated to notify County in writing if Contractor becomes a party to any litigation against County, or a party to litigation that may reasonably affect Contractor’s performance under Contract, as well as any potential conflicts of interest between Contractor and County that may arise prior to or during the period of Contract performance. While Contractor will be required to provide this information without prompting from County any time there is a change in Contractor’s name, conflict of interest or litigation status, Contractor must also provide an update to County of its status in these areas whenever requested by County.

Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with County interests. In addition to Contractor, this obligation shall apply to Contractor’s employees, agents, and subcontractors associated with the provision of goods and services provided under this Contract. Contractor’s efforts shall include, but not be limited to establishing rules and procedures preventing its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers in the performance of their duties.

- T. **Force Majeure:** Contractor shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delay beyond the time named for the performance of this Contract caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided Contractor gives written notice of the cause of the delay to County within 36 hours of the start of the delay and Contractor avails himself of any available remedies.
- U. **Confidentiality:** Contractor agrees to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Contract. All such records and information shall be considered confidential and kept confidential by Contractor and Contractor’s staff, agents and employees.
- V. **Compliance with Laws:** Contractor represents and warrants that services to be provided under this Contract shall fully comply, at Contractor’s expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively “laws”), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. Contractor acknowledges that County is

relying on Contractor to ensure such compliance, and pursuant to the requirements of paragraph "BB" below, Contractor agrees that it shall defend, indemnify and hold County and County Indemnitees harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.

- W. **Pricing:** The Contract bid price shall include full compensation for providing all required services in accordance with required specifications, or services as specified herein or when applicable, in the scope of work attached to this Contract, and no additional compensation will be allowed therefore, unless otherwise provided for in this Contract.
- X. **Severability:** If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- Y. **Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, each party shall bear their own attorney's fees, costs and expenses.
- Z. **Interpretation:** This Contract has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Contract. In addition, each party had been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each party further acknowledges that they have not been influenced to any extent whatsoever in executing this Contract by any other party hereto or by any person representing them, or both. Accordingly, any rule or law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Contract against the party that has drafted it is not applicable and is waived. The provisions of this Contract shall be interpreted in a reasonable manner to affect the purpose of the parties and this Contract.
- AA. **Employee Eligibility Verification:** Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. Contractor shall obtain from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. Contractor shall retain all such documentation for all covered employees for the period prescribed by the law. Contractor shall indemnify, defend with counsel approved in writing by County, and hold harmless, County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against Contractor or County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.
- BB. **Indemnification:** Contractor agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by Contractor pursuant to this Contract. If judgment is entered against Contractor and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Contractor and County agree that liability will be apportioned as determined by the court. Neither party shall request a jury apportionment.
- CC. **Audits/Inspections:** Contractor agrees to permit County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by



County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of Contractor for the purpose of auditing or inspecting any aspect of performance under this Contract. The inspection and/or audit will be confined to those matters connected with the performance of Contract including, but not limited to, the costs of administering Contract. County will provide reasonable notice of such an audit or inspection.

County reserves the right to audit and verify Contractor's records before final payment is made.

Contractor agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Contract or by law. Contractor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to County to audit records and interview staff of any subcontractor related to performance of this Contract.

Should Contractor cease to exist as a legal entity, Contractor's records pertaining to this Contract shall be forwarded to County's project manager.

- DD. **Expenditure Limit:** Contractor shall notify County of Orange assigned Deputy Purchasing Agent in writing when the expenditures against Contract reach 75 percent of the dollar limit on Contract. County will not be responsible for any expenditure overruns and will not pay for work exceeding the dollar limit on Contract unless a change order to cover those costs has been issued.

**Additional Terms and Conditions:**

1. **Scope of Contract:** This Contract specifies Contractual terms and conditions by which County will procure Third Party Administration Services for the County's Workers' Compensation Claims Program from Contractor as further detailed in the Scope of Work, identified and incorporated herein by this reference as "Attachment A."
2. **Term of Contract:** This Contract shall commence on July 1, 2024, upon execution of all necessary signatures, and approval by the Orange County Board of Supervisors, and continue for five (5) years, unless otherwise terminated by County. This contract may be renewed upon mutual concurrence for three (3) additional years, with approval from the Board of Supervisors.
3. **Usage:** No guarantee is given by the County to the Contractor regarding usage of this Contract. Usage figures, if provided, are approximate, based upon the last usage. The Contractor agrees to supply services and/or commodities requested, as needed by the County of Orange, at prices listed in the Contract, regardless of quantity requested.
4. **Amendments – Changes/Extra Work:** The Contractor shall make no changes to this Contract without the County's written consent. In the event that there are new or unforeseen requirements, the County with the Contractor's concurrence has the discretion to request official changes at any time without changing the intent of this Contract.

If County-initiated changes or changes in laws or government regulations affect price, the Contractor's ability to deliver services, or the project schedule, the Contractor shall give the County written notice no later than seven (7) business days from the date the law or regulation went into effect or the date the change was proposed by the County and the Contractor was notified of the change. Such changes shall be agreed to in writing and incorporated into a Contract Amendment, said Amendment shall be issued by the County-assigned DPA, shall require the mutual consent of all Parties, and may be subject to approval by the County Board of Supervisors. Nothing herein shall prohibit the Contractor from proceeding with the work as set forth in this Contract.

5. **Annual Administration of Claims:** Total Cost associated with the services to be provided by Contractor for annual administration of the County's Workers' Compensation claims shall be fixed during the term of this Contract. Said fixed cost shall be payable to Contractor monthly, in arrears, during the Contract term as set forth herein in 12 equal monthly payments.

6. **Authorization Warranty:** The Contractor represents and warrants that the person executing this Contract on behalf of and for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition and obligation of this agreement and that all requirements of the Contractor have been fulfilled to provide such actual authority.
7. **Breach of Contract:** The failure of Contractor to comply with any of the provisions, covenants or conditions of this Contract shall be a material breach of this Contract. In such event County may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:
  - a. Terminate Contract immediately, pursuant to Section K herein;
  - b. Afford Contractor written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
  - c. Discontinue payment to the Contractor for and during the period in which Contractor is in breach; and
  - d. Offset against any monies billed by Contractor but yet unpaid by County those monies disallowed pursuant to the above.
8. **Civil Rights:** Contractor attests that services provided shall be in accordance with the provisions of Title VI and Title VII of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975 as amended; Title II of the Americans with Disabilities Act of 1990, and other applicable State and federal laws and regulations prohibiting discrimination on the basis of race, color, national origin, ethnic group identification, age, religion, marital status, sex or disability.
9. **Compensation:** The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder.
10. **Confidentiality of Contractor's Records:** Contractor agrees to maintain the confidentiality of its records pursuant to all statutory laws relating to privacy and confidentiality as now in existence or as hereafter amended or changed. All records and information concerning any and all matters referred to the Contractor by the County shall be considered and kept confidential by the Contractor and the Contractor's officers, employees, agents, subcontractors, and sub-tiers. Information obtained by the Contractor in the performance of this Contract shall be treated as strictly confidential and shall not be used by the Contractor for any purpose other than the performance of this Contract.
11. **Conflict of Interest – Contractor's Personnel:** Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of County. This obligation shall apply to Contractor; Contractor's employees, agents, and subcontractors associated with accomplishing work and services hereunder. Contractor's efforts shall include, but not be limited to establishing precautions to prevent its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers from acting in the best interests of County.
12. **Conflict of Interest – County Personnel:** County of Orange Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. Contractor shall not, during the period of this Contract, employ any County employee for any purpose.
13. **Contractor's Project Manager and Key Personnel:** Contractor shall appoint a Project Manager to direct Contractor's efforts in fulfilling Contractor's obligations under this Contract. This Project Manager shall be subject to approval by County and shall not be changed without the written consent of County's Project Manager, which consent shall not be unreasonably withheld.

Contractor's Project Manager shall be assigned to this project for the duration of Contract and shall diligently pursue all work and services to meet the project time lines. County's Project Manager shall have the right to require the removal and replacement of Contractor's Project Manager from providing services to County under this Contract. County's Project manager shall notify Contractor in writing of such action. Contractor shall accomplish the removal within five (5) business days after written notice by County's Project Manager. County's Project Manager shall review and approve the appointment of the replacement for Contractor's Project Manager. County is not required to provide any additional information, reason or rationale in the event it requires the removal of Contractor's Project Manager from providing further services under Contract.

14. **Contractor Personnel – Reference Checks:** Contractor warrants that all persons employed to provide service under this Contract have satisfactory past work records indicating their ability to adequately perform the work under this Contract. Contractor's employees assigned to this project must meet character standards as demonstrated by background investigation and reference checks, coordinated by the agency/department issuing this Contract.
15. **Contractor's Power and Authority:** The Contractor warrants that it has the full power and authority to grant the rights herein granted and will hold the County hereunder harmless from and against any loss, cost, liability and expense, including reasonable attorney fees, arising out of any breach of this warranty. Further, the Contractor avers that it will not enter into any arrangement with any third party which might abridge any rights of the County under this Contract.
16. **Contractor's Records:** The Contractor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by the Contractor in accordance with generally accepted accounting principles. These records shall be stored in Orange County for a period of seven (7) years after final payment is received from the County. Storage of records in another county will require written approval from the County of Orange assigned DPA.
17. **Contractor Personnel – Uniform/Badges/Identification:** Contractor warrants that all persons employed to provide service under this Contract have satisfactory past work records indicating their ability to accept the kind of responsibility under this Contract.

All Contractor's employees shall be required to wear uniforms, badges, or other means of identification which are to be furnished by Contractor and must be worn at all times while working on County property. The assigned Deputy Purchasing Agent must be notified in writing, within seven (7) days of notification of award of Contract of the uniform and/or badges and/or other identification to be worn by employees prior to beginning work and notified in writing seven (7) days prior to any changes in this procedure.

18. **Conflict with Existing Law:** The Contractor and the County agree that if any provision of this Contract is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of the Contract shall remain in full force and effect. Either Party having knowledge of such term or provisions shall promptly inform the other of the presumed non-applicability of such provision. Should the offending provision go to the heart of the Contract, the Contract shall be terminated in a manner commensurate with interests of both Parties to the maximum extent reasonable.
19. **Contingency of Funds:** Contractor acknowledges that funding or portions of funding for this Contract may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Contract. If such approval, funding, or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Contract without penalty.
20. **Contingent Fees:** The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees of the Contractor or bona fide

established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

For breach or violation of this warranty, the County shall have the right to terminate this Contract in accordance with the termination clause and at its sole discretion to deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee from the Contractor.

21. **Contractor Bankruptcy/Insolvency:** If the Contractor should be adjudged bankrupt or should have a general assignment for the benefit of its creditors or if a receiver should be appointed on account of the Contractor's insolvency, the County may terminate this Contract.
22. **Contractor's Records:** Contractor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by Contractor in accordance with generally accepted accounting principles. These records shall be stored in Orange County for a period of three (3) years after final payment is received from County. Storage of records in another county will require written approval from County of Orange assigned Deputy Purchasing Agent.
23. **Cooperative Contract:** The provisions and pricing of this Contract will be extended to other California local or state governmental entities. Governmental entities wishing to use this Contract will be responsible for issuing their own purchase documents/price agreements, providing for their own acceptance, and making any subsequent payments. Contractor shall be required to include in any Contract entered into with another agency or entity that is entered into as an extension of this Contract a Contract clause that will hold harmless County of Orange from all claims, demands, actions or causes of actions of every kind resulting directly or indirectly, arising out of, or in any way connected with the use of this contract. Failure to do so will be considered a material breach of this Contract and grounds for immediate Contract termination. The cooperative entities are responsible for obtaining all certificates of insurance and bonds required. Contractor is responsible for providing each cooperative entity a copy of Contract upon request by the cooperative entity. County of Orange makes no guarantee of usage by other users of this Contract.  
  
Contractor shall be required to maintain a list of the cooperative entities using this Contract. The list shall report dollar volumes spent annually and shall be provided on an annual basis to County, at County's request.
24. **Contractor Work Hours and Safety Standards:** The Contractor shall ensure compliance with all safety and hourly requirements for employees in accordance with federal, state and County's safety regulations and laws.
25. **Data – Title To:** All materials, documents, data or information obtained from County data files or any County medium furnished to Contractor in the performance of this Contract will at all times remain the property of County. Such data or information may not be used or copied for direct or indirect use by Contractor after completion or termination of this Contract without the express written consent of County. All materials, documents, data or information, including copies, must be returned to County at the end of this Contract.
26. **Debarment:** Contractor warrants that neither Contractor nor its principles are presently debarred, proposed for debarment, declared ineligible or voluntarily excluded from participation in the transaction by any Federal department or agency.
27. **Default – Re-Procurement Costs:** In case of Contract breach by Contractor, resulting in termination by County, County may procure the commodities and services from other sources. If the cost for those commodities and services is higher than under the terms of the existing Contract, Contractor will be responsible for paying County the difference between Contract cost and the price paid, and County may deduct this cost from any unpaid balance due Contractor. The price paid by County shall be the prevailing market price at the time such purchase is made. This is in addition to any other remedies available under this Contract and under law.

28. **Dispute as to Contract Requirements:** If any dispute concerning a question of fact arising under the terms of this Contract is not disposed of within a reasonable period of time by the Contractor's Project Manager and the County's Program Manager, such matter shall be brought to the attention of the County's Purchasing Agent or designee. If agreement cannot be reached through these applications, either party may assert its other rights and remedies within this Contract or within a court of competent jurisdiction.

The County and the Contractor agree that, in the event of a dispute notwithstanding, they will continue without delay to carry out all their responsibilities under this Contract, which are not affected by the dispute.

29. **Disputes – Contract:**

- a. The parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute concerning a question of fact arising under the terms of this Contract is not disposed of in a reasonable period of time by Contractor's Project Manager and County 's Project Manager, such matter shall be brought to the attention of County Deputy Purchasing Agent by way of the following process:
  - i. Contractor shall submit to the department assigned Deputy Purchasing Agent a written demand for a final decision regarding the disposition of any dispute between the parties arising under, related to, or involving this Contract, unless County, on its own initiative, has already rendered such a final decision.
  - ii. Contractor's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to Contract, Contractor shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects Contract adjustment for which Contractor believes County is liable.
- b. Pending the final resolution of any dispute arising under, related to, or involving this Contract, Contractor agrees to diligently proceed with the performance of this Contract, including the delivery of commodities and/or provision of services. Contractor's failure to diligently proceed shall be considered a material breach of this Contract.
- c. Any final decision of County shall be expressly identified as such, shall be in writing, and shall be signed by County Deputy Purchasing Agent or his designee. If County fails to render a decision within 90 days after receipt of Contractor's demand, it shall be deemed a final decision adverse to Contractor's contentions. Nothing in this section shall be construed as affecting County's right to terminate Contract for cause or termination for convenience as stated in section K herein.

30. **Drug-Free Workplace:** The Contractor hereby certifies compliance with Government Code Section 8355 in matters relating to providing a drug-free workplace. The Contractor will:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a).
- b. Establish a drug-free awareness program as required by Government Code Section 8355(b) to inform employees about all of the following:
  - i. The dangers of drug abuse in the workplace;
  - ii. The organization's policy of maintaining a drug-free workplace;
  - iii. Any available counseling, rehabilitation and employee assistance programs; and
  - iv. Penalties that may be imposed upon employees for drug abuse violations.

- c. Provide as required by Government Code Section 8355(c) that every employee who works under this Contract:
  - i. Will receive a copy of the company's drug-free policy statement; and
  - ii. Will agree to abide by the terms of the company's statement as a condition of employment under this Contract.

Failure to comply with these requirements may result in suspension of payments under the Contract or termination of the Contract or both, and the Contractor may be ineligible for award of any future County Contracts if the County determines that any of the following has occurred:

- a. The Contractor has made false certification; or
- b. The Contractor violates the certification by failing to carry out the requirements as noted above.

31. **Emergency/Declared Disaster Requirements:** In the event of an emergency or if Orange County is declared a disaster area by the County, state or federal government, this Contract may be subjected to unusual usage. The Contractor shall service the County during such an emergency or declared disaster under the same terms and conditions that apply during non-emergency/disaster conditions. The pricing quoted by the Contractor shall apply to serving the County's needs regardless of the circumstances. If the Contractor is unable to supply the goods/services under the terms of the Contract, then the Contractor shall provide proof of such disruption and a copy of the invoice for the goods/services from the Contractor's supplier(s). Additional profit margin as a result of supplying goods/services during an emergency or a declared disaster shall not be permitted. In the event of an emergency or declared disaster, emergency purchase order numbers will be assigned. All applicable invoices from the Contractor shall show both the emergency purchase order number and the Contract number.

32. **Equal Employment Opportunity:** Equal Employment Opportunity - Contractor shall comply with U.S. Executive Order 11426 entitled "Equal Employment Opportunity" as amended by executive order 11375, and as supplemented in department of Labor regulations (41 CFR, part 60) and applicable State of California regulations as either or both may now exist or be hereinafter amended. Employer must not discriminate against employee or applicant for employment, on the basis of race, color, national origin, or ancestry, religion, sex, marital status, political affiliation, physical or mental condition.

Handicapped individuals - Contractor agrees to comply with the provisions of section 504 of the rehabilitation act of 1973, as amended pertaining to prohibition of discrimination against qualified handicapped persons in all programs, and/or activities as detailed in regulations signed by the Secretary of DHHS effective June 3, 1997 and found in the Federal Register, Volume #42 No. 68, dated May 4, 1997, as all may now exist or be in the future amended.

Americans with Disabilities (ADA) – Contractor agrees to comply with applicable provisions of Title 1 of Americans with Disabilities Act enacted in 1990.

33. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Contractor shall be complete and shall be carefully checked by the professional(s) identified by Contractor as Contractor Project Manager and key personnel attached hereto, prior to submission to the County. Contractor agrees that County review is discretionary, and Contractor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Contractor's reports, files and other written documents, the reports, files or documents will be returned to Contractor for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by Contractor after County approval thereof, County approval of Contractor's reports, files or documents shall not be used as a defense by Contractor in any action between the County and Contractor, and the reports, files or documents will be returned to Contractor for correction without payment of additional compensation.

34. **General Audit of Agreement:** The County's duly authorized representative shall have access, at reasonable times during business hours, to all reports, contract records, documents, files, and personnel necessary to audit and verify the Contractor's charges to the County hereunder. The Contractor agrees to retain reports, records, documents, and files related to charges hereunder for a period of three years following the date of final payment for the Contractor's services hereunder. The County reserves the right to audit and verify the Contractor's records before final payment is made. The County's representatives shall have the right to reproduce any of the aforesaid documents.
- Should the Contractor cease to exist as a legal entity, the Contractor's record pertaining to this Contract shall be forwarded to the surviving entity in a merger or acquisition or, in the event of liquidation, to the County's Program Manager.
35. **Gratuities:** The Contractor warrants that no gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the County with a view toward securing the Contract or securing favorable treatment with respect to any determinations concerning the performance of the Contract. For breach or violation of this warranty, the County shall have the right to terminate the Contract, either in whole or in part, and any loss or damage sustained by the County in procuring on the open market any services which the Contractor agreed to supply shall be borne and paid for by the Contractor. The rights and remedies of the County provided in the clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract.
36. **Intermediaries:** When in Contractor's professional judgment it is necessary or appropriate and subject to the County's prior approval, Contractor may utilize the services of other intermediaries, including wholesale brokers, to assist in the marketing of the County's insurance. To the extent possible, Contractor shall disclose all levels of broker or intermediary income.
37. **Interpretation of Contract:** In the event of a conflict or question involving the provisions of any part of this Contract, interpretation and clarification as necessary shall be determined by the County's assigned buyer. If disagreement exists between the Contractor and the County's assigned buyer in interpreting the provision(s), final interpretation and clarification shall be determined by the County's Purchasing Agent or his designee.
38. **Limitations of Actions:** No action, regardless of form, arising out of this Contract may be brought by either Party more than two (2) years after the cause of the action has arisen, or, in the case of nonpayment, more than two (2) years from the date of the last payment, except where either Party, within two (2) years after a cause of action has arisen, provides the other Party in writing a notice of a potential cause of action, disclosing all material facts then known by the notifying Party concerning such cause of action, then the notifying Party may bring an action based on the matter so disclosed at any time prior to the expiration of four (4) years from the time the cause of action arose.
39. **Lobbying:** On best information and belief, Contractor certifies no federal appropriated funds have been paid or will be paid by, or on behalf of, the Contractor to any person for influencing or attempting to influence an officer or employee of Congress; or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
40. **News/Information Release:** Contractor agrees that it will not issue any news releases in connection with either the award of this Contract or any subsequent amendment of or effort under this Contract without first obtaining review and written approval of said news releases from County through County's Project Manager.
41. **No Third-Party Beneficiaries:** This Contract is an agreement by and between the Parties, and neither: (a) confers any rights upon any of the employees, agents, or contractors of either Party, or upon any other person or entity not a party hereto; or (b) precludes any actions or claims against, or rights of recovery from, any person or entity not a party hereto.

42. **Notice of Claims:** Contractor must give County immediate notice in writing of any legal action or suit filed related in any way to this Contract or which may affect the performance of work under this Contract, and prompt notice of any claim made against Contractor by any subcontractor, which may result in litigation related in any way to this Contract, or which may affect the performance of work under this Contract.
43. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to the assigned Deputy Purchasing Agent (DPA), except through the course of the parties' project managers' routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no greater than four (4) calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate party at the address stated herein or such other address as the parties hereto may designate by written notice from time to time in the manner aforesaid.

Contractor: Sedgwick Claims Management Services, Inc.  
333 City Boulevard West, Suite 1500  
Orange, CA92868  
Attn: Michael Possehl  
Telephone: 714-620-1380  
Email: [Michael.Possehl@ocgov.com](mailto:Michael.Possehl@ocgov.com)

County: County Executive Office/ Risk Management  
400 W. Civic Center Drive, 5<sup>th</sup> Floor  
Santa Ana, CA 92701  
Attn: Beverly Umholtz  
Telephone: 714-285-5511  
Email: [Beverly.Umholtz@ocgov.com](mailto:Beverly.Umholtz@ocgov.com)

Assigned DPA: County of Orange  
County Executive Office/County Procurement Office  
Attn: Jessica Cortez  
400 W Civic Center Dr., 5th Floor  
Santa Ana, CA 92701  
Telephone: 714-834-6829  
Email: [Jessica.Cortez@ocgov.com](mailto:Jessica.Cortez@ocgov.com)

44. **Notice to Proceed:** The Contractor shall not begin any work under this Contract until such time as a Notice to Proceed letter has been issued by the CEO/Purchasing Division. The Notice to Proceed will be issued upon receipt and acceptance by the County of the Contractor's Certificate of Insurance, Fidelity and Performance Bonds and execution and return of three sets of Contract documents for County execution. Along with the Contractor's copies of the aforementioned documents for return, the Contractor will receive with the Notice to Proceed the return if it's Proposal Deposit.
45. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Contractor. All documents, reports and other incidental or derivative work or materials furnished hereunder shall become and remains the sole property of the County and may be used by the County as it may require without additional cost to the County. None of the documents, reports and other incidental or derivative work or furnished materials shall be used by the Contractor without the express written consent of the County.



46. **Precedence:** Contract documents consist of this Contract and its exhibits and attachments. In the event of a conflict between or among Contract documents, the order of precedence shall be the provisions of the main body of this Contract, i.e., those provisions set forth in the recitals and articles of this Contract, and then the exhibits and attachments.
47. **Program Manager, County:** The County shall appoint a program manager to act as liaison between the County and the contractor during the term of this contract. The County's program manager shall coordinate the activities of the County staff assigned to work with the contractor. The County's program manager shall have the right to require the removal and replacement of the contractor's project manager and key personnel. The County's program manager shall notify the contractor in writing of such action. The contractor shall accomplish the removal within 14 calendar days after written notice by the County's program manager. The County's program manager shall review and approve the appointment of the replacement for the contractor's project manager and key personnel. Said approval shall not be unreasonably withheld.
48. **Publication:** No copies of sketches, schedules, written documents, computer based data, photographs, maps or graphs, including graphic at work, resulting from performance or prepared in connection with this Contract, are to be released by Contractor and/or anyone acting under the supervision of Contractor to any person, a partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Contract. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.
49. **Reports/Meetings:** The Contractor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this contract. The County's project manager and the Contractor's project manager will meet on reasonable notice to discuss the Contractor's performance and progress under this Contract. If requested, the Contractor's project manager and other project personnel shall attend all meetings. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this Contract.
50. **Standards of Performance and Acceptance Testing:** The Contractor certifies that it will not commit to new projects in such a manner as would interfere with the scheduling or delivery of services to the County as detailed and set forth herein, inclusive of the transition and implementation phase. After issuance of the Notice of Award and prior to the issuance of the Notice to Proceed, the Contractor shall certify in writing to the County that the Contractor's approach to the Third Party Administration of the County of Orange Workers' Compensation Claims is ready for operational and productive use. The Contractor's approach to administration of claims shall not be considered accepted until the standards of performance are met through County verification with each and every month's individual acceptance by the Risk Management Division of the County Executive Office (CEO/RM). These standards shall be in addition to any other standards set forth herein. All standards of performance shall conform to the County's Scope of Work. The County will only accept the monthly administration of claims after all the necessary corrections as recommended by the County are made by the Contractor. The County will be the sole judge of satisfactory compliance with the conditions stated in this Article.
51. **Substitutions:** The Contractor is required to meet all specifications and requirements contained herein. No substitutions will be accepted without prior County written approval.
52. **Waivers - Contract:** The failure of the County in any one or more instances to insist upon strict performance of any of the terms of this Contract or to exercise any option contained herein shall not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such terms or option on any future occasion.
53. **Termination – Orderly:** After receipt of a termination notice from County of Orange, Contractor may submit to County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than 60 days from the effective date of the termination, unless one or more

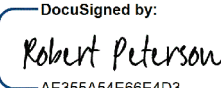
extensions in writing are granted by County upon written request of Contractor. Upon termination County agrees to pay Contractor for all services performed prior to termination which meet the requirements of Contract, provided, however, that such compensation combined with previously paid compensation shall not exceed the total compensation set forth in Contract. Upon termination or other expiration of this Contract, each party shall promptly return to the other party all papers, materials, and other properties of the other held by each for purposes of performance of Contract.

54. **Usage Reports:** Contractor shall submit usage reports on an annual basis to the assigned Deputy Purchasing Agent of County of Orange user agency/department. The usage report shall be in a format specified by the user agency/department and shall be submitted 90 days prior to the expiration date of Contract term, or any subsequent renewal term, if applicable.
55. **Transition and Implementation Plan:** The work and services performed under this Contract shall be done in accordance with the final negotiated and approved Transition and Implementation Plan incorporated herein. The Contractor shall be responsible for schedule adherence as outlined in said Transition and Implementation Plan and for all ongoing services. All costs associated with the services to be provided by Contractor under said plan are non-recurring and shall be payable according to the Progress Payment Schedule set forth herein.

**SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Contract on the date first above written.


**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC., a State of California Corporation**

Date: 12/13/2023 By: 

  
DocuSigned by:  
Robert Peterson  
AE355A54E66E4D3...
  
 Signature  


---

 Robert Peterson President  
 Print Name & Title

*(If a corporation, the document must be signed by two corporate officers. The 1st must be either Chairman of the Board, President or any Vice President.)*

Date: 12/13/2023 By: 

  
DocuSigned by:  
Amy Brown  
4FF787DCFA0D4AB...
  
 Signature  


---


 Amy Brown Assistant Secretary  
 Print Name & Title

*(If a corporation, the 2nd signature must be either the Secretary, an Assistant Secretary, the Chief Financial Officer, or any Assistant Treasurer)*

**COUNTY OF ORANGE,**  
a political subdivision of the State of California

Date: \_\_\_\_\_ By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**APPROVED AS TO FORM:**

County Counsel <sup>1</sup> By: 

  
DocuSigned by:  
Mark Batarse  
BC5CA9BED31F40A...
  
 Deputy  
 Date: 12/18/2023

**ATTACHMENT A**  
**SCOPE OF WORK**

**I. THIRD PARTY ADMINISTRATION**

Contractor and Contractors' dedicated staff shall be prepared and ready to commence the annual claims administration, as a Third-Party Administrator, of all County Workers Compensation claims as of July 1, 2024. Contractor shall provide services as more specifically detailed below.

**A. Program Specifications**

**1. General Program Requirements**

- a. The Contractor must be licensed by the State of California, have a minimum of five (5) years' experience as a Third-Party Administrator for a self-insured public entity in California, and a minimum of five (5) years' experience administering Labor Code 4850 benefits.
- b. The Contractor must have an electronic database capable of producing specialized and ad-hoc reports in a timely and accurate manner in addition to those required by the State of California.
- c. Contractor's system must have the ability to convert all workers' compensation claims and payment data from the existing system into data in the contractor's system, as well as the ability to normalize data during conversion. County department codes and specific claim payment data must remain intact. Prior County's codes are alpha numeric and Contractor's system must be compatible.
- d. Contractor's system must have the ability for County Workers' Compensation personnel to have full access to all portions of their claims system.
- e. Contractor's system shall have the capability to receive and transmit electronic data including images to outside vendors such as law firms, investigation firms, etc. as well as the processes in place.
- f. Contractor shall utilize a paperless system and procedure for transferring paper forms which are received including but not limited to the process at the front end to ensure quality control and the back-up in case of system failure.

**2. Claims Administration Requirements**

- a. The Contractor shall maintain adequate internal controls over all phases of claims handling to ensure accurate and timely program information. Adequate internal control shall be construed to include at a minimum, the definite assignment of responsibilities for performing established Claims Management procedures, documentation of the performance of required procedures and sufficient supervisory review to ensure that individuals are in fact performing their assigned tasks.
- b. The Contractor shall be required to examine each claim for injury or illness to determine compensability in accordance with the State of California Workers' Compensation laws.
- c. The Contractor shall prepare and file all legally required forms and reports with the appropriate State agency and interested parties.
- d. The Contractor shall promptly accept all claims wherein the compensability is immediately evident as arising out of or being caused by work-related activities.
- e. The Contractor shall place on a 90-day delay status for further investigation any claims wherein the compensability is not evident, including notification to the employee and the County in accordance with the California Workers' Compensation laws.

- f. The Contractor shall request an Insurance Services Office (ISO) Index check on all new indemnity claims and at six-month intervals on continuing active indemnity claims. Contractor shall report all County claims to the Index system.
- g. Claims shall not be accepted after being delayed, nor shall they be denied or settled, without prior County approval.
- h. The Contractor shall submit a request for settlement approval to the County's Program Manager. Requests to compromise & release will include a brief history of the injury, the ratings of all pertinent medical reports, the amounts paid and reserved on the claim, the proposed settlement, the Contractor's recommendation and the pros and cons of the proposed settlement including an estimate of future cost or consequences if the County rejects the proposed settlement, as well as any other pertinent information that may influence the County's decision concerning settlement.
- i. For claims being resolved at \$150,000 or more, the Contractor shall submit a request for settlement approval to the County's Program Manager for review and authorization from the County Risk Management office. Request shall be submitted on a Case Settlement Presentation form and include a brief history of injury (injuries), all ratings of medical reports, amounts paid and reserved on the file, proposed settlement amount, and estimates of future costs. All requests should include a rated age. Structures should be offer on all cases going to the BOS. The settlement presentation should be written with clear, concise and professional language.
- j. All Activities resulting in fees to the County shall not be implemented without prior County approval. This includes, but is not limited to, assignment of defense or subrogation counsel, case management, job analysis, outside ratings, photocopy services, use of investigators and fraud referrals.
- k. The Contractor shall be required to conduct initial investigative activities, whenever possible, at no additional charge to the County.
- l. The Contractor shall arrange for investigators or experts when, in the Contractor's judgment and with the written consent of the County, such action is deemed necessary to (1) properly process questionable cases; (2) assist in determining the disability status of disabled claimants; (3) prepare litigated cases; or (4) assist in determining fraudulent claims.
- m. The Contractor shall actively collect any overpayment of benefits.
- n. The Contractor shall be required to manage, negotiate and settle any litigated claims, when possible, without aid of counsel.
- o. Written authorization from the County is required prior to assigning cases out to any subcontractor or defense attorney. The Contractor shall coordinate with and assist legal counsel in the preparation of litigated cases and negotiations of compromise and release and stipulated settlements.
- p. The Contractor shall inform the County via e-mail within three business days of developments in litigated cases.
- q. The County shall be copied on all legal, investigative and rehabilitation correspondence and copies will be e-mailed within three (3) business days.
- r. The Contractor shall determine eligibility for and promptly authorize payment of compensation in coordination with medical advice and rehabilitation efforts.
- s. Doctor's notes establishing, continuing, modifying, or removing temporary or permanent work restrictions shall be faxed and or scanned/email to the County Workers' Compensation Program and Department's Human Resource Services (HRS) point of contact the day of receipt on the appropriate form.

- t. The Contractor shall determine the extent and degree of permanent disability, utilizing, as necessary, advisory ratings of the State Disability Evaluation Unit and make payments accordingly. If an outside rater is to be used, the County must approve in writing its use in advance.
- u. In the event the claims administration contract does not include all other necessary integrated services, the Contractor shall communicate and coordinate with all other subcontractors or vendors to ensure prompt and full reporting to the County.

### **3. Financial Controls**

- a. The Contractor shall maintain current estimated future of the cost of all anticipated benefits on each claim and maintain procedures for reviewing and adjusting reserve adequacy no less frequently than every 90 days. The County shall be notified of all original or revised estimated future costs exceeding \$50,000 and \$100,000.
- b. The Contractor shall establish procedures and necessary documentation for the payment of benefits, medical costs, legal fees and other related costs to enable the Contractor to issue payments to cover such expenditures.
- c. The Contractor shall monitor all claims for potential subrogation recoveries, prepare correspondence to effect collection, and assist legal counsel where litigation is required to affect recovery.
- d. The Contractor shall promptly report suspected fraud cases to the County Program Manager and assist the designated Special Investigations Unit with working up the case for referral to the State Department of Insurance and notification to the District Attorney's Workers' Compensation fraud unit.

### **4. Consultation**

- a. The County has developed and implemented a return to work (RTW) program. The contractor shall assist the County with clarifying work restrictions, assisting with developing job and task banks as needed, assisting with job analyses and ergonomic evaluations for County positions, capturing RTW data as well as producing reports, act as liaison with MPN providers on work restriction issues and following up with County departments.
- b. The Contractor shall develop and recommend, as requested by County, investigators, job analysis specialists, and medical professionals to assist with appropriate claim handling.
- c. For all law firms performing work on behalf of County, the legal fees for the attorneys are set and approved by the Board of Supervisors.
- d. The Contractor shall send staff members to Workers' Compensation Appeals Board (WCAB) and civil court proceedings, and rehabilitation conferences as requested.
- e. The Contractor's staff shall, upon request, attend meetings with and conduct training for, the County.
- f. The Contractor shall assist the County, as requested, with all managed care and cost containment issues.
- g. The Contractor shall provide information and guidance to injured employees regarding the benefits they will receive in accordance with the County's policies.
- h. The Contractor shall provide information, assistance and guidance to injured employees regarding permanent disability ratings, the Agreed Medical Evaluator/Qualified Medical Evaluator (AME/QME) process, utilization review, the Medical Provider Network and settlement of claims.

- i. The Contractor shall consult, at the County's direction, with County departments on problem cases.
- j. The Contractor shall assist the County, as requested, with cost containment and incentive programs.
- k. The Contractor shall perform solely any and all claim closing projects at their discretion and no other entity. The Third-Party Administrator is in the best position to analyze and assess their inventory, define the scope of the project and manage/report on their results.

**5. Runoff Claims**

It is anticipated that there will be approximately 2,385 open claims being serviced by the current administrator as at the date of file transfer. All claims including open and future medical claims will be transferred to the new Third Party Administrator on or before July 1, 2024.

**6. Dedicated Office/Unit**

The Contractor shall establish a fully staffed, furnished, dedicated claims office or a segregated, secure unit, whose sole responsibility is the handling of the County's WC claims. This office should be within a 30-mile radius of the CEO/RM Office, located at 400 West Civic Center Dr., 5th floor., Santa Ana, CA 92701, during the term of this Contract and any extension thereto. This dedicated office or segregated, secure unit shall have adequate working space for all functions and shall include space for the storage and retention, at a minimum, of one year's worth of County's closed claim files. Claims closed longer than one year are the responsibility of the County.

The staffing plan shall be structured to ensure the County's claims are administered in compliance with all rules and regulations governing the administration of a self-insured employer pursuant to Section 3700-3747, etc. seq. of the California Labor Code and California Administrative Procedures Act California Government Code, Title 8. File closures must conform to the California Administrative Code Section 15400.2.

**7. Qualifications of Personnel**

All personnel managing claims or contacting the public or County's employees must fluently speak and write English for the effective administration of this Contract. In addition, the County expects that TPA staff will meet or exceed the experience and professional qualifications listed below and have successfully completed a background check.

**8. Project/Claims Manager**

- a. A four (4) year college degree or a two (2) year college degree and a combination of education and work experience directly related to the job duties of a Workers' Compensation Claims Manager.
- b. A minimum of five (5) years of California Workers' Compensation claims experience and certification as a Self-Insurance Administrator by the State of California Department of Industrial Relations (DIR) Self-Insurance Plans.
- c. A minimum of four (4) years of supervisory experience.
- d. A minimum of two (2) years' experience in public sector Workers' Compensation claims management preferred.
- e. A minimum of two (2) years California Labor Code 4850 benefit administration experience.
- f. A thorough knowledge of California Official Medical Fee Schedule applications to medical charges.

- g. A thorough knowledge of the State of California Labor Code including applications, litigation procedures, defenses, subrogation, investigation, and provisions of laws governing administration of Workers' Compensation Claims.
- h. The ability to plan and direct the activities of personnel reporting to this position.
- i. Strong customer service, organizational and prioritization skills.
- j. Sound negotiation skills and the ability to make good decisions in resolution of claims are essential.

**9. Claims Supervisor Position**

- a. A four (4) year college degree or a two-year degree and a combination of education and work experience directly related to the job duties of a Workers' Compensation Claims Supervisor.
- b. A minimum of five (5) years California Workers' Compensation claims experience and certification as a Self-Insured Administrator by the State of California DIR Self-Insurance.
- c. A minimum of two (2) years of supervisory experience.
- d. A minimum of two (2) years' experience in public sector Workers' Compensation claims management is preferred not mandatory.
- e. A minimum of two (2) years California Labor Code 4850 benefit administration experience is preferred not mandatory.
- f. A thorough knowledge of California Official Medical Fee Schedule applications to medical charges.
- g. A thorough knowledge of the State of California Labor Code including applications, litigation procedures, defenses, subrogation, investigation and provisions of laws governing administration of Workers' Compensation Claims.
- h. The ability to plan and direct the activities of personnel reporting to this position.
- i. Strong customer service, organizational and prioritization skills.
- j. Sound negotiation skills and the ability to make good decisions in resolution of claims are essential.

**10. Claims Examiner Position**

- a. A two (2) year college degree or combination of education and work experience directly related to the job duties of a Claims Examiner. The County reserves the right to request and receive official transcripts.
- b. A minimum of three (3) years California Workers' Compensation claims experience and certification as a Self-Insured Administrator by the State of California DIR Self-Insurance.
- c. A minimum of two (2) years public sector Workers' Compensation claims experience with a California employer is preferred not mandatory.
- d. A minimum of two (2) years California Labor Code 4850 benefit administration experience is preferred not mandatory.
- e. A thorough knowledge of California Official Medical Fee Schedule applications to medical charges.
- f. A thorough knowledge of the State of California Labor Code including applications, litigation procedures, defenses, subrogation, investigation and provisions of laws governing administration of Workers' Compensation Claims.



- g. Strong customer service, organizational and prioritization skills.
- h. Sound negotiation skills and the ability to make good decisions in resolution of claims.

**11. Return to Work Specialist**

- a. A two (2) year college degree or combination of education and two (2) to three (3) years work experience directly related to the job duties of a RTW specialist.
- b. Ability to work in close coordination and communication with the Employer, Injured Worker, Medical Provider, Physician and Claims Examiner, County Departments for all occupational RTW issues.
- c. Track issues to identify and prevent delays in return to work with the goals of decreasing the duration of disability, reducing medical costs and the likelihood of litigation.
- d. Hold treating physicians accountable for justification of temporary disability claims and prolonged work restrictions.
- e. Clarify work restrictions in terminology that can be understood by County departments is essential.
- f. Educate non-compliant MPN doctors on the RTW program and report issues to MPN management.
- g. Document return to work activity in a timely manner with a high level of accuracy and detail.
- h. Produce detail and summary reports on all aspects of the RTW, including cost savings.
- i. Strong organizational and communication skills.

**12. Resolution Specialist**

- a. A two (2) year college degree or combination of education and work experience directly related to the job duties of a workers' compensation claims examiner. The County reserves the right to request and receive official transcripts.
- b. A minimum of three (3) years of California workers' compensation claims experience and certification as a Self-insured Administrator by the State of California DIR, Self-Insurance Plans.
- c. A minimum of two (2) years California public sector workers' compensation claims experience is preferred not mandatory.
- d. Experience with structured settlements (annuities), Medicare Set-Aside requirements, and Compromise and Release documentation.
- e. Ability to evaluate complex workers' compensation claims for settlement.
- f. Strong communication and negotiation skills.
- g. Three (3) years' experience at the Workers' Compensation Appeals Board.

**13. Clerical/Support Position**

- a. Classification, duties and minimum experience for daily courier, reception and corresponding type personnel are as defined by the Contractor, however, the ratio of clerical and support staff to each claim's examiner shall be agreed upon by County's Program Manager and the Contractor.

**14. Other:**

- a. Classification, duties, and minimum experience for any other personnel are as defined by Contractor.

**15. Caseload and Staffing**

- a. Adequate staff shall be provided to perform the services listed in this Contract in a manner satisfactory to the County. The Contractor shall provide an adequate maximum caseload per examiner and a plan of implementation.
- b. Adequate initial training for six (6) months must be complied with on staff that does not possess adequate experience in public sector work.
- c. If during the term of this Contract, the County deems the total number of Contractor's staff falls below the minimum, qualified temporary help must be hired at Contractor's expense. The Contractor shall communicate to County Risk Management all approved staffing and schedule changes to ensure adequate coverage and claims handling.

**16. Recruitment/Appointment**

- a. The Contractor shall be responsible for recruitment and selection of all personnel consistent with the position experience levels and professional qualifications outlined in number 7, Qualifications of Personnel, above. The CEO/RM reserves the right to have an opportunity to interview all finalists for the Claims Manager, Unit Manager and Claims Examiner positions. All hiring decisions with respect to the above positions shall be subject to final approval by the County Program Manager.

**17. Claims Manual**

- a. The Contractor shall prepare and maintain a comprehensive claims manual designed to establish measurable, specific, written standards of performance for the operation of the dedicated office/unit. Such performance standards will be specific to the needs of the County and may not be identical to those of other clients of Contractor. A copy of the claims manual shall be provided to the CEO/RM for reference and contract compliance verification.

**18. Claims Information**

- a. The Contractor shall install and maintain for County inquiry use a "read-only" access method so that all County Workers' Compensation program staff and the Risk Manager are linked to the Contractor's claims system.
- b. Management summary as well as detailed claim reports shall be provided to the County upon request. Reports shall be provided pursuant to the terms of the final Contract. See Attachments for samples of current County reports which will be required to contain the same data elements, at a minimum.
- c. The Contractor System shall include the ability to track lost workdays and modified duty days as part of each Indemnity claim.
- d. The Contractor System shall include the ability to track data by each individual County agency/department/division/pay location in accordance with the County's hierarchical structure.
- e. The Contractor System shall include the ability to track claims by location of occurrence (street address and city)
- f. The Contractor System shall include the ability to meet Electronic Data Interface (EDI) requirements to report electronically to the State of California
- g. The Contractor shall provide the capacity for the development of Ad Hoc reports by the County Program staff including CEO/RM financial staff.

**19. Auditing of Claim Unit**

The CEO/RM, or an agent thereof, may perform a yearly audit of the Contractor's claims files. The audit will include open indemnity files, lifetime medical files, closed indemnity files and medical only files.

Each file will be examined for but not limited to:

- a. Caseloads
- b. Case Review/Documentation
- c. Communication
- d. Fiscal handling
- e. Three Point Contact
- f. Compensability
- g. Payments
- h. Medical Treatment
- i. Apportionment
- j. Disability Management
- k. Supplemental Job Displacement Benefit
- l. Reserving
- m. Claim Resolution
- n. Litigated Claims
- o. Subrogation
- p. Excess Coverage

**20. Benefit Payments**

- a. Indemnity Claims: The Contractor shall pay (or authorize payment via voucher) the first payment of compensation benefits within three (3) working days after the claim is determined to be compensable.
- b. Compensation benefits shall continue only upon determination by the Claims Examiner that the employee has not returned to work and that the appropriate physician (PTP, AME, QME) has certified a disability exists.
- c. Medical only claims, once accepted, shall be closed within 90 days or if appropriate, converted to indemnity.
- d. Future Medical: Contractor shall review requests for medical treatment promptly for validity and shall expeditiously approve all appropriate covered treatment without unnecessary utilization review.

**21. Claims Payment and Maintenance of Checking Account**

- a. The County shall maintain a trust checking account that Contractor will utilize for the purpose of issuing checks for the payment of, but not limited to:
  - i. Medical bills.
  - ii. Temporary disability benefits.
  - iii. Permanent disability benefits.
  - iv. Benefits pursuant to Findings and Awards, Compromise and Release, or Stipulations with Request for Awards as issued by the Workers' Compensation Appeals Board.
  - v. Permanent disability benefits pursuant to a Disability Evaluation Bureau rating
  - vi. Legal, investigation and other allocated loss adjustment related costs.
  - vii. Supplemental Job Displacement benefits.
  - viii. Other claim related costs.

- b. Such checking account will be a Trust Account, which shall be reimbursed in accordance with California Government Code 31000.8, Statutory Authority for Third Party Administration of Workers' Compensation Claims for California Counties and shall be subject to audit control by the County.
- c. Procedures for the maintenance of the checking account shall include the following:  
Complete separation of the following duties by assigned personnel, to include:
  - i. Authorization of payment,
  - ii. Preparation of check,
  - iii. Signing of check, and
  - iv. Reconciliation of the bank account
- d. Invoices submitted for payment must be an original or a duplicate which has been verified as payable and authenticated in writing. Invoices must be voided immediately upon preparation of the applicable check and before being returned to the person authorizing the payment.
- e. The use of original only or date-stamped copy of support documentation in the authorization of payments.
- f. Checks shall not be signed in advance or made payable to cash and all copies of voided, stop payments and canceled checks shall be retained.
- g. Check numbers must be used in sequence and any supplies of unused checks shall be safeguarded to the extent that unauthorized access is precluded.
- h. A list of all checks issued (shall be provided on CD or in electronic format) shall be furnished to the County on at least a monthly basis and shall include payee, amount, date, check number, case number and type of expense.
- i. Provide the County with monthly bank reconciliation spreadsheet which is to be balanced to the monthly bank statement provided by the bank. Spreadsheet shall include the following items:
  - i. Total of Checks Issued
  - ii. Total Stop payments and Voids
  - iii. Total Outstanding checks in current month
  - iv. Total Outstanding checks in prior month
  - v. List of reconciling items needed to balance to the bank
  - vi. Total Paid
- j. Above items should include a detailed listing of transactions. Reconciliation must be balanced to the bank before being submitted to the County. Information should be provided in CD or electronic format and sent to the County by the 5th working day of each month.
- k. Checks shall be voided if not cashed within 60 days or as agreed upon by County and Contractor; and a monthly report provided to the County of "stale-dated" checks.

- l. A cash receipts log shall be maintained to document receipt and conveyance to the County in a timely manner of any and all cash receipts received by the Contractor on behalf of the County.
- m. Provide a monthly check register listing all items of cost in numerical order by date of issue.
- n. All checks issued for \$5,000 or more must be submitted to the CEO/RM for a second signature.
- o. All checks in any amount issued to the TPA or its subsidiaries must be submitted to CEO/RM for a second signature.
- p. The Contractor shall notify the County regarding any overpayment and shall reimburse the County for any overpayment where the Contractor failed to exercise due care in making the payment.
- q. The Contractor shall issue payment for all bills in compliance with applicable Labor Code requirements.
- r. The Contractor shall notify the County regarding any penalty within ten days of notice or payment and shall reimburse the County for any penalty where the Contractor failed to exercise due care in making the payment in a timely manner.
- s. The basis for all payments will be clearly documented and supported in the claim file.

**22. Assessment of Administrative Penalties Payment**

- a. Contractor shall reimburse the County for any penalties assessed the County which is found to be the result of the Contractor's lack of proper claim handling, including late payments and costs incurred due to late/improper notifications. The Contractor shall pay all administrative penalties assessed on claims from the Trust Account under California Labor Code 129.5 whether imposed by a State of California administrative director, audit from the Office of Benefit Assistance and Enforcement or self-imposed. A log of all administrative penalties shall be maintained as to employee name, claim number, reason for penalty, amount and fault (whether Contractor or County). The Contractor will send copies of penalty worksheets or orders on each to the County within ten days of notice or payment. The Contractor will reimburse the County on a quarterly basis for the total sum of penalty assessments paid the prior quarter due to delay or other fault on the part of the Contractor.
- b. Contractor shall be liable for any fines, citations, penalties or other assessments made against the County of Orange because of any deficiencies in the services rendered or required to be rendered under this Contract.

**23. Communication**

The Contractor shall provide the following reporting options for new claims: (a) email (b) telephone (c) fax or (d) mail.

- a. Within one (1) business day of notification of injury, the Contractor shall make contact with the injured employee, unless he/she is represented by an attorney. Employees will be questioned regarding the specifics of the injury, medical history, outside employment, prior claims, names of witnesses, etc. Employees will be informed of all rights and benefits. Employees will be assured their employer wishes to do as much as

possible to return them to health and work at the earliest possible date. Questions will be answered, and a positive rapport established with the employee to eliminate uncertainty and avoid litigation.

- b. Within one (1) business day of notification of injury, the Contractor shall contact the employee's supervisor or HR contact to substantiate the employee's claim or to present any additional or conflicting information. The Contractor shall maintain a close liaison with the County to ensure that all opportunities for returning an injured employee to productive status are maximized. The Contractor will also provide the County with disability status updates the day they are received and let the County know when employees are expected to return to work.
- c. Within one (1) business day of notification of injury the Contractor will contact the medical facility to determine whether if the injury in question is related to County employment and if the subjective complaints and objective findings are consistent.
- d. Prior to making an initial indemnity payment, the Contractor will contact the medical facility and determine opportunities for modified work. In cases of continuing disability, the Contractor will confirm disability status each pay period and will obtain a medical report at least every 45 days to evaluate continuing disability payments and explore return-to-work.
- e. The Contractor will request medical releases within five (5) business days of file make up and will follow up every 30 days until received.
- f. Accurate claim information including current status will be available to the County's Workers' Compensation program staff on-line.
- g. All telephone calls shall be returned within one (1) business day.

#### **24. Reports**

- a. The Contractor shall prepare all reports and notices required for filing by the County as a Self-Insured employer by the State of California Division of Industrial Relations with regard to claims management, reserves or other documentation. These reports shall include, but are not limited to:
  - i. Division of Workers' Compensation (DWC) Notices
  - ii. California Public Self-Insurance Annual Report.
- b. Items 17 A-i and 17 A-ii above shall be produced in a manner and format that is approved by the CEO/RM.
- c. Contractor shall provide all required reports within the timeframes specified in the Attachment entitled County Required Reports by the 5<sup>th</sup> business day of the following month unless otherwise noted. Electronic reports in Microsoft Excel format are preferred for data analysis by County of Orange Risk Management staff.

#### **25. Additional System Requirements**

- a. The system should support loss coding, which generally follows National Council on Compensation Insurance (NCCI) standards.
- b. Lost/restricted workday tracking for Cal/OSHA Log 300 compliance, return to work and metrics reports.

- c. The system shall track incident/frequency/severity rates by department, division, job classification and location.

**ATTACHMENT B  
PAYMENT AND COMPENSATION**

- I. COMPENSATION:** This is a fixed fee Contract between County and Contractor for Third Party Administration Services for the County's Workers' Compensation Claims Program as set forth in Attachment A, Scope of Work. Contractor agrees to accept the specified compensation as set forth in this Contract as full payment for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by Contractor of all its duties and obligations hereunder. Contractor shall only be compensated as set forth herein for work performed in accordance with the Scope of Work. **County shall have no obligation to pay any sum in excess of the fixed rates specified herein unless authorized by amendment in accordance with Articles C & R of County Contract Terms and Conditions.**
- II. FEES AND CHARGES:** County will pay the following fees in accordance with the provisions of this Contract. Payment shall be as follows:

**A. Third Party Administration**

FY 24/25				
Position	Number of Employees	Salary	Benefits	Total
Program Manager	1	\$133,887	\$37,488	\$240,692
Sr. Account Manager	1	\$131,585	\$36,844	\$237,745
Unit Manager	3	\$334,339	\$93,615	\$635,904
Return to Work Specialist	1	\$74,822	\$20,950	\$165,088
Resolution Specialist	1	\$106,088	\$29,705	\$205,109
Claims Examiner (Senior, Associate or Junior)	5	\$489,925	\$137,179	\$973,685
Claims Adjuster	3	\$245,327	\$68,971	\$523,246
Future Medical Examiner	4	\$242,389	\$67,869	\$587,523
Medical Only Examiner	1	\$55,423	\$15,519	\$140,259
Claims Assistant	4	\$185,443	\$51,924	\$514,632
Total Annual Contract Amount	24	\$2,000,230	\$560,064	\$4,223,883

FY 25/26				
Position	Number of Employees	Salary	Benefits	Total
Program Manager	1	\$137,368	\$38,463	\$246,950
Sr. Account Manager	1	\$135,006	\$37,802	\$243,926
Unit Manager	3	\$343,031	\$96,049	\$652,437
Return to Work Specialist	1	\$76,767	\$21,495	\$169,381
Resolution Specialist	1	\$108,847	\$30,477	\$210,442
Claims Examiner (Senior, Associate or Junior)	5	\$502,663	\$140,746	\$999,001
Claims Adjuster	3	\$252,731	\$70,765	\$536,851
Future Medical Examiner	4	\$248,692	\$69,634	\$602,799
Medical Only Examiner	1	\$56,865	\$15,922	\$143,905
Claims Assistant	4	\$190,264	\$53,274	\$528,012
Total Annual Contract Amount	24	\$2,052,235	\$574,627	\$4,333,705



<b>FY 26/27</b>				
<b>Position</b>	<b>Number of Employees</b>	<b>Salary</b>	<b>Benefits</b>	<b>Total</b>
Program Manager	1	\$140,940	\$39,463	\$253,371
Sr. Account Manager	1	\$138,516	\$38,784	\$250,268
Unit Manager	3	\$351,950	\$98,546	\$669,401
Return to Work Specialist	1	\$78,763	\$22,054	\$173,784
Resolution Specialist	1	\$111,677	\$31,269	\$215,913
Claims Examiner (Senior, Associate or Junior)	5	\$515,732	\$144,405	\$1,024,974
Claims Adjuster	3	\$259,302	\$72,605	\$550,809
Future Medical Examiner	4	\$255,158	\$71,444	\$618,471
Medical Only Examiner	1	\$58,343	\$16,336	\$147,646
Claims Assistant	4	\$195,211	\$54,659	\$541,740
<b>Total Annual Contract Amount</b>	<b>24</b>	<b>\$2,105,594</b>	<b>\$589,567</b>	<b>\$4,446,378</b>

<b>FY 27/28</b>				
<b>Position</b>	<b>Number of Employees</b>	<b>Salary</b>	<b>Benefits</b>	<b>Total</b>
Program Manager	1	\$144,604	\$40,489	\$259,958
Sr. Account Manager	1	\$142,117	\$39,793	\$256,775
Unit Manager	3	\$361,101	\$101,108	\$686,806
Return to Work Specialist	1	\$80,811	\$22,627	\$178,303
Resolution Specialist	1	\$114,580	\$32,082	\$221,527
Claims Examiner (Senior, Associate or Junior)	5	\$529,141	\$148,160	\$1,051,625
Claims Adjuster	3	\$266,044	\$74,492	\$565,130
Future Medical Examiner	4	\$261,792	\$73,302	\$634,552
Medical Only Examiner	1	\$59,860	\$16,761	\$151,486
Claims Assistant	4	\$200,287	\$56,080	\$555,826
<b>Total Annual Contract Amount</b>	<b>24</b>	<b>\$2,160,339</b>	<b>\$604,895</b>	<b>\$4,561,987</b>

<b>FY 28/29</b>				
<b>Position</b>	<b>Number of Employees</b>	<b>Salary</b>	<b>Benefits</b>	<b>Total</b>
Program Manager	1	\$148,364	\$41,542	\$266,717
Sr. Account Manager	1	\$145,812	\$40,827	\$263,452
Unit Manager	3	\$370,490	\$103,737	\$704,663
Return to Work Specialist	1	\$82,912	\$23,215	\$182,938
Resolution Specialist	1	\$117,559	\$32,917	\$227,287
Claims Examiner (Senior, Associate or Junior)	5	\$542,899	\$152,012	\$1,078,967
Claims Adjuster	3	\$272,961	\$76,429	\$579,824
Future Medical Examiner	4	\$268,598	\$75,207	\$651,050
Medical Only Examiner	1	\$61,416	\$17,197	\$155,424
Claims Assistant	4	\$205,494	\$57,538	\$570,277
<b>Total Annual Contract Amount</b>	<b>24</b>	<b>\$2,216,508</b>	<b>\$620,623</b>	<b>\$4,680,599</b>

**B. Total Contract Amount:**.....**\$22,246,552**

**III. PRICE INCREASE/DECREASES:** No price increases will be permitted during the first period of Contract. County requires documented proof of cost increases on Contracts prior to any price adjustment. A

minimum of 30-days advance notice in writing is required to secure such adjustment. No retroactive price adjustments will be considered. All price decreases will automatically be extended to County of Orange. County may enforce, negotiate, or cancel escalating price Contracts or take any other action it deems appropriate, as it sees fit. The net dollar amount of profit will remain firm during the period of Contract. Adjustments increasing Contractor's profit will not be allowed.

**IV. FIRM DISCOUNT AND PRICING STRUCTURE:** Contractor guarantees that prices quoted are equal to or less than prices quoted to any other local, State or Federal government entity for services of equal or lesser scope. Contractor agrees that no price increases shall be passed along to County during the term of this Contract not otherwise specified and provided for within this Contract.

**V. CONTRACTOR'S EXPENSE:** Contractor will be responsible for all costs related to photo copying, telephone communications and fax communications while on County sites during the performance of work and services under this Contract.

**VI. PAYMENT TERMS:** Invoices are to be submitted within 30 days from the date Contractor completes services as defined in the Attachment A-Scope of Work. Contractor shall reference Contract number on invoice. Payment will be net 30 days after receipt, and approval, by County of an invoice in a format acceptable to the County of Orange and verified and approved by the agency/department and subject to routine processing requirements. All payments are made 30 days in arrears and shall be in 12 equal monthly payments. The responsibility for providing an acceptable invoice rests with Contractor.

Billing shall cover services and/or goods not previously invoiced. Contractor shall reimburse County of Orange for any monies paid to Contractor for goods or services not provided or when goods or services do not meet Contract requirements.

Payments made by County shall not preclude the right of County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the goods or services.

**VII. TAXPAYER ID NUMBER:** Contractor shall include its taxpayer ID number on all invoices submitted to County for payment to ensure compliance with IRS requirements and to expedite payment processing.

**VIII. PAYMENT – INVOICING INSTRUCTIONS:** Contractor will provide an invoice on Contractor's letterhead for goods delivered and/or services rendered. In the case of goods, Contractor will leave an invoice with each delivery. Each invoice will have a number and will include the following information:

1. Contractor's name and address
2. Contractor's remittance address, if different from 1 above
3. Contractor's Taxpayer ID Number
4. Name of County Agency/Department
5. Delivery/service address
6. Contract Number MA-017-24010669
7. Agency/Department's Account Number
8. Date of invoice
9. Brief description of fees/service
10. Sales tax, if applicable
11. Freight/delivery charges, if applicable
12. Total

Invoice and support documentation are to be forwarded to:

CEO / Office of Risk Management/Workers' Compensation Program  
 400 W. Civic Center, 5<sup>th</sup> Floor  
 Santa Ana, CA 92701  
 Attn: Beverly Umholtz  
 Title: Workers' Compensation Program Manager

- IX. PAYMENT (ELECTRONIC FUNDS TRANSFER (EFT):** County of Orange offers contractors the option of receiving payment directly to their bank account via an Electronic Fund Transfer (EFT) process in lieu of a check payment. Payment made via EFT will also receive an Electronic Remittance Advice with the payment details via e-mail. An e-mail address will need to be provided to The County of Orange via an EFT Authorization Form. To request a form, please contact the agency/department Procurement Buyer listed in Contract. Upon completion of the form, please mail, fax or email to the address or phone listed on the form.

**ATTACHMENT C  
STAFFING PLAN****I. KEY PERSONNEL**

Respondents must identify all key staff members proposed to be assigned to the Contract if awarded to Respondent. Respondent shall provide the following information on each proposed staff member to be assigned to the Proposed Contract. Use additional sheets as needed.

<b>Name</b>	<b>Classification/Designation</b>	<b>Year of Experience</b>	<b>Years with Company</b>	<b>Professional Licenses or Credentials</b>
Michael Possehl	Client Services Director	24 years	4 years	Certified California Self-Insurance Adjuster
Glenn Betts	Vice President, Client Services	25 Years	8 Years	None
Kim Tallarida	Senior Vice President, Client Services	25 Years	20 Years	None
Joseph Kim	Claims Manager	23 Years	<1 Year	WCCA, WCCP, SIP
Elyana Nadres	Team Lead	16 Years	<1 Year	None
Jason Le	Team Lead	16 Years	8 Years	SIP
Maria Alfaro	Team Lead	25 Years	9 Years	SIP
Keith Regula	Return to Work Specialist	6 Years	5 Years	California, Texas, Oklahoma and Pennsylvania State Board of Physical Therapy license to practice, Red Cross BLS
Laura Eadie	Hearing Representative	40 Years	10 Years	ARM-P, ARM, WCCA, WCCP, SIP, Certified hearing representative
Anthony Gomez	Claims Examiner	20 Years	6 Years	WCCA, SIP
Grace McDonald	Claims Examiner	40 Years	2 Years	WCCP, SIP
Helen Maravilla	Claims Examiner	21 Years	2 Years	WCCA, WCCP, SIP
Jose Jimenez	Claims Examiner	10 Years	1.5 Years	WCCA, WCCP, SIP
Lori Jelenicki	Claims Examiner	20 Years	<1 Year	WCCA, WCCP, SIP
Mike Collier	Claims Examiner	32 Years	1.5 Years	IEA Certificate, SIP
Rafael Fernandez	Claims Examiner	22 Years	15 Years	WCCA, WCCP, SIP
Shari Pietz	Claims Examiner	35 Years	1 Year	ARM
Teresa Nguyen	Claims Examiner	5 Years	1.75 Years	SIP
Ty Nguyen	Claims Examiner	25 Years	13 Years	WCCA, WCCP, SIP

**Attachment A**

Kim Corrales	Claims Representative	4 Years	1 Year	NCRP, CPP
Matt Huntington	IAP Claims Representative	1 Year	<1 Year	None
Andrea Rosen	Claims Assistant	1 Year	1 Year	None
Chloe Chacon	Claims Assistant	7 Years	1 Year	None
Hannah Hoang	Claims Assistant	9 Years	7 Years	WCCA
Kristy Ramirez	Claims Assistant	22 Years	<1 Year	None
Mindy Calderon	Claims Assistant	25 Years	18 Years	IEA Certificate
Esther Gomez	Claims Associate	10 Years	<1 Year	None
Sam Orejel	Office Assistant	14 Years	14 Years	None

The substitution or addition of other key individuals in any given category or classification shall be allowed only with prior written approval of County Project Manager or designee.

**II. SUBCONTRACTORS**

Listed below are subcontractor(s) anticipated by Contractor to perform services as specified in Attachment A. Substitution or addition of Contractor's subcontractors in any given project function shall be allowed only with prior written approval of County's Project Manager.

<b>Company Name &amp; Address</b>	<b>Contact Name and Telephone Number</b>	<b>Project Function</b>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**ATTACHMENT D**  
**PERFORMANCE DEFECTS**

1. Failure to pay benefits timely:

Contractor shall reimburse County of Orange (County) for any overpayment, fine, penalty or other cost incurred due to the Contractor's lack of proper claims handling or failure to comply with the State of California worker's compensation statutes, codes, regulations or any term or condition of the Contract. Reimbursements shall be made no later than 30 days from the event and the County should receive monthly logs recording the incident or incidents.

Fee reductions:

2. Contractor agrees to pay \$1,000.00 for failure to timely refer requests for settlement authority to County per claim. Contractor and County will base fee reductions on a mutually agreed criteria to the confirmation of an actionable request for settlement authority. The fee will come off the monthly claim service charge and a log should be sent every 30 days to County recording the incidents.
3. Failure to Make a Liability Decision within 90 days or 75 (SB 1127) days of Date of Employer's Knowledge of Injury. For every claim where the Contractor fails to make a liability decision within 90 days or 75 days of the date of employer's knowledge of injury, County shall reduce Contractor's monthly invoice by \$1,000.00. This fee reduction shall not apply to claims where the date of employer's knowledge of the injury is more than 30 days prior to the date of Contractor's knowledge of the injury.
  - a. A log is prepared and updated on a bi-weekly basis showing all delayed claims with decision dates and current statuses.
  - b. A column will be added to the log entitled late decision.
  - c. If a compensability decision is not made within 90 days from the date the Claim Form is received by the employer, the fee reduction for the specific claim will apply.
  - d. A monthly report will be provided by Contractor.
4. Contractor's failure to meet surge plan in the event of a catastrophic or unprecedented event will result in a \$ 1,000.00 fee reduction off County monthly service fee every 30 days. County is relying on the expertise of the Contractor to execute its surge plan without major interruptions or disruptions in daily operations to our employees. Contractor and County will base fee reductions on a mutually agreed criteria to the confirmation of an actionable request for the execution of plan, not limited to customer complaints, late responses, delays in file reporting, delays in treatments and delays in benefits.
5. Contractor's failure to submit correct and timely metrics will result in a \$500.00 reduction per report. Contractor and County will mutually agree on when reports will run and set dates for submission to the County. All reports must be accurate with no mistakes. The Contractor shall keep an updated log of all reports and due dates. The log will be sent to County quarterly for review.
6. Fee reduction for failure to meet caseload requirements would reduce monthly service fees by \$1,000.00 for each indemnity caseload that exceeds the contractually agreed level of an average of 150 open indemnity claims x 10 examiners and 225 open claims for future medical and medical only examiners; adjust for significant increases or decreases in new losses. A monthly report shall be provided by Contractor.
7. For clarity, the definition of an indemnity caseload is as follows:
  - a. Companion claims that have either been denied or where no activity is being initiated due to a master file being designated to assume responsibility for the provision of benefits shall be excluded from the indemnity count.
  - b. Maintenance of future medical claims shall be valued at a 2:1 ratio.
  - c. Claims that remain open simply for the processing of bills and associated fees shall be valued at a 4:1 ratio.
8. A caseload shall be identified as having exceeded the contractually agreed upon level based on a 3-month rolling average and Contractor shall issue an invoice for the reduced fee amount after the close of the third month with a report identifying the caseloads responsible for the fee reductions. The fee reduction shall be

removed after the close of the month in which the caseload is found to meet the contractually agreed-upon level.

**ATTACHMENT E  
CASE MANAGEMENT ASSIGNMENT DEFINITIONS**

**I. CATASTROPHIC INJURIES:**

Catastrophic injuries are assigned to case management service upon notification of the claim. The assignment has the potential to remain in place for the duration of the claim.

- A. Head/brain/spinal cord injuries
- B. Burns
- C. Crush or amputations
- D. Motor vehicle Accidents
- E. Heart Attack/stroke
- F. Gunshot wounds
- G. Immediate Hospitalizations

**II. FCM-ASSIGNMENTS:**

There are cases that will benefit from a long-term assignment of case manager. However, we must review continuously and assess the impact and value of case management services. If an impact on the direction of care and activities focused on resolution if the claim is not evident than case management services should be discontinued. Cases appropriate for FCM are as follows:

- A. Severe injuries with hospitalization
- B. Resolve or clarify conflicting medical treatment opinions
- C. Secure medical records from uncooperative providers
- D. Negotiate treatment/RTW education with provider
- E. Outside guidelines, physician is uncooperative
- F. Clarify work restrictions and functional status.
- G. EE is repeatedly non-compliant with treatment recommendations.
- H. Difficulty reaching injured worker by phone or language barriers.
- I. Functionality not supported by objective data/Inconsistent medical findings.
- J. Clarifying and resolving medical issues when there is multiple providers

**III. TCM-ASSIGNMENTS:**

TCM can only achieve limited results. Writing letters to MD's is not usually successful. Keep TCM assignments to those cases you know can be impacted telephonically. Maximum length of case assignment is 90 days unless there is legitimate justification from claims to support a longer assignment. Cases appropriate for TCM assignment are as follows:

- A. Lost time > 7 days
- B. Modified duty > 14 days
- C. All hospitalizations
- D. All surgeries
- E. Adjuster/Patient/Provider/Employer identifies other barriers to recovery or RTW
- F. Employee victim of traumatic on-the-job assault
- G. Patient with history of drug abuse is prescribed narcotics or compound meds or receives an increased use of narcotics.



- H. Patient complains of adverse side effects of meds or ineffective medication.
- I. Minimal medical improvement with no change in treatment plan
- J. Treatment outside evidence-based guidelines or unrelated to first report of injury
- K. Multiple treating providers
- L. Referral to specialist(s) in question
- M. Limited or no objective findings, but ongoing subjective complaints
- N. Medical restrictions not determined, or provider release-to-work has not been obtained even though restrictions can be accommodated.
- O. Injured worker not complying with treatment plan nor meeting appointments.

**ATTACHMENT F**  
**COUNTY OF ORANGE POLICY AND RETENTION GUIDELINES**

**Carrier Contact:****SAFETY NATIONAL****Renewal Policy#: SP 4067195****Effective Dates: 8-1-23 to 8-1-24****SIR: \$20,000,000 WC Policy per occurrence****\$1,000,000 Employer's Liability Policy per occurrence**

**Excess Coverage with Safety National Insurance from 8-1-23 to 8-1-24 has been renewed with a SIR of \$20M**

**POLICY & PREFIX INFORMATION**

Prefix	Policy Type	Begin Date	End Date	Policy #	Carrier	Retention/Deductible
COOA	WC	1/1/1900	7/1/1970	TBD	California State Fund	
<u>COOB</u>	WC	7/1/1970	7/1/1971	XS722-70	California State Fund	\$ 50,000
<u>COOC</u>	XS/WC	7/1/1971	7/1/1972	C-10107	Employers Reinsurance	\$ 100,000
<u>COOD</u>	WC	7/1/1972	7/1/1973	XS722-72	California State Fund	\$ 100,000
<u>COOE</u>	WC	7/1/1973	7/1/1974	XS722-73	California State Fund	\$ 100,000
<u>COOF</u>	WC	7/1/1974	7/1/1975	XS722-74	California State Fund	\$ 100,000
<u>COOG</u>	WC	7/1/1975	7/1/1976	XS722-75	California State Fund	\$ 100,000
<u>COOH</u>	XS	7/1/1976	7/1/1977	C20987	Employers Reinsurance	\$ 200,000
<u>COOI</u>	XS	7/1/1977	7/1/1978	C20987	Employers Reinsurance	\$ 500,000
<u>COOJ</u>	UNINS	7/1/1978	2/4/1998	NO COVERAGE		
<u>COOK</u>	XS	2/4/1998	5/1/1999	W128579898	CNA Ins.	\$ 5,000,000
<u>COOL</u>	XS	5/1/1999	8/23/2000	NXC015533400	CAMEX Program c/o Reliance	\$ 5,000,000
<u>COOM</u>	XS	8/23/00	7/1/2001	634581		
<u>COON</u>	XS	7/1/2001	7/1/2002	641943		
<u>COOO</u>	NO COVERAGE	7/1/2002	7/1/2008	NO COVERAGE		
<u>CTOO</u>	NO COVERAGE	7/1/2008	7/1/2009	NO COVERAGE		
<u>CTOP</u>	NO COVERAGE	7/1/2009	7/1/2010	NO COVERAGE		
<u>CTOQ</u>	NO COVERAGE	7/1/2010	8/1/2010	NO COVERAGE		
<u>CTOR</u>	XS	8/1/2010	8/1/2011	488-0499	Co of PA	\$ 15,000,000

**Attachment A**

<u>CTOS</u>	XS	8/1/2011	8/1/2012	SP 4044659	Safety National Insurance	\$ 20,000,000
<u>CTOU</u>	XS	8/1/2012	8/1/2013	SP 4046889	Safety National Insurance	\$ 20,000,000
<u>CTOV</u>	XS	8/1/2013	8/1/2014	SP 4049294	Safety National Casualty Corporation	\$ 20,000,000
<u>CTOW</u>	XS	8/1/2014	8/1/2015	SP 4051559	Safety National Insurance	\$ 20,000,000
CTOX	XS	8/1/2015	8/1/2016	SP4053598	Safety National Casualty Corporation	\$ 20,000,000
CTOZ	XS	8/1/2016	8/1/2018	SP4055550	Safety National Casualty Corporation	\$ 20,000,000
OCOA	XS	8/1/2018	8/1/2021	SP4059172	Safety National Casualty Corporation	\$ 20,000,000
	XS	8/1/2021	8/1/2022	SP4067195	Safety National Casualty Corporation	\$ 20,000,000

**ATTACHMENT G  
SPECIAL ACCOUNT INSTRUCTIONS**

**NEW LOSSES**

**1. CLAIM REPORTING (NEW CLAIMS)**

Online reporting will be the preferred method of reporting new claims and all locations with Internet access will utilize our on-line reporting website and will be managed through the Client's Risk Management Department.

If a department reporting a claim does not have access to online reporting, they complete the 5020 by hand and e-mail, fax or send via interoffice mail to the client's Risk Management department for review, coding and scanning to our office.

**2. FIRST AID CLAIMS**

All "first-aid" claims will be reported to TPA for tracking purposes.

**3. EDI/FORM FILING**

**4. ISO INDEX CHECKS** – Insurance Services Office (ISO) Index checks are required on all new indemnity claims and at six-month intervals on continuing active claims.

**5. CLAIM HANDLING DETAILS DELAYED/DENIED CLAIMS** – All questionable claims should be thoroughly investigated, and no decisions on compensability should be made without close coordination and discussion with Risk Management. The examiner will provide their recommendation and request County Authorization which will be reviewed by the Unit Manager. Once the Unit Manager provides their recommendation, the request will be sent to the County for final approval.

On all claims post SB 899, payment of medical treatment on delayed claims will need to be made up to \$10,000 or at least until a decision on compensability has been made.

**8. OUTSIDE INVESTIGATIVE FIRMS** – Approval from the County is required on any claims that warrant the use of an outside investigative firm. Approved vendor: RJN Investigations. All investigative correspondence will be copied to the County of Orange by the investigative firm.

**9. FRAUD INVESTIGATIONS** – Prior approval from the County will be needed before pursuing fraud on any claim. RJN is the designated SIU provider on the County of Orange account.

**10. STATEMENTS** – Prior to referring a claim out for statements, contact Lottie Hilliard (A-L) or Judy Plasencia (M-Z) so that notification can be made to the County Department that an investigator will be calling.

**INDEMNITY CLAIMS**

**11. WAGE STATEMENT REQUESTS** – All wage information should be obtained through the County Risk Management Department. The County automatically requests wage statements from their respective departments on all claims. Lottie Hilliard and Judy Plasencia will be the contact for wage statements.

**12. SUPERVISION DIARY** – Unit Manager diaries will range from 120 to 180 days on active indemnity claims and once per year on non-complex future medical claims.

**13. LITIGATION/LEGAL PANEL** - TPA shall manage, negotiate, and settle litigated files without the aid of legal counsel whenever possible. Written approval from County Program Staff is needed prior to assigning any claim to a defense attorney firm for handling.

14. **SUBROGATION** – The claims examiner will evaluate subrogation potential on all new losses. If subrogation potential is present, the claim will be reviewed by the Law Offices of S. Henslee Smith for recommendations and tracking of the statute. The examiner will notify all 3rd parties and their insurance carriers regarding the County’s rights to reimbursement and will pursue full recovery. Should the claim warrant attorney involvement, the claims examiner will request authorization by way of the County Authorization Request to refer the claim to Henslee Smith for representation.
15. **SETTLEMENTS TPA** – All settlement requests will need to be approved by the County’s Program Manager or designee. The requests will need to be in writing and include a brief history of the injury, the ratings of all pertinent medical reports, the requested settlement amount, the pros and cons of the settlement including any future costs and consequences if the County rejects the proposed settlement, as well as any other pertinent information that may influence the County’s decision concerning settlement.
- The County currently receives authorization requests by diary from the TPA electronic claims system and records their approval.
- The County does have a Legal Panel that will need to be utilized on any defense attorney referral. Consistently rotating through the panel is preferred unless a claim needs an attorney with a special expertise (e.g. cancer claims) or the claimant has other claims handled by a particular law firm/attorney.
- All legal correspondence will be copied to Beverly Umholtz and Laura Macias by the defense firm and sent via e-mail, not hard copy. Application of Adjudication forms will need to be faxed to either Lottie Hilliard or Judy Plasencia with specific instructions on how the County should proceed.
16. **MEDICARE SET ASIDES & CMS REPORTING** – These services can be managed by an internal vendor to the third-party administrator and or an outside vendor. The fees must be disclosed in your response and how the performance of these vendors will be managed and audited. An authorization request must be completed requesting the service and must be forwarded to the County Program Manager. RRE Section 111 reporting to CMS should also be managed through a Medicare Compliance (MRCE) department.
17. **LIEN MANAGEMENT** – These services are managed currently by Cost Plus and are assigned in the following manner: An authorization request must be completed requesting the service and must be forwarded to the Account Manager for approval. Upon approval, the request must be emailed from the Claim File to the County Program Manager. Once approved, the referral is made by sending an email to vendor for handling. Metrics are reported quarterly.
18. **MEDICAL ONLY CLAIMS** – Medical Only claims will be evaluated at 90 days to determine if a claim can be continued as a Medical Only claim for another 30 days. At 120 days the claim would be evaluated again and if it is not ready for closure, it will be converted to an Indemnity claim file.
19. **RECORD ONLY/INCIDENT ONLY** – Not reported
20. **REPORTING/CASE MANAGEMENT REPORT** – In accordance with Company Guidelines
21. **RESERVING** – The County Program Manager will be notified via email of all reserve changes in excess of \$50,000 and \$100,000. Reserving practices will be consistent with SIP reserving protocol. An updated CMR including the rationale for the current reserve change proposal is required for the Client's review via the claims system. A routine report on such reserve changes is also required.

22. **DEFENSE COUNSEL**

**APPROVED LEGAL PANEL FIRMS AND ATTORNEYS (Board of Supervisors awarded contract 11-01-2019.)**

Timothy Kinsey and Associates  
600 South Main Street, 10th Floor  
Orange, CA 92868-4643  
(714) 543-9090  
Timothy Kinsey  
Dawn Kapps  
Jesse Peck

Mantle & Zimmer  
4685 MacArthur Court, #390  
Newport Beach, CA 92660  
(949) 757-5900  
Jim Eulo  
George Burt

Wall, McCormick & Baroldi  
515 Cabrillo Park Dr., #200  
Santa Ana, CA 92701  
(714) 547-7266  
Bill McCormick  
Shirley Feagles

Jodie Filkins  
495 E. Rincon St. Ste 207  
Corona, Ca, 92879  
(714) 748-4404  
Jodie Filkins

Hanna Brophy  
701 S. Parker St., Ste. 6000  
Orange, CA 92868  
(714)598-4053  
Justine Baun  
David Thomas  
Oswald Parada

Mike Sullivan and Associates  
PO Box 85059 San Diego,  
CA 92186-5059  
(714) 202-3440  
Laura Banker  
Keith Figgins  
Lisa Hendricks

Law Office of Glen Silverri  
2122 N. Broadway  
Santa Ana Ca. 92706  
(714) 547-7900  
Scott Kubis

Steve Kaplan  
David Park

Wenderoff Law Firm  
206 W. 4th Street, 3rd Floor, Suite 300  
Santa Ana, CA 92701  
(714) 361-4185  
Lori Wenderoff  
Jeff Gaines  
Brian Zeiden  
Jenn Kwon

**ATTACHMENT H**  
**COUNTY OF ORANGE PRIOR AUTHORIZATION PLAN**

Treatment Modalities	Treatment Criteria and Duration	
Procedures or services requested	Pre-Authorized treatment	Pre-Authorized treatment post-surgical
Acupuncture	Initial 12 visits	Initial 12 visits
Chiropractic	30 visits	30 visits
Diagnostics and Radiology	All X-rays. 1st MRI, 1st CT scan . 1st EMG/NCS. Bone Scans. Annual stress tests and echocardiograms on accepted cardiac claims	1 Post-Surgical MRI/CT scan/X-ray.
Laboratory Tests	Blood/lab work. Urine drug screen 3 times annually when opioids are being dispensed.	Blood/lab work. Urine drug screen 3 times annually when opioids are being dispensed.
Durable Medical Equipment (DME)	DME items <\$750.	DME items <\$750
Consultations/Second Opinions	Initial Consultations/Second Opinions/Rule Out Evals	Post-Surgical/Routine Follow- ups
Physical Therapy, Occupational Therapy, Aquatic Therapy ( <i>UR required beyond 30 total visits</i> )	30 visits	30 visits
Injections	Initial trigger point/Cortisone injections	Initial trigger point/Cortisone injections



**ATTACHMENT I  
COUNTY OF ORANGE REQUIRED REPORTS**

**Mandatory Reports to be provided to the County in Excel by the 5<sup>th</sup> day of the following month, unless otherwise noted:**

1. All Open Claims report – provides a detail report of all open claims irrespective of date of injury and date opened.  
Parameters: Run monthly and include all claims in an open status – Monthly-Workers' Compensation Program Manager (WCPM)
2. Bank Reconciliation Report – provides reconciliation between Contractor financial transactions with the Client's monthly Bank Statement including a monthly check register and paid, canceled and outstanding check reports.  
Parameters: Run monthly and due to the client by the 15th of the month following the close of the prior month Finance Manager
3. Caseload analysis – this report provides the monthly closing ratio and current pending caseload as of the close of the month.  
Parameters: Current FY year closures divided by FY year new – Monthly-WCPM
4. Closed Claims report – shows all claims closed within the month where each agency has its own report page.  
Parameters: Based on date of closure for all injury dates – Monthly-WCPM
5. Management Summary report – this report provides a financial summary for each fiscal year including claim counts and claim activity as of the current month to date.  
Parameters: Date of Loss by request – Monthly-Finance Manager
6. Penalty report – this report provides a detail of each penalty paid for the current month.  
Parameters: Date of financial activity – Run and reimbursed to quarterly-WCPM
7. Penultimate Report – list of all claims closed at the month end and shows the difference between the Paid to Date, Reserves and Total Incurred just prior to the month end closing as compared to the final results for each category after closure.  
Parameters: Date of financial activity – Quarterly-WCPM
8. Reopened Claims Monthly Report – this report provides a list of all claims reopened during the month on case load analysis:  
Parameters: Monthly-WCPM
9. Injury Statistics County Wide(excel) – this report provides a summary analysis of the frequency of new losses incurred by the County based on Age, Body Part, Cause of Injury, Day of Week, Length of Service, Nature of Injury and Sex. Year to date and current month data are provided.  
Parameters: Date claim opened in claims connect – Semi-annually-Safety Manager
10. Injury Statistics by Department (excel) – this report provides a detail of the Injury Statistics County Wide report for each Division. Year to date and current month data are provided.  
Parameters: Date claim opened in claims connect – Semi-annually-Safety Manager
11. Monthly TD days report with 100 + Lost Days – this a cumulative fiscal year report that is run monthly and includes the number of lost days per claim.

Parameters: Date claim opened in system with a 100 or more lost days run monthly. -Integrated Disability and Absence Manager (IDAM) – and WCPM

12. Courts agencies (11A, 11C, 11G, 11H, 11N, 11S, 11W & 11X) and Fire Authority (Agency 121) quarterly report - this check register report is provided to allow the TPA to advise the client of the total payments and net number of actual checks (duplicate checks from aggregating the payments among both agency groups should not be included in the counts for the two agency groups) issued for all Courts agencies as a group and the Fire Authority agency as a separate group cumulative for the fiscal year each quarter.

Parameters: Quarterly- Finance Manager

13. Lost day detailed report – this report provides all lost days for each claim and it is summarized by agency.

Parameters: Date of financial activity – Annual-Finance Manager

14. SUBRO RECOVERIES and EXPENSES– this report shows all subrogation recoveries and expenses for the current fiscal year grouped by claim.

Parameters: Date of Financial Activity – Quarterly-WCPM

15. Claims Outside of Mod Duty program report - includes all claims opened cumulative from the beginning of the fiscal where the following scenarios had occurred during the year:

1. Department was Unable to Accommodate work restrictions
2. Temporary Total Disability to Full Duty
3. Modified duty to Temporary Total Disability

Parameters: presented at quarterly meetings (RTW examiner)

16. Super Agency Pie Charts shows Top 5 Injuries by Job Classification, Body Part and Cause and Injuries by Age of Claimant and Length of service for the (7) Super Agency Groups. A total of 35 pie charts are due by every February 1<sup>st</sup> and every August 1<sup>st</sup> for the periods ending December 31<sup>st</sup> and June 30<sup>th</sup>, respectively for these Agency Groups:

- a. HCA – includes agency 042
- b. Probation – includes agency 057
- c. Social Service – includes agency 063
- d. OC Waste & Recycling – includes agency 299

Parameters: Due Bi-Annually after the close of December & June by February 1<sup>st</sup> & August 1 Safety Manager

17. Injury Year Detail Report – Current fiscal year data run by Date of Injury and to include “Activity Paid” column and exclude 4850 Differential payments and 4850 Reserves is due immediately after the close of the fiscal year-

Parameters: Annually to Finance Manager.

18. Check Register – Agencies Summary report – this is a summary report sorted by Agency and the payments are shown by Division for Expense, Indemnity, Medical and Recovery with a total per Division and grand total for the Agency. This report excludes the 4850 Differential payment data.

Parameters: Monthly and annual basis. Finance Manager

19. Outstanding Checks Register – this report is a detail report of all uncleared checks since the inception of the County of Orange’s program through the close of the current fiscal year.

Parameters: provided monthly to Finance Manager as per request.

20. Management Summary Report – this report provides a financial summary for each fiscal year including claim counts and claim activity as of the current month to date. This report is currently

provided monthly based on Date of Injury and excludes 4850 Differential payments and reserves.  
Parameters: The year-end report is due immediately after the close of June. Finance Manager

21. Courts, Fire Authority & all claims – this report will show the number of open claims as of the fiscal year ending for Agencies: 11A, 11C, 11G, 11H, 11N, 11S, 11W, 11X & 121. A copy of the Loss Report by Year with Claim Detail shall provide the grand total of all open claims.  
Parameters: This year-end report is due immediately after the close of June of the current fiscal year. Provided to Finance Manager
22. Bill Review Fee Breakdown report – this report shows the Bill Review Fees breakdown per claim and includes PPO and MPN reductions and fees amounts.  
Parameters: Date of financial activity – Monthly- WCPM
23. Bill Review Activity Summary report – this report shows the Bill Review Activity. Summary of fees, charges and savings.  
Parameters: Date of financial activity – Monthly-WCPM
24. Nurse Case Manager Report – this report provides the number of referrals, number of closed claims and duration time of assignments. RN Field Case Management and Telephonic Nurse Case Management assignments.  
Parameters: Date of activity – Monthly-WCPM
25. Utilization Review Savings report – this report shows the Utilization Review fees and savings for each claim as well as types of events and costs associated with each type. Type= MRI, PT, DME, Rx, ESIs, Surgeries, etc.  
Parameters: Date of Activity – Monthly-WCPM
26. PBM Reports folder –Mitchell provides the following pharmaceutical costs reports:
  - a. First Fill report – all claims receiving first pharmaceutical prescription
  - b. Summary report – shows Generic Utilization, Average price per prescription, Home delivery penetration and narcotics utilization.
  - c. Top Claims report – shows top 20 claims with high pharmaceutical usage by cost and/or volume filled for the fiscal year
  - d. Top RX Products report – shows the high cost and/or volume prescription pharmaceuticals being dispensed.
 Parameters: Date of Activity – Monthly-WCPM
27. Quarterly Cost Savings reports – provides a quarterly report of cost savings and fees for the following program costs:
  - a. Medical Provider Network Program (MPN).
  - b. Utilization Review Program (UR)
  - c. Bill Review Program (BR)
 Parameters-These reports shall be provided to the County of Orange by the 15<sup>th</sup> Business Day after the close of each fiscal year quarter. -Quarterly-WCPM
28. MPN Network Status report – provides a quarterly report showing the MPN Network status of all open claims with a date of injury.  
Parameters: Quarterly -WCPM
29. Annual Cost Savings report – provides an annual report of cost savings for the client in an excel format.  
Parameters: Annually-WCPM

30. Alternative Dispute report (ADR) - provides an annual report of the percentage of ADR eligible claims that went through the dispute process.  
Parameters: Annually-WCPM
31. ADR Independent Medical Examiner (IME) lag report- report outlines the turnaround time for each IME doctor.  
Parameters: Annually-WCPM
32. ADR Claims Sample Distribution-report outlines all claims reposted pre-ADR and post ADR.  
Parameters: Annually-WCPM
33. ADR Claims Accepted report- provides number of claims accepted pre- ADR compared to post ADR.  
Parameters: Annually-WCPM
34. ADR Claims Denied report- provides number of claims denied pre- ADR compared to post ADR.  
Parameters: Annually-WCPM
35. ADR Average Incurred report- provides total paid close claim for indemnity, medical and expense for pre-ADR compared to post-ADR.  
Parameters: Annually-WCPM

**The following reports do not need to be provided to the County on a set schedule, however, they must be available to be run on demand.**

1. Diagnosis Codes & Titles for All Agencies and All Diagnosis Codes & Titles – showing claims for all agencies and all diagnosis codes and titles can be run within a date range with use of a valuation date if required.
2. Diagnosis Code(s) & Titles for Specific Agencies and Specific Diagnosis Codes & Titles – showing claims for specified agencies and specified diagnosis codes and titles can be run within a date range with use of a valuation date if required.
3. Payment detail report – ability to run based on payment code. All I, All M, All, E, All R, from & through dates, date of loss, Tax ID #, by agency, division and timekeeper location.
4. Rx history – Pharmaceutical payments run on a per claim basis with from & through dates.
5. ALL OPEN CLAIMS – this is a monthly report listing all open claims for a specified agency.  
Parameters: Date of loss – Monthly.
6. Bi-Annual Cost Savings report – provides a bi-annual report of cost savings for the client in an excel format and due by the 15<sup>th</sup> Business Day after the close of the bi-annual period.  
Parameters: Semi-Annually
7. Timekeeper Location Summary report – provides a summary total of the amounts paid per TKL location for the current fiscal year. Summary total amounts paid are also shown per Division and per Agency. Parameters: Date of financial activity – Quarterly
8. Bridge report – provides a quarterly report showing the billings, fees and savings for Bill Review and PPO services. Parameters: Due after the close of each fiscal year quarter.

9. UR Ancillary Fees Quarterly report – provides quarterly detail of UR fees charged per claim for the fiscal year quarter. Parameters: Date of Financial Activity-Quarterly
10. Subro by Loss Date – this report shows a summary and detail of subrogation claims by date of loss and sorted by Agency and Division. Parameters: Date of Loss – Quarterly
11. Activity Summary report – this report provides payment totals by payment category for the current quarter sorted by year. Parameters: Date of financial activity – Quarterly
12. Monthly Alpha Claims Cost report – this report provides a monthly claims cost detail report organized by claim number prefix alphabetically within each agency showing claims that have had financial activity within the current month either due to a payment or change in claim status. Parameters: Date of financial activity – Monthly
13. Job Code Detail and Job Code Summary Reports – both reports will show the totals paid per job code on a cumulative basis through each fiscal year. Parameters: Date of Financial Activity - Monthly

**ATTACHMENT J  
COUNTY OF ORANGE LITIGATION PROTOCOLS**

**Workers' Compensation Claims Management Litigation Protocols**

The County of Orange ("County") and its Third-Party Administrator ("TPA" – Sedgwick CMS, Inc.) are mutually committed to resolving workers' compensation claims proactively at the earliest possible time, thereby reducing litigation costs. Toward that end, we require that as a provider of legal defense services, all panel members participate in this endeavor by adhering to the County's approved Litigation Protocols as outlined herein.

**General Requirements:**

1. At all times protect the interests of the County.
2. Provide clear, concise, timely and necessary communication as specified herein.
3. Provide realistic strategies, plans of action, and meaningful recommendations for claim resolution in the most cost-effective manner possible.
4. Do not engage in any activities that are or may be construed to constitute a conflict of interest pursuant to the California Rules of Professional Conduct or the provisions of the Legal Services Agreement. Potential situations that are not clear but may rise to a conflict-of-interest matter must be brought to the attention of the TPA Program Manager and the Workers' Compensation Program Manager for the County immediately for discussion.
5. Any attorney providing defense work for the County is to have a minimum of five (5) years practicing California Workers' Compensation defense law and must be approved through the County's Request For Proposal (RFP) process to work on County files. However, County reserves the right to amend the list of approved personnel at a later date to add attorneys who meet these qualifications.
6. Only County approved defense attorneys shall work on County files. If there is need for a change of attorney because the original attorney has a conflict or for some other reason, the firm/attorney must request authorization from the Claims Examiner/Unit Manager to have a pre-approved backup attorney handle the file. Back-up attorneys must meet the same minimum qualification requirements to be able to handle the file (e.g., five (5) years practicing California Workers' Compensation defense law).

**Initial File Referral:**

1. TPA will refer claims for defense by rotating from a list of County approved attorneys on the legal panel. Exceptions to this methodology include, but are not limited to, companion files that are already being handled by a law firm, or if a specialized defense is needed. County reserves the right to bypass a firm/attorney for poor performance, untimely reporting and/or falling behind on existing caseload.
2. Acknowledgement of receipt of a referred claim to the law firm shall be sent via email to the TPA within two (2) business days of receipt of assignment.
3. Opening letter/Case Evaluation report with case analysis and recommendations shall be sent to the TPA (with a copy to the County Workers' Compensation Program Manager) within fourteen (14) calendar days of receipt of assignment. The Case Evaluation report shall include, but is not limited to:
  - Statement of facts
  - Statement of issues, including any unusual or potentially precedent setting issues
  - Investigations needed and additional background
  - Injuries
  - Applicant's allegations or contentions
  - Affirmative defenses if any

- Discovery requirements, witness and parties' identification and identification of any records that need to be produced
- Legal issues and research
- Expected and or potential liability
- Case cost potential
- Subrogation, if any
- Exposure
- Proposed strategies and litigation management
- Settlement valuation
- Action Plan
- Name and contact information for attorney handling case

The Case Evaluation report shall also include a written estimate of the litigation budget for anticipated representation costs to cover handling of the case to conclusion. ***In the semi-annual reports defense counsel shall provide an updated litigation budget.***

4. Defense counsel shall have a follow-up phone call with the Claims Examiner within thirty (30) days of the initial assignment to review and agree upon a plan of action.

**Ongoing Reporting Requirements:**

1. The County considers that automatic monthly status reports in the absence of new information or activity are duplicative, redundant and unnecessarily increase litigation costs. As such, the assigned attorney shall use discretion as to submission of subsequent status reports to the TPA (with a copy to the County's Workers' Compensation Program Manager) and only when the activities of file events warrant. Letters directed to Applicant's attorney do not require a separate letter to the TPA/County reiterating the content of the attorney correspondence. County/TPA will not pay for duplicative or unnecessary information.
2. Depositions of the Applicant, if warranted, must be scheduled within five (5) business days of the opening letter.
3. Upon direction from the Claims Examiner to utilize an Agreed Medical Examiner (AME), a list of AME's from the County's panel must be forwarded to the Applicant's attorney within five (5) business days.
4. Upon direction from the Claims Examiner to utilize a Panel Qualified Medical Evaluator (PQME), the panel must be requested within five (5) business days. In order to avoid delays for claims that require multi-specialty Med Legal evaluations, the assigned attorney should be setting all appointments for each specialty at the same time, rather than waiting for receipt of one Med Legal and then proceeding to schedule the other(s).
5. It is expected that the assigned attorney will schedule a conference call with the Claims Examiner, Unit Manager and County's Workers' Compensation Program Manager when collaboration is needed to develop or clarify the plan of action. It is also expected that the assigned attorney(s) will make themselves available for conference calls upon request by either the TPA or the County.
6. Legal Correspondence shall be provided to the County and TPA within the following timeframes:
  - Deposition Summaries: fourteen (14) calendar days from the date of the scheduled deposition.
  - Hearing Reports: fourteen (14) calendar days from the date of hearing (Mandatory Settlement Conference (MSC), Expedited, Status Conference, Trial, etc.)

- Pre-trial/ WCAB hearing discussion shall take place with the Claims Examiner five (5) business days before the calendared date to make sure defense counsel has everything needed prior to the hearing.
  - If benefits are due as a result of a hearing, defense counsel must notify the examiner within two (2) business days to avoid penalty exposure.
7. Requests for further discovery (e.g., photocopy of records, client documents, investigation/surveillance, deposition, medical-legal evaluations, appeals) shall be directed to the TPA Claims Examiner by email with a copy to OSC West (the entity responsible for the central scanning for the claim file).
  8. Defense attorney should obtain authority on any proposed stipulations and or agreements that impact claim handling with the Workers Compensation Program Manager and TPA/ Claim Examiner and or TPA Unit manager.
  9. Requests for settlement authorizations shall be emailed to the Claims Examiner with a copy to the Unit Manager and the TPA Program Manager as well as the County's Workers' Compensation Program Manager. "Request for Settlement Authorization" shall be noted in the subject line of the email.
  10. Once authorization is received, the assigned attorney must conclude settlement negotiations within twenty (20) business days or notify Claims Examiner and County's Workers' Compensation Program Manager in writing why a settlement was not reached and an estimated date to reach a settlement with a plan of action as to how he/she will accomplish this.
  11. If there is no response from the Claims Examiner to any written or verbal request for information and/or required authorization within a (15) fifteen- day period, the assigned attorney shall escalate to the Claims Examiner's manager.
  12. Time-sensitive documents shall be emailed to the Claims Examiner with a copy to the Unit Manager and the County's Workers' Compensation Program Manager within two (2) business days of receipt, accompanied by the assigned attorney's recommendations for further action required (e.g. payment of awards, disability benefits, etc.) "Urgent – Immediate Action Required" shall be noted in the subject line of the email with a copy to.
  13. Within ten 10 business days of receipt of maximal medical improvement (MMI)/permanent and stationary (P&S) report, the assigned attorney must request settlement authority with a full analysis of the claim or notify Claims Examiner and the County's Workers' Compensation Program Manager why the claim is not in posture for settlement.
  14. After claim resolution, authorization from the TPA is required for any further attorney involvement. Post-claim resolution or when approached by a lien claimant with a settlement demand, the assigned attorney shall seek direction from the Claims Examiner as to whether the lien(s) will be resolved by the attorney or by the TPA. If handled by the TPA, the Claims Examiner may request the assigned attorney, or an approved external vendor attend any lien hearings at the Workers' Compensation Appeals Board (WCAB).
  15. A Litigation Management Report shall be completed by the assigned attorney on each open file that they maintain in their caseload using the Litigation Management template provided by the TPA and approved by the County. A separate spreadsheet shall be updated which includes all applicants that are separated from the County along with a plan of action to obtain a settlement, preferably a Compromise and Release. The Litigation Management report is due on files 180-days from the initial assignment date and due every 180 days thereafter. *All updates shall include a litigation budget update.* If a specific firm and/or their attorney does not report timely, the requirement can be changed to 90



days to ensure there is adequate reporting. This would be at the discretion of the TPA and the County's Workers' Compensation Program Manager.

**SETTLEMENTS INCLUDING COMPROMISE AND RELEASE (C&R) OF CLAIMS:**

1. The County's expectation is that all defense attorneys and adjusters will use creative solutions to encourage claimants and applicants' attorneys that a C&R is in their best interest. Panel attorneys must fully understand Medicare Set Asides (MSAs), structured settlements, and professional administration of medical management and annuities.

- Medicare Releases shall be included in all C&R settlements, as applicable
- Structured settlement quotes from Chronovo must be presented to Applicant's counsel for all C&R settlements over \$100,000.

When defense counsel receives a settlement demand from Applicant's counsel, the attorney shall provide the Claims Examiner with his/her own analysis and settlement value recommendations based on the merits of the claim. Defense counsel will supply written confirmation of settlement demand from Applicant's attorney.

**Note: The County will not provide case reserves to defense counsel at any time.**

2. The County will only offer a C&R on workers' compensation claims in which the claimant is no longer employed by the County (separated or retired) or it's believed an employee will voluntarily resign. Commonly, this is a claimant who:

- Has personnel issues such as attendance, performance and/or other disciplinary problems.
- Is on leave without pay.
- Has other personal motivation that may be amenable to settlement such as need for funds, is moving out of the state or country, has non-industrial medical or personal issues creating barriers to settle their work comp claims, or are unable to complete required treatment due to other priorities.

The Claims Examiner will advise the defense attorney if the Applicant falls into this category. The defense attorney should promptly schedule a conference call with the Claims Examiner, Unit Manager and County's Workers' Compensation Program Manager to collaborate on a plan of action including the following:

- Obtain approval to proceed with resolution from -Claims -Examiner/County Program Manager; if Applicant is current employee, voluntary resignation will be necessary.
- Once agreement is reached with defense attorney, email Claims Examiner, County Program Manager and claims mail.
- Prepare and obtain settlement documents and Applicant's signature on County approved voluntary resignation form where applicable.
- File and serve compromise and release documents and send back the signed voluntary resignation form to the Program Manager. Both documents shall be secured and sent to the appropriate parties before the defense attorney files with the Workers Compensation Appeals Board (WCAB).

Please note that only the approved County Voluntary Resignation form will be used. No modifications/substitutions will be accepted.

3. All C&R settlements exceeding \$ 150,000 per claim must be approved by the County Board of Supervisors (BOS) during closed session at a regularly scheduled Board meeting.

- Due to the "Brown Act" and other notification requirements, these settlements must be submitted for placement on the closed session agenda four (4) weeks prior to the meeting.

- Settlements will not be presented to the BOS for authority unless there is agreement between the parties on all issues.
4. Settlement Authority: Request for settlement authority shall be made no less than thirty (30) days prior to the date of a hearing and/or deposition. The County will not tolerate requests for settlement authorization made on the eve of trial and/or settlement conference. Settlement demands shall be communicated to the Claims Examiner within two (2) business days of receipt and shall be accompanied by the assigned attorney's recommendations for settlement.
  5. Settlement Documents: Drafts of settlement documents (e.g., Stipulations with Request for Award, Compromise and Release, etc.) shall be sent to the Claims Examiner for review/approval prior to submission to interested parties for execution.

**Miscellaneous Protocols:**

1. All legal correspondence is to be emailed to the Claims Examiner and ClaimsMail@sedgwick.com (TPA's central scanning. However, only correspondence that includes, initial analysis, deposition summaries, medical report findings, hearings, notices of appointments of QME, AME and depositions, settlement demand and or requests should be emailed to the Claims Examiner, County's Workers' Compensation Program Manager and OSC West.
2. The assigned attorney shall provide to the Claims Examiner the appointment letter with direction of paying mileage by referencing the mileage due to the Applicant in the appointment letter.
3. All legal files are the property of the County and are not to be destroyed. The law firm must contact the TPA Program Manager to arrange delivery of legal files to the TPA if the law firm no longer desires to store the file.
4. Should the actions and/or inactions of assigned defense counsel create the need for the County to issue additional payments to injured workers and/or other parties on a particular claim file, said defense counsel shall issue a reimbursement for the full amount of the overpayment in the form of a check payable to the County of Orange and referencing the specific claim file and claimant name from which the overpayment was issued.
5. The performance of a law firm and its assigned attorneys will be evaluated every ninety (90) days. Firms that fully comply with these Litigation Protocols and achieve the best outcomes will remain on rotation and will be assigned additional files. Firms not in compliance with these Litigation Protocols and with poor outcomes, unprofessional conduct, unethical behavior and/or improper billing may be removed from rotation, not assigned additional files and are subject to being dismissed from the panel at the discretion of the County.
6. Any firm that does not resolve their cases expeditiously on a consistent basis such that claims remain unresolved for protracted timeframes shall be removed from the panel. The County and the TPA believe that timely resolution of claims by all panel firms and the TPA's resolution specialist eliminates the need for a closing project. All files handled by panel firms and/or the TPA shall be properly evaluated for case resolution that provides the most favorable outcome to the County.

**WORKERS' COMPENSATION CLAIMS MANAGEMENT LITIGATION PROTOCOLS ACKNOWLEDGEMENT**

I acknowledge receipt of the Workers' Compensation Claims Management Litigation Protocols for the County of Orange. I have read and understand these protocols and agree to comply with them on behalf of the firm. I represent that all attorneys, paralegals, paraprofessionals, or any other employee or agent of the firm will use their best effort to comply with these protocols. I also understand that only those attorneys designated below may work on County's files and that each attorney assigned has or will read these Litigation Protocols.

**Approved Attorneys:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Litigation Protocols received and acknowledged by:**

**Law Firm Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Please acknowledge receipt of these Litigation Protocols by signing and returning within 10 business days.