

## **1.0 AGREEMENT BETWEEN COUNTY OF MONTEREY AND CONTRACTOR**

This AGREEMENT is made and entered into by and between, the County of Monterey, a political subdivision of the State of California, hereinafter referred to as "County", and **Intercare Holdings Insurance Services, Inc.**, hereinafter referred to as "CONTRACTOR."

## **2.0 RECITALS**

- 2.1 WHEREAS, County has invited proposals through the Request for Proposals (RFP #10294 for "Workers Compensation Services", in accordance with the specifications set forth in this AGREEMENT; and
- 2.2 WHEREAS, CONTRACTOR has submitted a responsive and responsible proposal to perform such services; and
- 2.3 WHEREAS, CONTRACTOR has the expertise and capabilities necessary to provide the services requested.
- 2.4 NOW THEREFORE, County and CONTRACTOR, for the consideration hereinafter named, agree as follows:

## **3.0 PERFORMANCE OF THE AGREEMENT**

- 3.1 After consideration and evaluation of the CONTRACTOR'S proposal, the County hereby engages CONTRACTOR to provide the services set forth in RFP # 10294 and in this AGREEMENT on the terms and conditions contained herein and in RFP # 10294. The intent of this AGREEMENT is to summarize the contractual obligations of the parties. The component parts of this AGREEMENT include the following:
  - RFP # 10294 dated March 7, 2011 including all attachments and exhibits;
  - Addenda #1 and #2;
  - CONTRACTOR'S RFP Response, dated April 15, 2011;
  - AGREEMENT;
  - Certificates of Insurance;
  - Additional Insured Endorsements;
  - Intercare's Written Interview Responses, dated June 21, 2011; and
  - Service Instruction Guidelines
- 3.2 All of the above-referenced contract documents are intended to be complementary. Work required by one of the above-referenced contract documents and not by others shall be done as if required by all. In the event of a conflict between or among component parts

of the contract, the contract documents shall be construed in the following Priority order: AGREEMENT, CONTRACTOR'S Proposal, RFP #10294 including all attachments and exhibits, Addendum/Addenda, Certificate of Insurance, and Additional Insured Endorsements.

- 3.3 CONTRACTOR warrants that CONTRACTOR and CONTRACTOR's agents, employees, and subcontractors performing services under this AGREEMENT are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this AGREEMENT and are not employees of the County, or immediate family of an employee of the County.
- 3.4 CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this AGREEMENT that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 3.5 CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this AGREEMENT, except as otherwise specified in this AGREEMENT, including Section regarding the InterConnect Meetings. CONTRACTOR shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this AGREEMENT.

## **4.0 SCOPE OF SERVICE**

### **4.1 Implementation/Transition Planning**

CONTRACTOR shall provide for a smooth transition of the County's workers compensation claims program from its current contract provider (Helmsman) in compliance with the rules and regulations promulgated by the Department of Self-Insurance Plans and the Division of Workers' Compensation Audit Unit.

County has elected to utilize the Rocklin California claims administration location for the administration of this AGREEMENT located at:

Intercare Holdings Insurance Services, Inc.  
6020 West Oaks Blvd., Suite 100  
Rocklin, CA 95765

Contractor agrees to staff the Rocklin facility and shall be responsible for providing sufficient and competent staff to fulfill its obligations under this Agreement using the following staffing ratios. Adjusters carrying a full caseload (considered as up to 135 claims) shall be dedicated to the County of Monterey. If the adjuster's caseload exceeds the claims caseload in the matrix below for 90 consecutive days, the parties shall meet and confer within 30 days thereafter to establish a plan to reduce adjuster caseload to

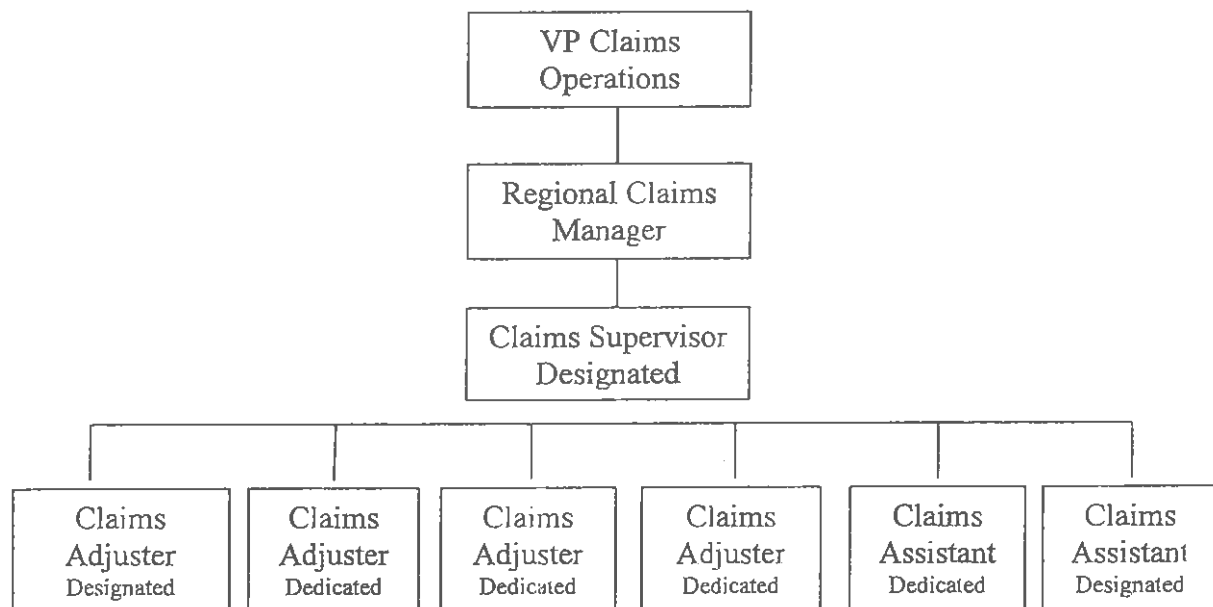
achieve the average caseload in the matrix. Such plan may not include a flat fee rate adjustment.

The caseload guidelines and claims management structure is agreed, as follows:

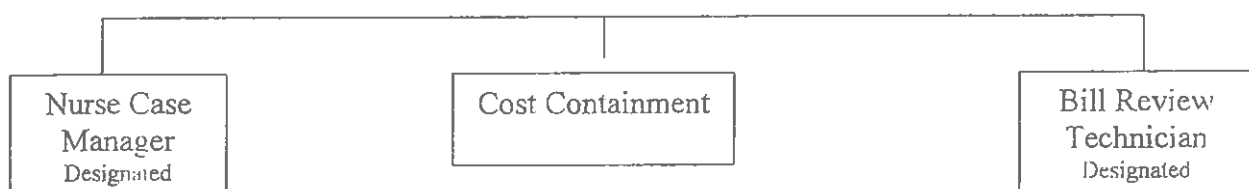
- Claims Manager at a ratio of 6 supervisors per Claims Manager
- Claims Supervisor at a ratio of 5 claims adjusters per Claims Supervisor
- Indemnity Claims Adjusters at a ratio of 135 claims per adjuster
- Future Medical Claims Adjusters at a ratio of 200 claims per adjuster
- Claims Assistants at a ratio of 375 indemnity claims per assistant
- General Clerk at a ratio of 850 files per clerk

The staffing requirements will be reviewed and adjusted accordingly. No changes may be made to this staffing structure without prior discussion and authorization from the County of Monterey.

The staffing and management structure is agreed, as follows:



In addition CONTRACTOR shall designate specific Nurse Case managers and Bill Review Technicians as per Interview Response, Dated June 21, 2011, pages 2-3.



#### **4.2 Objectives:**

CONTRACTOR shall meet the following list of key objectives in order to meet the requirements of the RFP:

- 4.2.1 Develop and customize a workers' compensation claims management program that addresses the needs of the County; and
- 4.2.2 Implement a thorough, timely and proper transition of the County's workers' compensation claims program to CONTRACTOR; and
- 4.2.3 Ensure that the workers' compensation benefits for the County's injured workers are not interrupted during the transition period; and
- 4.2.4 Reduce the overall cost of claims for the County.
- 4.2.5 Properly establish and maintain controls to safeguard County assets and data.

#### **4.3 Approach:**

CONTRACTOR shall utilize the following methods to approach the transition of the workers' compensation claims program:

- 4.3.1 Fully execute "Transition and Implementation Plan for County of Monterey," as set forth in RFP #10294 at pages 93 -- 118, and implement the strategic planning document which describes all action plans to meet the stated objectives both outlined above and stated herein; and
- 4.3.2 Address all open questions regarding CONTRACTOR'S written proposal and capabilities to meet the County's requirements; and
- 4.3.3 Schedule an implementation meeting with all stakeholders to begin the implementation process, with the first step being the development of Specific Client Instructions, tailored to the County; and
- 4.3.4 Set up interviews for internal and external qualified candidates to be added to the County's claims team. CONTRACTOR shall include the County as part of the decision process in the development of the team hired; and
- 4.3.5 Provide the County with a listing of all identified participants on the implementation team, this shall include the County staff as well; and
- 4.3.6 Implement each area of the workers' compensation claims program according to the approved timeline for each section; and

4.3.7 Monitor progress and communicate as necessary the status on all items until each item has been completed.

4.3.8 Complete an Annual Stewardship Report for the County detailing the programs performance and potential recommendations for the following year's program.

#### **4.4 Regulatory Requirements:**

CONTRACTOR shall remain in full compliance with the Department of Self Insurance Plans throughout the term of the Agreement, and shall comply with the regulatory requirements timeline as proposed within the CONTRACTOR'S written proposal.

##### **4.4.1 Regulatory Requirements Timeline:**

###### **Week 1 & 2:**

- Notification to Dept. of Insurance – Self Insurance Plans

###### **Week 3:**

- Review County's posting notices On-site and on the County's Website

###### **Week 4:**

- Complete & Issue Interim Annual Report

###### **Week 5 & 6:**

- Mail Administration Letters to County Employees

#### **4.5 Annual Reports:**

Although the interim Self-Insured Annual Reports are to be completed by the County, CONTRACTOR agrees to provide the County with support and acknowledges that CONTRACTOR will complete the Annual Reports for the County's review and signature; and agrees to continue (annually) to do so, unless otherwise directed by the County.

#### **4.6 Posting Notices & Forms:**

To ensure that the County has the appropriate and most up-to-date notices available for the County employees; CONTRACTOR shall also provide and review the subject postings, at the convenience of the County and prior to posting at County facilities.

#### **4.7 Notification to Department of Insurance:**

CONTRACTOR agrees to provide the County with the necessary letters to notify the Department of Insurance Self Insurance Plans of the change in Third Party Administrator (TPA).

#### **4.8 Accounting and Banking Arrangements:**

##### **4.8.1 Establishment of the Required Trust Account:**

- 4.8.1.1 CONTRACTOR agrees to ensure the timely payment of benefits and invoices on the County's program, CONTRACTOR shall work with County to ensure that the banking arrangements are set up prior to the transition of claims to CONTRACTOR, in a format that is satisfactory for the County and supportive of CONTRACTOR's administration processes; and
- 4.8.1.2 County agrees to the establishment of an escrow account to ensure the appropriate funding of losses. During the implementation and conversion process, CONTRACTOR shall analyze the County's loss funding history to determine and recommend the appropriate initial levels of imprest balance; and
- 4.8.1.3 CONTRACTOR also agrees to the establishment of a "Call to Fund Large Settlement" payments to ensure the County is aware of checks being issued that may impact the imprest account; and
- 4.8.1.4 County and CONTRACTOR agree that the preferred funding mechanism for the program is to establish a wire transfer for both security purposes and convenience; and
- 4.8.1.5 CONTRACTOR agrees to provide the necessary staff from their Accounting Department to review the County's pay history to determine the initial funding deposit and imprest balance that should be maintained to support the program on an ongoing and continuing basis; and
- 4.8.1.6 CONTRACTOR and County agree that CONTRACTOR will provide the County with a recommendation during the initial implementation meeting as to the appropriate amount, frequency of funding, notification and funding preferences to be used during the program. These recommendations shall be updated as appropriate during agreement term and shall be established, working collaboratively and agreed upon by both parties; and
- 4.8.1.7 CONTRACTOR agrees to keep the County engaged in all discussions regarding the establishment, maintenance, and administration of the account(s) to ensure the financial security of the program is not compromised; and
- 4.8.1.8 Contractor furthermore agrees to provide the County with written policies that outline the following procedures:

- 4.8.1.8.1 Establishment and Funding of Escrow Account
- 4.8.1.8.2 Check Formatting
- 4.8.1.8.3 Signature Cards and Authority Levels
- 4.8.1.8.4 Check Processing
- 4.8.1.8.5 Void/Refund/Stop Pay/Purging Checks
- 4.8.1.8.6 Stale-Dated Check Process
- 4.8.1.8.7 Bank Account Reconciliation
- 4.8.1.8.8 Production of 1099's

4.8.1.9 CONTRACTOR agrees that administrative and conversion fees will be charged to the County and not paid from escrow account.

4.8.1.10 CONTRACTOR and County, working collaboratively will develop a systemic process for TTD payments.

4.8.1.11 CONTRACTOR agrees to provide the County with bank reconciliation and supporting documentation, including but not limited to bank statements and check registers on a monthly basis, within ten (10) days of the date of the bank statement. These documents are to be created in a manner that is acceptable to the County.

#### 4.8.2 Financial Reports:

4.8.2.1 The County (Risk Manager) and CONTRACTOR shall review the County's financial reporting requirements to ensure that the reports created by CONTRACTOR will be created in a manner that is acceptable to the County.

4.8.2.2 CONTRACTOR agrees to provide the County with check registers on a monthly basis, and no later than the 15<sup>th</sup> day of the month preceding the month in which the reports are for.

#### 4.8.3 Authority Levels:

CONTRACTOR shall discuss with the County prior to implementation the necessary or required authority levels. CONTRACTOR shall also prepare a letter of authority for each claims adjuster that includes at a minimum, stated claim "Authority Levels":

4.8.3.1 Monetary Settlement Authority

4.8.3.2 Check Issuance Authority

4.8.3.4 Report Formats and Reserve Setting Authority

#### 4.8.4 Account and Banking Arrangements Timeline:

##### Week 1 & 2:

- Discuss and Establish Authority Levels

##### Week 3:

- Establish Trust Account

##### Week 4:

- Review and establish needs for Financial Reports and who will be the recipients

#### 4.9 Computer Systems & Data Transfer:

CONTRACTOR agrees to provide a seamless transition from the incumbent TPA (Helmsman) by adhering to the following requirements:

##### 4.9.1 Data Transfer:

4.9.1.1 CONTRACTOR shall complete the entire conversion process through the utilization of in-house experienced Information Technology (IT) staff, and in accordance to the following steps:

###### 4.9.1.1.1 Step One:

County shall provide CONTRACTOR with sample data along upon request with copies of current layout of data from the incumbent TPA. County shall request incumbent TPA to provide the data to CONTRACTOR in either a PGP format and sent via a secure FTP process, and/or in a CD/DVD format and sent by UPS or FedEx.

###### 4.9.1.1.2 Step Two:

Once the CONTRACTOR receives the sample data, CONTRACTOR's IT staff shall begin mapping processes and provide the County with a schedule and timeline for final data entry and final data submission.

CONTRACTOR shall provide the County with a quality test of the data, which will allow the County to approve or disapprove prior to the CONTRACTOR's mapping all of the County's information into the CONTRACTOR's claim system. The data shall consist of at a minimum, but not limited to the following:

- 4.9.1.1.2.1 Claims Data
- 4.9.1.1.2.2 Notes
- 4.9.1.1.2.3 Payment Histories
- 4.9.1.1.2.4 Organizational Structure



- 4.9.1.1.2.5 Location Codes
- 4.9.1.1.2.6 Occupation Codes
- 4.9.1.1.2.7 Pay Codes
- 4.9.1.1.2.8 Note Headers, and any other special data elements
- 4.9.1.1.2.9 Identification of Identical Codes/Classifications within the CONTRACTOR's system.

**4.9.1.1.3 Step Three:**

Once all data categories have been mapped from the incumbent's sample data to CONTRACTOR's system, CONTRACTOR shall begin a complete claims history transfer to the CONTRACTOR's system. This conversion process period shall be mutually agreed upon by both parties and shall take place during a weekend, so as not to interfere with existing County operations. The conversion process shall take no longer than thirty (30) business days. CONTRACTOR agrees to keep the County informed of the developments as well as the estimated completion date. CONTRACTOR is to review audit results with the County prior to the system moving into production.

**4.10 On-Line Access:**

4.10.1 CONTRACTOR shall maintain and store all of the County documentation in the CONTRACTOR's secured iVOS, which can be viewed in real-time access. CONTRACTOR shall provide the County with online, password protected access to the claims administration platform so that the County has real-time access to all of its program data. CONTRACTOR is to limit access based on County requirements. Data access may be restricted and/or limited to user, job function, or type of data, as determined by the County (Risk Manager). County shall have the ability to view claims data and run customized ad-hoc reports as desired on a 24/7 basis, at no extra cost.

**4.11 On-Line Reporting:**

4.11.1 CONTRACTOR shall maintain the ability to accommodate new claim reporting capabilities through multiple venues, including but not limited to fax, phone, email and electronic online reporting. However the preferred method of the County is the ability to report an electronic reporting process maintained by the CONTRACTOR. CONTRACTOR acknowledges and agrees that its system has the capability to accept new claims in a 24/7 accessible, online format. CONTRACTOR shall ensure that the County has the ability to report new injuries, keep a record of what injuries have been reported to CONTRACTOR and print reports of previously submitted claims to CONTRACTOR. County shall determine users who are authorized to access the system. CONTRACTOR agrees to establish the process and procedures as to how the County's staff requests a user name and password for access to these system processes.

#### **Internal Controls and Security:**

Data and files transferred or sent by the CONTRACTOR are to be secured and encrypted.

Results from SAS 70 audits conducted on the CONTRACTOR are to be shared with the County.

CONTRACTOR is to create and maintain an audit trail of changes to the system, including but not limited to changes in data and system access changes.

In the event of any discovered defalcation, CONTRACTOR agrees to provide immediate notice to the County.

CONTRACTOR agrees to routine computer system updating to be determined and agreed upon by the parties. CONTRACTOR further agrees that "back-up" disaster recovery sites are operational and that data, notes, reports, summaries, correspondence, photographs, software outputs, and any other materials with respect to work performed under this Agreement shall be maintained, stored, and secured consistent with the best generally accepted practices.

#### **4.12 Establish Reporting Locations and Departments:**

CONTRACTOR shall work with and assist the County in the development and/or fine tuning of any and all existing and future Location and Department identifiers. CONTRACTOR will work with the County to ensure that these identifiers are established in such a manner that will allow the County to determine where a loss occurred and also help identify injury trends within a specific department or at a specific location. CONTRACTOR acknowledges that the County's existing codes can be customized within their system, and included in reports that pertain to the County's claims and reports. CONTRACTOR shall retain the incumbent TPA's Location and Department identifiers when converting to new identifiers.

#### **4.13 Report Development:**

CONTRACTOR shall work with the County Risk Manager and County members to develop meaningful, informative reports that meet the County's needs at no extra cost.

#### **4.14 Benefit Notices:**

CONTRACTOR understands and agrees that these notices, along with constant communication, will help and assist injured County workers to be informed on the status of their workers' compensation benefits. CONTRACTOR's staff shall monitor the DWC website to ensure the County has the most up-to-date benefit notices within its system for distribution as needed.

#### **4.15 New Losses:**

CONTRACTOR shall work with the County to ensure that any new losses are not compromised in any way.

#### **4.16 Transfer of Physical Files:**

CONTRACTOR shall work with the incumbent TPA closely to ensure a smooth transition with minimal disruption to the process. During the transfer of physical claim files, CONTRACTOR requires the following items from the incumbent TPA:

4.16.1 A packing list of all claims, including number of boxes shipped; and

4.16.2 Individual boxes must be labeled appropriately, with a list of enclosed files showing claimant name, claim number and volume number(s) if applicable; and

4.16.3 A "Hot Box" consisting of priority items, such as, but not limited to:

4.16.3.1 A list of claims in delayed status

4.16.3.2 A list of claims receiving indemnity benefits

4.16.3.3 A list of claims pending award

4.16.3.4 A hearing calendar

4.16.3.5 Mail that has not yet been reviewed/matched to file

4.16.3.6 Bills that have not been coded/reviewed/matched to file

4.16.4 Once CONTRACTOR receives the files the CONTRACTOR's SWAT team, which will include the required dedicated account staff, shall provide the initial triage (e.g. review of file for critical timelines, issues, reallocation, etc.) of the claim files. Once the initial triage process is completed CONTRACTOR will provide the County with a status report within seven (7) business days.

#### **4.17 Computer Systems & Data Transfer Timeline:**

##### **Week 1:**

- Establish Reporting Locations and Departments

##### **Week 1 thru 6:**

- Data Transfer Process

##### **Week 5 & 6:**

- On-line Access to iVOS
- On-Line Access to Injury Reporting System
- iVOS Training for Employees
- New Loss Transition Training

**Week 6:**

- Transfer Physical Files

**4.18 Communication:**

**4.18.1 Claims Transition**

CONTRACTOR shall work closely with the County to ensure the timing of the transition of files is a smooth and seamless process. CONTRACTOR shall assume the TPA role as the County's administrator for workers' compensation claims on or about October 1, 2011.

**4.18.2 Identifying the Program Participants**

CONTRACTOR shall establish a timeframe to schedule a face-to-face meeting with the County to identify report recipients, monthly reporting needs, special report needs and who from the County will receive these reports and how they will be distributed (electronically, via U.S. Mail or on a FTP website).

**4.18.3 Identifying Training Needs**

CONTRACTOR agrees that during the entire Agreement period, CONTRACTOR will build a relationship that will continually address topics as needed. CONTRACTOR acknowledges that the County may have a desire or need to provide additional training upon completion of the transition process. If that need arises CONTRACTOR agrees to provide additional training to the County's personnel team, supervisors, administrators and or board representatives at no additional cost.

**4.18.4 Union Coordination**

CONTRACTOR agrees that if the County has a need to coordinate with any Union, CONTRACTOR agrees to assist the County by reviewing any existing contracts to ensure that the new program will adhere to any policies that are currently in place by the County and the respective union(s).

**4.18.5 File Reviews and Annual Stewardship Review**

CONTRACTOR agrees to provide the County with quarterly reports and quarterly roundtable file reviews and annual stewardship meetings. These meetings will either take place at a County designated location or may be held at the CONTRACTORS Administration Office, or may be conducted via the CONTRACTORS telephonic conference system. Time and location will be mutually agreed upon by both parties.

#### 4.18.6 Litigation/Investigation Management

CONTRACTOR'S staff will be responsible for the claim handling on litigated claims and agrees to supervise defense counsel's work on claims. CONTRACTOR agrees to submit litigation guidelines for approval to the County Risk Manager. CONTRACTOR further agrees to work with the County in establishing the protocol to determine the approved referral criteria for legal defense.

CONTRACTOR agrees to work with the County in establishing the protocol to determine the approved referral criteria for investigations, such as sub-rosa investigations. CONTRACTOR shall also be responsible for managing the legal defense panel and confirming the authorized investigation vendors, as set forth within the Service Instruction Guidelines.

#### 4.18.7 File Destruction

CONTRACTOR and County shall mutually establish the criteria and policy for destruction of claim records within the Client Service Instructions. The criteria shall include at a minimum an approved timeframe for destruction of files, and the preferred method (shredding) of destruction. CONTRACTOR shall also include in the policy that CONTRACTOR shall be required to provide the County with a copy of a destruction certificate that contains a listing of the files destroyed.

#### 4.18.8 Required Notification upon Transition

CONTRACTOR shall be responsible for initiating contact with the incumbent TPA, to work with the incumbent in preparing the initial correspondence to all injured workers notifying them of the following:

- 4.19.8.1 The change in administrators, from incumbent to CONTRACTOR; and
- 4.19.8.2 Provide users with the appropriate new contact information; and
- 4.19.8.3 Effective date Incumbent TPA will be responsible for the initial mailing and notification costs, any additional mailings will be at the CONTRACTORS cost as the new TPA. CONTRACTOR shall issue a second notice to all parties as a reminder of the change in claim administrators. These notices shall be sent within one (1) week of the program start date, and shall be saved in each claims management section. CONTRACTOR shall also distribute notices to all vendors in what will be referred to as stage two (2) of the notification process. This notification stage shall occur no later than one (1) week after claimants and parties to a claim are notified.
- 4.19.8.4 County shall be responsible for ensuring that the incumbent TPA sends the required notification letters to the Office of Self Insurance Plans regarding the transfer of files and the DWC Unit.

#### 4.19.9 Excess Carrier

County agrees to provide the CONTRACTOR with the required list of excess carriers associated with the County program, along with policy numbers and the self-insured retention values for all years prior to the implementation of the program. Any claim which, pursuant to the County's insurance agreements and policies (for all years), meets the carriers established criteria for reporting shall be reported by the CONTRACTOR to the County's excess insurance carrier, with a copy provided to the County.

#### 4.19.10 Claims Kits

CONTRACTOR agrees to provide each reporting location or department with a claim reporting kit that will assist the County in reporting claims to CONTRACTOR. Each kit shall include at a minimum the following documents that will assist the County in documenting an on-the-job injury:

- 4.19.10.1 Employer's First Report of Injury (Form 5020)
- 4.19.10.2 DWC-1 (Claim Form)
- 4.19.10.3 Workers' Compensation Injury Posting Notice
- 4.19.10.4 Supervisor Investigation Forms (including Safety Incident Reports)
- 4.19.10.5 Facts about Workers' Compensation Pamphlet
- 4.19.10.6 Supply Requisition Form
- 4.19.10.7 Fraud Poster
- 4.19.10.8 Medical Referral Form

#### 4.19.11 Communication Timeline Calendar

##### **Week 1:**

- Discuss Claims Transition

##### **Week 1 & 2:**

- Identify Program Participants

##### **Week 2:**

- Contractors Internal Notification
- Identify Training Needs
- Determine File Destruction Policy
- County Notification

##### **Week 3 & 4:**

- Obtain and Review Excess Carrier Info
- Coordination with Union Contracts
- Adjuster Best Practices Training

**Week 4:**

- Issue Claim Kits to Reporting Location(s)

**Week 5:**

- Establish File Review Format & Dates
- Finalize Investigation Panel
- Finalize Legal Panel

**4.20 Hiring Plan**

CONTRACTOR agrees to host or participate in a job fair which will be in Rocklin, CA. First round of interviews will be attended by CONTRACTORS staff, and the second round of interviews will include a member from the County, who will be responsible for assisting the CONTRACTOR in the hiring of the new team for the County's program.

**4.21 Medical Management Services**

**4.21.1 Critical Needs Meeting**

Upon execution of the Agreement by both parties, CONTRACTOR shall schedule a meeting with County representatives to identify areas of critical concern relating to the medical management aspect of the claims administration. This meeting shall be completed simultaneously with the claims transition meeting.

**4.21.2 Medical Provider Network**

If County elects to utilize the CONTRACTORS Medical Provider Network (MPN), CONTRACTOR agrees to work with the County in developing a transition plan from existing MPN to the CONTRACTORS MPN. CONTRACTOR further agrees to execute the administration agreement and Medical Provider Network agreements required with a list of all "Must Have" providers for contracting purposes.

CONTRACTOR shall prepare the necessary Medical Provider Network application for the Administrative Director and file it for all necessary approvals. CONTRACTOR agrees to provide the necessary Medical Provider Network notification letter in a form that is acceptable to the County, which may include either by U.S. Mail or electronic format such as email. CONTRACTOR agrees to provide follow-up notices as necessary.

CONTRACTOR shall schedule a complete training program for the County which shall include the training of claims staff and external parties as identified by the County that impact the claim file. The training may also include defense counsel, medical case managers and medical providers.

CONTRACTOR agrees to establish and verify accuracy of the County work sites on the County's website before live implementation.

#### 4.21.3 Utilization Review (UR)

CONTRACTOR shall schedule a discussion session with the County regarding the details of the County's prior utilization program, which will be critical to the ability of the CONTRACTOR to understand the County's experience, identify areas in which potential changes could be made in an effort to streamline the current process.

CONTRACTOR shall be responsible for identifying the prior format of UR event documentation used to ensure historical review of authorization activity and that information can be accessed for any future activity.

CONTRACTOR shall identify existing and future first/urgent care providers used by the County in order to provide them with a copy of the "Notice of Authorization" process. If necessary, CONTRACTOR agrees to schedule a meeting with all providers to review the process and the County's expectations.

#### 4.21.4 Medical Case Management

CONTRACTOR shall obtain details of prior medical case management program, determine level of service and outcome satisfactions and make recommendations to change or improve the existing process if needed.

#### 4.21.5 Follow up Meeting

CONTRACTOR shall schedule a ninety (90) day follow up meeting with the County to review medical management services and make adjustments and or recommendations if necessary. CONTRACTOR shall also provide the County with Medical Management reports and where outcomes are to be reviewed and explanations provided if required.

#### 4.21.6 Medical Management Timeline

##### Week 1 & 2:

- Finalize Administration Agreement and Application of a Medical Provider Network (MPN) Change
- Obtain a complete list of "Must Have" Medical Providers for search or contract

##### Week 2 & 3:

- MPN Application Constructed and Filed on Administrative Director (AD)



**Week 3 & 4:**

- Receipt of MPN Change/Approval from AD's Office
- Notice of Change Issued to County staff – 30 days prior to effective date

**Week 6 & 7:**

- Employer and Staff Training on MPN Website, Resources & Use

**Week 8 & 9:**

- MPN Implementation and Effective Date

**4.22 Initial File Triage**

**4.22.1 Critical Needs Meeting**

Upon execution of the Agreement CONTRACTOR shall schedule a meeting with the County representatives to identify areas of critical concern. This meeting shall take place no later than five (5) business days after execution of the Agreement.

**4.22.2 Review of Recent Audit Reports**

Upon execution of the Agreement CONTRACTOR shall review current loss runs in order to make recommendations to the County in regard to caseload assignments. Both parties agree that this may require the reallocation of pending claims, which will require the written approval of both parties.

**4.22.3 Evaluation of Workflow**

CONTRACTOR'S Account Manager and Branch Manager shall organize and execute a strategic plan for the review of all claims. This plan shall include utilizing additional staff if necessary to complete this task in a timely manner.

**4.22.4 Review of Pending Inventory**

CONTRACTOR'S Account Manager and Branch Manager shall organize and execute a strategic plan for the review of all pending claims. CONTRACTOR shall then prepare and present the County with an updated open claim report.

**4.22.5 Follow-up Meeting**

Following the review process of all open claims by the CONTRACTOR, CONTRACTORS Branch Manager and Account manager shall report the findings to the County.

**4.22.6 Initial File Triage Timeline:**

**Week 1 & 2:**

- Critical Needs Meeting
- Evaluation of Workflows

**Week 3:**

- Review of Recent Audit Reports

**Week 3 & 4:**

- Review of Pending Inventory

**Week 4 & 5:**

- Review of Current Loss Runs

**Week 5:**

- Follow-up Meeting

#### **4.23 Transition Committee**

##### **4.23.1 Transition Committee**

CONTRACTOR'S Transition Committee and all tasks associated with the committee shall be coordinated by the CONTRACTOR'S Director of Client Services. CONTRACTOR may have additional representatives, such as CONTRACTOR'S Product Support Manager, Claims Manager and other key representatives as required.

In order that both parties are kept informed of the progress of the transition process the County shall have three (3) representatives as part of the committee. These representatives will be selected by the County.

##### **4.23.2 Meeting Dates**

Both parties agree that this committee shall meet face-to-face and conference call regularly to review the transition matrix and to monitor progress. Both parties acknowledge that adjustments may and will be made to the schedule as the plan develops.

##### **4.23.3 Transition Chart:**

| Expected Implementation Date is |   | Target Date                | Responsible Project Team |
|---------------------------------|---|----------------------------|--------------------------|
| <b>Contract</b>                 |   |                            |                          |
| 1                               | Agreement from County                                   | 1 week post TPA Selection  | CONTRACTOR               |
| 2                               | Agreement approved by CONTRACTOR and returned to County | 2 weeks post TPA Selection | CONTRACTOR/County        |
| 3                               | Agreement signed by all parties                         | 3 weeks post TPA Selection | CONTRACTOR/County        |
|                                 |   | Agreement signed by all    |                          |

| <b>Implementation Kick-Off Meeting</b> |  | <b>parties and County given go ahead</b>                  | <b>CONTRACTOR/County</b> |
|--|--|---|--------------------------|
| 1                                      | Assign Responsible Project teams   | 1 week post TPA Selection                                 | CONTRACTOR               |
| 2                                      | Solidify/Confirm target dates for transition timeline  | During Kick-Off Meeting                                   | CONTRACTOR               |
| 3                                      | Schedule kick-off meeting  | During Kick-Off Meeting                                   | CONTRACTOR               |
| 4                                      | Schedule weekly conference call to provide update on implementation tasks  | During Kick-Off Meeting                                   | CONTRACTOR               |
| 5                                      | Schedule new hire interviews   | 1 week post TPA Selection                                 | CONTRACTOR/County        |
| <b>Accounting</b>                      |  |   |                          |
| 1                                      | Determine Funding Type- i.e. Escrow Account, Zero balance, etc.  | During Kick-Off Meeting                                   | CONTRACTOR/County        |
| 2                                      | Establish Authority Levels for signing checks  | During Kick-Off Meeting                                   | CONTRACTOR/County        |
| 3                                      | Check Register/Payment Total Reports Time-line   | During Kick-Off Meeting                                   | CONTRACTOR/County        |
| <b>Claim/Data History</b>              |  |   |                          |
| 1                                      | Obtain data layout/sample file   | Agreement signed by all parties and County given go ahead | CONTRACTOR/County        |
| 2                                      | Communicate with current TPA to advance benefits   | During Kick-Off Meeting                                   | CONTRACTOR/County        |
| 3                                      | Agree on freeze date with current TPA  | During Kick-Off Meeting                                   | CONTRACTOR/County        |
| <b>IT Data Conversion</b>              |  |   |                          |
| 1                                      | Data Mapping, i.e. body part, notepad, claim cause, claim status, claim type, nature of injury, payment transactions, payment method, reserve transaction, occupation, benefit type, vendors, etc. | 1 week post receipt of final data                         | CONTRACTOR               |
| 2                                      | Claim Notes  | 5 days post receipt of final data                         | CONTRACTOR               |
| 3                                      | Reserve- i.e. split any cross bucket reserves, notes, diary, bill review history extract from vendor and vendor file   | 5 days post receipt of final data                         | CONTRACTOR               |
| 4                                      | Import Scripts- i.e. policy, claimant/injury, vendor, payment  | 5 days post receipt of final data                         | CONTRACTOR               |
| 5                                      | Testing- Import into test db & final run   | 3 days post receipt of final data                         | CONTRACTOR               |
| <b>County- System Access/Reports</b>   |  |   |                          |
| 1                                      | Obtain copies of reports that County would like to receive on a monthly basis  | During Kick-Off Meeting                                   | CONTRACTOR               |
| 2                                      | Confirm how County would like to receive reports on a monthly, quarterly or annual   | During Kick-Off Meeting                                   | CONTRACTOR               |
| 3                                      | Provide sample reports for approval prior to sending the initial reports to County   | During Kick-Off Meeting                                   | CONTRACTOR               |
| 4                                      | Provide web login access to all  | 2 weeks prior to go live date                             | CONTRACTOR               |

|   |   |  |                   |
|---|---|--|-------------------|
|   | parties as requested by County  |  |                   |
| 5   | Provide training to County  | 1 week prior to go live date                 | CONTRACTOR        |
| 6   | Send Welcome Packets and Claim Kits to County   | 2 weeks prior to go live date                | CONTRACTOR        |
| <b>Bill Review History</b>                    |   |  |                   |
| 1   | Obtain prior vendor contact name  | During Kick-Off Meeting                      | CONTRACTOR        |
| 2   | Synchronize freeze date on medical bill payment with Bill Review Vendor   | During Kick-Off Meeting                      | CONTRACTOR        |
| 3   | Establish bill review account set up parameters   | During Kick-Off Meeting                      | CONTRACTOR/County |
| 4   | Establish PPO network strategy  | During Kick-Off Meeting                      | CONTRACTOR/County |
| 5   | Establish bill review instructions for staff  | 2 weeks prior to go live date                | CONTRACTOR/County |
| 6   | Define Bill Review and PPO Re-pricing Report Requirements   | During Kick-Off Meeting                      | CONTRACTOR/County |
| 7   | Determine whether Bill Review History from previous vendor should be converted & set timeline                             | During Kick-Off Meeting                      | CONTRACTOR/County |
| <b>Case Management and Utilization Review</b> |   |  |                   |
| 1   | Establish Medical Case management strategy & criteria   | During Kick-Off Meeting                      | CONTRACTOR/County |
| 2   | Set up Medical Case Management account in the system  | 2 weeks prior to go live date                | CONTRACTOR/County |
| 3   | Define Medical Case Management Report Requirements  | During Kick-Off Meeting                      | CONTRACTOR/County |
| 4   | Establish instructions for nurses   | During Kick-Off Meeting                      | CONTRACTOR        |
| <b>Medical Provider Network (MPN)</b>         |   |  |                   |
| 1   | Determine MPN project participants  | During Kick-Off Meeting                      | CONTRACTOR        |
| 2   | Establish MPN goals   | During Kick-Off Meeting                      | CONTRACTOR        |
| 3   | Determine providers   | 2 weeks post kick-off meeting                | CONTRACTOR        |
| 4   | Application process   | 1 week post final provider selection process | CONTRACTOR        |
| 5   | Implementation process  | 30 days post application approval            | CONTRACTOR        |
| <b>Service Instructions</b>                   |   |  |                   |
| 1   | Establish special handling instructions   | During Kick-Off Meeting                      | CONTRACTOR        |
| 2   | Provide Claims Team with special claim handling requirements (i.e. reserve/settlement authorities)                        | 1 week prior to go live date                 | CONTRACTOR        |
| 3   | CONTRACTOR to meet & greet County with their Claims Team and hold initial training/seminar in person at County's location | 1 week prior to go live date                 | CONTRACTOR/County |
| 4   | Establish dates for quarterly or bi-annually review meetings  | During Kick-Off Meeting                      | CONTRACTOR/County |
| <b>File Transfer/Review</b>                   |   |  |                   |
| 1   | Confirm current TPA sent out change in TPA letter   | 1 week prior to go live date                 | CONTRACTOR/County |
| 2   | CONTRACTOR to send batch change in TPA letter to EE's and vendors   | 1 week post receipt of files and data        | CONTRACTOR        |

|    |   |   |            |
|----|---|---|------------|
| 3  | Interim SIP report  | Current TPA to complete within 1 week of file transfer                  | CONTRACTOR |
| 4  | Establish a pick-up date with current TPA   | During Kick-Off Meeting   | CONTRACTOR |
| 5  | Any pick-up special instructions/restrictions per current TPA, i.e. after hours?  | During Kick-Off Meeting   | CONTRACTOR |
| 6  | Obtain name, address & contact information for any off-site storage company   | During Kick-Off Meeting   | CONTRACTOR |
| 7  | Special Project- missing data elements  | 2 weeks post receipt of final data                                      | CONTRACTOR |
| 8  | Establish triage process for claims team  | 2 weeks prior to file transfer  | CONTRACTOR |
| 9  | Establish triage team/initial review  | 2 weeks post file receipt   | CONTRACTOR |
| 10 | Confirm all files received/list any missing claims  | 3 days post file receipt  | CONTRACTOR |
| 11 | Pull "Hot" files, i.e. payments due, hearings, trials, penalties, etc.  | 3 days post file receipt  | CONTRACTOR |
| 12 | Review SIR Claims   | 14 days post file receipt   | CONTRACTOR |
| 13 | Review all claim files- identify potential penalties and excess costs that may have resulted from the prior TPA's errors, and develop POA's | To be agreed to with County 30-90 days post file receipt for completion | CONTRACTOR |
| 14 | Create diaries  | 2 weeks post file receipt   | CONTRACTOR |
| 15 | Clarify excess policy information   | During Kick-Off Meeting   | CONTRACTOR |
| 16 | Agree on initial Claim Review date  | During Kick-Off Meeting   | CONTRACTOR |

#### 4.24 24/7 Call-A-Nurse Program:

##### 4.24.1 Program

CONTRACTOR agrees to provide the County with the 24/7 Call-A-Nurse Program (Program) which will collaborate with the County in assessing treatment options for County employees as well as address traumatic injuries and provide the County with a recommendation in order to reduce potentially costly treatments.

CONTRACTORS Program shall provide additional assistance to the County by providing a trained and licensed nurse to assist in assessing treatment options for County employees immediately after an injury.

CONTRACTOR shall provide Claims Professionals that shall provide the necessary and immediate investigation with the County and arrange immediate care and prevent additional liability exposure. CONTRACTOR shall have available the right resources with regards to the number psychiatrists or licensed psychologists, who are trained in crisis intervention and available twenty-four (24) hours a day for emergency psychiatric counseling.

#### 4.24.2 Program Procedure:

CONTRACTOR and County agree to utilize the following steps when using the 24/7 Call-A-Nurse Program:

##### 4.24.2.1 Step One:

County calls the "Call-A-Nurse" Hot Line and requests triage assistance. The Nurse on-call assess the situation to determine if the caller is requesting triage or 24/7 Traumatic Injury Assistance.

- a) If the situation is for a triage program, the Nurse On Call will assist the caller to determine if:
  - Loss is a first aid case and is reported as incident only; and
  - Injured Worker should be taken to the Emergency Room; and
  - Injured Worker should be sent to the Occupational Clinic for treatment
- b) If the call is for a 24/7 Traumatic Injury Assistance, the Nurse shall assess the situation to determine immediate action to be taken such as, but not limited to:
  - Assess current location of employee or determine what clinic or hospital where employee was transported to; and
  - Description of incident; and
  - Assess immediate need for a Catastrophic Field Case Manager

##### 4.24.2.2 Step Two:

Nurse shall immediately activate the 24/7 Dispatch Program to the WC Professional On-Duty and provide a brief summary of the loss to the WC Professional on duty.

##### 4.24.2.3 Step Three:

Upon receipt of the call, the WC Professional on Duty shall contact the County and immediately conduct a preliminary investigation if any arrangement for counseling is necessary. If so, County must contact one (1) of the physician's on the panel and request service.

##### 4.24.2.4 Step Four:

The WC Professional On-Duty shall complete the Activity Summary as proposed in CONTRACTORS submitted proposal (Page 178), and forward it by email to the Claims Adjuster responsible for handling the claim to conclusion.

## **5.0 TERM OF AGREEMENT**

- 5.1 The initial term of the AGREEMENT will be for a period of three (3) years commencing October 1, 2011 with the option to extend the AGREEMENT for two (2) additional one (1) year periods.
- 5.2 The County reserves the right to cancel this AGREEMENT, or any extension of this AGREEMENT, without cause, with a ninety day (90) written notice, or immediately with cause.
- 5.3 CONTRACTOR must commence negotiations for any desired rate changes a minimum of ninety days (90) prior to the expiration of the AGREEMENT.
  - 5.3.1 Both parties shall agree upon rate extension(s) or changes in writing.
  - 5.3.2 The County does not have to provide a reason if it elects not to renew.
  - 5.3.3 If the parties cannot agree to a rate, then the Agreement shall expire at the end of the period.

## **6.0 COMPENSATION AND PAYMENTS**

- 6.1 It is mutually understood and agreed by both parties that CONTRACTOR shall be compensated under this AGREEMENT as provided in Paragraph 6.6 herein.
- 6.2 Prices shall remain firm for the initial term of this AGREEMENT and, thereafter, may be adjusted annually as provided in this paragraph. County does not guarantee any minimum or maximum amount of dollars to be spent under this AGREEMENT.
- 6.3 Any discount offered by the CONTRACTOR must allow for payment after receipt and acceptance of services, material or equipment and correct invoice, whichever is later. In no case will a discount be considered that requires payment in less than 30 days.
- 6.4 CONTRACTOR shall levy no additional fees or surcharges of any kind during the term of this AGREEMENT without first obtaining approval from County in writing.
- 6.5 Tax:
  - 6.5.1 Pricing as per this AGREEMENT is inclusive of all applicable taxes.
  - 6.5.2 County is registered with the Internal Revenue Service, San Francisco office, and registration number 94730022K. The County is exempt from Federal Transportation Tax; an exemption certificate is not required where shipping documents show Monterey County as consignee.
- 6.6 Costs for CONTRACTOR Claims Administration Services is, as follows:

| New Claim Pricing     | Flat Fee<br>3-Year Contract         |
|-----------------------|-------------------------------------|
| <b>Category</b>       |                                     |
| First Aid Only        | \$25/per Claim                      |
| Medical Only          | \$150/per Claim                     |
| Indemnity             | \$1,600/per Claim                   |
| Companion Claim       | \$1,250/per Claim                   |
|                       |                                     |
| <b>Assumed Claims</b> | <b>Flat Fee<br/>3-Year Contract</b> |
| <b>Category</b>       |                                     |
| First Aid Only        | No Charge                           |
| Medical Only          | No Charge                           |
| Future Medical        | \$1,050                             |
| Companion Claim       | \$1,050                             |
| Indemnity Claim       | \$1,050                             |

The claim conversion from first aid or medical only to an indemnity claim shall not include stacking of the above stated pricing. For example a medical only claim converting to an indemnity claim shall result in a credit of \$150 being applied against the \$1,600 indemnity claim cost.

In addition, re-opened claims for which CONTRACTOR has received compensation shall not incur any additional per claim fee.

- 6.7 The following additional agreed fees will remain in place for the duration of this Agreement, but are not to be included within the above stated (New Claim and Assumed Claim) per claim cost. The additional agreed fees are, as follows:

- 6.7.1 Annual Administrative Fee \$18,500/year
- 6.7.2 System Conversion Fee \$15,000- One Time Fee
- 6.7.3 Bill Review Option 2: \$15/flat rate per bill, inclusive of PPO
- 6.7.4 Nurse Case Management \$95/hour
- 6.7.5 Utilization Review \$90/request for authorization
- 6.7.6 Peer Review Requests \$200/hour
- 6.7.7 Specialty Peer Review \$250/hour

- 6.8 CONTRACTOR agrees that there are no additional charges for providing Canned or Ad Hoc reports.



## **7.0 INVOICES AND PURCHASE ORDERS**

- 7.1 Invoices for all services rendered per this AGREEMENT shall be billed directly to the County Risk Management Division of the C.A.O.'s Office at the following address:

County of Monterey Risk Management  
Attn: Risk Manager  
168 West Alisal Street 3<sup>rd</sup> floor  
Salinas, CA 93901

- 7.2 CONTRACTOR shall reference the RFP and Purchase Order number on all invoices submitted to County. CONTRACTOR shall submit such invoices monthly or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the prior month, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. County shall certify the invoice, either in the requested amount or in such other amount as County approves in conformity with this AGREEMENT, and shall promptly submit such invoice to County Auditor-Controller for payment. County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.
- 7.3 All County of Monterey Purchase Orders issued for the AGREEMENT are valid only during the fiscal year in which they are issued (the fiscal year is defined as July 1 through June 30).
- 7.4 Unauthorized Surcharges or Fees: Invoices containing unauthorized surcharges or unauthorized fees of any kind shall be rejected by County. Surcharges and additional fees not included the AGREEMENT must be approved by County in writing via an Amendment.

## **8.0 STANDARD INDEMNIFICATION**

- 8.1 CONTRACTOR shall indemnify, defend, and hold harmless County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this AGREEMENT, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with CONTRACTOR's performance of this AGREEMENT, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

- 8.2 CONTRACTOR shall not be responsible for any statutorily imposed fines and penalties resulting from action or inaction of the prior Third Party Administrator. In addition, CONTRACTOR shall have a 90-day grace period on penalties. Thereafter, CONTRACTOR shall be responsible for fines and penalties arising from CONTRACTORS action or inaction.

## 9.0 INSURANCE REQUIREMENTS

### 9.1 Evidence of Coverage:

- 9.1.1 Prior to commencement of this AGREEMENT, CONTRACTOR shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition CONTRACTOR upon request shall provide a certified copy of the policy or policies.
- 9.1.2 This verification of coverage shall be sent to the County's Contracts/Purchasing Department, unless otherwise directed. CONTRACTOR shall not receive a "Notice to Proceed" with the work under this AGREEMENT until it has obtained all insurance required and such, insurance has been approved by County. This approval of insurance shall neither relieve nor decrease the liability of CONTRACTOR.
- 9.1.3 Qualifying Insurers: All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by County's Purchasing Officer.

### 9.2 Insurance Coverage Requirements:

- 9.2.1 Without limiting CONTRACTOR's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this AGREEMENT a policy or policies of insurance with the following minimum limits of liability:
- 9.2.1.1 Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broadform Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.
- 9.2.1.2 Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in

providing services under this AGREEMENT, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

9.2.1.3 Workers' Compensation Insurance, if CONTRACTOR employs others in the performance of this AGREEMENT, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

9.2.1.4 Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, CONTRACTOR shall, upon the expiration or earlier termination of this AGREEMENT, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this AGREEMENT.

### 9.3 Other Insurance Requirements:

9.3.1 All insurance required by this AGREEMENT shall be with a company acceptable to County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this AGREEMENT, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this AGREEMENT.

9.3.2 Each liability policy shall provide that County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CONTRACTOR and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this AGREEMENT, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

9.3.3 Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds with respect to liability arising out of the CONTRACTOR'S work, including ongoing and completed operations, and shall

further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR'S insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

- 9.3.4 Prior to the execution of this AGREEMENT by County, CONTRACTOR shall file certificates of insurance with County's contract administrator and County's Contracts/Purchasing Division, showing that CONTRACTOR has in effect the insurance required by this AGREEMENT. CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this AGREEMENT, which shall continue in full force and effect.
- 9.3.5 CONTRACTOR shall at all times during the term of this AGREEMENT maintain in force the insurance coverage required under this AGREEMENT and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this AGREEMENT, which entitles County, at its sole discretion, to terminate this AGREEMENT immediately.

## 10.0 RECORDS AND CONFIDENTIALITY

- 10.1 Confidentiality: CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this AGREEMENT, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this AGREEMENT except for the sole purpose of carrying out CONTRACTOR's obligations under this AGREEMENT.
- 10.2 County Records: When this AGREEMENT expires or terminates, CONTRACTOR shall return to County any County records which CONTRACTOR used or received from County to perform services under this AGREEMENT.

- 10.3 Maintenance of Records: CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and County rules and regulations related to services performed under this AGREEMENT.
- 10.4 Access to and Audit of Records: County shall have the right to examine, monitor and audit all records, documents, conditions, and activities of CONTRACTOR and its subcontractors related to services provided under this AGREEMENT. CONTRACTOR agrees to submit to an annual audit by the County's selected independent auditor at the County's request. The parties to this AGREEMENT may be subject, at the request of County or as part of any audit of County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this AGREEMENT for a period of three years after final payment under the AGREEMENT.

## **11.0 NON-DISCRIMINATION**

- 11.1 During the performance of this contract, CONTRACTOR shall not unlawfully discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), sex, or sexual orientation. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment are free of such discrimination. CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code, §12900, et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, §7285.0, et seq.).
- 11.2 The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, §12900, et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full.
- 11.3 CONTRACTOR shall include the non-discrimination and compliance provisions of the clause in all AGREEMENTs with subcontractors to perform work under the contract.

## **12.0 OVERRIDING CONTRACTOR PERFORMANCE REQUIREMENTS**

- 12.1 Independent Contractor: CONTRACTOR shall be an independent contractor and shall not be an employee of Monterey County, nor immediate family of an employee of County. CONTRACTOR shall be responsible for all insurance (General Liability, Automobile, Workers' Compensation, unemployment, etc.) and all payroll-related taxes. CONTRACTOR shall not be entitled to any employee benefits. CONTRACTOR shall control the manner and means of accomplishing the result contracted for herein.

- 12.2 Minimum Work Performance Percentage: CONTRACTOR shall perform with his own organization contract work amounting to not less than 50 percent of the original total AGREEMENT amount, except that any designated 'Specialty Items' may be performed by subcontract and the amount of any such 'Specialty Items' so performed may be deducted from the original total AGREEMENT amount before computing the amount of work required to be performed by CONTRACTOR with his own organization or per a consortium.

### **13.0 CONFLICT OF INTEREST**

- 13.1 CONTRACTOR covenants that CONTRACTOR, its responsible officers, and its employees having major responsibilities for the performance of work under the AGREEMENT, presently have no interest and during the term of this AGREEMENT will not acquire any interests, direct or indirect, which might conflict in any manner or degree with the performance of CONTRACTOR'S services under this AGREEMENT.

### **14.0 COMPLIANCE WITH APPLICABLE LAWS**

- 14.1 CONTRACTOR shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders, including but not limited to all state and federal tax laws that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this AGREEMENT. CONTRACTOR shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.
- 14.2 CONTRACTOR shall report immediately to County's Contracts/Purchasing Officer, in writing, any discrepancy or inconsistency it discovers in the laws, ordinances, regulations, orders, and/or guidelines in relation to the Project of the performance of the Services.
- 14.3 All documentation prepared by CONTRACTOR shall provide for a completed project that conforms to all applicable codes, rules, regulations and guidelines that are in force at the time such documentation is prepared.

### **15.0 FORCE MAJEURE**

- 15.1 "Force Majeure" means any cause beyond the reasonable control of a party, including but not limited to acts of God, civil or military disruption, fire, strike, flood, riot, war, or inability due to the aforementioned causes to obtain necessary labor, materials or facilities.

- 15.2 If any party hereto is delayed or prevented from fulfilling its obligations under this AGREEMENT by Force Majeure, said party will not be liable under this AGREEMENT for said delay or failure, nor for damages or injuries resulting directly from the inability to perform scheduled work due to Force Majeure.
- 15.3 CONTRACTOR shall be granted an automatic extension of time commensurate with any delay in performing scheduled work arising from Force Majeure. CONTRACTOR agrees to resume such work within three (3) days after the Force Majeure has subsided enough to do so.

## **16.0 RIGHTS AND REMEDIES OF THE COUNTY FOR DEFAULT**

In the case of default by CONTRACTOR, County may procure the articles or services from other sources and may recover the loss occasioned thereby from any unpaid balance due to CONTRACTOR or by proceeding against any performance bond of CONTRACTOR, if any, or by suit against CONTRACTOR. The prices paid by County shall be considered the prevailing market price at the time such purchase(s) may be made. Inspections of deliveries or offers for deliveries that do not meet specifications shall be made at the expense of CONTRACTOR.

## **17.0 PERFORMANCE GUARANTEE**

CONTRACTOR agrees and represents that CONTRACTOR shall follow the current, generally accepted best practices in this area to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding the services rendered under this agreement.

Commencing on the second (2<sup>nd</sup>) anniversary of the Agreement, CONTRACTOR agrees and represents that services to be performed will be subject to the cooperation and collaboration of the County produce an overall bonus or reduction of workers' compensation claims costs, and further agrees to a performance guarantee if Contractor meets or exceeds the mutually agreed measurements. CONTRACTOR and the County shall prospectively agree to a clearly defined performance measurements that are easily measured to elicit the specific behaviors, actions and activities that supports program improvement. Each performance measure shall be assigned a mutually acceptable dollar value. CONTRACTOR will place a total of \$15,000 at risk in support of this performance guarantee. Should CONTRACTOR fail to meet the requirements under the Performance Guarantee, CONTRACTOR will pay the County within 30 days of final agreement of the audit results. Similarly, should CONTRACTOR exceed the performance guarantee requirement, the County shall compensate the CONTRACTOR up to an additional \$15,000 in compensation. The audit shall be completed within 90 days of the end of each contract anniversary date.

## **18.0 INTERCONNECT MEETINGS**

CONTRACTOR agrees and represents to County that CONTRACTOR possesses all professional licenses, capabilities, experience, resources, and facilities necessary to provide the County the services contemplated under this Agreement. In addition, CONTRACTOR agrees to monthly adjuster on-site benefit meetings, included but not limited to meetings with County Risk Management staff, Department Heads, Department Managers, and unrepresented injured workers. Meetings will take place at a County facility to be predetermined.

## **19.0 TRAVEL REIMBURSEMENT**

Travel reimbursements shall not exceed the IRS allowance rates as per the terms of the County of Monterey Travel Policy. A copy of County's Travel Policy is available on the Auditor-Controller's web site at: <http://www.co.monterey.ca.us/auditor/pdfs/travelpolicy2008.pdf>

## **20.0 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT—HIPAA COMPLIANCE**

CONTRACTOR agrees to operate its business in a manner as necessary to permit County to comply with its obligations under the Health Insurance Portability and Accountability Act of 1996, Subtitle F, Public Law 104-191, relating to the privacy and security of confidential health information, and any final regulations or rules promulgated by the U.S. Department of Health and Human Services there under (collectively, the "HIPAA Standards").

## **21.0 NON-APPROPRIATIONS CLAUSE**

Notwithstanding anything contained in this AGREEMENT to the contrary, if insufficient funds are appropriated, or funds are otherwise unavailable in the budget for County for any reason whatsoever in any fiscal year, for payments due under this AGREEMENT, County will immediately notify CONTRACTOR of such occurrence, and this AGREEMENT shall terminate after the last day during the fiscal year for which appropriations shall have been budgeted for County or are otherwise available for payments. To the extent permitted by law, this provision will not be construed so as to permit County to terminate this AGREEMENT in order to acquire or lease any other equipment or to allocate funds directly or indirectly to perform the same application and in the same manner for which the equipment is intended.



## 22.0 NOTICES

Non-Assignment: CONTRACTOR shall not assign this contract or the work required herein without the prior written consent of County.

Notices required to be given to the respective parties under this AGREEMENT shall be deemed given by any of the following means: (1) when personally delivered to County's contract administrator or to CONTRACTOR'S responsible officer; (2) when personally delivered to the party's principle place of business during normal business hours, by leaving notice with any person apparently in charge of the office and advising such person of the import and contents of the notice; (3) 24 hours after the notice is transmitted by FAX machine to the other party, at the party's FAX number specified pursuant to this AGREEMENT, provided that the party giving notice by FAX must promptly confirm receipt of the FAX by telephone to the receiving party's office; or, (4) three (3) days after the notice is deposited in the U. S. mail with first class or better postage fully prepaid, addressed to the party as indicated below.

Notices mailed or faxed to the parties shall be addressed as follows:

**TO COUNTY:**

Contracts/Purchasing Officer  
County of Monterey, Contracts/Purchasing  
168 W. Alisal Street, 3rd Floor.  
Salinas, CA 93901-2439  
Tel. No.: (831) 755-4990  
FAX No.: (831) 755-4969  
[derm@co.monterey.ca.us](mailto:derm@co.monterey.ca.us)

**TO CONTRACTOR:**

Agnes R. Hoeberling  
Intercare Holdings Insurance Services  
6020 West Oaks Boulevard, Suite 100  
Rocklin, CA 95765  
Tel. No. (916) 677-4359  
FAX No (916) 781-5781  
Email: [ahoeberling@intercareins.com](mailto:ahoeberling@intercareins.com)

## 23.0 LEGAL DISPUTES

CONTRACTOR agrees that this AGREEMENT and any dispute arising from the relationship between the parties to this AGREEMENT, shall be governed and interpreted by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws.

Any dispute that arises under or relates to this AGREEMENT (whether contract, tort, or both) shall be resolved in the Superior Court of California in Monterey County, California.

CONTRACTOR shall continue to perform under this AGREEMENT during any dispute.

The parties agree to waive their separate rights to a trial by jury. This waiver means that the trial will be before a judge.



\_\_\_\_\_  
*COUNTY Signature*

Michael R. Derr  
*Printed Name*

Contracts/Purchasing Officer  
*Title*

8-29-11

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



\_\_\_\_\_  
*CONTRACTOR Signature*

Agnes R. Hoeberling  
*Printed Name*

Chief Operations Officer  
*Title*

8/9/2011

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

IN WITNESS WHEREOF, the County and CONTRACTOR execute this AGREEMENT as follows:

MONTEREY COUNTY

  
Contracts/Purchasing Officer

Dated: 8-29-11

Approved as to Fiscal Provisions:

  
Deputy Auditor/Controller

Dated: 8-17-11

RISK MANAGEMENT

Approved as to Liability Provisions:

COUNTY OF MONTEREY  
APPROVED AS TO INDEMNITY/  
INSURANCE LANGUAGE

  
Risk Management

Date: 8/17/11

Dated: 8/17/11

Approved as to Form:

  
Deputy County Counsel

Dated: 8-17-11

CONTRACTOR

By: 

Signature of Chief Operations Officer

Agnes Hoeberling

Printed Name and Title

Dated: 8/9/2011

By: 

(Signature of Secretary, Asst. Secretary, CFO,  
Treasurer or Asst. Treasurer)\*

Sandra Jimenez, Corporate Controller

Printed Name and Title

Dated: 8/9/2011

County Board of Supervisors' Agreement Number: A-12057.

\*INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.