

AGREEMENT FOR WORKERS COMPENSATION**CLAIMS ADMINISTRATION SERVICES**

This Agreement (the "Agreement") is effective as of the 1st day of July 2015 (the "Effective Date") between City of Beaumont, ("PRINCIPAL"), a public entity, organized under the laws of the California, having offices at 550 E. 6th Street, Beaumont, Ca 92223, and YORK RISK SERVICES GROUP, INC., ("YORK"), a New York corporation with its principal place of business at 99 Cherry Hill Road, Parsippany, New Jersey 07054.

WHEREAS, PRINCIPAL desires to provide Claims Administration Services on claims arising out of PRINCIPAL'S self-insured workers' compensation program (the "Program") during the term of this Agreement; and

WHEREAS, YORK desires to be retained by PRINCIPAL pursuant to the terms and provisions of this Agreement to provide Claims Administration Services on claims arising out of the Program during the term of this Agreement; and

WHEREAS, YORK, by entering into this Agreement, shall be obligated to provide Claims Administration Services to PRINCIPAL on the terms and conditions set forth herein;

NOW THEREFORE, for and in consideration of the promises set forth hereinabove, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, YORK and PRINCIPAL agree as follows:

I. DEFINITIONS

- A. "PRINCIPAL" shall mean City of Beaumont.
- B. "CLAIMS ADMINISTRATION SERVICES" shall include the administration, adjustment, management, and oversight of claims arising out of PRINCIPAL'S self-insured workers' compensation program.

CLAIMS ADMINISTRATION SERVICES shall also include, but not limited to, the following services:

1. Providing supervision of the loss adjustment process;
2. Determining and implementing appropriate claims practices to adjust assigned claims in accordance with YORK'S established practices;
3. Adhering to high standards of professional conduct;

4. Adjusting and managing assigned claims to assure that PRINCIPAL and claimants receive high quality service;
5. Establishing, monitoring and timely revisions of case reserves;
6. Settling claims within the applicable coverage terms and conditions;
7. Maintaining current knowledge of applicable adjustment practices and procedures, local practices, applicable insurance coverage, court decisions, current guidelines in the claims function, and Program changes and modifications (as advised by PRINCIPAL);
8. Assisting in the preparation of claims for suit, hearing, trial, or subrogation as appropriate;
9. Acting as PRINCIPAL'S liaison with medical personnel, first notice of loss reporting services and defense counsel;
10. Reviewing bills of service providers;
11. Preparing and submitting status and administrative reports in accordance with YORK's established practices;
12. Preserving subrogation rights and overseeing subrogation recovery.

C. "CLAIMS" shall mean claims, arising under the Program and which are referred to YORK for adjusting during the term of this Agreement.

D. "INFORMATION" or "CONFIDENTIAL INFORMATION" shall mean documentation, data or information relevant to PRINCIPAL or claimant that is created by YORK or that comes into its possession as a result of the rendering of services by YORK to PRINCIPAL, pursuant to the Agreement.

E. "CONFIDENTIAL INFORMATION" is information not publicly available and includes, without limitation, the work product, investigation materials, trial preparation materials including but not limited to opinions and mental impressions of YORK personnel, communications with defense and coverage counsel and non-public personal information of insureds.

F. "LOSS ADJUSTMENT EXPENSE" shall mean, in addition to fees to be paid in accordance with items listed or inferred herein Agreement, all reasonable expenses necessary to the adjustment of a claim in accordance with this Agreement, including but not limited to, legal fees, court costs and fees for court reporters, expert witnesses, investigation, photocopies, subpoenas, photographs, maps, accounting, chemical or physical analysis, independent medical exams or other evaluations, depositions, appraisal fees and expenses, bill review, utilization review and any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or subrogation actions. YORK may, but need not, elect to utilize its own staff to perform these services.

G. "SYSTEMS" shall mean severally or collectively, YORK's proprietary claims handling system.

II. TERM OF AGREEMENT

The term of this Agreement shall commence on July 1, 2015 and shall continue until and through June 30, 2020 (the "TERM"). This Agreement will be deemed extended to cover each additional claim that PRINCIPAL refers to YORK after the end of the aforesaid period (subject to the extensions as aforesaid) and which YORK accepts for handling.

III. CLAIMS ADMINISTRATION SERVICES (the "Services")

PRINCIPAL hereby retains YORK to provide Claims Administration Services, as set forth in this Agreement, including any Exhibits attached hereto, for the Claims that arise out of PRINCIPAL'S self-insured workers compensation program and that are assigned by PRINCIPAL to YORK.

A. The Services to be rendered by YORK shall be in conformance with the requirements and provisions of this Agreement together with all applicable rules, orders, and interpretations issued by the applicable regulatory authorities as of the date hereof.

B. YORK acknowledges its obligation to comply with all applicable statutes and any rules or regulations of the applicable regulatory authorities.

C. YORK shall perform Claims Administration Services for each Claim assigned to it hereunder during the life of the claim.

D. YORK acknowledges that execution of this Agreement does not guarantee that YORK will be assigned any particular number of Claims by PRINCIPAL.

IV. DUTIES OF YORK

A. YORK shall maintain sufficient staff with the necessary experience and management oversight. Adjusters assigned to Claims shall have a case load that allows proper attention to the work.

B. To the extent required by law, YORK shall utilize only licensed adjusters and licensed private investigators, where applicable and such adjusters and investigators shall in the rendering of their services conform to the provisions of all applicable laws, rules, orders or written interpretations issued by the applicable regulatory authorities.

C. YORK shall investigate, evaluate, negotiate, settle, or deny Claims within the standing authority granted to YORK from time to time by PRINCIPAL. YORK may

settle Claims in excess of its standing authority limits only with prior written approval of PRINCIPAL shall, in writing, promptly grant or deny upon YORK's request for authority.

D. Upon termination of this Agreement, all hard copy and electronic files shall be transferred to PRINCIPAL at PRINCIPAL'S expense.

E. YORK acknowledges that all of the Claims files in its possession are the property of PRINCIPAL and agrees to promptly provide access to or deliver any such file to PRINCIPAL, at PRINCIPAL'S expense, at any time upon PRINCIPAL'S request. In exchange for PRINCIPAL'S absolute right to obtain the Claims files, PRINCIPAL agrees that it shall not have the right to set off any sums claimed due from YORK against fees due YORK under this Agreement.

F. YORK expressly agrees to hold all funds and assets of PRINCIPAL that come into its control or possession during the term of this Agreement as a fiduciary of PRINCIPAL.

G. YORK shall make available, through YORK'S proprietary claims system, claim-related data with "web-enabled" access. PRINCIPAL will have "view only" access to the system. PRINCIPAL will bear its own hardware, software, connection and similar costs for accessing YORK'S electronic claims management system.

H. During the TERM of this Agreement and at all times that there are open Claims being handled by YORK, YORK shall fully cooperate with PRINCIPAL.

I. During the Term of this Agreement and thereafter until all Claims assigned hereunder are closed, YORK agrees to:

(1) Maintain in force a fidelity bond or equivalent insurance, such as Third Party Crime insurance, for the protection of PRINCIPAL, at a limit not less than one million dollars (\$1,000,000), to cover the risk of loss due to the wrongful conversion of any funds and assets of PRINCIPAL by YORK or its employees or independent contractors during the term of this Agreement. YORK shall maintain said bond or insurance for a period of two (2) years after the expiration of this Agreement;

(2) Maintain in force an errors and omissions policy, at a limit not less than one million dollars (\$1,000,000) per occurrence and to maintain coverage for a period of at least two (2) years after the expiration of the last contract with PRINCIPAL, or if the errors and omissions coverage is claims-made, YORK agrees that, for said two (2) year period, the "retro" date will not be later than the inception date of this Agreement;

(3) Maintain in force a general liability policy, which names PRINCIPAL as an Additional Insured and which provides limits not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) aggregate and two million dollars (\$2,000,000) products/completed operations aggregate;

(4) Maintain in force a workers' compensation and employers liability policy, which provides coverage to employees of YORK at limits not less than one million dollars (\$1,000,000);

(5) Maintain in force an automobile liability policy, which names PRINCIPAL as an additional insured and which provides a limit of no less than one million dollars (\$1,000,000);

(6) Provide that the aforementioned policies contain a waiver of subrogation in favor of PRINCIPAL.

J. YORK shall notify PRINCIPAL'S insurer of all claims which may affect the insurer's coverage in excess of PRINCIPAL'S Self-Insured Retention layer in accordance with the instructions of PRINCIPAL'S insurer as provided to YORK pursuant to Section V. (A) of this Agreement.

K. Notwithstanding anything to the contrary contained herein, and to the extent applicable, YORK agrees to comply with all obligations imposed upon it by law.

V. DUTIES OF PRINCIPAL

A. PRINCIPAL shall promptly provide YORK with such information as YORK may require, including, but not limited to, any copy of documents describing its self-insured workers' compensation program, and all amendments thereto including but not limited to documents submitted to any governmental tribunals for approval of the Program, as well as incident reports and information related thereto in PRINCIPAL'S possession and otherwise cooperate with YORK in carrying out YORK'S tasks hereunder.

B. Upon receipt of loss notices, PRINCIPAL shall promptly assign the loss to YORK.

C. PRINCIPAL shall promptly make funds available for Claim and Loss Adjustment expense payments with respect to claims referred to YORK and respond to YORK'S requests to issue checks in payment of Claims and such checks shall be distributed in accordance with PRINCIPAL'S Claims processing procedures. Alternatively, PRINCIPAL may direct that YORK open and maintain an escrow account to pay Claims and Loss Adjustment Expenses with Funds provided by PRINCIPAL as

required for that purpose. All bank charges associated with these accounts shall be borne by PRINCIPAL. Any interest earned on funds in such accounts may be used by YORK to defray administrative expenses.

D. PRINCIPAL shall provide YORK with training materials, along with initial and subsequent training on PRINCIPAL'S forms and other documents affecting PRINCIPAL'S obligations which are provided to YORK and any written interpretation thereof issued by PRINCIPAL or any applicable regulatory body. During the term of this Agreement and at all times that there are open Claims being handled by YORK, PRINCIPAL shall fully cooperate with YORK.

E. PRINCIPAL covenants and agrees that PRINCIPAL, its employees, agents or independent contractors, will not misuse the information contained within the Claims files. PRINCIPAL further covenants and agrees to maintain the confidentiality of the information contained within the Claims files, as required by applicable State and Federal law and regulations.

VI. SYSTEMS AND DATA PROCESSING

A. Although YORK authorizes PRINCIPAL to use or have access to its Systems in performance of Claims Administration Services enumerated in this Agreement, this does not license YORK'S system to PRINCIPAL nor shall PRINCIPAL have intellectual property rights to the Systems, or additions YORK makes to its Systems during and/or in the course of YORK'S performance under this Agreement, whether or not such improvements or additions were made at the suggestions, request or direction of PRINCIPAL. Notwithstanding the foregoing, the data entered or maintained thereon pursuant to this Agreement is the property of PRINCIPAL.

B. This Agreement grants to the PRINCIPAL no right to possess or reproduce all or any part of the Systems used, owned or controlled by YORK performing all or any part of Claims Administration Services and PRINCIPAL covenants that it shall not do so.

C. YORK expressly agrees that claim-related data generated and/or maintained in connection with this Agreement or any Exhibit hereto shall be and remain the sole property of PRINCIPAL and YORK shall have no right, title, or interest in such data other than such rights necessary to perform Claim Administration Services.

VII. COMPENSATION

A. YORK shall be entitled to receive and PRINCIPAL shall be obligated to pay only such fees, allowances, costs, reimbursements, or other compensation as are specified as follows:

PRINCIPAL shall pay YORK the following compensation:

1. Annual Flat Administration Fee – PRINCIPAL agrees to pay YORK a flat annual fee of thirty-three thousand and five hundred dollars (\$33,500.00), payable at \$8,375 per quarter in advance for year one (2015-2016) with an annual increase of the greater of CPI or two percent (2%).

2. TERMS OF COMPENSATION

B. PRINCIPAL shall pay YORK fees due under VII. A of this Agreement no later than thirty (30) days after PRINCIPAL'S receipt of YORK'S invoice as rendered from time to time. Timely payment is an express condition of YORK'S obligations hereunder.

VIII. AUDIT

A. YORK shall maintain books, records, reports and other documents, in electronic or other format reasonably acceptable to PRINCIPAL relating to its Claims Administration Services performed under this Agreement. All such records and documents pertaining to Claims and the services rendered by York shall be the property of PRINCIPAL and be open for inspection, audit and copying, at PRINCIPAL'S expense, by PRINCIPAL and its agents or their representatives during all regular business hours with reasonable prior notice to YORK. YORK shall cooperate fully with all such agents or other representatives of PRINCIPAL during audits or examinations conducted by PRINCIPAL or its agents. Auditors shall sign a nondisclosure/confidentiality agreement provided by YORK.

B. The contractor agrees to the disclosure of all information and reports resulting from access to the records pursuant to the subsection above. Where the audit concerns a contractor, the auditing agency will afford YORK an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report will include written comments, if any, of the audited parties.

C. At any time during the Term of this Agreement, or thereafter, provided PRINCIPAL is not in default under this Agreement, PRINCIPAL may conduct, or cause to have conducted, an audit of YORK'S operations to determine whether YORK has performed its obligations hereunder in compliance with this Agreement.

D. Audits pursuant to this Section VIII shall be conducted in a manner that does not interfere with YORK'S daily operations.

IX. CONFIDENTIALITY

A. Both parties hereto acknowledge and agree that PRINCIPAL'S information, data and documentation, including but not limited to, non-public and personal information subject to the provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. Subchapter 1, Sections 6801-6809 et. Seq., personal health information under the Health Insurance Portability and Accountability Act 42 U.S.C. 1301 et. seq., and further including, without limitation, all information, data and documentation related to manuals, lists, policyholder information, operating and other systems, business practices and procedures, any information regarding insureds insurance policies, claimants, and Claims, any business, governmental or regulatory matters of PRINCIPAL, and other information furnished to or obtained by YORK, pursuant to or in connection with this Agreement or in connection with the Services to be rendered, may be confidential ("Confidential Information"). YORK shall not divulge, disclose or use the Confidential Information except for purposes of this Agreement, or as may be expressly agreed in writing by the parties, or as may otherwise be required or directed by applicable law or judicial process. This Section IX shall survive the termination of this Agreement, regardless of the reason for termination.

B. During the Term of this Agreement, and after its termination for any reason, PRINCIPAL shall have the right to request in writing and receive from YORK either: (i) the immediate return or (ii) confirmation of the immediate destruction of any tangible records, documents, e-mails, computer files, CDs, disks, and any other tangible item that contains, represents, or otherwise includes any Confidential Information of PRINCIPAL. In addition, PRINCIPAL shall have the right, during the Term of this Agreement and after its termination, to request that YORK permanently delete and destroy any Confidential Information contained in any computers, hard drives, servers or other data storage systems of YORK. YORK agrees that PRINCIPAL may seek an injunction by a court of competent jurisdiction enjoining YORK from violating any terms of this Agreement or the confidentiality and non-use provisions of this Section IX. Injunctive relief shall be in addition to any other remedies that PRINCIPAL may have under the law. Notwithstanding the foregoing, YORK may retain a record copy of Claims files and the data therein, for accounting, insurance and similar purposes. YORK shall secure said record copy against improper use or disclosure.

C. YORK acknowledges and agrees that any Confidential Information disclosed to, or acquired by it is disclosed and/or acquired solely for the purposes of facilitating the provision of the services to be rendered by YORK for and on behalf of PRINCIPAL. YORK shall be solely responsible for informing its employees, officers and directors of the provisions of the Section and for any acts of its employees, officers or directors that violate the provisions of the Section.

D. Notwithstanding the foregoing, PRINCIPAL agrees that information used for adjusting claims is not subject to statutory or regulatory restrictions against disclosure for that purpose.

X. INDEMNIFICATION

A. YORK agrees to indemnify, defend and hold harmless PRINCIPAL and PRINCIPAL directors, officers, employees, and agents, from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorney's fees and litigation expenses) incurred by PRINCIPAL or any of PRINCIPAL directors, officers, attorneys, employees and agents by reason and to the extent of any material breach of this Agreement by YORK, or by reason and to the extent of any negligent, or otherwise wrongful act or omission of YORK or of its officers, directors, attorneys, employees or agents.

B. PRINCIPAL agrees to indemnify, defend and hold harmless YORK and its directors, officers, employees and agents from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorneys' fees and litigation expenses) incurred by YORK and its directors, officers, employees and agents, to the extent such cause of action, claim, damage, loss, cost or expense is not attributable to the negligent or otherwise wrongful act or omission of YORK.

C. The above defense, indemnification and hold harmless undertakings shall survive the termination of this Agreement.

D. PRINCIPAL acknowledges that YORK has been engaged to provide professional services and that it is not the intent of the parties that YORK assumes any insurance risk. The parties agree that the foregoing defense, indemnification and hold harmless undertakings represent a reasonable allocation of commercial risk between parties.

XI. BREACH AND TERMINATION

A. If a material breach by either party of this Agreement occurs, the non-breaching party shall identify the breach by delivery of written notice thereof to the breaching party.

B. Upon delivery of written notification of breach, the breaching party shall have a period of fifteen (15) business days or an agreed upon date made within the fifteen (15) business days within which time the breaching party shall cure the breach. Should the breaching party fail to fully cure the breach within the designated time frame,

the non-breaching party may terminate this Agreement by delivery of thirty (30) days written notice of termination to the breaching party. Any notice of breach or termination shall be delivered pursuant to Section XII. A hereto.

C. This Agreement may be terminated by a party without the necessity of any notice or right to cure, upon the occurrence of any of the following events:

(1) The expiration of the Term set forth in Section II or any renewal thereof;

(2) The commencement of bankruptcy, insolvency or conservatorship proceedings by the other party, or, if such proceedings are brought against the other party, the other party's failure to have such proceedings dismissed within 45 days.

D. Either party may, without reason, terminate this Agreement with at least sixty (60) days prior written notice to the other party.

E. YORK may terminate this Agreement and discontinue Services immediately upon notice to PRINCIPAL, if PRINCIPAL fails to maintain sufficient balances in the escrow account to properly and adequately fund daily maintenance and indemnity needs, as well as settlement of Claims and any Loss Adjustment Expense. At no time shall YORK be liable or obligated to make any payments, out of YORK'S own funds, of any type or character on behalf of PRINCIPAL, including benefits PRINCIPAL is legally required to provide to its employees.

XII. EQUITABLE ADJUSTMENT

A. PRINCIPAL shall have the right to direct YORK to perform additional services or to perform services in a specific or different way.

B. This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case laws or otherwise.

C. In the event of a directive from PRINCIPAL as set forth in Section XII. A or a change in a standard as set forth in Section XII B., YORK shall be entitled to an equitable adjustment in its compensation if such directive or change increases YORK'S cost of providing the services YORK renders under this Agreement.

XIII. GENERAL

A. YORK shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or any Exhibit of this Agreement, or any interruption of Claims Administration Services resulting, directly or indirectly, from acts

of God, civil or military authority, or any similar cause beyond the reasonable control of YORK for as long as such condition exists. YORK shall give immediate notice to PRINCIPAL of any delay or failure in performance or of any interruption of Claims Administration Services that has or may occur as soon as YORK becomes aware of such events.

B. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the Superior Court in the State of California. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

C. All notices which are required to be given or submitted pursuant of this Agreement shall be in writing and shall be transmitted or delivered by certified mail, return receipt requested or by a commercial overnight delivery service to the parties at the addresses set forth below, or to such other addresses as a party may, by notice, specify:

Notices to YORK shall be delivered to:

York Risk Services Group, Inc.
333 City Boulevard West, Suite 1500
Orange, CA 92868
Attention: Jody A. Gray, SR. VP

York Risk Services Group, Inc.
99 Cherry Hill Road
Parsippany, New Jersey 07054
Attn: General Counsel

Notices to PRINCIPAL shall be delivered to :

City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: _____

D. This Agreement and any Exhibit or Schedule made a part hereof constitute the entire Agreement between the parties and supersedes and merges any and all prior discussions, representations, negotiations, correspondence, writing, and other agreements and together states the entire understanding and agreement between PRINCIPAL and YORK with respect to Claims Administration Services to be provided hereunder. Except for unilateral changes made by the PRINCIPAL pursuant to Section XII, for which YORK shall, be entitled to an equitable adjustment in its compensation this Agreement may be amended or modified only in writing if agreed to and signed by PRINCIPAL and YORK and shall be construed, performed and enforced in all respects in accordance with the laws of the State of California.

E. No party hereto shall be deemed to have waived any rights or remedies accruing to it hereunder unless such waiver is in writing and signed by such party. No delay or omission by either party hereto in exercising any right shall operate as a waiver of said right on any future occasion. All rights and remedies hereunder shall be cumulative and may be exercised singularly or concurrently.

F. The descriptive headings of this Agreement are intended for reference only and shall not affect the construction or interpretation of this Agreement.

G. Wherever the singular of any term is used herein it shall be deemed to include the plural wherever the plural thereof may be applicable.

H. No party may assign its rights or obligations under this Agreement; provided, however, that YORK may subcontract all or part of the Services required hereunder with PRINCIPAL'S written consent, (which consent shall not be unreasonably delayed or withheld) and may at its discretion delegate to a subsidiary such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve YORK of any of its obligations hereunder.

I. It is expressly understood and agreed that the relationship of YORK to PRINCIPAL shall be that of an independent contractor at all times, and nothing herein shall constitute either the YORK or PRINCIPAL as the partner, agent, or legal representative of the other, for any purpose whatsoever, except to the extent that YORK is the agent of PRINCIPAL for the purpose of adjusting claims. YORK shall have no right or authority to bind or obligate PRINCIPAL with respect to any matter that is not specifically provided for in this Agreement without the prior approval of PRINCIPAL. All employees or agents of YORK performing duties hereunder for YOUR shall be solely and exclusively under the direction and control of YORK and shall not be deemed employees of PRINCIPAL.

J. Nothing in this Agreement is intended to require YORK to engage in the practice of law.

K. PRINCIPAL shall not utilize YORK'S trade names, logos, trademarks, service marks or other identification in any press release, advertisement, marketing materials, promotional literature, article, presentation or other type of communication without the prior written consent of YORK, which consent may be withheld or denied in YORK'S sole discretion.

L. PRINCIPAL shall not hire any employee of YORK or induce any employee of YORK to terminate his or her employment (or encourage, and aid or abet any third party to do the same) at any time during which this Agreement or any extension or renewal thereof is in effect and for a period of twelve (12) months thereafter.

PRINCIPAL agrees and acknowledges that YORK has invested time and resources in training its personnel and familiarizing them with PRINCIPAL'S account and that YORK will suffer harm, the extent of which is difficult to quantify, should PRINCIPAL directly or indirectly cause YORK'S employee to terminate their employment with YORK. Therefore, in the event that PRINCIPAL violates this provision, PRINCIPAL shall be liable to YORK for liquidated damages in a sum equal to the employee's salary for two (2) years based on the employee's salary over the two (2) months prior to the termination of that employee's employment with YORK. Notwithstanding the foregoing for purposes of this paragraph "YORK'S employee" shall mean an employee of YORK who has adjusted claims of PRINCIPAL pursuant to YORK'S work for PRINCIPAL under the Agreement.

IN WITNESS WHEREOF, the parties hereto have read and signed this Agreement as dated below and the Agreement is effective as of July 1, 2015.

YORK RISK SERVICES GROUP, INC.

BY: _____

Jody A. Gray

Senior Vice President

Date: _____

CITY OF BEAUMONT

BY:  _____

Printed Name: Brenda Knight

Printed Title: Mayer

Date: 6-22-15

Staff Report

TO: Mayor and Members of the City Council

THROUGH: Acting City Manager
FROM: Administrative Services
DATE: June 16, 2015

SUBJECT: Restoration of In-House Self Insurance Worker's Compensation Program.

OPTIONS: The City Council of the City of Beaumont may:

1. Approve or Deny Third Party Claims Administration Agreement with York Risk Services Group, Inc. ;
2. Approve or Deny Joint Powers Agreement Creating the CSAC Excess Insurance Authority;
3. Approve or Deny CSAC Excess Insurance Authority Memorandum of Understanding Excess Workers' Compensation Program.

ACTIONS / FUTURE ACTIONS

- 1) Receive staff report.

SUMMARY

Following the dissolution of PASIS, it is recommended that the City Council authorize the restoration of the City's In-House Self-Insurance Workers' Compensation Program by approving the following contracts and agreements:

1. Third Party Claims Administration Agreement with York Risk Services Group, Inc.
2. Joint Powers Agreement Creating the CSAC Excess Insurance Authority
3. CSAC Excess Insurance Authority Memorandum of Understanding Excess Workers' Compensation Program

BACKGROUND

On November 1, 1986, the State of California Department of Industrial Relations issued Certificate of Consent to Self-Insure No. P-1987 to the City of Beaumont. This Certificate allows the City to self-insure its workers' compensation risks.

In the 1990's, the City of Beaumont joined other public agencies to form PASIS through a joint powers agreement for the purpose of insuring and administering the workers' compensation risks of the member agencies. PASIS was a banking plan wherein each member agency was

obligated to pay its costs up to that member's self-insurance retention. PASIS provided cost savings through the group purchase of claims administration services and excess workers' compensation insurance.

The City's current self-insured retention (i.e. similar to a deductible) is \$300,000 per claim through PASIS. PASIS joint purchases workers' compensation claims administration services through York Risk Services Group, Inc. ("York") PASIS purchases excess workers' compensation insurance from the CSAC Excess Insurance Authority ("CSAC").

In the spring of this year, the remaining two members of PASIS, the City and the Rancho Cucamonga Fire Authority, elected to dissolve PASIS. As a result of this action, the City is required to re-establish its in-house workers compensation program. Given the short timeframe given to re-establish this program, staff sought proposals from existing PASIS contractors to allow for a smooth transition to an in-house program and afford an opportunity during the next fiscal year to review alternative programs.

Both York and CSAC have offered terms for claims administration services and excess insurance that mirror existing products provided to the City through PASIS, respectively.

CLAIMS ADMINISTRATION SERVICES PROPOSAL

The proposed contract from York provides for a 5- year term subject to termination by either party with at least sixty (60) days prior written notice to the other party. York proposes to administer all City workers' compensation claims and provide all regulatory filings required of self-insured agencies including the filing of the Annual Self Insurer's Report with the State.

York proposes to provide these services for a flat fee of \$33,500 per year payable at \$8,375 per quarter in advance with an annual increase of the greater of the CPI or 2% per year upon the anniversary date of the Agreement. The current amount paid to York by the City through PASIS is estimated at \$145,500.00

York is an approved provider of claims administration services by CSAC, the current excess workers' compensation provider. York provides administration of all Medical Provider Network and medical bill auditing services. Their regional Inland Empire offices are located in Upland.

York is currently the depository of all the workers' compensation claims financial data. A change in providers would require a transfer of this data to a new provider's data system. This type of change will require payment of additional conversion fees which in some instances can be quite costly.

EXCESS WORKERS' COMPENSATION INSURANCE

The City, through PASIS, currently insures all claims in excess of the City's \$300,000 self-insured retention through the CSAC Excess Workers' Compensation Program. In order for the City to participate in the CSAC program, the City Council must first become a member of the CSAC Excess Insurance Authority by adopting the Joint Powers Agreement and thereafter can

join the Excess Workers' Compensation Program by adopting the CSAC Memorandum of *Understanding Excess Workers' Compensation Program*.

As of January 28, 2015, over 200 California public agencies had adopted the CSAC JPA Agreement becoming members of the CSAC Excess Insurance Authority. CSAC provides a multitude of insurance and safety services to its membership. CSAC is a well respected insurance and risk retention program.

The CSAC Excess Workers' Compensation Program is funded by annual premiums from members' participating in the program. The premium is based upon the expected losses during the policy period including claims that have occurred but have yet to be reported. In addition, using actuarial studies, the premium is increased to ensure adequate funding of the losses in that particular year. Administrative costs are generally equal to the member's percentage of the total pool contribution and reinsurance premiums.

Attached for Council's consideration is the proposal for excess workers' compensation insurance from CSAC. The core terms are as follows:

TERM:	July 1, 2015 – July 1, 2016
LIMITS:	Statutory limit for workers' compensation claims \$5 million for Employer's Liability
SIR:	\$300,000
MAJOR EXCLUSIONS:	Punitive or exemplary damages, fines or penalties LC 4850 Payments in excess of benefits provided by Law
PREMIUM:	\$126,576

FISCAL IMPACT

TOTAL COST FOR FY 15/16 (EXCESS WORKER'S COMPENSATION COVERAGE AND CLAIMS ADMINISTRATION): \$160,076.

PREVIOUS YEAR COST FOR EXCESS WORKER'S COMPENSATION COVERAGE AND CLAIMS ADMINISTRATION: \$159,225 (SEE BREAKDOWN BELOW):

FY 2013/14 payments to PASIS- \$13,725.

From August 2014- May 2015 the total amount paid to York through PASIS- \$145,500.

EXPECTED INCREASE OF \$851.00 IN FY 15/16 FOR WORKER'S COMPENSATION EXCESS COVERAGE AND CLAIMS ADMINISTRATION



CITY OF BEAUMONT

August 7, 2015

York Risk Services Group, Inc

RE: Agreement for Workers Compensation
Claims Administration Services

To whom it may concern:

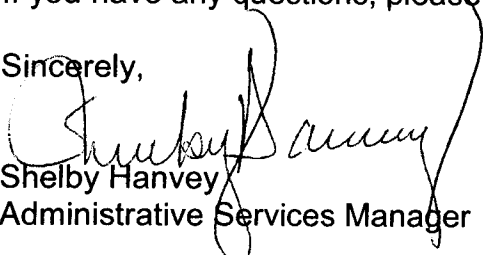
Enclosed please find two original, executed copies of the above reference agreement which was approved at the Regular City Council Meeting of August 4, 2015.

Please execute both originals, retain one for your files, and return one for our files, to the following address:

**City of Beaumont
Shelby Harvey
550 e. 6th Street
Beaumont, Ca 92223**

If you have any questions, please feel free to contact us at your convenience.

Sincerely,


Shelby Harvey
Administrative Services Manager

AGREEMENT FOR WORKERS COMPENSATION

CLAIMS ADMINISTRATION SERVICES

This Agreement (the "Agreement") is effective as of the 1st day of July 2015 (the "Effective Date") between City of Beaumont, ("PRINCIPAL"), a public entity, organized under the laws of the California, having offices at 550 E. 6th Street, Beaumont, Ca 92223, and YORK RISK SERVICES GROUP, INC., ("YORK"), a New York corporation with its principal place of business at 99 Cherry Hill Road, Parsippany, New Jersey 07054.

WHEREAS, PRINCIPAL desires to provide Claims Administration Services on claims arising out of PRINCIPAL'S self-insured workers' compensation program (the "Program") during the term of this Agreement; and

WHEREAS, YORK desires to be retained by PRINCIPAL pursuant to the terms and provisions of this Agreement to provide Claims Administration Services on claims arising out of the Program during the term of this Agreement; and

WHEREAS, YORK, by entering into this Agreement, shall be obligated to provide Claims Administration Services to PRINCIPAL on the terms and conditions set forth herein;

NOW THEREFORE, for and in consideration of the promises set forth hereinabove, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, YORK and PRINCIPAL agree as follows:

I. DEFINITIONS

- A. "PRINCIPAL" shall mean City of Beaumont.
- B. "CLAIMS ADMINISTRATION SERVICES" shall include the administration, adjustment, management, and oversight of claims arising out of PRINCIPAL'S self-insured workers' compensation program.

CLAIMS ADMINISTRATION SERVICES shall also include, but not limited to, the following services:

1. Providing supervision of the loss adjustment process;
2. Determining and implementing appropriate claims practices to adjust assigned claims in accordance with YORK'S established practices;
3. Adhering to high standards of professional conduct;

4. Adjusting and managing assigned claims to assure that PRINCIPAL and claimants receive high quality service;
5. Establishing, monitoring and timely revisions of case reserves;
6. Settling claims within the applicable coverage terms and conditions;
7. Maintaining current knowledge of applicable adjustment practices and procedures, local practices, applicable insurance coverage, court decisions, current guidelines in the claims function, and Program changes and modifications (as advised by PRINCIPAL);
8. Assisting in the preparation of claims for suit, hearing, trial, or subrogation as appropriate;
9. Acting as PRINCIPAL'S liaison with medical personnel, first notice of loss reporting services and defense counsel;
10. Reviewing bills of service providers;
11. Preparing and submitting status and administrative reports in accordance with YORK's established practices;
12. Preserving subrogation rights and overseeing subrogation recovery.

C. "CLAIMS" shall mean claims, arising under the Program and which are referred to YORK for adjusting during the term of this Agreement.

D. "INFORMATION" or "CONFIDENTIAL INFORMATION" shall mean documentation, data or information relevant to PRINCIPAL or claimant that is created by YORK or that comes into its possession as a result of the rendering of services by YORK to PRINCIPAL, pursuant to the Agreement.

E. "CONFIDENTIAL INFORMATION" is information not publicly available and includes, without limitation, the work product, investigation materials, trial preparation materials including but not limited to opinions and mental impressions of YORK personnel, communications with defense and coverage counsel and non-public personal information of insureds.

F. "LOSS ADJUSTMENT EXPENSE" shall mean, in addition to fees to be paid in accordance with items listed or inferred herein Agreement, all reasonable expenses necessary to the adjustment of a claim in accordance with this Agreement, including but not limited to, legal fees, court costs and fees for court reporters, expert witnesses, investigation, photocopies, subpoenas, photographs, maps, accounting, chemical or physical analysis, independent medical exams or other evaluations, depositions, appraisal fees and expenses, bill review, utilization review and any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or subrogation actions. YORK may, but need not, elect to utilize its own staff to perform these services.

G. "SYSTEMS" shall mean severally or collectively, YORK's proprietary claims handling system.

II. TERM OF AGREEMENT

The term of this Agreement shall commence on July 1, 2015 and shall continue until and through June 30, 2020 (the "TERM"). This Agreement will be deemed extended to cover each additional claim that PRINCIPAL refers to YORK after the end of the aforesaid period (subject to the extensions as aforesaid) and which YORK accepts for handling.

III. CLAIMS ADMINISTRATION SERVICES (the "Services")

PRINCIPAL hereby retains YORK to provide Claims Administration Services, as set forth in this Agreement, including any Exhibits attached hereto, for the Claims that arise out of PRINCIPAL'S self-insured workers compensation program and that are assigned by PRINCIPAL to YORK.

A. The Services to be rendered by YORK shall be in conformance with the requirements and provisions of this Agreement together with all applicable rules, orders, and interpretations issued by the applicable regulatory authorities as of the date hereof.

B. YORK acknowledges its obligation to comply with all applicable statutes and any rules or regulations of the applicable regulatory authorities.

C. YORK shall perform Claims Administration Services for each Claim assigned to it hereunder during the life of the claim.

D. YORK acknowledges that execution of this Agreement does not guarantee that YORK will be assigned any particular number of Claims by PRINCIPAL.

IV. DUTIES OF YORK

A. YORK shall maintain sufficient staff with the necessary experience and management oversight. Adjusters assigned to Claims shall have a case load that allows proper attention to the work.

B. To the extent required by law, YORK shall utilize only licensed adjusters and licensed private investigators, where applicable and such adjusters and investigators shall in the rendering of their services conform to the provisions of all applicable laws, rules, orders or written interpretations issued by the applicable regulatory authorities.

C. YORK shall investigate, evaluate, negotiate, settle, or deny Claims within the standing authority granted to YORK from time to time by PRINCIPAL. YORK may

settle Claims in excess of its standing authority limits only with prior written approval of PRINCIPAL shall, in writing, promptly grant or deny upon YORK's request for authority.

D. Upon termination of this Agreement, all hard copy and electronic files shall be transferred to PRINCIPAL at PRINCIPAL'S expense.

E. YORK acknowledges that all of the Claims files in its possession are the property of PRINCIPAL and agrees to promptly provide access to or deliver any such file to PRINCIPAL, at PRINCIPAL'S expense, at any time upon PRINCIPAL'S request. In exchange for PRINCIPAL'S absolute right to obtain the Claims files, PRINCIPAL agrees that it shall not have the right to set off any sums claimed due from YORK against fees due YORK under this Agreement.

F. YORK expressly agrees to hold all funds and assets of PRINCIPAL that come into its control or possession during the term of this Agreement as a fiduciary of PRINCIPAL.

G. YORK shall make available, through YORK'S proprietary claims system, claim-related data with "web-enabled" access. PRINCIPAL will have "view only" access to the system. PRINCIPAL will bear its own hardware, software, connection and similar costs for accessing YORK'S electronic claims management system.

H. During the TERM of this Agreement and at all times that there are open Claims being handled by YORK, YORK shall fully cooperate with PRINCIPAL.

I. During the Term of this Agreement and thereafter until all Claims assigned hereunder are closed, YORK agrees to:

(1) Maintain in force a fidelity bond or equivalent insurance, such as Third Party Crime insurance, for the protection of PRINCIPAL, at a limit not less than one million dollars (\$1,000,000), to cover the risk of loss due to the wrongful conversion of any funds and assets of PRINCIPAL by YORK or its employees or independent contractors during the term of this Agreement. YORK shall maintain said bond or insurance for a period of two (2) years after the expiration of this Agreement;

(2) Maintain in force an errors and omissions policy, at a limit not less than one million dollars (\$1,000,000) per occurrence and to maintain coverage for a period of at least two (2) years after the expiration of the last contract with PRINCIPAL, or if the errors and omissions coverage is claims-made, YORK agrees that, for said two (2) year period, the "retro" date will not be later than the inception date of this Agreement;

(3) Maintain in force a general liability policy, which names PRINCIPAL as an Additional Insured and which provides limits not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) aggregate and two million dollars (\$2,000,000) products/completed operations aggregate;

(4) Maintain in force a workers' compensation and employers liability policy, which provides coverage to employees of YORK at limits not less than one million dollars (\$1,000,000);

(5) Maintain in force an automobile liability policy, which names PRINCIPAL as an additional insured and which provides a limit of no less than one million dollars (\$1,000,000);

(6) Provide that the aforementioned policies contain a waiver of subrogation in favor of PRINCIPAL.

J. YORK shall notify PRINCIPAL'S insurer of all claims which may affect the insurer's coverage in excess of PRINCIPAL'S Self-Insured Retention layer in accordance with the instructions of PRINCIPAL'S insurer as provided to YORK pursuant to Section V. (A) of this Agreement.

K. Notwithstanding anything to the contrary contained herein, and to the extent applicable, YORK agrees to comply with all obligations imposed upon it by law.

V. DUTIES OF PRINCIPAL

A. PRINCIPAL shall promptly provide YORK with such information as YORK may require, including, but not limited to, any copy of documents describing its self-insured workers' compensation program, and all amendments thereto including but not limited to documents submitted to any governmental tribunals for approval of the Program, as well as incident reports and information related thereto in PRINCIPAL'S possession and otherwise cooperate with YORK in carrying out YORK'S tasks hereunder.

B. Upon receipt of loss notices, PRINCIPAL shall promptly assign the loss to YORK.

C. PRINCIPAL shall promptly make funds available for Claim and Loss Adjustment expense payments with respect to claims referred to YORK and respond to YORK'S requests to issue checks in payment of Claims and such checks shall be distributed in accordance with PRINCIPAL'S Claims processing procedures. Alternatively, PRINCIPAL may direct that YORK open and maintain an escrow account to pay Claims and Loss Adjustment Expenses with Funds provided by PRINCIPAL as

required for that purpose. All bank charges associated with these accounts shall be borne by PRINCIPAL. Any interest earned on funds in such accounts may be used by YORK to defray administrative expenses.

D. PRINCIPAL shall provide YORK with training materials, along with initial and subsequent training on PRINCIPAL'S forms and other documents affecting PRINCIPAL'S obligations which are provided to YORK and any written interpretation thereof issued by PRINCIPAL or any applicable regulatory body. During the term of this Agreement and at all times that there are open Claims being handled by YORK, PRINCIPAL shall fully cooperate with YORK.

E. PRINCIPAL covenants and agrees that PRINCIPAL, its employees, agents or independent contractors, will not misuse the information contained within the Claims files. PRINCIPAL further covenants and agrees to maintain the confidentiality of the information contained within the Claims files, as required by applicable State and Federal law and regulations.

VI. SYSTEMS AND DATA PROCESSING

A. Although YORK authorizes PRINCIPAL to use or have access to its Systems in performance of Claims Administration Services enumerated in this Agreement, this does not license YORK'S system to PRINCIPAL nor shall PRINCIPAL have intellectual property rights to the Systems, or additions YORK makes to its Systems during and/or in the course of YORK'S performance under this Agreement, whether or not such improvements or additions were made at the suggestions, request or direction of PRINCIPAL. Notwithstanding the foregoing, the data entered or maintained thereon pursuant to this Agreement is the property of PRINCIPAL.

B. This Agreement grants to the PRINCIPAL no right to possess or reproduce all or any part of the Systems used, owned or controlled by YORK performing all or any part of Claims Administration Services and PRINCIPAL covenants that it shall not do so.

C. YORK expressly agrees that claim-related data generated and/or maintained in connection with this Agreement or any Exhibit hereto shall be and remain the sole property of PRINCIPAL and YORK shall have no right, title, or interest in such data other than such rights necessary to perform Claim Administration Services.

VII. COMPENSATION

A. YORK shall be entitled to receive and PRINCIPAL shall be obligated to pay only such fees, allowances, costs, reimbursements, or other compensation as are specified as follows:

PRINCIPAL shall pay YORK the following compensation:

1. Annual Flat Administration Fee – PRINCIPAL agrees to pay YORK a flat annual fee of thirty-three thousand and five hundred dollars (\$33,500.00), payable at \$8,375 per quarter in advance for year one (2015-2016) with an annual increase of the greater of CPI or two percent (2%).

2. TERMS OF COMPENSATION

B. PRINCIPAL shall pay YORK fees due under VII. A of this Agreement no later than thirty (30) days after PRINCIPAL'S receipt of YORK'S invoice as rendered from time to time. Timely payment is an express condition of YORK'S obligations hereunder.

VIII. AUDIT

A. YORK shall maintain books, records, reports and other documents, in electronic or other format reasonably acceptable to PRINCIPAL relating to its Claims Administration Services performed under this Agreement. All such records and documents pertaining to Claims and the services rendered by York shall be the property of PRINCIPAL and be open for inspection, audit and copying, at PRINCIPAL'S expense, by PRINCIPAL and its agents or their representatives during all regular business hours with reasonable prior notice to YORK. YORK shall cooperate fully with all such agents or other representatives of PRINCIPAL during audits or examinations conducted by PRINCIPAL or its agents. Auditors shall sign a nondisclosure/confidentiality agreement provided by YORK.

B. The contractor agrees to the disclosure of all information and reports resulting from access to the records pursuant to the subsection above. Where the audit concerns a contractor, the auditing agency will afford YORK an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report will include written comments, if any, of the audited parties.

C. At any time during the Term of this Agreement, or thereafter, provided PRINCIPAL is not in default under this Agreement, PRINCIPAL may conduct, or cause to have conducted, an audit of YORK'S operations to determine whether YORK has performed its obligations hereunder in compliance with this Agreement.

D. Audits pursuant to this Section VIII shall be conducted in a manner that does not interfere with YORK'S daily operations.

IX. CONFIDENTIALITY

A. Both parties hereto acknowledge and agree that PRINCIPAL'S information, data and documentation, including but not limited to, non-public and personal information subject to the provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. Subchapter 1, Sections 6801-6809 et. Seq., personal health information under the Health Insurance Portability and Accountability Act 42 U.S.C. 1301 et. seq., and further including, without limitation, all information, data and documentation related to manuals, lists, policyholder information, operating and other systems, business practices and procedures, any information regarding insureds insurance policies, claimants, and Claims, any business, governmental or regulatory matters of PRINCIPAL, and other information furnished to or obtained by YORK, pursuant to or in connection with this Agreement or in connection with the Services to be rendered, may be confidential ("Confidential Information"). YORK shall not divulge, disclose or use the Confidential Information except for purposes of this Agreement, or as may be expressly agreed in writing by the parties, or as may otherwise be required or directed by applicable law or judicial process. This Section IX shall survive the termination of this Agreement, regardless of the reason for termination.

B. During the Term of this Agreement, and after its termination for any reason, PRINCIPAL shall have the right to request in writing and receive from YORK either: (i) the immediate return or (ii) confirmation of the immediate destruction of any tangible records, documents, e-mails, computer files, CDs, disks, and any other tangible item that contains, represents, or otherwise includes any Confidential Information of PRINCIPAL. In addition, PRINCIPAL shall have the right, during the Term of this Agreement and after its termination, to request that YORK permanently delete and destroy any Confidential Information contained in any computers, hard drives, servers or other data storage systems of YORK. YORK agrees that PRINCIPAL may seek an injunction by a court of competent jurisdiction enjoining YORK from violating any terms of this Agreement or the confidentiality and non-use provisions of this Section IX. Injunctive relief shall be in addition to any other remedies that PRINCIPAL may have under the law. Notwithstanding the foregoing, YORK may retain a record copy of Claims files and the data therein, for accounting, insurance and similar purposes. YORK shall secure said record copy against improper use or disclosure.

C. YORK acknowledges and agrees that any Confidential Information disclosed to, or acquired by it is disclosed and/or acquired solely for the purposes of facilitating the provision of the services to be rendered by YORK for and on behalf of PRINCIPAL. YORK shall be solely responsible for informing its employers, officers and directors of the provisions of the Section and for any acts of its employees, officers or directors that violate the provisions of the Section.

D. Notwithstanding the foregoing, PRINCIPAL agrees that information used for adjusting claims is not subject to statutory or regulatory restrictions against disclosure for that purpose.

X. INDEMNIFICATION

A. YORK agrees to indemnify, defend and hold harmless PRINCIPAL and PRINCIPAL directors, officers, employees, and agents, from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorney's fees and litigation expenses) incurred by PRINCIPAL or any of PRINCIPAL directors, officers, attorneys, employees and agents by reason and to the extent of any material breach of this Agreement by YORK, or by reason and to the extent of any negligent, or otherwise wrongful act or omission of YORK or of its officers, directors, attorneys, employees or agents.

B. PRINCIPAL agrees to indemnify, defend and hold harmless YORK and its directors, officers, employees and agents from and against any and all causes of action, claims, damage, loss, costs and expenses (including, without limitation, fines, damages, liabilities, liens, losses, costs and expenses, including reasonable attorneys' fees and litigation expenses) incurred by YORK and its directors, officers, employees and agents, to the extent such cause of action, claim, damage, loss, cost or expense is not attributable to the negligent or otherwise wrongful act or omission of YORK.

C. The above defense, indemnification and hold harmless undertakings shall survive the termination of this Agreement.

D. PRINCIPAL acknowledges that YORK has been engaged to provide professional services and that it is not the intent of the parties that YORK assumes any insurance risk. The parties agree that the foregoing defense, indemnification and hold harmless undertakings represent a reasonable allocation of commercial risk between parties.

XI. BREACH AND TERMINATION

A. If a material breach by either party of this Agreement occurs, the non-breaching party shall identify the breach by delivery of written notice thereof to the breaching party.

B. Upon delivery of written notification of breach, the breaching party shall have a period of fifteen (15) business days or an agreed upon date made within the fifteen (15) business days within which time the breaching party shall cure the breach. Should the breaching party fail to fully cure the breach within the designated time frame,

the non-breaching party may terminate this Agreement by delivery of thirty (30) days written notice of termination to the breaching party. Any notice of breach or termination shall be delivered pursuant to Section XII. A hereto.

C. This Agreement may be terminated by a party without the necessity of any notice or right to cure, upon the occurrence of any of the following events:

(1) The expiration of the Term set forth in Section II or any renewal thereof;

(2) The commencement of bankruptcy, insolvency or conservatorship proceedings by the other party, or, if such proceedings are brought against the other party, the other party's failure to have such proceedings dismissed within 45 days.

D. Either party may, without reason, terminate this Agreement with at least sixty (60) days prior written notice to the other party.

E. YORK may terminate this Agreement and discontinue Services immediately upon notice to PRINCIPAL, if PRINCIPAL fails to maintain sufficient balances in the escrow account to properly and adequately fund daily maintenance and indemnity needs, as well as settlement of Claims and any Loss Adjustment Expense. At no time shall YORK be liable or obligated to make any payments, out of YORK'S own funds, of any type or character on behalf of PRINCIPAL, including benefits PRINCIPAL is legally required to provide to its employees.

XII. EQUITABLE ADJUSTMENT

A. PRINCIPAL shall have the right to direct YORK to perform additional services or to perform services in a specific or different way.

B. This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case laws or otherwise.

C. In the event of a directive from PRINCIPAL as set forth in Section XII. A or a change in a standard as set forth in Section XII B., YORK shall be entitled to an equitable adjustment in its compensation if such directive or change increases YORK'S cost of providing the services YORK renders under this Agreement.

XIII. GENERAL

A. YORK shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or any Exhibit of this Agreement, or any interruption of Claims Administration Services resulting, directly or indirectly, from acts

of God, civil or military authority, or any similar cause beyond the reasonable control of YORK for as long as such condition exists. YORK shall give immediate notice to PRINCIPAL of any delay or failure in performance or of any interruption of Claims Administration Services that has or may occur as soon as YORK becomes aware of such events.

B. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the Superior Court in the State of California. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

C. All notices which are required to be given or submitted pursuant of this Agreement shall be in writing and shall be transmitted or delivered by certified mail, return receipt requested or by a commercial overnight delivery service to the parties at the addresses set forth below, or to such other addresses as a party may, by notice, specify:

Notices to YORK shall be delivered to:

York Risk Services Group, Inc.
333 City Boulevard West, Suite 1500
Orange, CA 92868
Attention: Jody A. Gray, SR. VP

York Risk Services Group, Inc.
99 Cherry Hill Road
Parsippany, New Jersey 07054
Attn: General Counsel

Notices to PRINCIPAL shall be delivered to :

City of Beaumont
550 East 6th Street
Beaumont, CA 92223
Attention: _____

D. This Agreement and any Exhibit or Schedule made a part hereof constitute the entire Agreement between the parties and supersedes and merges any and all prior discussions, representations, negotiations, correspondence, writing, and other agreements and together states the entire understanding and agreement between PRINCIPAL and YORK with respect to Claims Administration Services to be provided hereunder. Except for unilateral changes made by the PRINCIPAL pursuant to Section XII, for which YORK shall, be entitled to an equitable adjustment in its compensation this Agreement may be amended or modified only in writing if agreed to and signed by PRINCIPAL and YORK and shall be construed, performed and enforced in all respects in accordance with the laws of the State of California.

E. No party hereto shall be deemed to have waived any rights or remedies accruing to it hereunder unless such waiver is in writing and signed by such party. No delay or omission by either party hereto in exercising any right shall operate as a waiver of said right on any future occasion. All rights and remedies hereunder shall be cumulative and may be exercised singularly or concurrently.

F. The descriptive headings of this Agreement are intended for reference only and shall not affect the construction or interpretation of this Agreement.

G. Wherever the singular of any term is used herein it shall be deemed to include the plural wherever the plural thereof may be applicable.

H. No party may assign its rights or obligations under this Agreement; provided, however, that YORK may subcontract all or part of the Services required hereunder with PRINCIPAL'S written consent, (which consent shall not be unreasonably delayed or withheld) and may at its discretion delegate to a subsidiary such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve YORK of any of its obligations hereunder.

I. It is expressly understood and agreed that the relationship of YORK to PRINCIPAL shall be that of an independent contractor at all times, and nothing herein shall constitute either the YORK or PRINCIPAL as the partner, agent, or legal representative of the other, for any purpose whatsoever, except to the extent that YORK is the agent of PRINCIPAL for the purpose of adjusting claims. YORK shall have no right or authority to bind or obligate PRINCIPAL with respect to any matter that is not specifically provided for in this Agreement without the prior approval of PRINCIPAL. All employees or agents of YORK performing duties hereunder for YOUR shall be solely and exclusively under the direction and control of YORK and shall not be deemed employees of PRINCIPAL.

J. Nothing in this Agreement is intended to require YORK to engage in the practice of law.

K. PRINCIPAL shall not utilize YORK'S trade names, logos, trademarks, service marks or other identification in any press release, advertisement, marketing materials, promotional literature, article, presentation or other type of communication without the prior written consent of YORK, which consent may be withheld or denied in YORK'S sole discretion.

L. PRINCIPAL shall not hire any employee of YORK or induce any employee of YORK to terminate his or her employment (or encourage, and aid or abet any third party to do the same) at any time during which this Agreement or any extension or renewal thereof is in effect and for a period of twelve (12) months thereafter.

PRINCIPAL agrees and acknowledges that YORK has invested time and resources in training its personnel and familiarizing them with PRINCIPAL'S account and that YORK will suffer harm, the extent of which is difficult to quantify, should PRINCIPAL directly or indirectly cause YORK'S employee to terminate their employment with YORK. Therefore, in the event that PRINCIPAL violates this provision, PRINCIPAL shall be liable to YORK for liquidated damages in a sum equal to the employee's salary for two (2) years based on the employee's salary over the two (2) months prior to the termination of that employee's employment with YORK. Notwithstanding the foregoing for purposes of this paragraph "YORK'S employee" shall mean an employee of YORK who has adjusted claims of PRINCIPAL pursuant to YORK'S work for PRINCIPAL under the Agreement.

IN WITNESS WHEREOF, the parties hereto have read and signed this Agreement as dated below and the Agreement is effective as of July 1, 2015.

YORK RISK SERVICES GROUP, INC.

BY: _____

Jody A. Gray

Senior Vice President

Date: _____

CITY OF BEAUMONT

BY: Brenda Knight

Printed Name: Brenda Knight

Printed Title: Mayor

Date: August 7, 2015

Staff Report

TO: Mayor and Members of the City Council

THROUGH: Acting City Manager

FROM: Administrative Services

DATE: August 4, 2015

SUBJECT: Accept and Approve Contract with York Risk Services Group

OPTIONS: The City Council of the City of Beaumont may:

1. Approve and Award the Contract to York Risk Services Group;
2. Reject the Contract;
3. Reject the RFP and direct staff to return with alternatives.

ACTIONS / FUTURE ACTIONS

- 1) Receive RFP
- 2) Receive staff report
- 3) Receive YORK Proposal
- 4) Receive York Risk Services Group Agreement

SUMMARY

On June 16th, 2015 Council directed staff to entertain a request for proposals (RFP) regarding Third Party Claims Administration for Workers' Compensation. On June 25th, 2015 staff released an RFP to York Services Group and Carl Warren & Company, as well as listed the RFP on the City's website under Bids and RFP's.

BACKGROUND

On July 10th, 2015 York Services Group responded to staff's RFP request. York proposed a five (5) year term subject to termination by either party with at least sixty (60) days prior written notice to the other party. York proposes to administer all City Workers' Compensation Claims and provide all the regulatory filings required of self-insured agencies including the filing of the Annual Self Insurers' Report to the State.

York proposes to provide these services for a flat fee of \$33,500 per year payable at \$8,375 per quarter in advance. Years three (3) thru five (5) have a built in annual increase of the greater of the CPI or 2% per year upon the anniversary date of the agreement.

In researching the lack of RFP responses, staff found it is most likely due to the costly data transfer costs required to transfer claims and financial data to a new provider.

FISCAL IMPACT

Total Cost for FY 15/16 and FY 16/17 is \$33,500. Increases for the remaining three (3) years of the term are based on CPI or 2%.

**Response to the City of Beaumont
Request for Proposal – Workers
Compensation Third Party Administrator
(TPA) Services**



Prepared by: Veronica Ibarra
Assistant Vice President of Client Relations
York Risk Services Group, Inc.
Due: July 10, 2015 by 3:00 PM





333 City Blvd. West
Orange, CA 92868
www.yorkrsg.com

July 10, 2015

Attn: Kari Mendoza
Acting Director of Human Resources
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Dear Ms. Mendoza:

York Risk Services Group, Inc. ("York") sincerely appreciates the opportunity to continue our partnership with the City of Beaumont ("City") to administer the City's Self-Insured Workers' Compensation Program. We value our partnership with the City for the last 27 years, and we look forward to continuing this relationship.

York's position as the number one TPA among public entities is supported by our marketplace stability, hands-on executive leadership team, and our data driven approach to proactive claims management. Furthermore, our desire to craft our claims and medical management systems and services, not just to each business segment, but to each customer to deliver focused, local solutions and the best possible service is what continues to differentiate York from all other third party administrators.

The following demonstrates how York has, and will continue to support your needs while achieving excellence through innovation and continuous improvement.

1. Service Philosophy & Cost Savings

York has a deep understanding of the unique nuances associated with administering claims for many California public entities. With more than 28 years of experience, we are well positioned through a deep bench of experienced management to provide resources and expertise to support the future needs of the City. We combine this expertise with a service philosophy based on a set of highly effective best practices, the nucleus of which includes ongoing communication with the injured employee and employer. These best practices result in a collaborative approach to claims management, which in turn produces quantifiable cost savings. Through this approach, we have achieved the following:

- An average closing ratio of 105% for Fiscal Year 2014/15
- 36% decrease in litigation from 06/30/14 to 6/30/2015.
- Leveraging Nurse Case Management to help control TTD Cost for the City and expedite modified duty

2. Managed Care Savings

We are confident that the City will realize continued savings through our integrated approach to claims administration and managed care services. York's suite of integrated services enables us to offer the City a comprehensive solution to reducing the cost of risk by reducing your medical expenses and facilitating your return-to-work programs. Our managed care services have provided the City with significant net savings of **\$1,167,983.00** over the last fiscal year (July 2013 - June 2014).

3. Innovation & State-of-the-Art Claims Systems

Claims Connect, our proprietary claims management information system, provides the analysis that the City needs through detailed claims and loss reporting, ad hoc reporting, loss trending, and much more—all conveniently accessible as you continue to implement new strategies to reduce the cost of workers' compensation. Additionally, Claims Connect supports a paperless process and empowers your claims team to operate efficiently, allowing them to devote their time to the delivery of high quality service to the City and its injured employees. With the support of Claims Connect, your team can focus on providing the best medical care possible to injured employees with the ultimate goal of returning them to full employment.

We will continue to be a strong partner, proactively handle your program, and dedicate ourselves to providing the City with unsurpassed service. York is committed to ensuring that we never take our relationship with the City for granted by continually focusing our energy on ways to enhance and improve the City's claims management program. Thank you for your confidence in our people and in our organization, and for the opportunity to continue to be of service.

Upon review of our proposal, if any questions should arise, please contact Veronica Ibarra, Assistant Vice President of Client Relations, at veronica.ibarra@yorkrsg.com or via telephone at 909.942.4839.

Best Regards,

Veronica Ibarra

Veronica Ibarra

Assistant Vice President of Client Relations

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A. COMPANY OVERVIEW

- **Describe your organization, include history, ownership, and number of years in business providing TPA services.**

Number of Years in Business

York Risk Services Group, Inc. opened in 1961, providing claims administration to self-insured organizations.

Ownership

York Risk Services Group, Inc. is a wholly owned subsidiary of Fox Hill Holdings, Inc., which is a wholly owned subsidiary of York Insurance Holdings, Inc.

History

York has over 28 years of experience providing third party claims administration solutions for California public agencies. In 2006, York acquired Southern California Risk Management Associates, Inc. (York), a leading California based TPA specializing in workers' compensation claims services focused on public agencies. In 2008, York expanded its public agency base with the acquisition of Gregory B. Bragg & Associates in Northern California, making it the leading provider of claims administration and managed care services for public agencies in California.

- **Provide the size and structure of your organization, including the number of claim adjusters and claim support personnel.**

If selected to continue as the City's third party administrator, your claims will continue to be handled from our Upland office located at 313 East Foothill Blvd., Upland, CA 91786. Administrative functions will also continue to be handled from our Upland office.

The Upland office is managed by our Regional Vice President of Operations, Kevin Fritzsche. A total of 123 full-time and part-time employees are based from our Upland office including claims technical, executives and executive administration, client services, client banking, accounting, human resources, facilities, operations, management information and clerical support. The following represents the breakdown of staff in our Upland office:



- Vice President Positions: 2
 - Assistant Vice President Positions: 5
 - Directors: 1
 - Managers: 15
 - Examiners/Analyst/Examiners: 58
 - Professional Staff (Supervisor/Client Banking/Client Service Analyst/Accountant/Account Manager): 17
 - Support Staff (administrative assistant/Claims Assistant/ Clerks/ Facilities): 25
-
- **Provide the address of the corporate headquarter location and the location of the claim office that would be assigned to service the City of Beaumont**

York Corporate Headquarters
99 Cherry Hill Road, Parsippany, NJ 07054

Servicing Location

If selected to continue as the City's third party administrator, your claims will continue to be handled from our Upland office located at 313 East Foothill Blvd., Upland, CA 91786. Administrative functions will also continue to be handled from our Upland office.

- **Indicate which services are owned by your company and which services you use sub-contractors.**

York does not intend to utilize any subcontractors in the delivery of services pursuant to the contract with the City of Beaumont



B. QUALIFICATIONS

- Describe your company's TPA experience and qualifications in providing Workers' Compensation service to municipalities or other similar public entities. Include a list of current municipal clients.

York is a leading provider of claims management and cost containment services to California self-insured employers. York offers a single source for claims administration and cost containment for all lines of business including workers' compensation, property, auto and general liability.

The York team leads the industry in providing workers' compensation claims management to Southern California public entities and to public employers statewide. We are fortunate to serve over 1,000 public entities and 215 cities throughout California. Below is a sampling of some of the cities we currently serve:

- City of Alameda
- City of Big Bear Lake & Fire
- City of Chico
- City of Chino
- City of Concord
- City of Cupertino
- City of El Cajon
- City of El Segundo
- City of Fremont
- City of Folsom
- City of Hemet
- City of Hesperia
- City of Lodi
- City of Milpitas
- City of Modesto
- City of Pacific Grove
- City of Palo Alto
- City of Oroville
- City of Rancho Cucamonga
- City of Ridgecrest
- City of Ripon
- City of Roseville
- City of San Bernardino
- City of San Gabriel
- City of Santa Maria
- City of Seal Beach
- City of Seaside
- City of Suisun City
- City of Sunnyvale
- City of Vallejo
- City of Walnut Creek
- City of Watsonville



At York, we understand that workers' compensation claims professionals hold a wealth of knowledge gained from years of experience in the industry. Because cities are so near and dear to us, we are constantly recruiting professionals with special expertise managing claims for cities within the jurisdictions we serve. From the local management offering direction on claims to the support staff preparing your settlement documents, our people know the quirks and nuances of the City's workers' compensation community. As members of the Southern California community, they care about utilizing your resources wisely and efficiently because your budget impacts them.

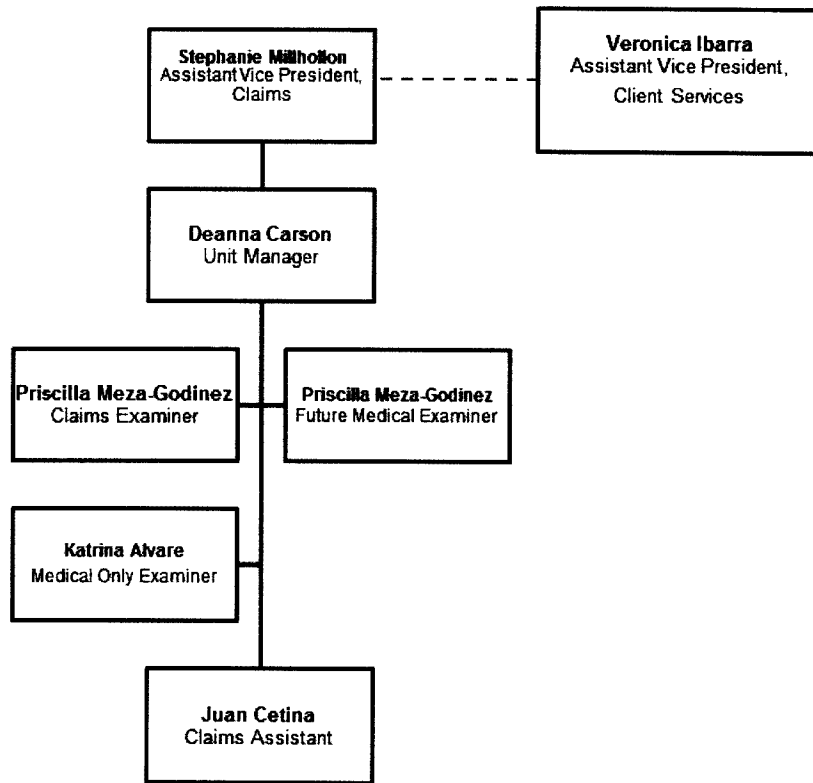
- **Identify proposed staff members who would be assigned to the City of Beaumont and submit statements or resumes detailing their qualifications and experience with municipalities.**

The Unit Manager and Claims Examiners currently servicing the City have experience with public agencies ranging from 14 to 30 years and have their SIP certificates. Your existing team will continue to serve the City from York's Upland office. Having your claims team in close proximity to the City will allow for your lead Examiner, Priscilla Meza-Godinez, and Deanna Carson, Unit Manager, to provide you with quick, reliable service and in person meetings whenever necessary.

Priscilla has served as the lead Claims Examiner for the City for nearly eight (8) years. She has helped the City control TTD and expedites Modified Duty. Priscilla has pushed RFA's through and assisted in securing additional information from treating physicians when needed. Priscilla will continue to service the City with her professionalism and will provide assistance in all areas of the claims process.

Noted in the organizational chart below are the claims professionals and Senior Account Manager currently assigned to your program. The attached resumes (*Please refer to Section F, Exhibit E*) specifically address each individual's qualifications.





- Describe your proposed scope of services for the City of Beaumont in Claims Administration, Bill Review, Medical Management, Legal Administration, Return-to-Work Program, and Risk Management Information System (RMIS).

Claims Administration

Claims Philosophy

York's workers' compensation department was created to meet the needs of York's clients seeking a quality Third Party Administrator of workers' compensation claims. York's approach to containing claims costs is two-pronged:

- 1) Pay valid claims promptly
- 2) Facilitate getting the worker back on the job as quickly as their situation allows



We focus on the front end of a claim so every injured employee receives appropriate medical care and returns to work as soon as able. Expert investigators are an integral part of our process and investigate fraud and pursue appropriate remedies whenever appropriate.

Quality control and service are of the utmost importance; therefore, we encourage ongoing dialogue with our clients and carriers. We will continue to keep the City informed as to the status of all significant claims on a regular basis, and are available to discuss any of your claims as needed.

Claim Reporting

York provides the flexibility to report losses through a variety of means. This includes web, fax, email, and reporting via the US Mail. The City can choose one or a combination of these reporting options.

We are especially proud of our proprietary on-line 5020 reporting module, which immediately advises claims personnel that there has been a new loss and automatically assigns a claim number and opens a claim file in the claims system. If reported by means other than on-line, new losses are entered in our claims management software within one working day and there is prompt preparation and provision of benefits and statutory benefit information notices within the mandated periods. In the event of a serious or traumatic injury, we provide a 24-hour service for immediate handling, including medical arrangements.

Initial Review – New Losses

All new losses received by your claims team immediately after they are reported. At that time the loss will have the appropriate loss designator attached and be assigned to a specific workers' compensation Examiner on your team for handling. The managing supervisor will provide initial direction and recommendations for completing the initial investigation. The new loss will be electronically indexed to rule out potential duplicate claims.

Contacts – Employee, Employer, Physician

Within 24 hours of receipt of notice of injury, York will complete a preliminary investigation. This includes contact with the employee, employer, and physician on lost time claims, and where appropriate on medical-only claims.



Not only does York make initial and immediate contact with the injured employee where warranted, but we also emphasize ongoing and timely telephone contact with the employee during the life of the claim. All calls from the City will be returned minimally within 24 hours but when possible within the same business day. All contact attempts will be documented in our system activity notes. Two-point contact will be made with the City and medical provider on all medical-only files to verify there is no compensable lost time.

Investigation

Within 24 hours of receipt of notice of injury, York will contact the injured employee by telephone and complete a preliminary investigation. If a statement is warranted, it will be taken at this time, or we will discuss with the client the need to use an outside investigator. The City, medical provider, and witnesses, where appropriate, will also be contacted. Once our initial investigation has been completed, the compensability determination and evaluation of this loss will be documented in our system activity notes.

Dates of disability will be confirmed and wage statements will be requested to document the basis for benefit calculation and exposure. ISO searches and reports will also be completed on all applicable claims. York will follow up on information revealed through the ISO search in order to determine any impact on the immediate claim. Ongoing investigation continues throughout the life of the claim and use of investigative tools or personnel is discussed with the client when warranted. Information obtained is always carefully evaluated to determine next steps and appropriate handling decisions.

Reserving

Reserves will be established after the completion of the initial investigation of the claim and within the first five days of receipt of the claim. Reserves will be set on the available facts and probable ultimate payout (PUP) of that claim. Reserves will be constantly reevaluated and adjusted as material changes occur and are reviewed by the Examiner and supervisor on diary. The explanation and rationale for the posted reserve will be documented accordingly in our system.

Cost Containment

We view our vast array of cost containment services as an extension of the workers' compensation Claims Examiner. Medical management, field case management, bill review, utilization review, and pre-certifications will all be performed in conjunction with the City's needs. Medical bills will also be paid within the statutory time frames for California.



Benefit Provisions

All benefits will be reviewed and paid in accordance with the statutory time frames of the particular jurisdiction. All required notices and forms will be sent in a timely and appropriate manner pursuant to jurisdictional requirements.

Subrogation

As part of the three-point contact, inquiries are made as to causation and possible third party involvement. Subrogation is pursued against the responsible persons, agencies, and/or agents in an effort to recover losses suffered by the City to injuries or illnesses inflicted on its employees. We request police reports, if necessary, and identify the responsible party and place them on notice immediately. York has a staff consultant that provides immediate direction on any new subrogation claim. We aggressively manage this issue with the assistance of our sophisticated claims management software.

In all cases where a third party is responsible for the injury to the employee, the third party is contacted with notification of the City's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim is filed with the governing board (or State Board of Control as to State entities) within six (6) months of the injury or notice of the injury. The City will be copied with the initial notice and final resolution. If legal counsel is required, York will notify the City of such action. York will request approval from the City for all third-party recovery agreements.

Claim Evaluation

All claims will be evaluated quickly and fairly. All cases will be thoroughly reviewed for compensability, and expert opinions will be secured as needed to make an informed decision that will yield the best possible outcome.

Claim Disposition

All claims will be processed expeditiously and settled within established authority limits and guidelines. The City will be involved in all claims exceeding our authority.



Payment of Awards and Orders

Awards and orders will be calculated by the Examiner and reviewed for accuracy by the managing supervisor. All award and order payments will be released for payment within two days of receipt or as statutorily required.

Payment of Bills

All reviewable bills received in the branch offices will be date stamped on the date received. Each bill will then be reviewed by the assigned Examiner to ensure the services were authorized. If no objection to the bill is to be filed, the bill will be processed by the Examiner with the appropriate payment code and sent to the designated bill review service within three days of receipt. The designated bill review service will then process the payment within the applicable fee schedule of California. All non-reviewable bills will be paid by the branch office within 10 days of receipt.

Action Plans

Within five working days of establishing a new indemnity claim, the assigned Examiner will input an initial action plan. Thereafter, an updated action plan will be completed every 45 days, or whenever there is a major change in developments which may affect the course and outcome of the claim. Action plans will adhere to the format established in our system and detail the Examiner's thought process and justification for current reserving, exposure, and additional steps that need to be taken to close the file. All open future medical claims will have an updated action plan every 180 days.

Quality Assurance

Each branch office will conduct internal audits on two closed claims per month for each Examiner using our PLUS program (Partnership, Leadership, Unparalleled Service), which measures our adjusters' performance. York PLUS provides consistent measures of quality for all product lines and business segments based on our best practices and your specific claim handling guidelines. The audits will be completed by either the branch manager or managing supervisor, and the results will be shared with team members on a monthly basis. These audits plus weekly reports allow supervisors to quickly and proactively identify any issues for early resolution. Branch results are calibrated through a separate review process by York's Quality Assurance Division to ensure objective findings and consistency in the review process.



Any additional training required as a result of the audit findings will be implemented immediately by the branch office management team.

Commitments & Expectations

Veronica Ibarra will continue to meet with the assigned claims team while we transition the City to a standalone program to review the service commitments made to the City by York, as well as to share the City's expectations. Any changes to service commitments will be documented in the up-to-date account-handling guidelines, which are attached electronically to each claim file for access by any team member.

Client Reporting

Client reporting will continue to be performed at regular intervals on all claims exceeding a specified total incurred dollar level, which will be agreed upon by the City. Claim Management Reports (CMRs) will be completed online as needed to document the current status of each claim. Formal captioned reports will be sent in a format agreeable to the City.

Data Accuracy

Extraordinary efforts will be made to ensure substantive, timely and accurate information is posted to our claims system. When a new claim is established, Examiners will review to confirm timely and accurate coding of the claim detail screens. Ongoing data updates are maintained throughout the life of the claim file, as details develop.

Medicare/Regulatory Reporting

York, along with our Managed Care subsidiary, is capable of meeting the Mandatory Insurer Reporting Requirements under Section 111 of the MMSEA, conditional payment identification and resolution, and Medicare Set-Asides through all national reporting agents. York, on behalf of its clients, is currently reporting to Crowe Paradis, Gould and Lamb, PMSC and ISO as directed by our individual clients. These Reporting Agents (RA) ensure compliance with the Section 111 reporting requirements by collecting and transmitting the required data as well as responding to Medicare. Other services offered in conjunction with the Mandatory Reporting include conditional payment identification and resolution, and Medicare Set-Asides. Relevant data and transaction tables are captured in York's claim system to ensure compliance with Medicare Reporting, NCCI Medical Capture and other regulatory reporting requirements.



Supervision

Our Examiners have set levels of authority within which they may work autonomously. Each Examiner's abilities will be evaluated, and an appropriate level will be set based on years of experience and understanding of applicable laws and procedures. Supervision and technical guidance will be provided upon file setup, on each diary date, and at regular meetings with the claims staff.

Excess Reporting

Initial excess reports will be prepared as agreed upon with the City based on their contract with CSAC Excess Insurance Authority. Excess reports will also be due, regardless of the incurred value, on claims with the following types of injuries: fatalities, spinal cord, paraplegia, quadriplegia, brain injuries and/or strokes, severe burns, injuries causing 365 days of lost time, and any serious injury involving two or more employees.

Initial reports will include the claim form, Doctor's First Report, any comprehensive medical reports, investigative reports, and if represented, the most recent legal correspondence. Follow-up reports will be due every 90 days and include financials, most recent medical reports from the treating doctor or other physicians, and if applicable, the most recent legal correspondence, any permanent disability ratings, investigative reports, and awards.

Recoveries

All recoveries will be processed through the accounting department and documented in the file as to type of recovery, amount, and payer. The recovery will be shown in the financial history of the claim file once credited.

Bill Review

York's rigorous bill review process combines advanced technology with the expertise of our seasoned audit and clinical staff to ensure correct payments, quick turn-around and maximum savings for the City. Our staff of professional analysts and nurses—supported by our sophisticated rules-based technology and proven processes—ensures that you only pay what you are responsible for.



Medical Management

The managed care division of York, WellComp™ Managed Care Services offers a medical case management program which provides proactive case management services in several forms depending upon the desired results and tasks to be accomplished for each claim. Telephonic case management, field case management, embedded RN triage programs, task assignment, medical records annotation and life care planning are just a few examples of case management tools offered through our case management program.

York is staffed with on-site nurses who are fully trained in all programs relating to our in-house utilization review and case management services. Our nurse case managers focus on returning the injured worker to employment status and providing appropriate medical treatment as expeditiously as possible.

Unlike some of our competitors, our nurse case managers are not under pressure to maintain a particular level of productivity which often can result in the provision of unnecessary services, increased costs, high turnover rates as well as the transfer of cases among nurses. These issues are not a factor with WellComp™ Managed Care Services. The public agencies we serve have the reassurance that our nurses, who offer decades of workers' compensation experience, are not strained to meet certain high productivity levels; in fact, our nurses keep their assigned cases from beginning to closure ensuring both quality of care and cost containment.

The nurse case manager also assists the Claim Examiner with moving the injured worker through the often-complex workers' compensation health care system, thus decreasing the claim costs for the City who is paying not only for the medical care and wage replacement benefits, but also for lost productivity. Our nurse case manager is often the liaison between the injured worker, Claim Examiner, medical providers, therapist, employer, other team members and, at times, the attorney representing the injured worker. The case manager coordinates both communication and care to the appropriate parties to ensure that the injured worker receives medical care that is both necessary and medically appropriate for each injury.

Below is an overview of our case management program services. Our program is designed for customization to meet the needs of each client.



Telephonic Case Management (TCM) is assigned for numerous reasons, which range from increased medical control and reporting, to information updates and added direction to the injured worker or medical provider. Many times rather than assigning full case management, TCM results in a quicker response time with less financial impact to the claim file.

York's TCM:

- Accurately assesses the medical status soon after a non-catastrophic lost time injury occurs
- Monitors the quality and appropriateness of medical care
- Assists the injured worker as needed with medical care coordination, recovery and return to employment
- Keeps the channels of communication open to all team members involved in the case.

Field Case Management (FCM) is generally recommended for more difficult cases falling into the catastrophic or serious category. Field case management can also be used to assist with needs related not to the severity of injury, but rather that of ancillary matters impacting injury recovery. These types of referrals can be prepared at any time during the life of an established claim file. York's FCM:

- Provides the opportunity for spontaneous discussions (in the injured worker's environment and/or doctor's office) regarding current medical condition and treatment goals
- Facilitates a multifaceted goal-directed treatment plan for maximum recovery and return to gainful employment
- Assists the injured worker and Claim Examiner through the completion of the treatment plans
- Obtains a wealth of information that may be needed later if the case requires surgery, home care services or job accommodations.

Task Assignments (TA) are often an alternative option when the need can be met with a one time or specific project case manager intervention. The task assignment is often the best use of resources to move matters along, such as obtaining medical status, evaluate the current medical condition or treatment plan and assist the Claims Examiner in establishing long-term or future medical reserves based upon treatment guidelines (also known as a Life Care Plan).



York will work with the City to develop referral criteria as well as communication protocols prior to the inception of any program. This type of coordination established in advance has proven to lay a solid foundation by which medical management meets the desired financial results while providing excellent care to the injured worker.

Legal Administration

York will continue to use the City's preferred attorney from the Law Offices of C. Robert Bakke.

In the event that the City and the workers' compensation Claims Examiner determine a claim requires legal defense adjusting team will work within City-specific litigation guidelines including, but not limited to, reporting content and frequency, litigation budgets, and fees. The attorney will be expected to follow the City-specific litigation guidelines and pre-approved fee arrangements.

If an employee retains an attorney or upon receipt of a petition, notice of representation, or any other notification of legal involvement, the workers' compensation Claims Examiner and/or the managing supervisor will use their best professional judgment to determine if the claim should be assigned to counsel or handled in house. If assigned to counsel, regular follow-up with the defense attorney will be maintained and the Examiner will maintain control of the process to ensure the best possible outcome.

Please refer to Exhibit A for a detailed overview of York's Litigation Management Program.

Return-to-Work Program

Once an injured worker is losing time from work, many factors influence the success of return-to-work efforts, including employer/employee attitude and motivation, availability of recover-at-work programs, and the severity of the injury. Our nurse case managers work closely with the Claims Examiners to assist in the medical management and return-to-work process. We utilize a variety of tactics and services to assist with returning the injured employee to work and managing lost time. We begin addressing return to work with the injured worker from our first conversation and continue to keep this goal front and center with the injured worker and the treating physician. Discussions and communication with treating physicians also address return to work issues, seeking information at each office visit regarding the types of activities the injured worker can perform. This information is used to



coordinate with the Examiner and the supervisor to identify potential early return to work opportunities. We also bring additional medical resources including our staff of review physicians, who are available to assist case managers with consultations and direct discussions with the treating physicians.

The nurse will coordinate all activities involving identifying any light duty needs, finding a suitable light duty position, obtaining the release from the treating physician for light duty, and assuring the supervisor is aware of, and prepared for, the return of the injured worker. Most importantly, the nurse will monitor the case after a return to light duty to assure the injured worker is compliant with the restrictions and that no further complications to the injury are being experienced. A successful return-to-work program is one in which the employee progresses from the light duty position to full duty within expected time frames. Our case managers coordinate each return to work to assure the optimal goal of the program—a full duty release—is achieved.

We assist other clients in developing and implementing return to work programs. WellComp can assist the City with developing light duty job banks through our vocational assessment department, writing program guidelines for how long employees can stay on light duty, developing a process by which a return to work committee at the City makes a determination to allow injured workers to continue on light duty and a process to monitor injured workers on light duty to assure they are progressing to full duty. By helping you develop managed care strategies and solutions, York will enrich the City's workers' compensation program to the benefit of injured workers we will improve the City's overall profitability.

New! Risk Management Information System (RMIS)



FOCUS

Just as we have a claims management system, Claims Connect, designed for our claims professionals, York offers the City a front end system, FOCUS, designed specifically for risk management personnel.

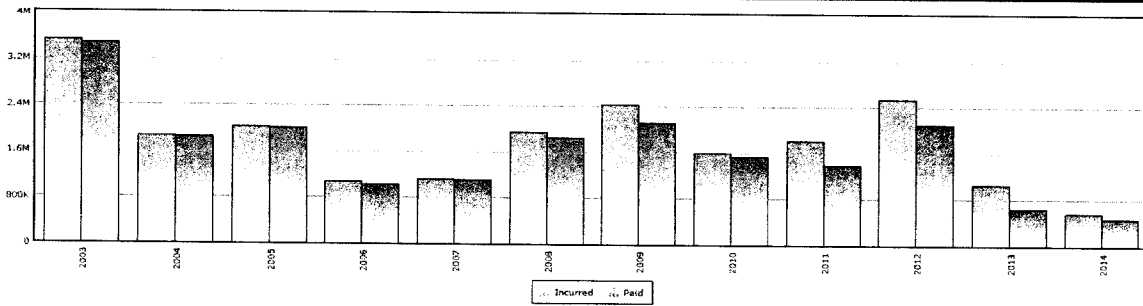
FOCUS is a powerful, yet easy-to-use risk management tool that will give you instant access to the information you want, exactly the way you want to see it. FOCUS contains 100% of the information in Claims Connect System, but it offers a view of your data that is designed specifically for risk managers. FOCUS provides data visualization, an expanding library of



customizable reports and interactive tools which transform volumes of data into useful, impactful information that can be understood at a glance.

FOCUS Home Claims Reports
WC Dashboard More

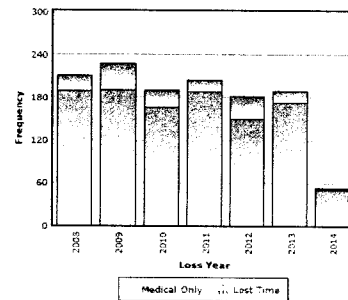
WC Yearly Financial Totals



Large Reserve Changes Last 90 Days

Claim Number	Initial Reserve	End Reserve	Reserve Change
4502624	495,713.71	698,244.50	202,530.79
4503711	185,555.69	376,654.80	191,099.11
4507079	253,707.18	410,574.18	156,867.00
4504772	281,357.32	403,677.98	122,320.66
4506560	178,033.45	268,383.45	90,350.00
4502644	140,959.71	202,093.05	61,133.34
4507092	168,302.05	214,350.23	46,048.18
4507818	44,859.65	67,596.38	22,736.73
4508041	1,000.00	19,928.88	18,928.88
4507761	17,914.40	32,362.76	14,448.36

Medical vs. Indemnity



With just a click or two, FOCUS helps you:

- View critical risk management information at a glance
- Choose custom dashboards for lines of business or specialized functions such as Finance, Risk Management or Safety

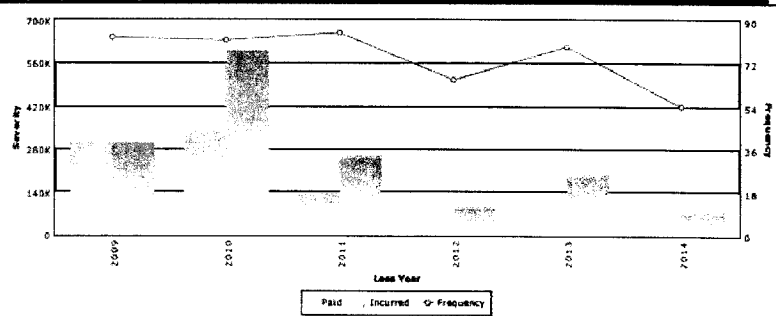


Claims Info

Large Reserve Changes Last 90 Days

Claims Number	Initial Reserve	End Reserve	Reserve Change
4502624	465,713.71	668,244.50	202,530.79
4503711	185,555.09	370,054.80	184,499.71
4507079	253,707.18	410,574.18	156,867.00
4504772	291,357.32	403,677.98	112,320.66
4502234	125,500.00	224,232.22	98,732.22
4506590	178,033.45	268,383.45	90,350.00
4502944	140,959.71	202,093.05	61,133.34
4507092	168,302.05	214,350.23	46,048.18
4502485	1,508.00	29,509.00	28,000.00
4502484	1,508.00	27,000.00	25,500.00

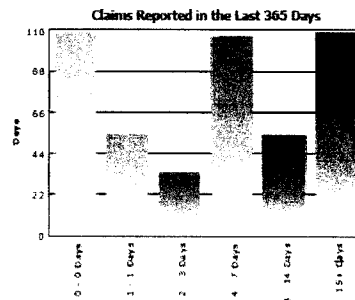
Frequency and Severity



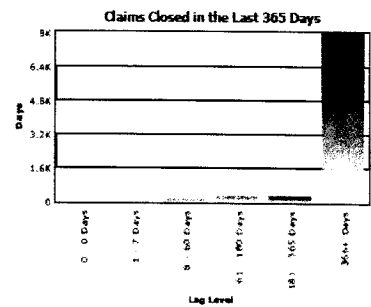
General Claims Chart



Report Lag Analysis



Close Lag Analysis



Customizable Dashboard – Program Overview

- Access the detail of an individual claim
- Examine a claim in a specific context (e.g., similar claims, line of business, cause of loss, timeframe, etc.)
- Easily create your personalized home page view



Claims Info

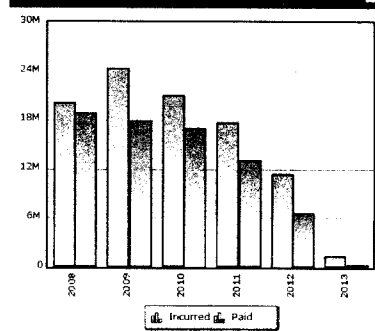
Large Reserve Changes Last 90 Days

Claimmark	Initial Reserve	End Reserve	Reserve Change
Larsen, Declan	6,242.73	43,965.11	37,722.38
Calhoun, Arden	8,385.00	21,253.21	12,868.21
Clements, Athena	8,814.38	19,316.43	10,502.05
Wyatt, Sigourney	0.00	8,600.00	8,600.00
Molina, Aidan	8,875.00	15,350.00	6,475.00
Alston, Plato	0.00	4,420.00	4,420.00
Mcdonald, Jarrod	33,107.98	37,195.34	4,087.36
Jimenez, Colby	0.00	4,035.73	4,035.73
Ewing, Cameran	23,848.11	27,794.03	3,945.92
Hatfield, Ronan	2,480.00	5,794.35	3,314.35

Recent Documents

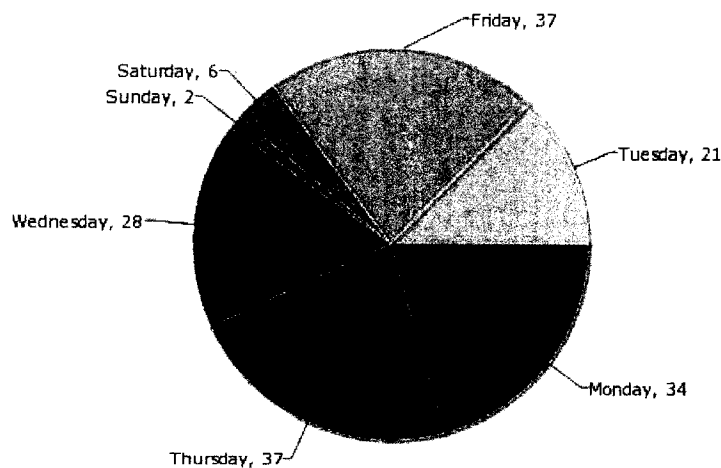
Display Name	Name
Claim	Cruz, Ruth (3816496)
Report	Incurred/Paid Change Current Month by Cov
Claim	Henson, Grant (3815959)
Claim	Knowles, Hedda (3818304)
Claim	Gallegos, Kieran (3844298)
Claim	Sutton, Iteoma (3852315)
Report	Incurred/Paid Change Current YTD
Template	Transaction Summary
Report	My Report for claim number
Report	My report
Template	Ad Hoc Claim Graph
Report	Top 5 WC Causes of Loss
Template	Claim Summary

Financial Totals



FOCUS also puts a wide array of report and customizable report options at your fingertips:

- Select individual reports
 - ✓ Search our vast and ever-growing library of reports
 - ✓ Create ad-hoc reports from any field in the system
- Quickly and easily customize reports using “plain language”
- Choose the data presentation format you prefer – data tables, charts, graphs or text or download to Word, Excel, or PDF



Losses by Day of the Week – Pie Chart

- Schedule automatic delivery of reports, in any format you want, down to the minute.
 - ✓ Reports can be sent to you, to any individual, or to a distribution group you specify
 - ✓ Set up a one-time or recurring delivery

 Create new schedule


[Return to Report](#) [Save Schedule](#)

Schedule



Frequency: * 



Run on the selected month(s) each year:


January February March April May June July August September October November
 December
 All None

Run on this date each month: 

or

Run on the   of each month

Schedule Starts: *  Time: 12:00 AM 

Schedule Ends: 

Send To

Send To: 

Format: 

If No Data: 

Email

Reply To Address *

Subject *

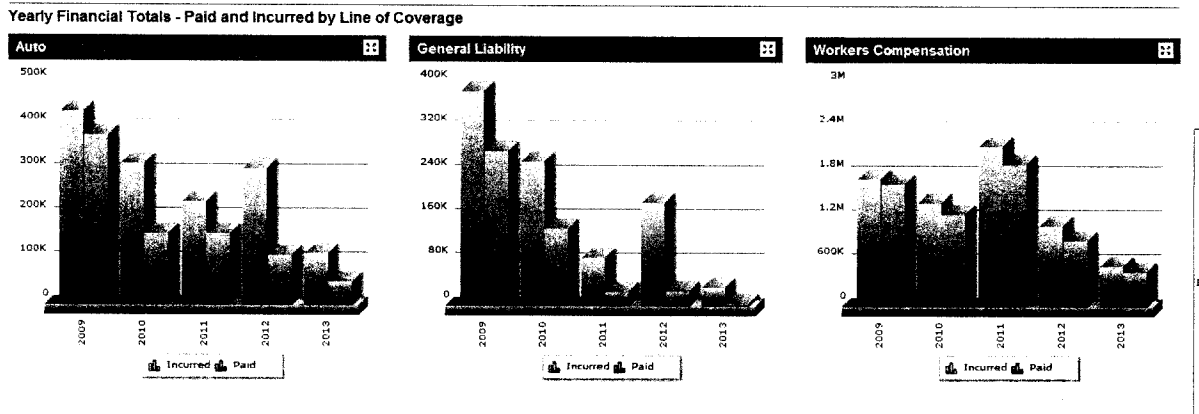
Body *

Report Scheduling



Turning Data into Compelling Information

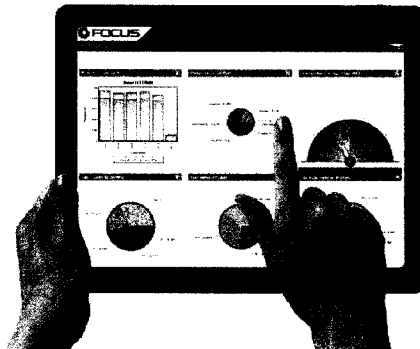
By clearly and effectively communicating data and transforming it into knowledge, FOCUS helps you better understand and manage your risk. Please refer to Attachment H for Sample FOCUS Claims Reports.



Annual Paid and Incurred Totals by LOB

Optimized for Tablet Access

FOCUS provides data visualization, an expanding library of customizable reports and interactive tools which transform volumes of data into useful, impactful information that can be understood at a glance. Available on all data platforms, including tablets and other mobile devices, as well as PCs, it is simple, intuitive and engaging to use.



Let York help you FOCUS on the information you need to manage your risk effectively.



- **Describe the caseloads of your medical only and indemnity adjusters.**

Caseloads per Examiner on the City's program range from 135 – 150 open indemnity files. York considers future medical and medical only claims 2 to 1.

- **Describe your bill review and utilization review process.**

Bill Review Process

York's rigorous bill review process combines advanced technology with the expertise of our seasoned audit and clinical staff to ensure correct payments, quick turn-around and maximum savings for the City. *Our most recent results for the City's Bill Review program (July 2013 - June 2014 fiscal year) include net savings of \$1,045,312!* Our staff of professional analysts and nurses—supported by our sophisticated rules-based technology and proven processes—ensures that you only pay what you are responsible for.

In today's complex medical billing environment, the need for medical coding, clinical expertise, and sophisticated technology is more important than ever. That is why our dedicated staff of professionals has extensive experience and maintains certifications in medical coding, and our technology utilizes an advanced rules engine to apply a re-pricing matrix that includes fee schedules, UCR, state rules, AMA coding edits, ODG / ICD-9 validation, utilization review decisions, and identifies billing discrepancies that require professional and/or clinical review.

Identifying and applying the appropriate level of review for complex bills, including surgical, hospital, trauma, and ambulatory surgical center bills can save payers thousands of dollars. York's process ensures these high dollar bills are subject to professional and clinical review for medical appropriateness, relatedness, supporting medial documentation, DRG validation, reasonableness of charges, and that trauma bills meet trauma requirements. By applying our proven process and technology, York has delivered significant savings to our clients.

Our California medical bill review team has over 100 years combined medical bill review experience with the California OMFS and in medical bill review. Our Analysts have an average of over 7 years' experience and Supervisors have an average of over 10 years of experience. Our California bill review team is led by Laurie Kroener who has over 17 years of experience. All bill review staff is required to complete continuing education throughout the course of the



year related to California rules and regulations, the OMFS, medical bill coding, and NCCI edits.

The California Workers' Compensation Official Fee Schedule (OMFS) is integrated and automated in our bill review technology. Our compliance group monitors all communications from the DWC to stay abreast of fee schedule changes. Updates are done as-needed when regulations change or new data becomes available. Testing is completed in our beta environment and validated before it is released into production.

Our WellComp MPN contracts and statewide PPO rates are updated prior to the effective date of any changes. All updates are subject to testing prior to release into production.

York's case managers utilize the web-based version of the American College of Occupational and Environmental Medicine (ACOEM) and the Official Disability Guidelines (ODG) and its companion, Official Disability Guidelines-Treatment in Workers' Compensation (ODGTWC) as our primary resource for evidence-based guidelines. This web-based access assures they have the most current version of the guidelines available to them at all times.

Medical criteria used in the review process are based on jurisdictional requirements. In the absence of a specific medical treatment guideline within a jurisdiction, York uses nationally accepted guidelines which include the Official Disability Guidelines, Treatment in Workers' Compensation (ODG) and the American College of Occupational and Environmental Medicine (ACOEM). Any proposed care outside of the criteria is referred for physician review. Physician reviewers utilize state mandated criteria and in that absence, they utilize ODG and ACOEM, as well other nationally accepted treatment guidelines and published peer reviewed literature. All physician adverse determinations include a citation of the specific medical treatment guidelines upon which the determination was based.

Bill Review Quality Assurance

Our bill review process is aggressively engaged throughout the lifecycle of every workers' compensation claim. Our systems are established and refined constantly to support this mission. Mechanisms for identifying and correcting inappropriate billing patterns are also reinforced throughout the initial bill review process:



Accuracy and Suspicious Activity

The York process involves a series of automated and manual validation measures to ensure the highest possible levels of accuracy within our system.

These processes include:

- A minimum of two visual evaluations by York staff as a part of each and every bill review to ensure data capture and repricing accuracy.
- Sophisticated rules built into the review process to identify unusual or suspicious activity, including identifying CPT / ICD-9 combinations that are unrelated or exceed treatment guidelines, codes and code combinations that are at high risk for upcoding and unbundling, and complex bills requiring clinical audit.
- Concurrent and retrospective quality assurance evaluations to ensure repricing accuracy.

York's quality assurance process involves three levels, including concurrent review; retrospective review; and bi-annual internal review. All bills are subject to quality assurance review to ensure data and re-pricing integrity. Concurrent supervisor reviews are also conducted on a daily basis and are incorporated into York's daily workflow process and technology rule set. Supervisors are required to review all bills in excess of \$5,000. Managers are required to review all bills in excess of \$10,000, and bills in excess of \$20,000 are subject to review by a Quality Assurance Manager. In addition to our current quality assurance process, we conduct retrospective quality assurance audits of random bills. Results are used to evaluate our Analyst performance and to help improve our process and technology. Supervisors and Analysts are required to maintain a quality assurance score of 98% to meet performance standards, and to qualify for incentive programs.

York's Utilization Review process is centered on evidence-based medical protocols. Under Labor Code §4610 and the defined Utilization Review regulations, requests for care, services, or authorization rising to the level of nurse or medical director review are referred to the Utilization Review department for processing, review, application of appropriate guidelines and authorization, if supported by MTUS and other guidelines. This referral process applies to requests made in the form of prospective, retrospective, or concurrent notice.



York's Utilization Review department staffing is comprised of four different positions ranging from the medical director, nurse case managers, and medical coordinators to assistants. We have developed a multi-tiered level chart of medical services that can be filtered by the specific request for authorization received. This request begins with the medical coordinator, who gathers all of the medical detail required to make or support the Claims Examiner's determination. This includes the review of the criteria/guidelines for medical appropriateness. This information is then sent to the nurse for review and action. Should the request not meet nurse authorization criteria it will be sent to the Medical Director for review. Once the review is completed it is sent back to the Medical Coordinator to complete and distribute the notification letters.

All determinations are communicated in a timely fashion to the Claims Examiner and physician or requester of services in verbal form and followed up with written documentation which is copied to all parties. Communication to the injured employee is then made through the Claims Examiner for determination outcomes as well as potential needs to ensure continuity of information and coordination of the claims action.

York has worked with the City to develop appropriate referral criteria that clearly identifies treatment that does not require utilization review which has provided a solid foundation by which the City's program meets the desired outcomes, all regulatory requirements, as well as facilitates the provision of appropriate care to the injured worker.

As a final integration of the City's utilization review program and protocols, our bill review technicians are involved in the utilization review program to ensure that prospective capture of the customized criteria are in place. We believe that retrospective capture of prospective decisions and application of the desired screen is most effective when coordinated throughout all cost containment measures. To that end, our bill review technicians are cross trained on utilization review and a crosswalk is built between the systems to enable review of all activity from initial determination to recommended paid allowance.

- **Describe any feature of your company that distinguishes you from your competitors.**

The combination of York's organizational strength, defined focus on *California public* entities and seasoned claims professionals who are experienced with your program, ensures that the



injured employees covered by the City will experience highly responsive, customized, fair, and collaborative claims handling.

There are several reasons why York should continue to be the choice of the City to provide Workers' Compensation Claims Administration Services:

We are distinguished from other TPAs because we remain focused on our core business, which is public agency workers' compensation claims management in California. While York has incorporated all aspects of medical management into the claims management process, it is the Claims Examiner who maintains accountability for managing each claim to closure as quickly as possible and with the best possible outcome for both the City and the injured worker. York places the highest priority on hiring and training claims professionals who are passionate about claims management, thoroughly versed in California workers' compensation regulation and want to work in partnership with the City.

Why are we different?

York's disciplined approach to workers' compensation claims allows us to continue bringing measurable savings to you. We base this statement on a study conducted by an independent risk management consulting firm that compared the results of several TPA's. That study showed:

- ✓ York's closure ratio is between 3% and 5% better at 12 months, 24 months and 36 months.
- ✓ Our average incurred losses are between 12% and 15% lower than the average in the marketplace.
- ✓ On average, claims that utilized three or more components of York's managed care process experienced an 18.4% savings over claims where other providers contributed these same services.
- ✓ On average York is able to reduce the total medical, legal and indemnity costs by 13% over other TPA's.

The moral of the story.....at York, working collaboratively with you on pre-loss strategies and post-loss cost containment, we are better able to manage your claims, reduce your frequency and reduce your total claims spend. The result....improving your loss experience mod,



reducing collateral obligations if you are on a loss sensitive program, and ultimately decreasing overall premium costs.

In addition, these are some of the differentiators about York:

We are specialized. We don't want to be everything to everyone – we want to be the best to those we serve. We have configured our entire infrastructure specifically to respond to public entity unique needs. We bring a wealth of experience that others simply can't match. We are recognized as being the "Go-To" TPA in specific industries and we understand each one's unique concerns and tailor our claims handling specific to each, to deliver the best possible service.

We are committed to quality. Not only is it in our values, it's a core value of ours. We have instituted the York PLUS program (Partnership, Leadership, Unparalleled Service) to make sure that you not only get outstanding quality, but that no matter how good, we will always seek to improve it. Our Examiners are evaluated and their performance reviews are based on the quality of the service they provide. Their performance is rewarded and recognized based on how they score on quantifiable quality measures.

York believes that outstanding client service and communication are just as critical as our technical expertise. Frequent, clear and concise communication is the key to having no surprises. For each of our customers we have a designated Account Manager whose only function is to make sure that you get great service. They are the single point of contact for all your needs and the portal to our organization fully empowered to act on your behalf.

York manages claims rather than just processes them. Everything we do is focused on driving down your overall cost of risk, thereby creating greater value. That means lower case loads with more experienced Examiners to make sure that we make the right decisions in the best time frame. For workers' compensation it also means integrating York's suite of medical cost containment and managed care products, so nothing important is missed and all aspects of the case can be properly considered. Our goal is not to push through the most volume at the lowest cost per file, which leads to overlooked opportunities, leakage and costly mistakes. Rather it is to give each Examiner the time to make the right overall cost *decisions* and make sure there are no surprises.



We can easily and gladly customize to meet your needs. We understand that every public entity is different. York has tailored its infrastructure, procedures and systems to easily adapt to each public entity's specific needs, ranging from communications preferences to proactive claims-handling. It's why we built our claims management system with dozens of customizable features, fields and work flows. It's not a special request; it's how we do business, to do things your way.

We are always looking to get better at what we do. We are committed to continuous improvement in products, service and results. We frequently take objective measurements of many aspects of our operations, and we set the bar for performance higher and higher.

We are consistent. If you use more than one branch or Examiner, we want to make sure you have the same high quality, reliable service and positive outcomes. We have a comprehensive management operating system and quality control program to make sure you get consistent excellence.

NEW! We combine a great team with great technology and can drive better results through Predictive Modeling. Our claims management system was built with dozens of customizable features, fields and work flows, so we can create a process that continues to fit the City's needs. As you know, our systems are web based with customizable reports, so your information is available when you want it and how you want it. We also manage in a paperless environment, in which all documents are scanned, nothing is lost and everything is at the Examiners' finger tips.

Through our NEW "TeamComp" Predictive Modeling approach to claims handling, we are able to bring the benefits of sophisticated data analysis and human experience together to improve claim outcomes, lower overall costs and close claims more quickly. On both new and existing claims, it brings together the qualitative expertise of our experienced professionals with quantitative data analysis. It brings together big data and senior level review to ask questions and track activities that Examiners or case managers, on an individual claim may not see. No matter how experienced, the claims team can benefit from the additional guidance, group knowledge and oversight. It makes sure that the information and outcomes of every claim we manage for you contribute to the best resolution of future ones. We are proposing this new claims approach to the authority upon contract renewal, at no additional cost.



- **Describe any value added services such as web-based applications that enable the injured worker to access claim forms and submit them online.**

Disability Management

York understands that the duty to provide reasonable accommodations is a fundamental statutory requirement under the Americans with Disabilities Act, as amended by the Americans with Disabilities Act Amendment Act (ADAAA). York's fully owned subsidiary, CareWorks USA, has a working knowledge of Americans with Disabilities Act/Fair Employment Housing Act, (ADA/FEHA), and can provide systemic guidance on managing multiple disciplined cases that impact other laws in addition to Workers' Compensation.

York is uniquely qualified to offer the City professional leave coordination and advice to pay related to FMLA through our fully owned York subsidiary, CareWorks USA. We have developed a proprietary application called CaseWorks in which all leave requests and associated absence management processes are initiated, documented, and managed. Within the CaseWorks application there are distinct rules to which mandatory federal and state compliance standards (including the Americans with Disabilities Act and Fair Employment Housing Act) are tracked and best practices are adhered to by the Absence Management Specialist managing the leave request. In addition to the embedded compliance standards within CaseWorks, CareWorks USA has an internal Audit Team which provides a disciplined audit approach to evaluate and report compliance with federal policies, regulations and industry best practices. At the time the employee has exhausted or is not eligible for FMLA that the ADA interactive process would be initiated in order to determine effective accommodations for qualified individuals with disabilities. These services ensure consistent management of the interactive process which improves compliance, significantly reduces administrative time and burden of the City and provides a comprehensive transcript of all employee and other process related interactions.

Should the City be interested in the ADA/FEHA services and guidance that York can offer through its fully owned subsidiary, CareWorks USA, we can discuss their complete offering and fees in more detail upon request at a later time. In addition, we have detailed CareWorks USA's Disability Management optional service below for your consideration.



CareWorks USA Services

Through CareWorks USA, a York subsidiary, we provide a full suite of disability management services to self-insured public agencies. Through CareWorks USA, we have the capabilities to provide Integrated Disability Management (IDM) services including FMLA administration, state mandated leave, Non-FMLA Medical Leave, personal leave, short-term and long-term disability claim administration, modified duty off site programs and return to work services as well as integrated data management and web-based reporting.

CareWorks USA Provides Seamless Coordination of the following:

- Family Medical Leave Act
- State Specific Leave Laws
- Workers' Compensation
- Short Term Disability
- Long Term Disability
- Medical Leave
- Personal Leave
- PTO / Vacation / Sick Leave
- Employee Assistance Programs
- Wellness Programs
- Group Health and Disease Management
- Other Employer-Specific Leave or Absence Benefits

CareWorks USA can provide the City with a state-of-the-art, absence management program for all of their claims. We will accurately manage lost work days while ensuring compliance with all State and Federal regulations. Our services reduce the amount of time human resources personnel spend to gather, capture, track, and report data pertinent in managing the program.

- **Describe your company's best practices in claims, handling, claim supervision of litigated claims, claim status communication.**

Please refer to Exhibit B for York's Claims Best Practices.



- **Describe your return-to-work philosophy.**

York understands the importance of augmenting a client's Return-to-Work (RTW) philosophy and culture and believes that an effective Return-to-Work program is the best way to control costs. Our philosophy is that the sooner the injured worker is returned to work, whether modified duty or fully restored, the better the outcome for both the employee and the City. That's why we have developed a service model with the Examiner's return-to-work responsibilities and activities in mind. By providing extensive support staff, York will remove time-consuming tasks from the Examiner, allowing them to devote time to early return-to-work and quick file resolution. The claims team will work with the City's staff involved in RTW activities to seamlessly integrate the claims actions with the RTW decisions.

In addition, the Claims Examiner will establish expectations and goals in the RTW process with the injured worker during initial contact and through ongoing telephonic communication, all the while keeping the appropriate Department RTW coordinator informed of RTW developments in a timely and accurate manner.



C. References

Provide three (3) references with similar operations and services, such as other municipalities, for which you currently provide Workers' Compensation TPA services. Include dates of service, client's name and contact person with telephone numbers and e-mail addresses.



Reference 1: City of Hesperia

Rita Perez
Human Resources Analyst
rperez@cityofhesperia.us
(760) 947-1125
July 1, 1989 vs. July 1, 2010



Reference 2: City of Rancho Cucamonga

Claudia Nunez
Risk Manager
CNunez@cityofrc.us
909.904.5074
July 1, 2003



Reference 3: City of Chino

Richard Knott
Human Resources Analyst
rknott@cityofchino.org
(909) 334-3376
August 1, 2001



D. TRANSITION PLAN

- **Provide a proposed transition plan and implementation timetable, which the City of Beaumont can immediately implement after vendor selection.**

Veronica Ibarra will continue to meet and discuss the proposed claims administration program with City representatives upon notice of the contract award date. Veronica has already been working closely with the City in preparation for the City's move away from the dissolving Public Agencies Self-Insured Services (PASIS) JPA to a standalone entity, which shares many of the same details illustrated in the sample transition plan noted in *Section F, Exhibit C*. York takes a comprehensive, well-structured and expertly managed approach to every program we implement and every claim we handle. We do not foresee or anticipate any problems transitioning the City's program to a standalone model.



E. PRICING

York appreciates this opportunity to present its fee proposal to the City of Beaumont to continue providing workers' compensation third party administration services. York has had the privilege of being a long term partner of the City's and we look forward continuing our services. Our goal is to deliver high level customer service and quality claims management. Your claims team of Deanna, Priscilla and Katrina understand your program better than anyone else and will continue to serve you with the local, seasoned expertise that you have come to expect.

Below is York's proposed life of contract fees. Due to the nature of self-insurance claims wherein the authority to settle and close out claims rests with the City, we respectfully decline to propose Life of Claim pricing. Our people are our service and as such we look to provide competitive salaries and benefits, to provide continuous training and retain our staff. Our fee proposal includes a year over year increase to offset the increase salary costs.

WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES	
FLAT ANNUAL FEE	
	Year 1 \$33,500*
*will have a 2% increase per year.	
The annual flat fee proposed contemplates handling all claims activity in a 12-month period (claims already open at the beginning of the 12-month term and any new claims reported during the 12-month term). The pricing quoted includes all indemnity, future medical and medical only claims as listed in the RFP. The cost of handling the existing open files are included in the flat annual fee quoted. Our claims fee contemplates direct salaries and overhead allocation and that will allow us to recruit high caliber staff, management and clerical support help us deliver on our promises to the City.	
Payment of ALAE is the responsibility of the City of Beaumont. York's fees do not cover ALAE, and York is under no obligation to pay ALAE with its own funds. <i>Please refer to Exhibit D for ALAE's that are not included in our claims administration fee.</i>	



Managed Care Fees* :

BILL REVIEW	
Fee	\$9.42 per bill PPO Savings 24%
NURSE CASE MANAGEMENT	
Telephonic Nurse Case Management	
Field Case Management	NCM hourly rate, plus IRS Mileage Rate
Fee	\$98* per hour
UTILIZATION REVIEW	
UR Procedure Rate (level 1 & 2)	\$149
Medical Director Review/Peer Review (level 3)	\$258/\$400
Specialty Review/Appeals	
MPN	
	\$48 Access Fee and 50% Split
MEDICARE SECONDARY PAYER SERVICES (MSA)	
Standard MSA	\$2,750
Medical Cost Projections	\$1,500
Conditional Payment Request	\$150
Conditional Payment Resolution	\$150/Hr

*All quoted managed care fees are guaranteed for years 1 & 2. Years 3, 4 and 5 are subject to 2% escalators.



F. EXHIBITS

Exhibit A: Litigation Management Program

Exhibit B: York's Claims Best Practices

Exhibit C: Sample Transition Plan

Exhibit D: Allocated Loss Adjustment Expenses

Exhibit E: Resumes

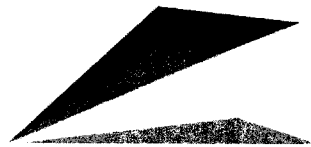


Exhibit A

Litigation Management Program



LITIGATION
MANAGEMENT
GUIDELINES



YORKTM

Litigation Management

Summons & Complaint - Initial Handling

All lawsuits received must be reviewed by a supervisor. The supervisor should review the allegations and comment on any coverage issues that may exist. The lawsuit should then be entered into York Claims Expert as a suit via the "litigation tab." The summons and complaint should then be given along with the file to the handling adjuster for their review. The adjuster must review all allegations to determine if any coverage issues exist. If the summons and complaint is our first notice, we need to explore whether there is a late notice issue that may warrant an ROR. This is especially important if our client is the carrier.

After review of the complaint, the adjuster needs to contact the insured to:

- Determine how was the summons served
- Determine whether the summons was served properly
- Establish whether the insured had any prior notice of the occurrence
- Document the insured's version of the occurrence.
- Advise the insured as to the identity of the defense counsel assigned.

The adjuster should then contact plaintiff's counsel to determine the following information:

- The plaintiff's address, date of birth, social security number and driver's license number.
- Specific injury information
- Whether emergency room treatment was required
- Whether there was an ambulance at the scene of the loss
- The claimant's version of the occurrence
- Whether there are any defects in the service of the complaint
- Identity of potential witnesses
- Extent of special damage to date and exposure for general damages
- Identity of potential collateral sources
- WC/PIP lien information, if any

Once the above is secured and if it appears we are dealing with an adverse liability situation, we should secure an extension of time to answer the complaint and request all medical and wage documentation from plaintiff's counsel. We also should request their settlement demand.

If it appears we need defense counsel to conduct discovery, the adjuster needs to discuss this with his/her supervisor, so counsel can be assigned. Assignment to defense counsel does not alleviate the adjuster's responsibility to conduct a thorough investigation.

If defense counsel is being assigned, account instructions need to be referenced to determine if staff, panel or dedicated counsel will be utilized. The supervisor will assign appropriate counsel and indicate approved the rates for that firm in the litigation tab.

All data fields in the litigation tab such as; "Type, Venue & Stip Date.", should be completed. Completion of the data fields enables generation of litigation management reports which identify trial, mediation & arbitration dates.

Expense reserves must reflect the ultimate probable cost of conducting discovery and any other related allocated costs.

Once defense counsel is assigned, the lawsuit should be faxed to the assigned defense counsel with specific handling instructions. A follow up referral letter must be sent with a copy of our file. The appropriate vendor language needs to be in body of our referral letter.

The vendor language is as follows:

“When you accept this referral, please understand that our mutual client _____ is responsible for all charges; however as the claims administrator we have been asked to process your bills. Therefore, we request that you address all invoices to the Client c/o York Claims Service.”

The adjuster, if the loss cannot be settled without intervention from defense counsel, needs to assign and conduct a thorough investigation. The referral letter should also request an acknowledgement from defense counsel via e-mail along with their initial review and comment on liability, damages and further investigation they deem necessary to protect the insured's interests. A litigation and budget plan should be requested from defense counsel. Defense counsel reports should be electronically attached to the file.

Once the above is secured, the adjuster should determine if plaintiff's counsel filed the complaint in the proper venue. If a change of venue is to be made, we must be sure it will increase our chances to prevail.

A thorough review of the complaint must be made to determine whether the insured needs to be advised of a potential exposure in excess of available coverage, i.e., is an excess letter needed? If so, one must be sent via certified mail return receipt requested along with a copy to the broker/MGA. The excess letter should identify the assigned defense counsel.

Identify all of the defendants named in the complaint. If we do not know the relationship between the defendants and the insured can not assist us, we need to have defense counsel follow up via discovery. However, a simple call to plaintiff's counsel should be made as usually they will cooperate and provide information as to the relationships of the defendants.

Follow Up Diary

Adjusters should regularly review every litigated file and follow up on the status of agreed litigation plans. Regular reports should be received from counsel of any other party(s) assisting in an investigation. Even if a claim is in litigation, it is important that the handling adjuster maintains control over the investigation in order to control expenses and capitalize on timely opportunities to resolve the exposure. Defense counsel should provide agreed to services at the direction of the adjuster unless otherwise mandated by account guidelines.

Periodic telephone contact with and/or reports from defense counsel need to document whether plaintiff's counsel has responded to our discovery requests and, if not, what the plan of action is. Status updates should advise whether there are motions that need to be made, has a discovery schedule been set by the courts, etc.

Periodic review of the litigation file should document whether we agree with defense counsel's litigation and budget plan? The adjuster must control and direct defense counsel. Once the plaintiff's initial discovery responses are received an exposure analysis should be made based on coverage, liability and damages taking in to account mitigating defenses and potential contribution from collateral sources. Economic consequences of continued litigation always need to be compared to desired outcomes. Judgment calls will be made in consultation with our client.

Deposition summaries and other litigation documents should be electronically attached to the file. File notes do not need to duplicate these documents. File notes should reference the documents and reflect how they impact the case. File notes should always reflect a concise plan of action

Negotiations

It is the responsibility of the adjuster to conduct negotiations unless we are at trial, arbitration or mediation. Even then, the adjuster must maintain control of the settlement process.

Defense Counsel Invoices

Upon receipt of a legal bill, charges must be carefully scrutinized to determine if all the work that defense counsel is charging for been completed and authorized? No work should be conducted by defense counsel unless specifically authorized by the adjuster. Charges should be a function of agreed upon rates.

Evaluate whether legal bills fall within the agreed litigation budget plan. If not, why not? Continually evaluate whether expense reserves need to be updated.

Experts

The adjuster must approve all experts and expert fees. It is important that we “line up” all experts so we have a solid, coherent defense.

Mediations/Arbitrations

Defense counsel should provide the adjuster with a thorough case analysis at least thirty days prior to a mediation or arbitration with their opinion on liability, verdict and settlement value.

The adjuster, or an authorized representative, should attend mediations/arbitrations. Defense counsel should provide the outcome to the adjuster as soon as possible.

Trials

Trial dates must be promptly reported to our clients. A pre-trial report should be secured from defense counsel thirty days prior to trial. The adjuster **must** review any file that proceeds to selection of a jury with their supervisor. Any decision to continue a trial rather than resolve a claim will be made in consultation with our client. Once the jury has been selected, a complete evaluation of the jury pool should be secured and supplied to the insured and carrier.

At the minimum, defense counsel must provide a daily status to the adjuster. This status must be reported to the carrier and any other interested party. Documentation of this is crucial and should encompass all status contacts and instructions by the carrier.

If a case is going to verdict, we **must** have the consent of the carrier. Even if our SIR client expresses an interest in allowing the case to go to verdict, we **must obtain** the express consent of the carrier.

Client authorization must be obtained prior to pursuit of an appeal.

Exhibit B

York's Claims Best Practices





York Risk Services Group

Workers' Compensation Best Practices for Claims Handlers as of January 1, 2015

These Best Practices have been established as guidelines to our York Claims Handlers and our Customers to aid the establishment and communication of clear instructions and expectations to everyone involved in the administration of Workers' Compensation claims. Nothing contained in these guidelines should be considered a rigid rule to be followed without regard to the particular circumstances of a claim. Rather, the purpose of the guidelines is to offer recommendations and checklists to assist those involved to achieve important goals: (1) the best possible medical outcomes for injured employees; (2) the return of injured employees to productive work; (3) accurate and timely processing of all benefits payments that are owed under the pertinent Workers' Compensation Laws and Regulations; and (4) the protection of our clients and their stakeholders from cost beyond those necessary to achieve these goals.

Claims Set-up and Initial Claims Handling

Claims Set-up

Claim files are set up in the same day the notice is received. If a claim is received beyond normal business hours, the file is set up at the outset of the next business day.

Catastrophic cases are reported to Excess Carriers via email or phone within 24 hours of notice.

Claims set-up is the initial step in our process of resolving claims quickly and fairly in accordance with applicable rules and standards.

Analyzing Coverage

Prior to conducting our initial investigation, coverage is confirmed by verifying that there is an active policy for the reported date of injury and location. The policy is also reviewed for exclusions or endorsements that may impact coverage for the claim.

Establishing the exact nature of coverage for each claim is a baseline element of handling new losses.

Initial Investigation

Each claim is investigated to obtain all relevant information regarding (1) nature, (2) extent, (3) causality and (4) course and scope of employment. Key fraud indicators are identified and investigated.

Investigations are planned and followed-up with appropriate urgency.

Immediate first-hand knowledge permits adjuster to direct the investigation and better control the exposure. Early claim analysis expedites decision-making and claims resolution.

Three-Point Contact

As part of the initial investigation, three-point contact attempts are made on Indemnity claims within 24 hours of knowledge. Two-point contact attempts are made on medical only claims within 24 hours. Follow-up contact attempts are completed within the next two days. If no phone contact is made, follow-up contact letters are sent to the injured employee by the third day. If no contact has been made at the time of the 10-day diary, an email is sent to the employer and the activity is documented in the claim file.

A quick response gives a fuller and more accurate account of important facts and evidence.

Investigation-Ongoing

Investigation continues throughout the life of the file. All necessary information is obtained to address unresolved or new issues. Witnesses are contacted where warranted. Key fraud indicators are identified and investigated.

Investigations are planned and followed-upon with appropriate urgency.

Continuing investigation throughout the life of the file permits adjuster to develop aggressive action plans and better control the exposure. Continual claim analysis expedites decision-making and claims resolution.

Indexing

Indemnity claims are indexed upon claim registration and annually thereafter as long as the file remains open. Injuries and incidents identified by the indexing process are investigated for a relationship to the Claim File.

Reporting of claims to Index Bureau identifies potential sources of recovery and potential duplications of injury history.

Initial Reserves

Appropriate reserves are set based on Ultimate Probable Outcome within 5 business days of notice of new loss. Reserves above the threshold established in the Account Instructions are approved by the Customer.

Provide a quick assessment of claim exposure.

Decision to Accept/Delay/Deny a Claim

Determinations to accept, delay or deny a claim are made within 14 days or to meet jurisdictional requirement. Denials of any claim are approved by the customer.

A timely and complete claim determination maintains control of the claim file and reduces unnecessary litigation.

Mitigation

Identify Subrogation Opportunities

Attempts to determine subrogation opportunities are made within 14 days or to meet jurisdictional requirement. Opportunities are investigated, documented and pursued.

Successful subrogation efforts prevent our customers from incurring costs properly borne by other parties.

Apportionment

Lien rights are protected and acted upon. Apportionment opportunities are investigated, documented and pursued.

Thorough establishment of proportional liability of other parties protects our customers from incurring costs properly borne by other parties.

Litigation Management

1. Cases are referred to approved defense attorneys with appropriate direction; 2. Appropriate litigation plans and budgets are developed; 3. Examiners direct claims handling strategies and do not cede claims handling responsibilities to defense attorneys; 4. Claim files are managed to avoid unnecessary legal expenses; 5. Legal fees and costs are reviewed and adjusted.

Defense attorneys are valuable members of a claims handling team for certain claim files, but our examiners retain control of each file we administer regardless of the circumstances.

Medical Management

Disability Management

Claim handling efforts are planned to provide a prompt and realistic return to productive work for each injured worker, using creative methods and data-driven analytics to move onto the best possible healing path. Special attention will be given a patient whose recovery lags behind reasonable expectations.

Emphasizing quality medical care and prompt return to work speeds the recovery time of injured workers and minimizes disruption and cost for our customers.

Selection of Treating Physicians

Working within the established rules of each jurisdiction, the best available physicians and medical providers will be employed to return each patient to health and the highest possible function.

Employing the right physician provides timely and appropriate care to injured workers.

Medical Treatment Plans

Working within the established rules of each jurisdiction, the most effective means and treatment will be employed to return each patient to health and the best possible function.

Concise and direct treatment plans improve the value of medical treatment provided to each injured worker.

Nurse Case Management

Nurse Case Managers and other healthcare professional consultants are used to aid the healing process whenever warranted by the condition and circumstances of the patient in a manner established by the Account Instructions.

Nurse case managers can improve communication and outcomes on complex cases.

Benefit Payments

Indemnity Payments

Initial Benefits are issued within 14 days of knowledge of disability or to meet jurisdictional requirements.

Periodic payments issued according to jurisdictional requirements.

Fair and timely benefit payments are a core element of workers' compensation programs.

Wage Statements

Documentation of each Indemnity file contains a wage statement or note indicating how the benefit was derived including documentation as to method, jurisdiction and calculation of wages.

Timely and accurate benefit computations build trust with injured workers and avoid overpayments and penalties.

Reimbursable Expenses

Payments issued within 5 business days from receipt of required documentation.

Fair and timely reimbursement of expenses reduces the financial strain on injured workers and avoids penalties.

Pay/Contest a Medical Bill

Decisions to Pay or Contest a Medical Bill are made within five business days of receipt of required documentation. Contested bills are objected to in accordance with jurisdictional rules. Otherwise, bills are processed for payment as required under jurisdictional timeframes.

Fair determinations and appropriate payment for medical costs helps ensure good relations between medical providers, patients and our customers.

Pay Court Approved Settlements

Awards are paid within jurisdictional timeframes and to avoid the claim staying open longer than necessary. Authority to settle is obtained from customers as directed in the Account Instructions.

Fast & accurate payment of awards displays our commitment to resolve fairly all claims we administer.

Communication

Responding to Phone Messages

Calls are returned on the same day if possible but within at most 24 hours from the initial message, adjusting for holidays and weekends.

Responding to Correspondence

Response to correspondence is made quickly as warranted to move the case toward resolution. Written responses are made to within 5 business days of receipt.

Responding to Email Correspondence

Email correspondence is returned on the same day if possible but within at most 24 hours from the initial message, adjusting for holidays and weekends.

Prompt responses to all parties help speed the resolutions of all claims, nurture relationships and build our reputation for attentiveness and responsibility.

Periodic Review of Open Files

Examiner Review: Medical Only Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed not less frequently than every 45 days as necessary to move files toward resolution.

Quick attention to relatively minor conditions reduces the likelihood that medical problems will worsen and claims will escalate.

Examiner Review: Active Indemnity Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed at 30 days from initial assignment and thereafter not less frequently than every 90 days as necessary to move files toward resolution.

A consistent process of analyzing facts and identifying the best possible plans of action is essential for timely resolution of claims.

Examiner Review: Maintenance Medical Cases

Significant information is acted upon whenever discovered or reported. Open files are reviewed not less frequently than every six months. Reviews of benefit payments and required activity are conducted annually.

Our responsibility to management medical benefits and pay expenses timely does not change when the case is resolved.

Supervisor Review

Supervisors review each file at initial assignment and thereafter direct and advise examiners as frequently as needed to ensure the best possible outcome on each claim file. Supervisors ensure that significant information is acted upon whenever discovered or reported and that prior instructions to examiners have been carried-out effectively.

Supervisors provide added oversight to the work of examiners, ensuring consistency of claims handling, prudent financial management and adherence to special Client Instructions.

Case Review and Documentation

Nature and extent of each injury is promptly established and updated. Documentation reflects any significant developments and includes a POA to move the file toward resolution. Attached documents are annotated to reflect content and relevance to the file.

Proper documentation communicates important facts and circumstances of each case and memorializes conversations, activities and file planning to achieve the best possible outcome.

Financial Management

Establishing and Maintaining Reserves

Initial Reserves are established within five business days of notice of new loss. Reserve changes are made with the completion of comprehensive worksheet. Reserves are adjusted timely based upon material changes documented within each claim file. Adequacy of reserves is commented upon as an aspect of each diary review.

Proper reserves provide a clear appraisal of financial exposure on each claim file.

Reimbursement from Excess Coverage sources

Initial request for reimbursement are made within 30 days of exceeding the retention, and thereafter in 90 day increments or as directed by the Excess carrier or coverage source.

Prompt and frequent requests for reimbursement protect the assets of our customers against the impact of large losses.

Apportionment, Subrogation and Subsequent Injury Funds

Sources of reimbursement are pursued and funds are collected whenever available and coded as a recovery to the Claim File.

Early recognition, timely handling and appropriate pursuit of reimbursement protects the assets of our customers against costs attributable to other parties or covered by statutory reimbursement Funds.

Reporting

Excess Reporting

Catastrophic cases are reported to Excess Carriers via email or phone within 24 hours of notice. Formal reports are provided within 10 days. Other claims are reported within 14 days of identification of reaching the reporting threshold.

Timely and comprehensive reporting enables maximum collaboration with excess carriers on claims management.

Medicare

Medicare interests are documented in each indemnity file and addressed in settlement documents.

Strict adherence to Medicare standards protects the interests of all parties involved with a claim file.

Other Agency Reporting

Data gathering and reporting requirements are fulfilled as prescribed by rules or requirements.

Accurate reporting provides a clear picture of claims parameters to reporting agencies and enhances our reputation for thoroughness.

Additional Resources

Appropriate internal/external Subject Matter Experts are used to achieve an appropriate claim outcome on every claim file.

Use of specialized support services reduces disruptions and associated costs when used appropriately.

Closures and Claims Status

Close or Transfer Medical Only Files

Medical Only files are resolved within 30 days of receipt of final medical bill. Closure or conversion to an indemnity status is considered at 90 days from notice of loss or once the total incurred value of a loss reaches \$3,500. If the circumstances in the file change, it is converted to indemnity within 24 hours of recognition.

Keeping a close watch on claims that appear to be relatively minor events prevents problems from escalating and identifies larger issues that may have been undetected in the initial investigation.

Resolution Efforts

Possibilities for resolution are considered at appropriate junctures during the life of each file. Action plans are developed for moving each file toward resolution.

Prompt resolution of claim files reduces disruptions for injured workers and our customers and limits costs associated with financial uncertainty.

Obtain Settlement Authority

Authority to settle is obtained from customers as directed in the Account Instructions. Appropriate authority is secured prior to settlement conferences, allowing adequate time for funding of payment accounts. Adequate reserves are established prior to settlement discussions.

Clear communication with our customers regarding the terms of settlement authority creates alignment of efforts and leads to prompt and fair settlements.

Resolving Files

Each claim file is moved toward a fair and cost effective resolution as efficiently as possible.

Our primary purpose: Resolving claims quickly and fairly in accordance with applicable rules and standards.

Exhibit C

Sample Transition Plan





Sample Client Implementation - ABC Company

Project % 0.00%

Notified of Contract Begin:		Implementation	TBD
Client ID		Sales	
YCE Version (and ASP)		Account Manager	
Contract Effective Date		Regional VP(s)	
Line of Business		Assistant VP(s)	
Market Type		Client Contacts	
Contract Negotiation Period		Broker(s)	
Implementation START Date		Carrier(s)	N/A
Implementation END Date (with signoffs)		Prior TPA	
Claim Count: (Estimate)		Jurisdictions	

Pre-Implementation Phase (Some items in this section may continue through duration of project)

ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
1	Contract and Pricing Initiation and Finalization	Sales / AM / Client / Legal			0%	
2	Engage Client Implementation Team	Sales / Account Manager / Client Implementations			0%	
3	Assignment - Senior Account Manager	Client Services			0%	
4	Assignment - Regional Vice President(s) (RVP)	Operations			0%	
5	Assignment - Asst. Vice President(s) (AVP) and Unit Manager(s)	Regional Vice President			0%	
6	Assignment - Claims Director	Practice Leader			0%	
7	New Client Set-up Form	Sales			0%	
8	Document Client Service Instructions	Account Manager			0%	

Meetings and Communication Phase

ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
	Internal York Meeting				0%	
1	Determine Project Team	Client Implementations			0%	
2	Engage Regional Vice Presidents (RVP)	Client Implementations			0%	
3	Prepare Internal Meeting Agenda & Schedule Meeting	Client Implementations			0%	
4	Internal Meeting (York Team)	Client Implementations			0%	
5	Determine Action Items	Client Implementations			0%	
6	Prepare / Provide Internal Meeting Summary	Client Implementations			0%	
	External Party Meetings (York, Client, Broker, Carrier, TPA)					
1	Prepare External Agenda & Schedule Meeting	Client Implementations			0%	
2	Initial External Meeting (York / Client / Broker / Carrier / TPA)	Client Implementations			0%	Full Team Meeting
3	Determine Action Items	Client Implementations			0%	
4	Prepare / Provide External Meeting Summary	Client Implementations			0%	
5	Status Meeting (2nd Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
6	Status Meeting (3rd Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
7	Status Meeting (4th Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
8	Status Meeting (5th Meeting)	Client Implementations			0%	Only "applicable" attendees required for meeting
9	Status Meeting (6th Meeting)	Client Implementations			0%	May also serve as project closure meeting

Implementation Phase

ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
	Notices				0%	
1	Carrier Notification	Carrier Resource			0%	
2	Announce New Client to Internal York Distribution List	Client Implementations			0%	Pending contract

****Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.**



Sample Client Implementation - ABC Company

Project % 0.00%

Notified of Contract Begin:		Implementation	TBD
Client ID		Sales	
YCE Version (and ASP)		Account Manager	
Contract Effective Date		Regional VP(s)	
Line of Business		Assistant VP(s)	
Market Type		Client Contacts	
3	Provide York Contact Matrix to Client	Account Manager	0%
4	Notify Offsite Storage Vendor (if applicable)	Client Implementations	0%
5	Notify Jurisdictions (if applicable)	Client Data / Operations	0%
Client Records			
1	Obtain Copies of Binders/Policies	Client Records	0%
2	Obtain Client Hierarchy	Client Records	0%
3	Setup Client/Hierarchy in YCE	Client Records	0%
4	Obtain Hierarchy Approval (Client)	Client Records	0%
Reporting			
1	EDI Set-up (if applicable)	Client Records	0%
2	ISO Set-up (if applicable)	Client Records	0%
3	Data Exports Set-up (Carrier, Client)	Client Data	0%
4	MMSEA Set-up (if applicable)	Client Records	0%
Managed Care			
1	WellComp Set-up	Medical Management	0% WellComp Services (MBR, NCM, UR)
2	Progressive Set-up	Medical Management	0% First Fill Program
Claim Intake			
1	QRM/OSC Notified/ Set-up	Data Integrity or OSC Manager	0%
2	Vanity Line (if applicable)	Data Integrity or OSC Manager	0%
3	Set-up Claim Intake (E-mail, Web Intake)	Data Integrity or OSC Manager	0%
Banking			
1	Set-up Bank Account	Banking	0% York / Client Owned (Upon receipt of Contract)
2	Special Client Instructions	Banking	0% Positive Pay, Escrow, Level Notifications
3	Obtain Funding	Banking	0%
System Access			
1	IT Forms - YCE Claims Access (Claims View, Web Intake)	Account Manager	0%
2	IT Forms - YCE Reports Access (YCE, Version A)	Account Manager	0%
3	User(s) Set-up (Claims View and Web Intake)	Information Technology	0%
4	User(s) Set-up (Reports - YCE, Version A)	Information Technology	0%
Training			
1	Web Intake	Claim Intake Manager	0% if applicable
2	Claims View	Training Manager	0% if applicable
3	Reports	Training Manager	0% if applicable

****Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.**



Sample Client Implementation - ABC Company

Project % 0.00%

Notified of Contract Begin:		Implementation	TBD
Client ID		Sales	
YCE Version (and ASP)		Account Manager	
Contract Effective Date		Regional VP(s)	
Line of Business		Assistant VP(s)	
Market Type		Client Contacts	
File Transfer			
1	Transfer Instructions to Prior TPA if Takeover Claims	Client Implementations	0% If applicable
2	Physical Files (Onsite)	Client Implementations	0% If applicable
3	Physical Files (Offsite)	Client Implementations	0% If applicable

Data Conversion Phase

ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
						0%
Test Phase						
1	Obtain Test Data File(s)	IT Resource			0%	Dates in this section are contingent upon carrier approval and data receipt from prior TPA.
2	Analyze Data and Complete Mapping	IT Resource / Operations / Client Data			0%	
3	Obtain Mapping Signoff	IT Resource / Client Data			0%	
4	Load Test Data (Test environment)	IT Resource			0%	
5	Validate Data Loaded	Client Data			0%	
6	Obtain Client Signoff	Account Manager			0%	
7	Obtain Operations Signoff	Client Data			0%	
Final Phase - The Final Data Files are not generally provided prior to month-end process completion.						
1	Obtain Final Data File(s)	IT Resource			0%	Dates in this section are contingent upon carrier approval and data receipt from prior TPA.
2	Analyze Data	IT Resource			0%	
3	Load Data (Test Environment)	IT Resource / Client Data			0%	
4	Validate Data Loaded	Client Data			0%	
5	Obtain Client Sign-off	Account Manager			0%	
6	Obtain Operations Sign-off	Client Data			0%	
7	Load Data (Production)	IT Resource			0%	
8	Validate Data Loaded	Client Data			0%	
9	Obtain Operations Signoff	Client Data			0%	
10	Prepare "TEST" Export File for Carrier (if applicable)	IT Resource			0%	
11	Obtain Carrier Sign-off (if applicable)	IT Resource / Client Data			0%	

Post-Implementation Phase

ID	Task Name	Resource	Target Finish Date	Actual Finish Date	% Complete	Notes
						0%
Operations and Quality Review (Historical Data)						
1	Triage Claims	Operations, Claims Director			0%	Start the 1st business day loaded to production
Implementation Project Closure						
1	Schedule Project Closure Meeting with Client	Client Implementations			0%	
2	Obtain Implementation Client Sign-off	Account Manager / Client Implementations			0%	

****Please note that all dates are subject to change based on data availability, accuracy, and quality and/or other factors, such as requested changes to the program during the transition process.**

Exhibit D

Allocated Loss Adjustment Expenses





Allocated Loss Adjustment Expenses

York will arrange for various services and other costs as agent for the City. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of these expenses follows. Payment of ALAE is the responsibility of the City of Manhattan Beach. York's fees do not cover ALAE, and York is under no obligation to pay ALAE with its own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- Services performed outside York's normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with Customer
- Any other extraordinary services performed by York at the City's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of the City.

The City may elect to utilize York's staff to perform these services. Associated fees and costs will be charged as ALAE.

Exhibit E

Resumes





155-Account Management
313 East Foothill Bl. Upland, CA, 91786

Veronica Ibarra - Client Services - Other Categories

Direct Dial: (909) 942-4839

Fax: (909) 608-7165

Email: Veronica.Ibarra@yorkrsg.com

Industry Experience: 23 years

Service with York: 17 years

Employment: Full time

Licenses In States:

- Workers Comp: WCCP, RMPE

Responsibilities include:

- Implement program internally and externally
- Respond to general inquiries/requests
- Act as liaison between clients and our branch offices
- Maintain program hierarchy
- Coordinate file reviews
- Train clients in Claims Connect
- Verify that servicing instructions are documented and followed
- Provide analysis and trends of program loss history

Business Experience:

- Workers' Compensation: Employer Liability
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only

Industry Expertise:

- Public Entities and Administration

Languages:

- English
- Spanish



701-Inland Empire I
313 East Foothill Bl. Upland, CA, 91786

Deanna Carson, SIA, WCCA - Supervisor

Direct Dial: 909-942-4853

Fax:

Email: Deanna.Carson@yorkrsg.com

Industry Experience: 14 year

Service with York: 8 years

Professional Affiliations/Awards:

- Self-Insurance Administrator certificate
- IEA Certification WCCA

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Supervision of adjusting team
- Oversight of adjusters work product to ensure:
 - Accurate caseloads are maintained
 - Training and development opportunities are identified and met
- File reviews for:
 - Accurate technical handling with focus on:
 - Coverage Analysis
 - Investigation
 - Reserving
 - Action Plans
 - Litigation Management
 - Compliance with customer requirements

Business Experience:

- Recovery
- Workers' Compensation: Employer Liability
- Workers' Compensation: Indem/Time Lost
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only

Industry Expertise:

- Health Care
- Public Entities and Administration
- Schools



701-Inland Empire I
313 E Foothill Blvd Upland, CA, 91786

Priscilla MezaGodinez - Senior Claims Examiner

Direct Dial: (909) 942-4824

Fax: (909) 608-7165

Email: Priscilla.MezaGodinez@yorkrsg.com

Industry Experience: 30 year
Service with York: 6 years

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Accurate, consistent claim adjusting
- Compliance with customer requirements
- Focus on:
 - Coverage analysis
 - Timely Investigation
 - Evaluation and Reserving
 - Resolution
 - Recognition of subrogation/recovery potential

Business Experience:

- Workers' Compensation: Indemnity/Time Lost/Future Medical
- Workers' Compensation: Indemnity/Supervisor
- Workers' Compensation Medical Only

Industry Expertise:

- Public Entities and Administration

Other Qualifications:

- IEA certificate
- Self Insured

Languages:

- English
- Spanish



712-Inland Empire II
313 East Foothill Blvd Upland, CA, 91786

Katrina Alvare, WCCA - Claims Examiner

Direct Dial: (909) 942-4906

Fax: (909) 608-7165

Email: Katrina.Alvare@yorkrsg.com

Industry Experience: 13 years

Service with York: 2 years

Employment: Full time

Formal Education:

- Mount San Antonio College 4 years-No Degree

Licenses In States:

- Workers Comp: CA

Responsibilities include:

- Accurate, consistent claim adjusting
- Compliance with customer requirements
- Focus on:
 - Coverage analysis
 - Timely Investigation
 - Evaluation and Reserving
 - Resolution
 - Recognition of subrogation/recovery potential

Business Experience:

- Workers' Compensation: Indemnity/Time Lost
- Workers' Compensation: Indemnity
- Workers' Compensation: Medical Only
-



CITY OF BEAUMONT

June 25, 2015

Subject: Request for Proposal (RFP) – Workers Compensation Third Party Administrator (TPA) Services

Dear Sir or Madame:

The City of Beaumont is seeking responses to its Request for Proposals (RFP) from qualified Third Party Administrator (TPA) firms with demonstrated experience and expertise in administering the Workers Compensation Program of a self-insured public entity.

Responding proposals shall include the following information:

A. Company Overview

- Describe your organization, include history, ownership, and number of years in business providing TPA services.
- Provide the size and structure of your organization, including the number of claim adjusters and claim support personnel.
- Provide the address of the corporate headquarter location and the location of the claim office that would be assigned to service the City of Beaumont
- Indicate which services are owned by your company and which services you use sub-contractors.

B. Qualifications

- Describe your company's TPA experience and qualifications in providing Workers' Compensation service to municipalities or other similar public entities. Include a list of current municipal clients.
- Identify proposed staff members who would be assigned to the City of Beaumont and submit statements or resumes detailing their qualifications and experience with municipalities.
- Describe your proposed scope of services for the City of Beaumont in Claims Administration, Bill Review, Medical Management, Legal Administration, Return-to-Work Program, and Risk Management Information System (RMIS).
- Describe the caseloads of your medical only and indemnity adjusters.
- Describe your bill review and utilization review process.
- Describe any feature of your company that distinguishes your from your competitors.
- Describe any value added services such as web-based applications that enable the injured worker to access claim forms and submit them online.
- Describe your company's best practices in claims, handling, claim supervision of litigated claims, claim status communication.
- Describe your return-to-work philosophy.

C. References

- Provide three (3) references with similar operations and services, such as other municipalities, for which you currently provide Workers' Compensation TPA services. Include dates of service, client's name and contact person with telephone numbers and e-mail addresses.

D. Transition Plan

- Provide a proposed transition plan and implementation timetable, which the City of Beaumont can immediately implement after vendor selection.

E. Pricing

- Provide a cost proposal that includes a summary of all fees detailing services related to such fees, including full disclosure of sub-contractor fees associated with claim services to be provided through the TPA.
- Provide pricing for both life of claim and life of service agreement. This should include pricing structure for both run of claims and new claims occurring as of September 1, 2015.
- If more than one pricing alternative is available, describe in detail each option, including any flat fee option.
- Include any pricing changes over the course of the service agreement and if you offer any flat rate guarantee.

Further comments and/or information may be included in each section or as an addendum.

Proposals are to be submitted electronically in pdf format to the Human Resource Director's Office at karim@beaumont-ca.gov **no later than 3:00 p.m., Friday July 10th, 2015.**

The City reserves the right to reject any and all proposals, to award the professional services agreement in whole or part to the firm that it determines to be most qualified, and to negotiate the terms of service agreement, including the award amount, with the selected TPA prior to entering into a professional services agreement. The City reserves the right to amend its RFP in writing at any time. The City also reserves the right to cancel or reissue the RFP at its sole discretion.

The evaluation and selection of a TPA will be based on the information submitted in the TPA's proposal, pricing services, and compatibility with the City of Beaumont's processes. Responding firms may be requested to provide an oral presentation or to participate in an interview process. Should you have any questions, please contact me at (951) 769-6062.

Sincerely,



Kari Mendoza
Acting Director of Human Resources
karim@beaumont-ca.gov
951-769-6062