



SAN JOAQUIN COUNTY
PURCHASING AND SUPPORT SERVICES
PURCHASING DIVISION

David Louis, C.P.M., CPPO, CPPB
Director

Jon Drake, C.P.M.
Deputy Director

February 14, 2012

TO: ALL PROSPECTIVE PROPOSERS

SUBJECT: REQUEST FOR PROPOSAL RFP 12-01
WORKERS' COMPENSATION
CLAIMS ADMINISTRATION SERVICES

Ladies and Gentlemen:

Enclosed please find an invitation to submit a proposal with a bid form, a sample contract and job specification.

Sealed responses are to be received no later than **4:00 PM PST, 16th day of March, 2012.**

Mail or deliver your response by the above date and time to the following address:

RFP 12-01
Purchasing Agent
County of San Joaquin,
Administration Building
44 N. San Joaquin Street, Suite 540
Stockton, CA 95202

If you have any further questions, please contact me at (209) 468-3240.

Sincerely,

Jon Drake, C.P.M.
Deputy Director
Purchasing & Support Services



RFP 12-01

**WORKERS' COMPENSATION
CLAIMS ADMINISTRATION
SERVICES**

COUNTY OF SAN JOAQUIN

**44 N. SAN JOAQUIN STREET, SUITE 540
STOCKTON, CA. 95202**

FOR: HUMAN RESOURCES/RISK MANAGEMENT DIVISION

BUYER: Jon Drake

jdrake@sjgov.org

(209) 468-3240

TABLE OF CONTENTS

DESCRIPTION	PAGE
Key Action Events and Dates	2
Submittal of Proposals	3-4
Identification & License	5-6
Affidavits and Acknowledgements	7-12
Reference List	13
Cooperative Clause	14
Proposal General Information	15-17
Introduction	18
Claims Information	19
Requirements & Standards	20
Proposal Response Format and Content	21-25
Evaluation and Selection Criteria	26-29
Appendix A – Sample Claims Administrator Contract	30-37
Appendix B – Claims Administration Standards	38-42
Appendix C – Financial Requirements	43-45

KEY ACTION EVENTS AND DATES

Listed below are the events and dates for this Request for Proposals

EVENT #	DESCRIPTION	DATE
1.	Release of Request for Proposal	Tuesday, February 14, 2012
2.	Last day for contractors to submit questions (For clarification prior to submitting Proposal)	Friday, February 24, 2012
3.	Last day for County to answer questions	Friday, March 9, 2012
4.	Proposal is due no later than 4:00 PM PST	Friday, March 16, 2012
5.	Interviews	Monday, April 2, 2012
6.	Award of Contract (tentative)	Tuesday, May 1, 2012

SUBMITTAL OF PROPOSAL

An Original Sealed Proposal and five (5) copies must be received at the Office of the Purchasing Agent, at 44 North San Joaquin Street, Suite 540, Stockton, CA. 95202, until **4:00 PM PST, on Friday, March 16, 2012.**

Original Proposal and copies must be submitted in three-ring binders. The original must be labeled original, and copies labeled copy. Within the sealed proposal, the Proposer must submit, under **separate, sealed** cover, information regarding cost and expenses only. **All other information must be included within the primary proposal document.** Only those CONTRACTORS able to meet the requirements will have their cost proposal opened and considered.

The data submitted should be in the same order as this RFP. A table of contents shall be included indicating page numbers, attachments and appendices. **Once any information and/or exhibit is submitted, it is not necessary to repeat or resubmit it again. A simple reference to where the pertinent information can be found will be sufficient.**

All proposals must be typed with a maximum number of 50 total pages.

All supporting documentation should be pertinent and clearly identified as to what section of the RFP it specifically refers.

Each proposal must be signed in longhand by the Proposer's authorized representative with his/her usual signature. Proposals by partnerships must be signed with the partnership name by one of the partners. Proposals by corporations must include the name of the state of incorporation, date of incorporation, and the signature of the president, secretary, or other person authorized to bind it in the matter. The name of each person signing shall be typed or printed below the signature.

ALL MAILED PROPOSALS SHALL BE ADDRESSED AS FOLLOWS:

**RFP 12-01
Purchasing Agent
County of San Joaquin
44 North San Joaquin Street, Suite 540
Stockton, CA 95202**

The envelope shall also have stated therein the name and address of the submitting firm.

HAND DELIVERED COURIER OR PACKAGE DELIVERY SERVICE SHALL BE DELIVERED DIRECTLY TO:

**Purchasing Division
County of San Joaquin
44 North San Joaquin Street, Suite 540
Stockton, CA 95202**

It shall be the responsibility of the Proposer to see that its proposal is received by the San Joaquin County Purchasing Department prior to the time of the opening. Sealed proposals must be received in the Office of the Purchasing Agent at the San Joaquin County Administration Building, 44 North San Joaquin Street, Suite 540, Stockton, CA 95202 by **4:00 PM PST, Friday, March 16, 2012**. All proposals received after said time and date will be timed-stamped and returned unopened to the submitter.

THE COUNTY DOES NOT ACCEPT PROPOSALS SUBMITTED BY FAX or E-mail.

No oral, telephonic or telegraphic proposals or modifications shall be considered.

Any Proposer may withdraw its proposal either personally or by written request at any time prior to the time set for opening. No proposal may be withdrawn or modified after that time set forth thereof unless and until award of the contract has been delayed for a period exceeding ninety (90) days.

(This space intentionally left blank)

IDENTIFICATION SHEET

RESPONDENT TO COMPLETE AND RETURN WITH PROPOSAL

Type or print the following information:

Company: _____

Address: _____

(City) (State) (Zip)

Signed by: _____

Title: _____

Telephone: () _____ Fax: () _____

Years in business: _____

Number of employees: _____

Name of Insurance carriers: _____

Public Liability _____ Expires: _____

Worker's Compensation: _____ Expires: _____

NOTE: Proof of insurance will be required before an award will be made to Vendor.

The undersigned, having carefully read and examined the contract documents, and being familiar with (1) all the conditions applicable to the work for which this proposal is submitted; (2) with availability of the required equipment, materials and labor hereby agrees to provide everything necessary to complete the work for which this proposal is submitted in accordance with the proposal documents for the amounts quoted herein and further agrees that if this proposal is accepted, within thirty (30) days after the contract is presented for acceptance, will execute, and mail a signed contract to the County of San Joaquin Purchasing Agent.

Signature

Date

By submission of a proposal, a Proposer attest to having possession of any duly issued valid license that may be required. Such license authorizes a Proposer to contract to perform type of work required by the specifications. Should a license be required to perform the service required, the Proposer will provide the number and classification of Proposer's License.

Proposer: _____

BY: _____

TITLE: _____

MAILING ADDRESS: _____

(City) (State) (Zip)

TELEPHONE NUMBER: _____

LICENSE NO.: _____

LICENSE CLASSIFICATION/TYPE: _____

NON-COLLUSION AFFIDAVIT

(Title 23 United States Code Section 112 and Public Contract Code Section 7106)

In accordance with Title 23, United States Code Section 112, and Public Contract Code 7106, the Proposer declares that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the Proposer has not directly or indirectly induced or solicited any other Proposer to submit a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any Proposer or anyone else to put in a sham proposal, or that anyone shall refrain from proposing; that the Proposer has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price/s of the Proposer or any other Proposer, or to fix any overhead, profit or cost element of the proposal price/s, or of that of any other Proposer, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further, that the Proposer has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

NOTE: The above Non-collusion Affidavit is part of the proposal. Signing this proposal on the signature portion thereof shall also constitute signature of this Non-collusion Affidavit.

Proposers are cautioned that making a false certification may subject the certifier to criminal prosecution.

(This space intentionally left blank)

TRADE SECRET ACKNOWLEDGEMENT

All proposals received by the County shall be considered "Public Record" as defined by Section 6252 of the California Government Code. This definition reads as follows:

"...Public records" includes any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics "Public records" in the custody of, or maintained by, the Governor's office means any writing prepared on or after January 6, 1975."

Each proposal submitted is Public record and is therefore subject to inspection by the public per Section 6253 of the California Government Code. This section states that "every citizen has a right to inspect any public record".

The County will not exclude any proposal or portion of a proposal from treatment as a public record except in the instance that it is submitted as a trade secret as defined by the California Government Code. Information submitted as proprietary, confidential or under any other such terms that might suggest restricted public access will not be excluded from treatment as public record.

"Trade secrets" as defined by Section 6254.7 of the California Government Code are deemed not to be public record. This section defines trade secrets as:

"...Trade secrets," as used in this section, may include, but are not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data or compilation of information that is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it."

Information identified by bidder as "trade secret" will be reviewed by County of San Joaquin's legal counsel to determine conformance or non-conformance to this definition. Examples of material not considered to be trade secrets are pricing, cover letter, promotional materials, etc. Such material should be submitted in a separate binder not marked "Trade Secret".

INFORMATION THAT IS PROPERLY IDENTIFIED AS TRADE SECRET AND CONFORMS TO THE ABOVE DEFINITION WILL NOT BECOME PUBLIC RECORD. COUNTY WILL SAFEGUARD THIS INFORMATION IN AN APPROPRIATE MANNER.

Information identified by bidder as trade secret and determined not to be in conformance with the California Government Code definition shall be excluded from the proposal. Such information will be returned to the bidder at bidder's expense upon written request.

Trade secrets must be submitted in a separate binder that is plainly marked "Trade Secrets."

The County shall not in any way be liable or responsible for the disclosure of any proposals or portions thereof, if they are not (1) submitted in a separate binder that is plainly marked "Trade Secret" on the outside; and (2) if disclosure is required under the provision of law or by order of Court.

Vendors are advised that the County does not wish to receive trade secrets and that vendors are not to supply trade secrets unless they are absolutely necessary.

TRADE SECRET ACKNOWLEDGEMENT

I have read and understand the above "Trade Secret Acknowledgement."

I understand that the County of San Joaquin has no responsibility for protecting information submitted as a trade secret if it is not delivered in a separate binder plainly marked "Trade Secret."

Enter company name on appropriate line:

_____ has submitted information identified as Trade
(Company Name) Secrets in a separate marked binder.**

_____ has **not** submitted information identified as Trade
(Company Name) Secrets.

ACKNOWLEDGED BY:

_____ () _____
Signature Telephone

_____ _____
Print Name and Title Date

_____ _____
Address

_____ _____ _____
City State Zip

**Bidders brief statement that clearly sets out the reasons for confidentiality in conforming with the California Government Code definition.

DISCLOSURE – CRIMINAL HISTORY & CIVIL ACTIONS

In their proposal, the bidder is required to disclose if any of the following conditions apply to them, their owners, officers, corporate managers and partners (hereinafter collectively referred to as "Bidder"):

- Within the three-year period preceding the proposal, they have been convicted of, or had a civil judgment rendered against them for:
 - fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction;
 - violation of a federal or state antitrust statute;
 - embezzlement, theft, forgery, bribery, falsification, or destruction of records; or
 - false statements or receipt of stolen property
- Within a three-year period preceding their proposal, they have had a public transaction (federal, state, or local) terminated for cause or default.

Disclosure of the above information will not automatically eliminate a Bidder from consideration. The information will be considered as part of the determination of whether to award the contract and any additional information or explanation that a Bidder elects to submit with the disclosed information will be considered. If it is later determined that the Bidder failed to disclose required information, any contract awarded to such Bidder may be immediately voided and terminated for material failure to comply with the terms and conditions of the award.

Any Bidder who is awarded a contract must sign an appropriate Certification Regarding Debarment, Suspension, and Other Responsibility Matters. Additionally, the Bidder awarded the contract must immediately advise the County in writing if, during the term of the agreement: (1) Bidder becomes suspended, debarred, excluded or ineligible for participation in federal or state funded programs or from receiving federal funds as listed in the excluded parties list system (<http://www.epls.gov>); or (2) any of the above listed conditions become applicable to Bidder. The Bidder will indemnify, defend and hold the County harmless for any loss or damage resulting from a conviction, debarment, exclusion, ineligibility or other matter listed in the signed Certification Regarding Debarment, Suspension, and Other Responsibility Matters.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS--PRIMARY COVERED TRANSACTIONS

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms covered transaction, debarred, suspended, ineligible, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

CERTIFICATION

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it, its owners, officers, corporate managers and partners:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Signature:

(Printed Name & Title)

Date:

(Name of Agency or Company)

PROPOSER MUST COMPLETE AND RETURN WITH REQUEST FOR PROPOSAL

Firm: _____

REFERENCE LIST

Provide a list of at least five (5) customers for whom you have recently provided similar services. Be sure to include all requested information.

Reference Organization: _____ Contact Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone No.: (____) _____ E-mail Address: _____

Approx. # of Firm Locations and # of Employees at each site: _____

Service Provided (Include # of Years): _____

Reference Organization: _____ Contact Name: _____

Address: _____

City: _____ State: _____ City: _____

Phone No.: (____) _____ E-mail Address: _____

Approx. # of Firm Locations and # of Employees at each site: _____

Service Provided (Include # of Years): _____

Reference Organization: _____ Contact _____

Address: _____

City: _____ State: _____ City: _____

Phone No.: (____) _____ E-mail Address: _____

Approx. # of Firm Locations and # of Employees at each site: _____

Service Provided (Include # of Years): _____

Reference Organization: _____ Contact _____

Address: _____

City: _____ State: _____ City: _____

Phone No.: (____) _____ E-Mail Address: _____

Approx. # of Firm Locations and # of Employees at each site: _____

Service Provided (Include # of Years): _____

Reference Organization: _____ Contact _____

Address: _____

City: _____ State: _____ City: _____

Phone No.: (____) _____ E-Mail Address: _____

Approx. # of Firm Locations and # of Employees at each site: _____

Service Provided (Include # of Years): _____

Failure to provide a list of at least five (5) customers may be cause for rejection of your proposal.

COOPERATIVE / PIGGYBACK CLAUSE

For the term of the Contract and any mutually agreed extensions pursuant to this request for bids/proposals, **at the option of the vendor**, other public agencies or public corporations, including any county, city, town, school district, community college, public utility district or other public corporation or agency within the State of California, may purchase, lease-purchase, or rent the identical items(s) at the same price and upon the same terms and conditions pursuant to any applicable Public Contract or other relative legal Code.

San Joaquin County waives its right to require such other districts and offices to draw their warrants in the favor of the County and agreements, orders, and payments may be made directly between the vendor and the public agency/corporation.

Acceptance or rejection of this clause will not affect the outcome of the bid/proposal.

Piggyback option granted _____

(Vendor please initial)

Piggyback option not granted _____

GENERAL INFORMATION

1.0 EXAMINATION OF DOCUMENTS

Before submitting a proposal, the Proposer will:

Carefully examine the specifications. Each Proposer shall have examined the scope of services before proposing and familiarize himself/herself with the local conditions under which the work is to be performed, and correlated his/her observations with the requirements of this Request for Proposal scope of services, as applicable.

Should concealed or unknown conditions be encountered in the performance of the agreed upon work, when conditions appear to Proposer to be at variance with the scope of services, the Proposer shall immediately seek a clarification from the Purchasing Agent who shall investigate the conditions and proceed in a way that is appropriate to the circumstances.

Fully inform themselves as to all conditions and limitations. The failure or omission of any Proposer to receive or examine any form, instrument, addendum or other document or become acquainted with all existing conditions shall in no way relieve any Proposer from any obligations with respect to Proposer's offer or to the contract. The submission of a Request for Proposal shall be taken as prima facie evidence of compliance with this section.

Include in its proposal sufficient data to cover all items required by the contract.

1.1 INTERPRETATION

Should a Proposer find discrepancies in or omissions from the specifications, or be in doubt as to their meaning, Proposer shall at once notify the County Purchasing Agent, which will send written instructions or addenda to all Proposers.

1.2 RIGHT TO CHANGE OR AMEND RFP

The County reserves the right to change the terms and conditions of this RFP. The County will notify potential Proposer, in writing, of any material changes. No one is authorized to amend any of the Request for Proposal requirements in any respect, by an oral statement, or to make any representation or interpretation in conflict with their provisions. If necessary, supplementary information in addendum form will be mailed to all prospective Proposers. Failure of any Proposer to not have received such an addendum shall not relieve such Proposer from any obligation under his/her proposal as submitted.

Any exceptions taken to this Request for Proposal and/or the proposed agreement shall be clearly stated in writing.

1.3 RIGHT OF REJECTION

The County reserves the right to reject any or all responses, without discussion, to the Request for Proposal; to select any proposal as a basis for negotiations of a contract; to waive or modify any irregularities in proposals received after notification to Proposers so affected; to request additional information; and to exercise its discretion and apply its judgment with respect to any aspect of this request, the evaluation of proposals, and the negotiation and award of any contract.

1.4 CANCELLATION

The County reserves the right to rescind award of the contract at any time before execution of the contract by both parties if recession is deemed to be in County's best interest. In no event shall County have any liability for the recession of award. The Proposer assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

1.5 MANDATORY LEGAL COMPLIANCE

The Proposer shall agree to comply with all statutes, ordinances, and regulations and requirements of Federal, State and Local governing bodies applicable to the management/operations of this contract.

1.6 CONTRACT

A formal written contract, with specifications, will be entered into between the parties. The proposal, or any part thereof, submitted by the successful Proposer may be attached to and become a part of the contract award. (see Appendix A)

1.7 DRUG FREE WORKPLACE

Proposer shall comply with the provisions of Government Code section 8350 et seq., otherwise known as the Drug-Free Workplace Act.

1.8 CONTRACT PERFORMANCE

The performance of the contract resulting from this proposal shall be governed by and interpreted under and construed according to the laws of the State of California.

1.9 CONTRACT ADMINISTRATION

The County Safety & Risk Manager will be the County's liaison with the claims administrator. He will supervise administration of the contract, including site visits to the claims administrator's office, and review of reserves and proposed settlements, etc.

1.10 CONSTITUTIONAL DEBT LIMITATION

The constitutional debt limitation for counties requires any County contract that extends beyond the current fiscal year to be executed subject to future appropriations to fund its provision, and contract documents will reflect this condition.

1.11 AFFIRMATIVE ACTION/EQUAL EMPLOYMENT OPPORTUNITIES

The County is an Equal Opportunity/Affirmative Action Employer and all Contractors submitting proposals will be required to comply with the provisions of Federal Executive Order 11246.

1.12 UNACCEPTABLE PROPOSALS

Respondents should review all attached information before submitting a response. Responses that do not consider all elements of the RFP and therefore cannot be useful to the County will not be considered.

(This space intentionally left blank)

INTRODUCTION

2.0 PURPOSE

The County of San Joaquin is seeking a qualified firm(s) to act as the Third Party Administrator (TPA) to perform claims administration services and to administer/provide ancillary services for its self-insured workers compensation program. San Joaquin County has been self-insured since July 1, 2003. The contract(s) for services provided per this RFP will be for three (3) years with a provision for two (2) additional two (2) year period options, upon agreement of both parties. The current contract expires June 30, 2012. The successful bidder should anticipate assuming responsibility on July 1, 2012 for all claims management functions including currently open files and all new claims.

This Request for Proposal and subsequent contract is for TPA claims administration, to include Medicare Section 111 Mandatory Reporting requirements and ancillary program support services. The selected TPA bidder will not be guaranteed preference for ancillary services such as bill review, medical case management, utilization review, and medical provider network. The selected claims administrator bidder must have the capability to work with other providers of ancillary services if these services are in fact awarded to other vendors.

After the award of the bid, County Risk Management representatives will meet with the claims administrator to review any other vendors awarded bids in each category for ancillary services. Upon selection of the ancillary services vendors, if different than the claims administrator awardee, the claims administrators must utilize the services of the companies selected with the exception of investigations.

CLAIMS INFORMATION

3.0 CLAIMS INFORMATION AND LOSS DATA

All claims are the property of the County, to be held in trust by the claims administrator. Likewise, all electronic claims data related to the claims of County employees are the property of the County. The County may access such data as appropriate to verify its integrity, and may request, at various times, transfer of a complete data set to its own computers. At the conclusion of the contractual relationship between the County and the claims administrator, the claims administrator will transfer such loss data to the County, or the organization of its choice, within 24 hours of the County's request for such transfer.

Loss Metrics summarizes the County's loss data for the past five years.

San Joaquin County Loss Metrics FY 2006/07 to FY 2010/11

Year	Med Only	Indemnity	Total Claims
2006/07	284	429	713
2007/08	293	412	705
2008/09	290	366	656
2009/10	237	326	563
2010/11	281	282	563

San Joaquin County has been self-insured since July 1, 2003. As of December 31, 2011, the claims history reflects 631 open claims. A breakdown of open cases includes 450 indemnity claims, 81 medical only claims, and 100 future medical claims.

CLAIMS ADMINISTRATOR REQUIREMENT & STANDARDS

The County requires its claims administrator to have experienced, qualified claims personnel working on its account. It also requires state-of-the-art communications with its claims administrator. The following describes these requirements.

4.0 CLAIMS PERSONNEL QUALIFICATIONS

The adjusters assigned to handle medical only claims for the County must have a minimum of two years experience in the workers' compensation field. The adjusters and examiners assigned to handle indemnity claims for the County must have a minimum of five years experience handling workers' compensation claims and possess a Self-Insured Plans (SIP) Certificate. Supervisors serving the County must have a minimum of ten years experience handling and supervising workers' compensation claims and possess an SIP Certificate. It is desirable that the adjusters, examiners, and supervisors have experience with a large, multiple location client, especially a public entity. For compliance with these qualifications, the County maintains the right to review evidence of the work experience of all personnel assigned to its account and to approve such personnel.

4.1 TRANSMISSION OF INJURY REPORTS & CLAIMS ACCESS

The Claims Administrator must be able to receive initial injury reports from the County electronically, preferably over the Internet. The County will transmit 5020 reports to the claims administrator through FTP (file 108 transfer protocol) in a fixed text file format. Claims Administrator must acknowledge that they can accommodate this requirement or explain how they can comply with this request electronically through some other means. (See: e-mail print-out) The County requires that certain of its Risk Management Division staff have **secured** real time access to the Claims Administrator's database for reviewing claim information, including payments, reserves, and adjuster's notes. Identification of those County personnel and access authority will be established during the transition.

In addition to the Claims Administrator requirements set forth above, the County maintains certain Claims Administration standards, a complete list of which is contained in Appendix B. The County may amend these standards from time to time, with 30 days written notice to the Claims Administrator.

These standards will become part of the County's contract with the selected bidder. It is the County's goal that the claims administrator comply with at least 90% of these standards, and the County will have a claims performance audit conducted at least annually to measure such compliance.

PROPOSAL FORMAT AND CONTENT

This section contains the County's outline for the format and content of your firm's proposal. In order to be eligible for consideration, each proposal must follow these format and content instructions.

5.0 LETTER OF TRANSMITTAL

Each proposal must contain a letter, signed by an officer, partner, or agent of the firm who is authorized to contractually bind the bidder, briefly stating the bidder's understanding of the services requested and a commitment to perform the services described in the proposal. The letter must expressly state that, should the bidder's proposal be accepted, the firm agrees to contract with the County and to perform the services accepted by the County.

5.1 PROPOSER'S BACKGROUND, SERVICES, EXPERIENCE & FINANCIAL CAPABILITY

Each proposal must demonstrate that the Proposer has the expertise to perform the requested services at the level set by the County. Include the following information:

The background and history of your firm, including a list of the current owners; the number of years in business; any relationship with a parent, subsidiary, or affiliated or partnering company; any major changes in your firm's structure or ownership over the past three years; or any anticipated major changes in structure or ownership in the near future.

- 5.1.1 The number of workers' compensation claims services clients, both private and public enterprise, your firm serves
- 5.1.2 A statement of the firm's professional and technical experience in workers' compensation claims administration services
- 5.1.3 A statement of your firm's mission and goals related to customer service and quality assurance
- 5.1.4 A statement of your firm's policy on confidentiality of claims and medical information
- 5.1.5 A statement on your firm's position on conflict of interest
- 5.1.6 A description of your firm's affiliation with medical service providers and preferred provider organizations, medical bill review services, utilization review services, nurse case management services, investigators, copy service providers, defense attorneys, annuity companies, and excess insurance companies; including disclosure of any financial arrangements with any such organizations
- 5.1.7 A statement whether your firm will supply the County with your recent audited financial statements, or allow the County to review your firm's financial records in lieu of audited financial statements
- 5.1.8 A description of your firm's internal audit and fraud control procedures
- 5.1.9 A statement whether your firm, or any predecessor firm, has ever sought bankruptcy protection

5.1.10 Describe how you will provide services related to Medicare Section III, Mandatory Reporting requirements.

5.2 PERSONNEL BACKGROUND, EXPERIENCE & QUALIFICATIONS

Include the following information relative to the personnel who would be serving the County:

- 5.2.1 A description of the firm's hiring practices for claims personnel, including the desired qualities and experience and any pre-hire testing;
- 5.2.2 A description of your employees' multilingual capabilities, including the languages spoken;
- 5.2.3 A statement of your firm's training and professional development policy and procedures for adjusters and supervisors, including a copy of your firm's Claims Training Manual (*identify any confidential or proprietary information*);
- 5.2.4 Your firm's claims personnel turnover rate in the past three years and how the rate was calculated; and
- 5.2.5 The ratio of permanent adjusters to temporary adjusters for the entire firm for the past year.

5.3 COUNTY ACCOUNT ADMINISTRATION

Describe how your firm will administer the County's account, including:

- 5.3.1 The location of the office that would serve the County's account, the number of employees at that location, and an organization chart for that office and the firm;
- 5.3.2 The name, title, and location of the individual who would have overall responsibility for the County account; including related experience and credentials, and whether an employee or contractor;
- 5.3.3 The names, titles, functions, and locations of all personnel who will play key roles in the development, implementation, and administration of the County's account; including related experience and credentials, and whether employees or contractors;
- 5.3.4 The firm's policy regarding the average number of claims (by type) assigned to each supervisor, adjuster or examiner, assistant, and clerk. List your firm's average caseload for each (note the County's claims caseload standard);
- 5.3.5 A description of the firm's closing ratio per adjuster requirement and with what frequency it is measured;
- 5.3.6 A description of the firm's workers' compensation fraud unit, its policies and procedures, the conviction rate, how it will interact on the County's account and what your case referral rate is for other clients;

- 5.3.7 A brief description of your firm's claims management system: stating whether the system is owned by your firm or a vendor, when it was installed and became operational, when it was last upgraded and if any upgrades are anticipated in the next three years, the system's capabilities and compatibility with the County's IT system, the system's ability to import or export historical loss data from other systems, and backup systems and your contingency for data recovery;
- 5.3.8 A list of your firm's management information reports: stating those which are standard and included in the service fee (provide a one-page sample of each report) and those which are optional and their cost, the frequency of standard reports, your ability to customize reports, and whether reports are available to the County via the Internet;
- 5.3.9 A description of your firm's ability to complete Cal/OSHA log 300 and summary 300a, and any equivalent OSHA forms, electronically, accurately, and timely; and
- 5.3.10 A statement of whether your firm requires any advance deposits, in what amount, and at what interval.

5.4 COUNTY ACCOUNT TRANSITION

Describe how your firm will work with the County during the transition.

- 5.4.1 A description of any challenges or problems you foresee with implementation of the County's standalone self-insurance program within the required time.
- 5.4.2 A discussion of the County's role in the transitional process.
- 5.4.3 A description of how you would integrate the County's claims administration standards into your firm's policies and procedures (where they differ).

5.5 CLIENT REFERENCES

Include the following information for five references that the County may contact:

- 5.5.1 The name of the organization, the number of years your firm has served this client, and the types of services that your firm provides;
- 5.5.2 The approximate number of employees in the organization, the total number of its location, and the number of locations that your firm serves; and
- 5.5.3 The name, title, telephone number, email address of the contact person at the organization that is familiar with your firm's claims administration services.

5.6 FEES AND EXPENSES

Describe your firm's fee for services and how they are calculated, and any expenses, including unit amount of such expenses, that will be charged in addition to the fee. The County will not agree to a cost plus contract.

The award of a contract will be based on several factors including the contract fee for administration of workers compensation claims and/or ancillary services as described above. These administration and/or ancillary services costs should include consideration of all aspects related to the service(s) being bid on. Please present the costs you propose to charge as follows:

- a) State the amount you will charge to accomplish the work specified in your proposal. **All pricing must be provided on a fiscal year, flat rate basis** with detail provided to indicate how the rate was promulgated. Details on how the bidder came to the flat rate price are necessary in order to properly evaluate the efficacy of the bid and compare with other bids. If bidding on more than one service, please provide pricing that indicates whether or not there is a different cost if services are provided in a “bundled” versus an “unbundled” manner, with a cost assigned to each service being bid on. ***Pricing that is provided in a manner other than fiscal year rate pricing will be considered non-responsive and the bidder will be disqualified from further consideration. The only exception to this parameter will be for the Medical Management Consultant, which shall be required to provide services on a percentage of actual additional savings identified and recovered basis.***
- b) Indicate costs of separate ancillary services your company is able to provide. Please provide pricing in a “bundled” format that would incorporate all proposed services and in an “unbundled” format where pricing is broken down by type of service and each service may stand on its own should the County elect to utilize more than one vendor or separate vendors for separate services.
- c) Please provide detailed explanations as to how each pricing element was calculated for each service being bid.

5.7 FINANCIAL REQUIREMENTS

The County requires its claims administrator to have financial and accounting controls that protect the security of funds and maintain the integrity of the benefit payment process. Appendix C contains a list of those requirements, which are subject to review and approval by the County.

The County expects the claims administrator to reconcile benefit payments and accounts and to provide payment listings to satisfy the County account management controls. All County funds will be held by the Claims Administrator in trust for the County.

5.8 DISPOSITION OF PROPOSALS & AWARD OF CONTRACT

All proposals submitted in response to this RFP will become the property of the County and will not be returned. The County reserves the right to make use of any information or ideas contained in the proposals. The proposal itself shall not constitute an agreement, but will, if accepted, be incorporated into the contract between the County and the selected bidder.

The County and the selected Proposer shall execute a contract, in substantial accordance with the terms and conditions as set forth in Appendix A, within five days of the Board of Supervisors approval to award the contract. Failure to execute the contract within the time frame identified above shall be sufficient cause for voiding the award. If the successful Proposer refuses, or fails, to execute the contract, the County may award

the contract to the next qualified Proposer.

5.9 PUBLIC DOCUMENTS & CONFIDENTIAL INFORMATION

Proposals submitted to the County become public documents subject to disclosure once the contract is awarded. If the Proposer considers any portion of its proposal to be confidential, the Proposer must label each and every page of the confidential portions as "Trade Secret", "Confidential" or "Proprietary." The Proposer must also list the confidential material at the beginning of its proposal, and provide justification for not making such material public. The County shall have the sole discretion to disclose or not disclose such material, subject to any protective order that the Proposer may obtain, but it is incumbent on the Proposer to assert its rights to confidentiality.

EVALUATION AND SELECTION CRITERIA

All written proposals that conform to the requirements outlined in this Request for Proposal will be reviewed and those determined to be the best qualified will be invited to a personal interview. The best-qualified Consultant will be selected based on the following prioritized criteria:

6.0 QUALIFICATIONS OF PROPOSER

An assessment will be made of the Proposer's qualifications and reputation. Experience and qualification of the firm's claims personnel, including adjusters, examiners, supervisors, and managers will be included in the assessment. The depth and breadth of the Proposer's personnel and other resources available to provide the Services will be a factor.

6.1 QUALITY OF SERVICES

An evaluation will be made of the quality of the proposed Services based on the responses to the specific points outlined in this RFP. Additional consideration will be given for performance guarantees, extensive availability, convenience, firm's reputation, and flexibility. Furthermore, consideration will be given for the following:

- 6.1.1 Firm's reputation for quality service;
- 6.1.2 Willingness of the firm's management to meet the claims administration standards set by the County in Appendix B and Appendix C;
- 6.1.3 Firm's ability to explain claims' philosophy on claim closure, fraud pursuit, and general claims' management;
- 6.1.4 Firm's ability to provide transition plan and schedule – An evaluation will be made of the likelihood that the firm's transition plan and schedule will meet the County's schedule while also identifying and planning for mitigation of schedule risks which the firm believes may adversely affect any portion of the County's schedule; and
- 6.1.5 Proximity of the claim office that will serve the County.

6.2 REFERENCES

An assessment will be made of the Proposer's references, which will be based not only on the responses from each reference contact, but also on the similarity of the needs of each reference to the needs of the County.

6.3 RESPONSIVENESS OF PROPOSAL

An assessment will be made of the degree to which the Proposal responds to and addresses both the substantive and formal requirements of this RFP. The responsiveness, competency and responsibility of Proposer and of their proposed subcontractors will be considered in making the award of contract. Any Proposer before being awarded a contract may be required to furnish evidence satisfactory to the County that Proposer and their proposed subcontractors have sufficient means and experience

in the type of work called for to assure completion of the contract in a satisfactory manner. The County reserves the right to reject the proposal of any Proposer as not responsible and not qualified to do the particular work under consideration who have previously failed to perform properly or to complete on time contracts with the County of a nature similar to this project. Other factors that may be considered by the County to determine a responsible proposal and the overall capability of the Proposer to satisfactorily complete the work under consideration may include, but are not limited to: insufficient experience, experience on other public projects, experience doing the same type of work, length of tenure and capacity with bonding or insurance company, financial stability, and whether a Proposer has been terminated on other projects.

A responsive proposal is one that meets all terms, conditions, and specifications of the RFP. The bid must comply with the content requirements of the RFP documents. The Proposer must perform and do what the RFP documents and contract required and said they must do, whether it be pricing in a certain way, attending a mandatory pre-bid conference, providing bonds, etc. Other examples where a proposal might be declared and found to be non-responsive include:

- Proposal is substantially incomplete
- Proposal is not signed
- Proposal is delivered late
- No acknowledgement of critical addenda
- Significant discrepancies appear in the response

A responsive proposal conforms to RFP specifications. However, a proposal which substantially conforms, though not strictly responsive, to a call for proposals may be accepted if the variance cannot have affected the amount of the proposal or given a Proposer an advantage or benefit not allowed other Proposers or, in other words, if the variance is inconsequential. The County reserves the right to reject any and all proposals or alternatives and waive any informality or irregularity in the proposals or in the bidding, and to determine responsiveness and responsibility of Proposer, including but not limited to those areas mentioned above.

6.4 PRICING

An evaluation will be made of:

6.4.1 Reasonableness (i.e., does the proposed pricing accurately reflect the Proposer's effort to meet requirements and objectives?)

6.4.2 Realism (i.e., is the proposed cost appropriate to the nature of the services to be provided?)

6.4.3 Affordability

Following the evaluation of the written proposals, the Screening Panel may elect to invite one or more of the Proposers to an oral interview. Those Proposers not selected for an interview will be disqualified with no further discussion. Proposals may be re-evaluated based on the oral presentation and interview, if the Screening Panel so elects, in its sole discretion.

6.5 CAPABILITY AND QUALIFICATIONS

Along with the above Quality of Service, award criteria will also be based upon the following:

6.5.1 Do the service descriptions address all the areas identified in the RFP? Will the proposed services comply with RFP requirements and satisfy the County's needs? To what degree will this be accomplished?

6.5.2 Does the bidder demonstrate knowledge or awareness of the problems associated with providing the services proposed and knowledge of laws, regulations, statutes and effective operating principles required to provide this service?

6.5.3 The track record of the bidder as supported by the references provided and from other sources determined by the County.

6.5.4 The degree which services can be provided locally in compliance with bid specifications.

6.5.5 Is the organizational plan and management structure adequate and appropriate for overseeing the proposed services?

7.0 CONTRACT AWARD

Based on the above criteria, the Screening Panel will select the firm that it judges to be the best qualified and will make a recommendation to the Director of Human Resources. The Director of Human Resources will make a recommendation to the Board of Supervisors. The decision of the Board is final. After final approval by the Board, the County will enter into agreement with the selected firm.

7.1 TERM OF CONTRACT

The term of the contract shall run from July 1, 2012 to June 30, 2015. After initial contract term, this contract may, upon mutual agreement, be extended up to two (2) additional two (2) year periods.

7.2 ADDITIONAL INFORMATION

Requests for additional information relative to this proposal should be addressed to:

Jon Drake
Deputy Director, Purchasing & Support Services
County of San Joaquin
44 North San Joaquin Street, Suite 540
Stockton, CA 95202

All questions should be made in writing and should be received no later March 7, 2012.

The COUNTY will not be responsible for oral interpretations. Questions received after the March 7, 2012 deadline will not be answered. This RFP and all addenda, and the CONTRACTOR'S proposal response and amendments, shall be incorporated into the contract.

The CONTRACTOR shall not base the proposal on any verbal information from any employee or representative of the COUNTY.

7.3 LOCAL VENDOR PREFERENCE

The County of San Joaquin has a 5% local vendor preference; however the preference shall not exceed \$7,500.00 per bid. Click on the link below to view San Joaquin County's Policy and Procedures.

<http://www.sjgov.org/SupportServ/dynamic.aspx?id=10217>

7.4 GREEN PURCHASING POLICY

San Joaquin County has a Green Purchasing Policy, please click on the link to view.

<http://www.sjgov.org/SupportServ/dynamic.aspx?id=10128>

APPENDIX A



INDEPENDENT CONTRACT AGREEMENT

SAN JOAQUIN COUNTY

PARTIES: COUNTY: County of San Joaquin
Purchasing & Support Services
44 North San Joaquin St., Suite 540
Stockton, CA 95202

With copies to: County of San Joaquin

CONTRACTOR:

This Agreement is made and entered into this _____ day of _____ 2012 by and between _____ an Independent Contractor (hereinafter "CONTRACTOR"), and San Joaquin County, a political subdivision of the State of California, for its _____ (hereinafter "COUNTY").

ORDER OF PRECEDENCE

Each of the items listed below is hereby incorporated into this Agreement by this reference. In the event of an inconsistency in this Agreement, the inconsistency shall be resolved by giving precedence in the following order:

1. Applicable Federal and State of California statutes and regulations, this Agreement and its exhibits.
2. COUNTY Request for Proposal Number _____.
3. CONTRACTOR'S Proposal dated _____.

1. Scope of Professional Services:

CONTRACTOR agrees to provide services as a Third Party Administrator for the County's Self-Insured Workers' Compensation program, specifically for the provision of claim services for California Workers' Compensation Benefits as required by California

Workers' Compensation Act and according to the Claims Administration Standards set forth in Appendix B of this Agreement

CONTRACTOR shall pay claim expenses from a fund established and funded by COUNTY in accordance with Appendix C of this Agreement.

2. Term of Agreement:

This Agreement shall commence _____, 2012 through June 30, 2015, unless said work is completed on a date prior thereto or unless terminated earlier as provided herein. After initial contract term, this contract may, upon mutual agreement, be extended up to two additional two (2) year periods.

3. Compensation:

COUNTY shall pay CONTRACTOR a monthly amount of _____ DOLLARS (\$)_____. The total payments made for services performed pursuant to this Agreement shall not exceed _____ DOLLARS (\$____,000.00).

4. Invoicing:

CONTRACTOR shall submit one original and one copy of each invoice to the Human Resources Department/Risk Management Division, 44 North San Joaquin Street, Suite 330, Stockton, CA 95202. All invoices must reference the Purchase Order Number and the Board Agreement Number, the service performed and the Federal Tax Payer Identification Number. Payments shall be made within 30 days of receipt of invoice from CONTRACTOR.

5. CONTRACTOR'S Status:

In the performance of work, duties and obligations imposed by this Agreement, the CONTRACTOR is at all times acting as an Independent Contractor practicing his or her profession and not as an employee of the COUNTY. CONTRACTOR shall perform the CONTRACTOR'S work in accordance with currently approved methods and standards of practice in the CONTRACTOR'S professional specialty. A copy of CONTRACTOR'S current professional, local, state or other business licenses required to conduct the services stated herein, will be provided to COUNTY. The CONTRACTOR shall not have any claim under this Agreement or otherwise against the COUNTY for vacation, sick leave, retirement benefits, social security or worker's compensation benefits. The CONTRACTOR shall be responsible for federal and state payroll taxes such as social security and unemployment. COUNTY will issue a Form 1099 at year-end for fees earned.

6. Assignments:

Inasmuch as this Agreement is intended to secure the specialized services of the CONTRACTOR, CONTRACTOR may not assign, transfer, delegate or subcontract their obligation herein without the prior written consent of San Joaquin County. Any such assignment, transfer, delegation or subcontract without the prior written consent shall be considered null and void.

7. Non-Exclusive Rights:

This Agreement does not grant to CONTRACTOR any exclusive privileges or rights to provide services to COUNTY. CONTRACTOR may contract with other counties, private companies or individuals for similar services.

8. Indemnification:

CONTRACTOR shall indemnify, defend and hold harmless the County, its agents, officers employees, volunteers and authorized representatives from any and all losses, liabilities, costs, expenses, charges, damages, claims, liens, and causes of action, of whatsoever kind or nature, including, but not limited to, reasonable attorney's fees, which are in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, through any act, omission, fault or negligence, whether active or passive, of CONTRACTOR or CONTRACTOR'S officers, agents, employees or authorized representatives, which relates in any manner to this Agreement, any work to be performed by CONTRACTOR under this Agreement, or any authority delegated to CONTRACTOR under this Agreement, even though the same may have resulted from the joint, concurring or contributory negligence, whether active or passive, of County or any other person or persons, unless the same is caused by the sole active negligence or willful misconduct of the part indemnified or held harmless.

Without limiting the generality of the foregoing, the same shall include injury or death to any person or persons and damage to any property, regardless of where located, including the property of County, and any liability of the County for private attorney general fee awards. It is further expressly understood and agreed that the duty to indemnify shall include, but not be limited to, any internal cost for staff time, investigation costs and expenses, and fees of County Counsel reasonably incurred as a result of any act, omission, fault or negligence, whether active or passive, of CONTRACTOR or CONTRACTOR'S officers, agents, employees or authorized representatives, which relates in any manner to this Agreement, any work to be performed by CONTRACTOR under this Agreement or any authority delegated to CONTRACTOR under this Agreement.

9. Fines and Penalties

CONTRACTOR agrees that is shall indemnify COUNTY for any fines or penalties assessed against COUNTY for failure to timely deliver benefits or delivery of inaccurate benefits that are due solely to the actions to CONTRACTOR, and CONTRACTOR shall make such indemnifications within thirty (30) days of COUNTY'S notice to CONTRACTOR.

10. Insurance

CONTRACTOR, if required to work on County property during the contract period, shall submit proof of insurance to the Purchasing Department showing San Joaquin County, its officers, agents and employees named as Additional Insured (by endorsement) and insurance policy shall contain provisions that such policy may not be canceled or reduced except after thirty (30) days written notice to the COUNTY.

Copies of insurance certificates shall be filed with the Purchasing Agent.

Without limiting the COUNTY's right to obtain indemnification from CONTRACTOR or any third parties, CONTRACTOR, at its sole expense, shall maintain in full force and

effect, the following insurance policies or a program of self-insurance, including but not limited to, an insurance pooling arrangement or Joint Powers Agreement (JPA) throughout the term of the Agreement:

A. Commercial General Liability

Commercial General Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of Two Million Dollars (\$2,000,000). This policy shall be issued on a per occurrence basis. COUNTY may require specific coverages including completed operations, products liability, contractual liability, Explosion-Collapse-Underground, fire legal liability or any other liability insurance deemed necessary because of the nature of this contract.

B. Automobile Liability

Comprehensive Automobile Liability Insurance with limits for bodily injury of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) per person, Five Hundred Thousand Dollars (\$500,000.00) per accident and for property damages of not less than Fifty Thousand Dollars (\$50,000.00), or such coverage with a combined single limit of Five Hundred Thousand Dollars (\$500,000.00). Coverage should include owned and non-owned vehicles used in connection with this Agreement.

C. Professional Liability

If CONTRACTOR employs licensed professional staff, (e.g., Ph.D., R.N., L.C.S.W., M.F.C.C.) in providing services, Professional Liability Insurance with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence, Three Million Dollars (\$3,000,000.00) annual aggregate.

This coverage shall be issued on a per claim basis. Contractor agrees that it shall maintain, at its sole expense, in full force and effect for a period of three (3) years following the termination of this Agreement, one or more policies of professional liability insurance with limits of coverage as specified herein.

D. Worker's Compensation

A policy of Worker's Compensation insurance as may be required by the California Labor Code.

Contractor shall obtain endorsements to the Commercial General Liability insurance naming the County of San Joaquin, its officers, agents, and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned. Such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by County, its officers, agents and employees shall be excess only and not contributing with insurance provided under Contractor's policies herein. This insurance shall not be cancelled or changed without a minimum of thirty (30) days advance written notice given to County.

Within thirty (30) days from the date Contractor executes this Agreement, Contractor shall provide certificates of insurance and endorsement as stated above for all of the foregoing policies, as required herein, to the San Joaquin County Safety and Risk Manager, stating that such insurance coverage have been obtained and are in full force; that the County of San Joaquin, its officers, agents and employees will not be responsible for any premiums on the policies; that such Commercial General Liability insurance names the County of San Joaquin, its officers, agents and employees, individually and collectively, as additional insured, but only insofar as the operations under this Agreement are concerned; that such coverage for additional insured shall apply as primary insurance and any other insurance, or self-insurance, maintained by County, its officers, agents and employees, shall be excess only and not contributing

with insurance provided under Contractor's policies herein; and that this insurance shall not be cancelled or changed without a minimum of thirty (30) days advance, written notice given to County.

In the event Contractor fails to keep in effect at all times insurance coverage as herein provided, the County may, in addition to other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event.

All policies shall be with admitted insurers licensed to do business in the State of California. Insurance purchased shall be purchased from companies possessing a current A.M. Best, Inc. rating of A FSC VII or better.

E. Fidelity Bond

Provide and maintain, at no cost and expense whatsoever to COUNTY, a Fidelity Bond with blanket coverage for its employees in an amount not less than One Million Dollars (\$1,000,000.00) per claim.

11. Incorporation of CONTRACTOR proposal

CONTRACTOR'S proposal specifications are hereby incorporated into this Agreement by reference. Term and conditions are in accordance with those herein.

12. Discrimination:

CONTRACTOR shall not discriminate against any individual based on race, color, religion, nationality, sex, age or handicapped condition.

13. Notices:

Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be effected by personal delivery or by first class mail, registered or certified, postage prepaid, return receipt requested. Unless otherwise designated by either party in writing, such notices shall be mailed as shown on Page 1.

14. Termination:

If the CONTRACTOR breaches or habitually neglects the CONTRACTOR'S duties under this Agreement without curing such breach or neglect upon fifteen (15) working days written notice, the COUNTY may, by written notices, immediately terminate this Agreement without prejudice to any other remedy to which COUNTY may be entitled, either at law, in equity, or under this Agreement. In addition, either party may terminate this Agreement upon thirty (30) days written notice to other party.

If the County Board of Supervisors fails to appropriate funds to enable County Departments to continue to make purchases under this Agreement, this Agreement will be cancelled immediately and CONTRACTOR will be given written notice of such termination.

15. Conflict of Interest Statement:

CONTRACTOR covenants that CONTRACTOR, its officers or employees or their immediate family, presently has no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any such interest, direct or indirect,

which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONTRACTOR further covenants that in the

performance of this Agreement no person having any such interest shall be employed or retained by CONTRACTOR under this Agreement.

CONTRACTOR shall not hire COUNTY'S employees to perform any portion of the work or services provided for herein including secretarial, clerical and similar incidental services except upon the written approval of COUNTY. Performance of services under this Agreement by associates or employees of CONTRACTOR shall not relieve CONTRACTOR from any responsibility under this Agreement.

16. Drug Free Workplace:

CONTRACTOR shall comply with the provisions of Government Code Section 8350 et seq., otherwise known as the Drug-Free Workplace Act.

17. Force Majeure:

It is agreed that neither party shall be responsible for delays in delivery or acceptance of delivery or failure to perform when such delay or failure is attributable to Acts of God, war, strikes, riots, lockouts, accidents, rules or regulations of any governmental agencies or other matters or conditions beyond the control of either the Seller/Contractor or the Purchaser.

18. Compliance:

CONTRACTOR shall comply with all Federal, State and local laws, regulations and requirements necessary for the provision of contracted services. Furthermore, CONTRACTOR shall comply with all laws applicable to wages and hours of employment, occupational safety, and to fire safety, health and sanitation. CONTRACTOR shall maintain current throughout the life of this Agreement, all permits, licenses, certificates and insurances that are necessary for the provision of contracted services.

19. ADA Compliance:

CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. Sections 12101 et seq.)

20. Confidentiality:

"Confidential Information" means any information concerning or relating to the property, business and affairs of COUNTY that is furnished to CONTRACTOR, except for information that was previously known to CONTRACTOR free of any obligation to keep it confidential.

CONTRACTOR and the COUNTY agree that any and all Confidential Information will be held in confidence and will not be disclosed to any third party without the consent of the

other Party. CONTRACTOR shall treat COUNTY'S Confidential Information as confidential within CONTRACTOR'S organization(s), and shall disclose it therein only on a need-to know basis. These confidentiality obligations shall not apply to any information that is or subsequently becomes available to the general public other than through a breach by the receiving party. Further, these confidentiality obligations shall not apply to information or materials that are required to be disclosed by a subpoena or court order or other legal process of a court or governmental or regulatory authority; provided, however, that the party being compelled to disclose such information or materials shall promptly notify the other party of any such requirement to enable to such party to seek protective relief there from and shall reasonably cooperate as the other party may request in connection therewith.

CONTRACTOR understands and acknowledges that any use, disclosure or misappropriation of the COUNTY'S confidential information in violation of this Agreement will cause such the COUNTY irreparable harm, the amount of which may be difficult to ascertain. CONTRACTOR and the COUNTY agree that the COUNTY shall have the right to an order restraining any actual or threatened use, disclosure or misappropriation of its confidential information and to apply for such other relief as the COUNTY shall deem appropriate. Such right is to be in addition to all of the remedies otherwise available to the COUNTY at law or in equity.

21. Governing Law and Venue

The Laws of the State of California shall govern this Agreement. Venue is San Joaquin County. The provisions of this paragraph shall survive expiration or other termination of this Agreement regardless of the cause of such termination.

22. Entire Agreement and Modification:

This Agreement supersedes all previous Agreements either oral or in writing and constitutes the entire understanding of the parties hereto. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Interpretation

23. Interpretation:

This Agreement shall not be interpreted in favor of any Party by virtue of said Party not having prepared this Agreement.

If any time period provided for in this Agreement ends on the day other than a Business Day, the time period shall be extended to the next Business Day.

(This area intentionally left blank)

IN WITNESS WHEREOF, COUNTY and CONTRACTOR have executed this Agreement on the day and year first written above.

Contact Name
Address
City, State and Zip

COUNTY OF SAN JOAQUIN, a
political subdivision of
the State of California

By: _____

By: _____

David Louis, Director
Purchasing & Support Services

Approved as to form

Reviewed & Recommended

By: _____

Deputy County Counsel

By: _____

Cynthia Clays, Director
Human Resources Department

APPENDIX B

Claims Administration Standards

Injured Employee Contact

The adjuster will complete the 3-point contact (employer, employee and physician) within one working day of receipt of notice of injury. If contact with the injured employee is not made on the first day, subsequent calls will be made daily until the adjuster reaches employee. The adjuster shall electronically notify the County of its contact with the employee within 24 hours thereafter.

Accuracy and Processing of Benefits

The County requires the claims administrator to process benefit payments in accordance with the Labor Code, and that payments be calculated with 98% accuracy.

Disability Management

The County has an aggressive disability management program. It expects the claims administrator to obtain initial work restrictions from the physician in order to assist the County in placing the injured employee in suitable transitional job duties and to communicate those restrictions daily to the County. The County, furthermore, expects the Claims Administrator to communicate any changes in the physician/provider work restrictions as they occur, so that the County can maintain its aggressive return-to-work program. The Claims Administrator shall communicate all changes in work restrictions, medical status, legal activity, and investigation activity to the County. The claims administrator, as soon as it receives notice of an initial, or change in, P & S status, shall communicate this information to the County within 1 business day so that accommodation consideration can be initiated.

Fraud Control

The County requires the Claims Administrator to aggressively control fraud and pursue restitution in all fraud cases.

Group Strategy Meetings

The County requires weekly group strategy meetings with the Claims Administrator to review large, complex claims and discuss the claims administrator's action plan for resolving selected claims. This may be done through teleconferencing.

The County also requires meetings two times per year for claims reviews.

Claim Reports

The County requires that the Claims Administrator provide electronically, on a monthly basis, a claim resolution report for each indemnity claim with total incurred of \$25,000 or more.

The County requires the Claims Administrator to electronically submit a report to the County monthly of any increase in the current file reserve of \$25,000 or more.

The County requires that the Claims Administrator provide standard loss reports electronically, at least monthly, in a format agreed to by both parties. Such reports will be categorized by department and will include:

- The County medical benefits paid and reserved on each claim;
- Temporary disability paid and reserved on each indemnity claim;
- Permanent disability paid and reserved on each indemnity claim;
- Expenses paid and reserved on each claim;
- Litigation ratio;
- Number of delayed and denied claims;
- Paid-to-incurred ratios by injury year; and
- Other loss development trends as agreed upon.

The County also requires the Claims Administrator to provide ad hoc reports electronically as requested.

Cal/OSHA Reports

The Claims Administrator will maintain Cal/OSHA 300 log and 300a summary, and any equivalent OSHA forms. The Claims Administrator will provide notice of all claimants that are required to be reported to Cal-OSHA, i.e., Hospital stays over 24 hours and other criteria.

CLAIMS HANDLING

Claims Caseload

Each adjuster or examiner will be assigned no more than 145 indemnity claims. Supervisors will evaluate closing ratios for each person monthly. Supervisors must manage personnel and assignments to ensure average closing ratios of at least 100% per month, and average caseloads of 145 indemnity per person. Administrator shall provide a monthly report reflecting current caseload of adjusters working on County program.

Communications

Claims personnel will utilize professional, courteous, and empathetic communication skills at all times. Communication with the injured employee is to be available in the employee's primary language, or upon request, by translation. The Claims Administrator will use disability accessible communication methods when requested.

Supervisors and adjusters will respond to telephone and email inquiries within one working day.

The Claims Administrator will forward a claim form to the employee's home address immediately upon receipt of the notice of injury if it is noted that the County did not provide a claim form. County Disability Management will provide liaison services between administrator and County departments.

Investigation

Immediately upon receipt of a claim, the adjuster will conduct a thorough investigation to determine AOE/COE. If there is a question about AOE/COE, the adjuster shall complete the investigation within 60 days of receipt of claim. If an outside investigation is required (subrogation, sub rosa, etc.), the claim will be assigned to a firm on the County's approved list.

Medical Direction and Control

The Claims Administrator is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for the injured workers. The adjuster will exercise all reasonable efforts to obtain necessary physician reports in accordance with the Labor Code.

Adjusters must send medical release forms on every claim within 7 calendar days of opening the file. Adjuster must follow-up every 30-calendar days until the signed releases are received.

The County program may include medical bill review and an extensive network of PPOs. It may include utilization review, managed care, peer review, prescription review and a durable medical goods program. The County expects the claims administrator to direct medical care to providers in the established PPO networks as established by the County's medical management partner.

The Claims Administrator will respond to requests for authorization of treatment and surgery within established Labor Code and ACOM Guidelines.

Reserves

Reserves will be set for probable outcome in accordance with State of California guidelines. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, anytime the medical prognosis changes. The claims administrator must assign adjusters reserve authority according to their level of experience. Supervisors must review all reserve changes above the authority of each individual.

The Claims Administrator will submit a report to the County monthly of any increase in the current file reserve of \$25,000 or more. The claims administrator will submit a report monthly to the County on all claims with reserves of \$100,000 or more.

Litigation

Supervisors will decide which files will be assigned to defense counsel, and files will be assigned only to defense counsel with the County's approval.

Subrogation

The claims administrator will aggressively pursue subrogation. Supervisors will decide which files will be assigned to plaintiff counsel for litigation of subrogation, and files will be assigned only to counsel on the County's approved list. Authorization to abandon subrogation, or accept a compromise offer in settlement of subrogation, must be approved by the County.

Settlement Authority

The County maintains settlement authority on all claims above \$10,000. The claims administrator shall send the County (Disability Management Team) a request for settlement authority within 30 calendar days after receipt of the final permanent and stationary report on non-litigated cases. In litigated cases, a request for settlement authority shall be sent to the County as soon as defense counsel files a Declaration of Readiness to Proceed (DOR), or, 5 calendar days after receipt of the DOR from applicant's counsel.

Notification to County's Excess Insurer

The County's requirement is to report to its excess insurer whenever a file's total incurred reaches 50% of the County's self-insurance retention. It is the claims administrator's responsibility to make such notification in writing to the insurer, with a copy to the County. The County currently has a \$500,000.00 self-insured retention (S.I.R.).

File Organization

All files will be maintained in an organized, chronological order, with material in the appropriate section, e.g., medical, rehabilitation, correspondence, and bill). All documents the claims administrator generates on a specific claim will be maintained on its electronic claims management system. The adjuster will summarize all incoming documents electronically and file such in the claim file within thirty (30) days of receipt.

File Documentation

The adjuster must make comprehensive electronic entries that identify the issues of the claim and describe the action plan to resolve such issues. The adjuster is to label each entry by category, e.g., 30-day Diary, Litigation Status, Rehabilitation Status, Supervisor Diary, etc. All entries must be documented in appropriate detail and identify the author and the date of entry.

Diary

Every active indemnity file, including maintenance files with outstanding liens, legal

issues, rehabilitation or active medical treatment, must be reviewed and documented by the adjuster at least once every 30-calendar days. Such review must include follow-up contact with the injured worker.

Medical only files must be reviewed every 30 days. Ninety days following the opening of a medical only file, the supervisor must review it for possible conversion to an indemnity file.

The files of employees receiving Industrial Disability Leave (IDL) or Temporary Disability (TD) must be reviewed at least every 14 calendar days, which must include contact with the employee and documentation of the results.

File Supervision

Open files claims must contain evidence of supervisors' participation in the development of case resolution strategy, quality control, and medical management. Supervisors must review open files, including medical only files, at least 90 days; and future medical claims at least every 180 days. Delayed claims must be reviewed at a minimum of 30, 60 and 80 calendar day intervals.

Confidentiality

The claims administrator shall adhere to the standards in the casualty claims industry for maintaining confidentiality.

Office of Benefit Administration and Enforcement (OBAE) Requirements

All County claims will be administered in compliance with all OBAE standards.

APPENDIX C

Financial Requirements

Internal Controls

The claims administrator will be responsible, and held accountable, for following prudent business practices in all areas of cash management and cash disbursement.

Levels of authority for payments will be established between the County and the claims administrator. Payments above specified thresholds (to be determined by the County) require additional approvals.

Banking

Bank Account

The claims administrator will establish and maintain a trustee checking account for all benefit payments, pursuant to County procedures, at a bank approved by the County. The account will be interest bearing (if available) with all interest going to County.

Deposits

The claims administrator will, seven calendar days prior to the end of each month, submit to the County a monthly cash forecast report that estimates the benefit payments and allocated loss adjustment expenses for the coming month. The County will deposit funds into the bank account twice a month based upon the claims administrator's monthly cash forecast report. The County will provide supplemental funds during the month when the claims administrator documents the need for such funds.

Positive Pay

The checking account will be a positive pay account. Each workday, the claims administrator will transmit to the bank a positive pay file that contains all checks issued that day. Each workday, the bank will transmit to the claims administrator a file detailing the previous day's banking activity.

Daily Cash Reconciliation

The claims administrator will reconcile cash each workday, with the results maintained in a Monthly Cash Reconciliation Log.

Discrepancies

The claims administrator will notify the County of any fraud or suspected fraud, or any of the following discrepancies disclosed in the daily cash reconciliation: checks with altered amounts, checks with altered payees, and checks not issued by the claims administrator. The claims administrator will work with the bank and appropriate law enforcement agencies to attempt to apprehend perpetrators of disclosed discrepancies.

Monthly Bank Reconciliation and Reports

The claims administrator will reconcile the checking account on a monthly basis and

submit a copy to the County no later than seven calendar days after receipt of the bank statement.

The claims administrator will submit to the County a Monthly Transaction Report showing the following: beginning bank balance, deposits, issued checks, voided checks, net checks issued, cleared checks, interest, ending bank balance, outstanding check amounts, and reconciled ending bank balance.

Reports

The claims administrator will submit to the County monthly a report showing the monthly rolling average of cleared checks.

Check Writing

Security

Access to the check writing function will be restricted to those claims administrator employees agreed upon by the County and the claims administrator. The claims administrator will ensure that access to the electronic signature is restricted to only those employees whose job function requires such access. Blank check stock will be maintained in a secured area until it is required for use.

Void Checks

When the claims administrator determines that a check is no longer valid, it will be defaced and sent to claims accounting for processing, which will include voiding the check in the claims management system and notifying the bank that the check has been voided.

Stop Payments and Stale Dated Checks

All stop payment requests will be sent to claims accounting for processing. Claims accounting will also stop payment on all stale dated checks.

Returned Checks

If the Claims Administrator receives a returned check, the check will be voided, sent to claims accounting for processing, and the transaction recorded in the claims management system.

Payment Corrections

When the Claims Administrator determines that a payment has been posted to the wrong claim or improperly coded, it will submit a "Payment Correction" request to claims accounting. Claims accounting will review the request to ensure proper documentation before processing the request.

Cashiering

The claims administrator shall deposit in the County's Trustee Account all checks, money orders, or cash received as reimbursement or refund of benefit expenditures, and will record such receipt. Checks and money orders will be restrictively endorsed immediately upon receipt. Credit for monies received shall be made to the particular

claim file.

Medical Management Interface

The Claims Administrator may be required to submit updated claim and vendor files to the County's medical bill review provider each workday. The process will be coordinated with the County and the provider.

Vendor File and Maintenance

The Claims Administrator will maintain the County's vendor file, which will include entering new vendors into the file, making corrections, obtaining required IRS forms, and submitting a copy of the file to the County's medical bill review provider.

External Reporting

IRS Form 1099

By January 31 of each year, the claims administrator will send a Form 1099 to each payee that is required by IRS regulations to receive such a form. The claims administrator shall, by the due date set forth in IRS regulations, submit to the IRS an electronic file of all the 1099 forms so issued.

"B" Notices

A "B" Notice is required when the name/TIN combination for a submitted Form 1099 does not match IRS records. The claims administrator will be responsible for researching all "B" Notices and correcting any erroneously submitted W-9s. The claims administrator will also prepare and submit to the IRS waivers for any proposed penalties. A record of all actions taken will be maintained for audit.

Other Reporting

The Claims Administrator will prepare and submit any other reports required by external agencies not specifically identified herein.

Audit

The County is subject to periodic audits by the County's internal and external auditors, and state and federal auditors. The claims administrator will be required to fully cooperate with County-directed and authorized audits.

The Claims Administrator will engage an independent certified public accountant, acceptable to the County, for the purpose of reviewing internal controls related to business processes involving claim processing and benefit payment services for the County. A copy of the auditor's report shall be submitted directly to the County at the time it is presented to the claims administrator, and not later than 60 days following the close of the County's fiscal year, which shall be the same as the contract year.