



**COUNTY OF PLACER  
COUNTY EXECUTIVE OFFICE**

**Risk Management Division**

**Maryellen Peters, Deputy CEO**

Phone (530) 886-2600 Fax (530) 886-2609

**MEMORANDUM**

**TO:** Honorable Board of Supervisors  
**FROM:** Tom Miller, CEO  
**BY:** Maryellen Peters, Deputy CEO, Risk Management  
**DATE:** December 9, 2008  
**RE:** RFP No. 9855, Third Party Administrator Services – Award and Contract Recommendation

**ACTION REQUESTED**

Award RFP No. 9855 to Gregory B. Bragg & Associates, of Granite Bay, CA, authorize staff to negotiate and enter into a three year contract in an amount not to exceed \$800,001.00; and authorize the Department Head to sign the resulting contract.

**BACKGROUND**

At the request of Placer County CEO/Risk Management, RFP No. 9855 solicited proposals from qualified firms to perform Third Party Administrator Services for the County's Workers' Compensation claims administration. The resulting contract will become effective January 1, 2009, and will remain in effect for three (3) years, with the option of renewal for two (2) additional years based upon mutual agreement.

The RFP issued on November 1, 2008, resulted in ten (10) proposals being submitted by the advertised deadline. A four-member evaluation panel representing County Executive Office, Risk Management, and CSAC-EIA reviewed the proposals, and rated each firm on their specialized experience, qualifications, familiarity with associated issues, methodology and proposed project approach. On November 19, 2008 the evaluation panel conducted interviews with the top ranked four firms. The panel concluded that the proposal submitted by Gregory B. Bragg & Associates was most advantageous, considering the evaluation factors set forth in the Request for Proposals and the interview process. The Buyers Memo is included as Attachment A, and the Final Contract awarded to Bragg is included as Attachment B.

**FISCAL IMPACT**

The contract resulting from this recommendation will total \$800,001.00 for the three-year renewal period. The payment schedule will be \$266,667.00 per year. The CEO/Risk Management Office is adequately funded for these ongoing services, and this is a \$148,000.00 or 15.5% reduction over the original contract.

**Attachments:**

A: Buyers Memo  
B: Final Contract

cc: Jim Boggan, Purchasing Manager  
Therese Leonard, CEO/Risk Management

# Attachment A

**COUNTY OF PLACER  
PROCUREMENT SERVICES DIVISION  
MEMORANDUM**

TO: File  
FROM: AJ Nunez, CPPB Buyer II  
DATE: November 20, 2008  
SUBJECT: RFP No. 9855 Third Party Workers Compensation Administrator Services  
Addendum 1.

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**BACKGROUND:**

The CEO Risk Management Department has a requirement for Third Party Workers Compensation Administrator Services for Placer County. The Procurement Services Division prepared RFP No. 9855 and bid announcements were sent to seventeen (17) firms as well as posted on the County Procurement website.

While no pre-proposal conference was held, vendors asked several questions which were answered in Addendum 1. The due date for the RFP remained unchanged as 11/30/08. Ten proposals were received and all of them were determined to be responsive to the requirements of the RFP. A copy of the cost evaluation sheet is included as Attachment A.

The approved Evaluation Panel consisted of members from the CEO/Risk Management Division and a member of the California State Association of Counties, Excess Insurance Authority (CSAC-EIA). The first proposal evaluation committee meeting was held on 11/4/08 to review evaluator's responsibilities and distribute copies of the proposals. A second meeting was held on 11/17/08 to determine the ranking of the proposals the selection of the top four proposers; Gregory Bragg & Associates, AIMS, Intercare and Tristar for interviews. Additional pricing information for flat rate bill review was requested. The firms pricing is included in the evaluation spreadsheet which is included as attachment B.

Interviews were conducted on 11/19/08, with Bragg & Associates selected as the highest ranked firm. Bragg & Associates and Intercare are located in Placer County and would be eligible for Local Vendor Preference (LVP) credit of 5%, however neither firm has a LVP affidavit on file. CEO/Risk Management Staff will continue with the contract negotiation process and take this item to the Board of Supervisors for approval requesting the Purchasing Manager be granted authority to sign the resulting contract.

# Attachment B

**Administering Agency:** Placer County Executive Office, Risk Management Division

**Contract No.** RFP No. 9855

**Contract Description:** Third Party Workers Compensation Administrator Services

### **CONSULTANT SERVICES AGREEMENT**

**THIS AGREEMENT** is made at Auburn, California, as of January 1, 2009, by and between the County of Placer, ("County"), and Gregory B. Bragg & Associates ("Consultant"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide the services described in RFP No. 9855 and Exhibit A, and Consultant's response is hereby incorporated into to said document. Consultant shall provide said services at the time, place, and in the manner specified in RFP No. 9855.
2. **Payment.** County shall pay Consultant for services rendered pursuant to this Agreement at the time and in the amount not to exceed Two Hundred and Fifty Eight Thousand Dollars (\$258,000.00) reflected as administration fees of \$258,000.00 plus \$5,000 one time annual user fee for access and use of Valley Oaks Worker's Compensation and General Liability Claim System, as set forth in Exhibit B. Included is a \$4,000.00 one time annual administration fee. The payment specified in Exhibit B, and Consultant's response to said document shall be the only payment made to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all billings for said services to County in the manner specified in RFP No. 9855.
3. **Facilities, Equipment and Other Materials, and Obligations of County.** Consultant shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Agreement.
4. **Exhibits.** All exhibits referred to herein will be attached hereto and by this reference incorporated herein.
5. **Time for Performance.** Time is of the essence. Failure of Consultant to perform any services within the time limits set forth in Exhibit A shall constitute material breach of this contract.
6. **Independent Consultant.** At all times during the term of this Agreement, Consultant shall be an independent Contractor and shall not be an employee of the County. County shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement. County shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement.
7. **Licenses, Permits, Etc.** Consultant represents and warrants to County that it has all licenses, permits, qualifications, and approvals of whatsoever nature, which are legally required for Consultant to practice its profession. Consultant represents and warrants to County that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice its profession at the time the services are performed.
8. **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of Consultant's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

9. **Insurance.** Consultant shall file with County a Certificate of Insurance, with companies acceptable to County, with a Best's Rating of no less than A:VII showing the following coverage:

A. Workers' Compensation and Employers' Liability Insurance

- 1) Workers' Compensation Insurance shall be provided, as required, by any applicable law or regulation. Employers' liability insurance shall be provided in amounts not less than one million dollars (\$1,000,000) each accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit for bodily injury by disease, and one million dollars (\$1,000,000) each employee for bodily injury by disease.
- 2) If there is an exposure of injury to Consultant's employees under the U.S. Longshoremen and Harbor Workers' Compensation Act, the Jones Act, or under laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims.
- 3) Each Worker's Compensation policy shall be endorsed with the following specific language:

Cancellation Notice. "This policy shall not be canceled or materially changed without first giving thirty (30) days' prior written notice to the County."
- 4) Consultant shall require all sub-Consultants to maintain adequate Workers' Compensation Insurance. Certificates of Workers' Compensation shall be filed forthwith with the County upon demand.

B. General Liability Insurance

- 1) Comprehensive General Liability or Commercial General Liability insurance shall be provided covering all operations by, or on behalf of Consultant, covering bodily injury liability and property damage liability for the limits of liability indicated below and including coverage for contractual liability insuring the obligations assumed by Consultant in this Agreement.
- 2) One of the following forms is required:
  - a) Comprehensive General Liability;
  - b) Commercial General Liability (Occurrence); or
  - c) Commercial General Liability (Claims Made).
- 3) If Consultant carries a Comprehensive General Liability policy, the limits of liability shall not be less than a Combined Single Limit for bodily injury, property damage, and Personal Injury Liability of:
  - a) One million dollars (\$1,000,000) each occurrence;
  - b) One million dollars (\$1,000,000) aggregate.
- 4) If Consultant carries a Commercial General Liability (Occurrence) policy:
  - a) The limits of liability shall not be less than:
    - i) One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage);
    - ii) One million dollars (\$1,000,000) for Products-Completed Operations;
    - iii) One million dollars (\$1,000,000) General Aggregate.

- b) If the policy does not have an endorsement providing that the General Aggregate Limit applies separately to this contract, or if defense costs are included in the aggregate limits, then the required aggregate limits shall be two million dollars (\$2,000,000).

5) **Special Claims Made Policy Form Provisions:**

Consultant shall not provide a Commercial General Liability (Claims Made) policy without the express prior written consent of County, which consent, if given, shall be subject to the following conditions:

- a) The limits of liability shall not be less than:
  - i) One million dollars (\$1,000,000) each occurrence (combined single limit for bodily injury and property damage);
  - ii) One million dollars (\$1,000,000) aggregate for Products-Completed Operations;
  - iii) One million dollars (\$1,000,000) General Aggregate.
- b) The insurance coverage provided by Consultant shall contain language providing coverage up to six (6) months following the completion of the contract in order to provide insurance coverage for the hold harmless provisions herein if the policy is a claims made policy.

C. **Endorsements:**

Each Comprehensive or Commercial General Liability policy shall be endorsed with the following specific language:

- 1) "The County, its officers, agents, employees and volunteers, and the County of Placer, its officers, agents, employees and volunteers, are to be covered as insured's for all liability arising out of operations, or on behalf of, the named insured in the performance of this Agreement."
- 2) "The insurance provided by the Consultant, including any excess liability or umbrella form coverage, is primary coverage to the County with respect to any insurance or self-insurance programs maintained by County, and no insurance held or owned by County shall be called upon to contribute to a loss."
- 3) "This policy shall not be canceled or materially changed without first giving thirty (30) days' prior written notice to County."

D. **Automobile Liability Insurance**

- 1) Automobile Liability insurance shall be provided covering bodily injury and property damage in an amount no less than one million dollars (\$1,000,000) combined single limit for each occurrence.
- 2) Covered vehicles should include owned, non-owned, and hired automobiles/trucks.

10. **Indemnity.** Consultant hereby agrees to protect, defend, indemnify, and hold the County free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by the County arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the County) and without limitation by enumeration, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of this contract or agreement. Consultant agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the Consultant. Consultant also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is

not intended to create any cause of action in favor of any third party against Consultant or the County or to enlarge, in any way, the Consultant's liability but is intended solely to provide for indemnification of the County from liability for damages or injuries to third persons or property arising from Consultant's performance pursuant to this contract or agreement.

As used above, the term "County" means Placer County or its officers, agents, employees and volunteers.

11. **Consultant Not Agent.** Except as County may specify in writing Consultant shall have no authority, express or implied, to act on behalf of County in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied pursuant to this Agreement to Bind County to any obligation whatsoever.
12. **Assignment Prohibited.** Consultant may assign its rights and obligations under this Agreement only upon the prior written approval of County, said approval to be in the sole discretion of County.
13. **Personnel.**
  - A. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that County, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Consultant to perform services pursuant to this Agreement, including those members of the Project Team as explained below, Consultant shall remove any such person immediately upon receiving notice from County of the desire of County for removal of such person or persons.
  - B. Notwithstanding the foregoing, if specific persons are designated as the "Project Team" in Exhibit A, Consultant agrees to perform the work under this agreement with those individuals identified. Reassignment or substitution of individuals or subConsultants named in the Project Team by Consultant without the prior written consent of County shall be grounds for cancellation of the agreement by County, and payment shall be made pursuant to Section 15 (Termination) of this Agreement only for that work performed by Project Team members.
14. **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. All products of whatsoever nature which Consultant delivers to County pursuant to this Agreement shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Consultant's profession.
15. **Termination.**
  - A. County shall have the right to terminate this Agreement at any time by giving notice in writing of such termination to Consultant. In the event County shall give notice of termination, Consultant shall immediately cease rendering service upon receipt of such written notice, pursuant to this Agreement. In the event County shall terminate this Agreement:
    - 1) Consultant shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, Photostating, photographing, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof.

- 2) County shall have full ownership and control of all such writings delivered by Consultant pursuant to this Agreement.
  - 3) County shall pay Consultant the reasonable value of services rendered by Consultant to the date of termination pursuant to this Agreement not to exceed the amount documented by Consultant and approved by County as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the amount of the agreement specified in Exhibit B, and further provided, however, County shall not in any manner be liable for lost profits which might have been made by Consultant had Consultant completed the services required by this Agreement. In this regard, Consultant shall furnish to County such financial information as in the judgment of the County is necessary to determine the reasonable value of the services rendered by Consultant. The foregoing is cumulative and does not affect any right or remedy, which County may have in law or equity.
- B. Consultant may terminate its services under this Agreement upon thirty- (30) working days' advance written notice to the County.
16. **Non-Discrimination**. Consultant shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex in contravention of the California Fair Employment and Housing Act, Government Code section 12900 *et seq.*
  17. **Records**. Consultant shall maintain, at all times, complete detailed records with regard to work performed under this agreement in a form acceptable to County, and County shall have the right to inspect such records at any reasonable time. Notwithstanding any other terms of this agreement, no payments shall be made to Consultant until County is satisfied that work of such value has been rendered pursuant to this agreement. However, County shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.
  18. **Ownership of Information**. All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become the property of County, and Consultant agrees to deliver reproducible copies of such documents to County on completion of the services hereunder. The County agrees to indemnify and hold Consultant harmless from any claim arising out of reuse of the information for other than this project.
  19. **Waiver**. One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this Agreement shall not operate as a waiver of any subsequent breach or default by the other party.
  20. **Conflict of Interest**. Consultant certifies that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of this agreement. In addition, Consultant agrees that no such person will be employed in the performance of this agreement without immediately notifying the County.
  21. **Entirety of Agreement**. This Agreement contains the entire agreement of County and Consultant with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.

22. **Alteration.** No waiver, alteration, modification, or termination of this Agreement shall be valid unless made in writing and signed by all parties, except as expressly provided in Section 15, Termination.
23. **Governing Law.** This Agreement is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect. Any legal proceedings on this agreement shall be brought under the jurisdiction of the Superior Court of the County of Placer, State of California, and Consultant hereby expressly waives those provisions in California Code of Civil Procedure §394 that may have allowed it to transfer venue to another jurisdiction.
24. **Notification.** Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, and addressed to the parties as follows:

COUNTY OF PLACER:

Placer County Risk Management  
Attn: Maryellen Peters  
145 Fulweiler Ave., Ste. 100  
Auburn, CA 95603

Phone (530) 886-2600  
Fax: (530) 886-2612

CONSULTANT:

Gregory B. Bragg & Associates  
Attn: Randall Smith  
P.O. Box 619058  
Roseville, CA 95661

Phone: (916) 783-0100  
Fax: (916) 783-0335

Any notice so delivered personally shall be deemed to be received on the date of delivery, and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

Executed as of the day first above stated:

**COUNTY OF PLACER**

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

Printed Name/Title: Thomas M. Miller, CEO

Approved As to Form – County Counsel:

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

**CONSULTANT - Gregory B. Bragg & Associates**

By: \_\_\_\_\_  
Randall C. Smith  
President

*\*If Consultant is a corporation, this agreement must be signed by two corporate officers; one of which must be the secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached, which delegates authority to a single officer to bind the corporation.*

**Exhibits**

- A. Scope of Services
- B. Payment for Services Rendered
- C. CSAC Claims Administration Guidelines

**EXHIBIT A**  
**SCOPE OF SERVICES**

(To be negotiated, based on this RFP and consultant's proposal)

## **Negotiated Alterations/Clarifications to Request for Proposals No. 9855**

**Item No. 1:**

Insert Claim Handling Instructions (CSAC Modified M.O. Criteria), included as Addendum A to KN020442.

**Item No. 2:**

Insert the following requirements:

1. Indemnity Caseloads of 150
2. No additional fees for ad hoc or quarterly, annual report
3. Price effective 1/1/09: \$258,000.00 flat assume 250 open indemnity claims.  
Price effective 1/1/10: \$265,740.00  
Price effective 1/1/11: \$273,712.00
4. No additional fee for bank reconciliations
5. Annual report to SIP
6. Quarterly file reviews, WCAB hearings, Rehab conferences, or meeting w/ depts.
7. Valley Oaks Report Writer to create my own reports
8. 4 concurrent users: Workers Compensation  
6 concurrent users: General Liability
9. Medical only: phone call to the department and JW to verify the facts of the claim.  
Convert to indemnity at 120 days or \$1,000 in payments.
10. Data transition converted and live March 1<sup>st</sup>, 2009
11. Triage all indemnity claims, report all indemnity claims to the Central Index Bureau.
12. Assume 350 open files

**EXHIBIT B**

**PAYMENT FOR SERVICES RENDERED**

(Payment procedure, amount, and conditions of payment  
based on this RFP and consultant's proposal)

**EXHIBIT C**

**Worker's Compensation Claims Administration Guidelines**

Adopted: December 6, 1985  
Amended: March 4, 1988  
Amended: October 7, 1988  
Amended: October 6, 1995  
Amended: October 1, 1999  
Amended: June 6, 2003

**ADDENDUM A**  
**9 2004 KN020442**  
**WORKERS' COMPENSATION**  
**CLAIMS ADMINISTRATION GUIDELINES**

The following Guidelines have been adopted by the CSAC Excess Insurance Authority in accordance with Article 18(b) of the March 1993 Amended Joint Powers Agreement Creating the CSAC Excess Insurance Authority.

**I. CASE LOAD**

- A. On or after 07/01/2004, the claims examiner assigned to the Member shall handle a caseload not to exceed 175 indemnity claims. This caseload will include future medical cases with every 4 future medical cases counted as 1 indemnity case.
- B. Supervisory personnel should not handle a caseload, although they may handle specific issues.

**II. CASE REVIEW AND DOCUMENTATION**

- A. Documentation should reflect any significant developments in the file and include a plan of action. The examiner should review the file every 45 days. The supervisor shall monitor any significant activity on the file every 120 days. An accomplishment level of 95% shall be considered acceptable.

**III. COMPENSABILITY**

- A. The initial compensability determination (accept claim, deny claim or delay acceptance pending the results of additional investigation) and the reasons for such a determination will be made and documented in the file within fourteen (14) calendar days of the filing of the claim with the employer. An accomplishment level of 100% shall be considered acceptable.
- B. Delay of benefit letters shall be mailed in compliance with Department of Industrial Relations' guidelines. An accomplishment level of 100% shall be considered acceptable.
- C. The final compensability determination shall be made by the claims examiner or supervisor within 90 days of employer receipt of the claim form. An accomplishment level of 100% shall be considered acceptable.

**IV. THREE POINT CONTACT**

- A. The claims examiner shall conduct the three (3) point contact with the injured worker, employer representative and treating physician within five (5) working days of receipt of the notice of the claim. An accomplishment level of 95% shall be considered acceptable.

**V. INITIAL INDEMNITY PAYMENT**

- A. The initial indemnity payment will be issued and mailed to the injured employee within fourteen (14) days of the first day of disability. This shall not apply with salary continuation. An accomplishment level of 100% shall be considered acceptable.
- B. The properly completed DWC Benefit Notice shall be mailed to the employee within fourteen (14) days. An accomplishment level of 100% shall be considered acceptable.
- C. Late payments due directly to the injured worker must include the self imposed 10% penalty in accordance with Labor Code Section 4650. An accomplishment level of 100% shall be considered acceptable.

**VI. SUBSEQUENT INDEMNITY PAYMENTS**

- A. All indemnity payments subsequent to the first payment will be verified, except for obvious long-term disability, and issued in compliance with Labor Code Section 4651. An accomplishment level of 100% shall be considered acceptable.
- B. Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650. An accomplishment level of 100% shall be considered acceptable.

**VII. FINAL INDEMNITY PAYMENTS**

- A. All final payments will be issued with the appropriate DWC benefit notices.

**VIII. TRANSPORTATION EXPENSE**

- A. Transportation reimbursement will be mailed within fifteen (15) working days of the receipt of the claim for reimbursement. Advance travel expense payments will be mailed to the injured employee ten (10) days prior to the anticipated date of travel. An accomplishment level of 100% shall be considered acceptable.

**IX. MEDICAL PAYMENTS**

- A. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) will be matched to the file, reviewed for correctness, approved for payment and paid within sixty (60) calendar days of receipt. An accomplishment level of 100% shall be considered acceptable.
- B. The medical provider must be notified in writing within 30 working days if a medical bill is contested, denied or incomplete.
- C. A bill review process should be utilized wherever possible. There should be participation in a PPO whenever possible.

**X. PHYSICIAN CONTACT**

- A. In cases involving loss of time from work, the attending physician's office will be contacted within five (5) working days of notice of claim. Such contact will continue as needed during the continuation of temporary disability to assure that treatment is related to a compensable injury or illness.

**XI. LITIGATED CASES**

The claims administrator and Member shall establish written guidelines for the handling of litigated cases. The guidelines should, at a minimum, include the points below, which may be adopted and incorporated by reference as "the guidelines".

**A. Defense of Litigated Claims**

1. The claims administrator shall promptly initiate investigation of issues identified as material to potential litigation. The Member shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the Member. The Member shall be kept informed on the scope and results of investigations.
2. The claims administrator shall, in consultation with the Member, assign defense counsel from a list approved by the Member. (Note: To comply with Government Code Section 25203, the Member's list should be approved by a two-thirds vote of the board of supervisors.)
3. Settlement proposals directed to the Member shall be forwarded by the claims administrator or defense counsel in a concise and clear written form with a reasoned recommendation. Settlement proposals shall be presented to the Member as directed so as to insure receipt in sufficient time to process the proposal.
4. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the Member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.
5. The claims administrator shall comply with any reporting requirement of the Member.

**B. Subrogation**

1. In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, the third party shall be contacted within 10 days with notification of the Member's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury.

2. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member will be entitled.
3. The file will be monitored to determine the need to file a complaint in civil court in order to preserve the statute of limitations.
4. If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Upon Member authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.
5. Whenever practical, the claims administrator will aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured workers' net recovery for future benefit payments.

## **XII. VOCATIONAL REHABILITATION**

- A. Adjusting personnel will notify the injured worker of their potential rights to rehabilitation benefits per Labor Code Section 4636 after 90 days of aggregate temporary disability and get the treating doctor to determine if injured worker is a Qualified Injured Worker.
- B. Determination of the Qualified Injured Worker/Non-Qualified Injured Worker status shall be made in accordance with Labor Code Section 4637. The adjusting personnel shall advise the injured worker of his/her rehabilitation benefits in accordance with the Rules of the Division of Workers' Compensation, within ten (10) days of knowledge of medical eligibility. The claims administrator will:
  1. Notify the employer of the employee's permanent work restrictions so that the employer can determine the availability of permanent modified or alternate work.
  2. Make timely referral to a Qualified Rehabilitation Representative in accordance with Labor Code Section 4637
  3. Control rehabilitation costs.
  4. Attempt to secure the prompt conclusion of vocational rehabilitation benefits, and settle rehabilitation where appropriate.

## **XIII. FISCAL HANDLING**

- A. Active indemnity cases will be balanced with appropriate file documentation on a semi-annual basis to verify that statutory benefits are paid, and medical, legal and vocational rehabilitation charges are appropriate. An accomplishment level of 100% shall be considered acceptable.

**XIV. EXCESS INSURANCE**

- A. Potential Workers' Compensation excess cases shall be reported in accordance with the reporting criteria established by The Bylaws of the CSAC Excess Insurance Authority.

All cases which meet the established reporting criteria are to be reported within five (5) working days of the day on which it is known the criterion is met. An accomplishment level of 100% shall be considered acceptable.

**XV. AWARD PAYMENT**

- A. Payments on undisputed Awards, Commutations, or Compromise and Releases will be issued within ten (10) days following receipt of the appropriate document. An accomplishment level of 100% shall be considered acceptable.

**XVI. PENALTIES**

- A. If the Member utilizes a third party administrator, the Member will be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty within five (5) days of assessment. An accomplishment level of 100% shall be considered acceptable.
- B. If the Member utilizes a third party administrator, the Member, in their contract with the administrator, shall specify who is responsible for specific penalties.

**XVII. RESERVES**

- A. Using the information available at the time, an initial reserve will be established at the most probable case value. Claim reserves shall be reviewed on a regular basis and updated as case values increase or decrease.

**XVIII. RESOLUTION OF CLAIM**

- A. Within ten (10) days of receiving medical information indicating that a claim be finalized, the claims examiner shall take appropriate action to finalize the claim. An accomplishment level of 95% shall be considered acceptable.

**XIX. CASE CLOSURE**

- A. All indemnity cases will be closed within sixty (60) days of the final financial transaction or final correspondence to the injured worker as required by law. An accomplishment level of 95% shall be considered acceptable.
- B. All medical only cases will be closed or transferred to an indemnity status by the ninetieth (90) day following incurrence. An accomplishment level of 95% shall be considered acceptable.

**XX. TELEPHONE INQUIRIES**

- A. Return calls will be made within one working day of the original telephone inquiry. An accomplishment level of 90% shall be considered acceptable.

**XXI. INCOMING CORRESPONDENCE**

- A. All correspondence received will have the date of receipt clearly stamped on the front side. An accomplishment level of 100% shall be considered acceptable.

**XXII. RETURN CORRESPONDENCE**

- A. All correspondence requiring a written answer will have such answer completed and transmitted within five (5) working days of receipt. An accomplishment level of 95% is acceptable.

**XXIII. SETTLEMENTS**

- A. The third party administrator shall obtain the Member's authorization on all settlements or stipulations in excess of the settlement authority provided in any provision of the individual contract between the Member and the claims administrator.
- B. No agreement shall be authorized involving liability, or potential liability, of the Authority without the advance written consent of the Authority.

