

CALIFORNIA HOUSING WORKERS' COMPENSATION AUTHORITY

Request for Proposal
For
Workers' Compensation Claims Administration Services

Proposals Due: October 20, 2023 by 4:00 P.M.

ELECTRONIC SUBMISSIONS ONLY TO:

Julia M. Lew, Esq.
Legal Counsel, California Housing Workers' Compensation
Authority

McCormick, Kabot & Lew

jmlew@mkjw.com

with a copy to
julie@mkjw.com

I. OBJECTIVES

California Housing Workers' Compensation Authority, hereinafter referred to as CHWCA, is soliciting proposals for a qualified claims administrator ("CA") for the provision of claims administration services for CHWCA's self-insured workers' compensation program. CHWCA requires a vendor who demonstrates an innovative and effective claims management process that is streamlined and user-friendly, familiarity with working with public entity programs, strong customer service focus, solid reporting capabilities, effective technological capabilities, proactive and consistent management of employee/claimant occupational absences, competitive rates and fees, and the ability and willingness to comply with CHWCA's performance standards.

II. BACKGROUND

CHWCA is a joint powers insurance authority consisting of housing authorities located throughout the State of California. CHWCA's workers' compensation program began in 1991 and now consists of 28 members in the pool, representing approximately 2,862 employees, with an estimated payroll of approximately \$183,039,951.00. CHWCA provides coverage for non-safety employees and volunteers.

CHWCA contracts with Sedgwick to provide administrative, finance, risk control and workers' compensation oversight services. Oversight includes services of a Workers' Compensation Program Manager (WCPM) to ensure the competent and consistent handling of claims by the CA.

CHWCA's WCPM is responsible for the management of CHWCA's workers' compensation program, including administration of the current CA agreement and coordination of all aspects of the workers' compensation program with the CA. This includes general oversight of the workers' compensation program, file reviews, training, and other services as requested by CHWCA.

The current CA has administered the workers' compensation program since February 2008. CHWCA's claim count as of 12/31/2022 reflects 188 open claims consisting of 24 medical only claims and 164 indemnity claims, including claims that predate the program but are administered by the CA. A copy of the Public Self Insurers Claim Liability — Annual Report For Period 07/01/21 through 06/30/22 for CHWCA is attached hereto (Attachment B).

III. ESTIMATED TIMETABLE

CHWCA anticipates the following timetable for the Request for Proposal ("RFP") process:

- | | |
|--|------------|
| • Issuance of RFP | 09/20/2023 |
| • Deadline for Questions pertaining to RFP | 10/04/2023 |
| • Deadline for Receipt of Proposals by CHWCA | 10/20/2023 |
| • [Optional] Notifications for Interviews | 10/25/2023 |
| • CA Interviews Complete by | 10/31/2023 |
| • Notification of Contract Award by | 11/20/2023 |

CHWCA reserves the right to cancel and/or modify the above process, including the above dates, at any time.

IV. MINIMUM QUALIFICATIONS

Each proposal received by CHWCA will be evaluated to determine if the proposing firm ("Proposer") meets the following minimum qualifications. Proposals that do not meet these minimum qualifications will not advance to the Selection Committee for further evaluation.

- A. Proposer, its principals, and its lead claims examiner serving CHWCA must have at least five (5) years' experience in California as a third-party workers' compensation administrator.
- B. Proposer must meet CHWCA's insurance requirements in accordance with Attachment A to this RFP. The certificate of insurance must be referenced in the RFP response.
- C. Proposer must have a California Business License and Certificate of Consent to Administer Self Insurance Plans indicated with Proposal.

V. SELECTION CRITERIA

The selection criteria to be used to select the successful Proposer will include the following:

- A. Established record of consistent, professional service and reputation within the industry;
- B. High quality references from clients, particularly from other joint powers authorities;
- C. Staffing and experience levels;
- D. Dynamic, state of the art claims management system along with sufficient information systems support staff;
- E. Cost effectiveness of medical and legal cost containment services and activities; and
- F. Overall cost-benefit advantages.

VI. INSTRUCTIONS FOR PREPARING WRITTEN PROPOSAL

Please respond to this RFP in the following manner:

- A. Submit a cover letter that contains the name, title, address, and telephone number of the individual(s) with authority to bind the proposal during the period in which CHWCA is evaluating the proposal. The proposal shall also identify the legal form of the firm, (i.e., sole proprietor, partnership, corporation, etc.). If the firm is a corporation, the cover letter shall identify the state in which the firm was incorporated and the name of the parent corporation. A principal of the firm or other person fully authorized to act on behalf of the firm shall sign the cover letter.
- B. Experience
 - 1. Please give a brief description of Proposer including:
 - a. The names and backgrounds of principal owners, partners or officers including resumes detailing experience;
 - b. The length of time the firm has been in the business of administering California workers' compensation claims;
 - c. The number of California offices and locations;
 - d. The California office that would service CHWCA's claims; and
 - e. The California office that would service CHWCA for loss data or functions other than claims adjusting.
- C. Please advise whether there are any major changes (e.g., relocation of firm/consolidation, legal name change, etc.) planned for Proposer and the parent corporation during the next twelve (12) months.
- D. Identify all personnel, including supervisory and management, who would be assigned to administer CHWCA's claims. In addition, provide detailed responses to the following:
 - 1. The position each individual currently occupies and is being proposed to occupy;
 - 2. The education, years, and type of experience of each individual (attach a resume or curriculum vitae);
 - 3. The experience each individual has adjusting California permissibly public agency or private self-insured claims;
 - 4. The length of time each individual has been with Proposer;

5. The percentage of time each individual is in the office, remotely, and the field;
6. If the CA allows remote adjusting, please describe how this is monitored to meet the client's needs.
7. The caseload for every person assigned to handle any portion of CHWCA's claims.

E. References

1. Provide a list of clients for which similar types of claims-related services are currently provided, including length of service and number of indemnity claims handled annually.
2. Include the name, title, and phone number of three (3) client references, in three (3) different organizations other than CHWCA, whom CHWCA can contact to discuss Proposer's performance.

F. Provide a list of clients and their contact information who have cancelled their contract with your company during the past twenty-four (24) months. Please include the reason(s) for termination and/or non-renewal by either party.

G. Describe how your CA ensures compliance with workers' compensation statutes and rules and regulations promulgated by the Department of Industrial Relations.

H. If available, provide a copy of the most recent Statement of Auditing Standards Report addressing your internal controls.

I. Provide specific information regarding your cyber-security plan.

J. Identify any owned and/or affiliated ancillary services, companies, etc.

K. Provide a quote for a multi-year fee proposal with a fixed fee schedule for a contract period of three years, which, at the option of CHWCA, may be extended for three additional two (2) year terms, for up to a total of nine (9) years. Failure to provide pricing information in the manner requested may disqualify the proposal.

L. Indicate any additional fees or fee adjustments for bundled services of Utilization Review, Bill Review, and/or Managed Care.

M. Indicate any additional fees or fee adjustments for unbundling of Utilization Review, Bill Review, and/or Managed Care.

N. Indicate any additional fees for data conversion and on-line access.

O. In compliance with MMSEA Section 111 Medicare Secondary Payor Mandatory

Reporting, CHWCA requires the selected CA to be registered with the Centers for Medicare and Medicaid Reporting Services (CMS) as the Account Manager for CHWCA. Proposer will provide verification of their intention to register as the Account Manager and provide detailed information on their plan to provide necessary data to CMS within the required timeframes. Please specify any ancillary vendors which will be utilized for the transmission of data, any contractual arrangements between Proposer and the ancillary vendor, and any associated costs above the CA claims administration costs for assuming the Account Manager responsibilities and data transmission as outlined by CMS.

- P. Based upon current claims data, it is expected that there will be approximately 188 open files (164 indemnity and 24 medical only) that will be transferred if the program moves to a new CA. Proposer must state whether the cost of handling these existing open files is included in the flat annual fee quoted above. If not, then Proposer shall indicate the costs for adjusting these existing open files.
- Q. CHWCA contracts with the Cariva Care Nurse Triage program, please indicate your experience working with this triage program or other similar programs.
- R. Provide a comprehensive transition plan, including estimated timelines, to include the process for the transitioning of hard copy claim files to paperless claim files or paperless claim files to hard copy files if required.
- S. Please indicate whether Proposer can comply with the "SCOPE OF WORK" outlined in the RFP. If Proposer is unable to comply with a specific performance objective, please indicate which objective cannot be complied with, the reason(s) the objective cannot be met and provide suggestions or alternatives.
- T. Please describe any services not previously covered which you believe may be of particular value to CHWCA, such as provider and facility networks, litigation management, etc. Please include any additional cost for these services.
- U. The proposal must indicate that the CA agrees to be bound by the proposal and shall enter into an agreement to provide services in a form as approved by CHWCA.
- V. The proposal should expressly state that the offer, including all pricing proposals, will remain in effect until at least 11/30/23. In addition, all information presented in your proposal will be considered binding when an agreement is developed (unless otherwise modified and agreed to by both parties during subsequent negotiations).
- W. Samples of computer-generated reports must accompany your submission, as referred to in "Special Provisions" of the "SCOPE OF WORK" in the RFP.
- X. The CAs whose proposals are selected as finalists for consideration may be asked to appear, at their own expense, before an evaluation panel to discuss their proposal.

Questions concerning this RFP should be submitted electronically by 10/04/2023 at 4:00 p.m. to:

Julia M. Lew, Esq.
Legal Counsel, CHWCA

McCormick, Kabot & Lew (559)734-6729

jmlew@mkjw.com

All proposals should be submitted electronically by 10/20/2023 at 4:00 p.m. to:

Julia M. Lew, Esq.
Legal Counsel, CHWCA
McCormick, Kabot & Lew
(559) 734-6729 jmlew@mkjw.com

With a copy to julie@mkjw.com

CHWCA reserves the right to automatically reject late proposals.

All proposals, whether selected or rejected, shall become the property of CHWCA. Costs of preparation of proposals will be borne solely by Proposer.

CHWCA will review all submitted proposals and evaluate them against the selection criteria listed above, as well as any other relevant criteria in the discretion of CHWCA. If CHWCA elects to proceed with selection of a CA, CHWCA will enter into contract negotiations with the selected CA.

CHWCA reserves the right to: reject any and all proposals; waive any informality, defect, or irregularity in a proposal; conduct contract negotiations with any CA (whether or not it has submitted a proposal); alter the selection process in any way; postpone the selection process for its own convenience at any time; accept or reject any individual sub-consultant that a CA proposes to use; and/or decide whether or not to contract with any CA. Nothing in this RFP shall be construed to obligate CHWCA to negotiate or enter into an agreement with any particular CA. This RFP shall not be deemed to be an offer to contract or to enter into a binding contract or agreement of any kind.

VII. SCOPE OF WORK

A. CLAIMS ADMINISTRATION PERFORMANCE STANDARDS

The following Claims Administration Performance Standards have been adopted by CHWCA Executive Committee:

1. Caseload:

Each examiner shall have a caseload not to exceed 150 open indemnity claims. Each claims assistant shall have a caseload not to exceed 300 open medical only claims. The supervisor may have a caseload not to exceed 30 open indemnity claims.

2. Forms:

CA shall provide all forms necessary for the processing of benefits or claims information including the Employer's Report of Injury (DLSR 5020), Employee Claim Form (DWC Form 1), return to work slips, vouchers, checks, and other related forms. The cost of providing these forms shall be included within the contract price.

3. Claim File Set Up, Coverage, Documentation and Plan of Action/Diary Review:

Upon receipt of the Employer's Report of Injury, CA will prepare an individual claim file within one(1) business day for each claim. ""

All activity, contact, notification, reconciliation, referrals, review, verification, etc. shall be clearly documented in the computer notepad and maintained in the applicable claim file. A copy of all written documentation, notices, letters, reports, etc. will be maintained in the applicable claim file. This requirement shall apply to all standards contained in this section of the Agreement. Use of electronic claim forms is appropriate only with assurance all claim file documentation can be recreated in hard copy as requested and access provided to the electronic claim files.

CA shall verify the coverage period and that coverage was provided to the member by CHWCA on the date of injury or illness in accordance with member program dates and governing documents. If applicable, CA shall exercise due diligence in joining applicable co-defendants. All activity to verify coverage and join co-defendants shall be clearly documented in the computer notepad.

Each claim file shall contain the examiner's Plan of Action outlining the strategic steps to be taken to bring the claim to conclusion. All claim files and Plans of Action shall be reviewed and updated at least every forty-five (45) calendar days for active claims and plan of action documentation and at least every six (6) months for claims that have settled but are open for the employee's Future Medical care, allowing a two-week grace period for completion. The examiner shall distinguish the regular diary review from routine file documentation in the computer notepad. The supervisor shall monitor the diary reviews by printing a "No Activity" report each month to identify any files that have fallen off the diary system.

4. Employer Contact:

CA shall request the Employer's Report of Injury form when or if notification of an injury or incident by any source is received first (i.e., Application of Adjudication, notice of legal representation, Doctor's First Report of Injury, etc.).

CA will confirm the DWC Form 1 was given to the employee within one (1) business day of knowledge of the injury. If there is no evidence the form was provided, CA will provide the form with the initial contact letter to the employee within three (3) business days of receiving the claim. CA shall contact the member within three (3) business days of receipt of notice of a claim by any source. Such contact with the member shall be documented in the computer notepad after the claim has been created in the system.

When a claim reaches or exceeds one half of the member's SIR in total incurred value, CA shall report to the member, with a copy to the Workers' Compensation Program Manager (WCPM), every ninety (90) calendar days regarding the status of the claim unless otherwise instructed by the WCPM. Such report shall include the examiner's plan of action for the future handling of the claim. The examiner will provide on-site file reviews with copies to the WCPM quarterly if requested by the member. Other periodic on-site file reviews will be scheduled based upon the needs of the member.

5. Employee Contact:

In all non-litigated, lost time cases, where the employee has not returned to work, telephone or personal contact will be established with the injured employee within one (1) business day of receipt of notice of claim. Such contact will continue as often as necessary, but at least monthly until the employee returns to work. Such contact with the employee shall be documented in the computer notepad.

Return phone calls to employees will be accomplished within one (1) business day.

All correspondence from employees will be responded to within five (5) calendar days of receipt.

6. Reserves:

Reserves shall be established based upon the ultimate probable cost of each claim. All reserve categories shall be reviewed on a regular basis but at least every ninety (90) calendar days for open, unresolved Indemnity claims and every 180 days for Future Medical claims allowing a two-week grace period for completion. Such review shall be indicated in the computer notepad. The examiner shall utilize a reserve worksheet which has been approved by the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) pursuant to that JPA's Resolution Establishing a Claims Management Policy. Any changes to reserves shall include an explanation for the change.

A claims assistant shall have authority to establish reserves not to exceed \$3,000. An examiner shall have authority to establish reserves not to exceed \$50,000. A senior examiner shall have authority to establish reserves not to exceed \$75,000. The supervisor shall have authority to establish reserves not to exceed \$150,000. A director, vice president, or president of CA shall review and approve all reserves in excess of \$150,000.

7. Medical Administration:

CA shall select a panel of general practitioners, specialists, hospitals, and emergency treatment facilities to which injured employees should be referred, as approved by CHWCA, and CA shall regularly review and update the panel.

The physician's office will be contacted within five (5) business days of notice of all indemnity claims. Such contact will continue as needed during the continuation of temporary disability to assure that treatment is related to a compensable injury or illness.

CA shall maintain contact with treating physicians to ensure employees receive proper medical treatment and are returned to full or modified employment at the earliest possible date.

CA shall maintain direct contact with medical service providers to ensure their reports are received in a timely manner.

CA shall arrange medical evaluations when needed, reasonable, and/or requested in compliance with the current Labor Code.

CA shall ensure that medical bills are reduced to the recommended rates established by the Administrative Director of Workers' Compensation. The use of a service contractor is acceptable provided CHWCA's approval is first obtained, CHWCA shall pay for the use and benefits of the services provided. CHWCA reserves the right to negotiate or unbundle services to the benefit of its members.

CA shall provide, at CHWCA's expense, utilization review services. CA may obtain approval to utilize an outside agency to perform these services. If CA provides suggested referral standards guidelines which are approved by CA, referrals may be made on cases that meet those guidelines without obtaining further approval. The CA reserves the right to negotiate or unbundle services to the benefit of its members.

CA shall provide, at the CA's expense, professional managed care services on an as need basis to injured employees, provided the member entity and/or CHWCA's approval is obtained prior to the provision of such service. CA may obtain approval to utilize an outside agency to perform these services.

8. Medical Payments:

Medical bills will be matched to the file, reviewed for correctness, approved for payment, and paid within time limits established by Labor Code section 4603.2. If all or part of the bill is being disputed, the CA will notify the medical provider, on the appropriate form letter, within time limits established by Labor Code 4603.29.

9. [Reserved.]

10. Investigation:

CA shall subscribe to the Index Bureau. The examiner shall request a report from the Index Bureau on all new indemnity claims. Subsequent requests should be made every six (6) to twelve (12) months thereafter on all active indemnity claims. The claim file will reflect the examiner's review and consideration of the Index information and the impact to the file.

11. Compensability:

The compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination will be made and documented in the file within three (3) business days of the receipt of the notification of the loss. Delay or denial of benefit letters shall be mailed in compliance with the Division of Industrial Relations' guidelines.

CA shall notify the member of delay or denial of any claim.

In no case shall a final compensability decision be extended beyond ninety (90) calendar days from the member's knowledge of the claim.

12. Provision of Benefits:

CA shall provide all compensation and medical benefits in a timely manner and in compliance with the statutory requirements of the California Labor Code. CA shall compute and pay temporary disability benefits to injured employees based upon earnings information and authorized disability periods. CA shall review, compute, and pay all informal ratings, death benefits, Findings and Awards, life pensions, or Compromise and Release settlements.

13. Initial Indemnity Payment:

The initial indemnity payment or voucher will be issued and mailed to the injured employee together with properly completed DWC notices within fourteen (14) calendar days of the first day of disability.

Late payments must include the self-imposed increase in accordance with Labor Code Section 4650.

14. Subsequent Indemnity Payments:

All indemnity payments or vouchers subsequent to the first payment will be verified, except for obvious long-term disability, and issued in compliance with Labor Code Section 4651.

Late payments must include the self-imposed increase in accordance with Labor Code Section 4650.

15. Return to Work:

CA shall provide assistance to the members in returning injured employees to modified duty while recovering and prior to their return to regular duties.

CA shall consult frequently with the member in those cases where the injury residuals might involve permanent work restrictions and/or retirement potential.

CA shall coordinate information and communicate with the CHWCA RTW Coordinator regarding specific cases, primarily through on-line access, as well as providing access to RTW data as needed.

16. Transportation Expense:

Transportation reimbursement will be mailed within five (5) business days of the receipt of the claim for reimbursement. Advance travel expense payments will be mailed to the injured employee ten (10) business days prior to the anticipated date of travel.

17. Permanent Disability:

CA shall explain and assist Injured employees in completing the necessary forms to obtain a permanent disability rating.

CA shall determine the nature and extent of permanent disability and arrange for an informal disability rating whenever possible to avoid Workers' Compensation Appeals Board litigation,

All permanent disability benefit notices shall be sent to the employee as required by the Labor Code.

18. Litigated Cases:

CA shall promptly initiate investigation of issues identified as material to potential litigation. The member shall be alerted to the need for an outside investigation as soon as possible and the examiner shall appoint an investigator who is acceptable to the member. The member shall be kept informed on the scope and results of all investigations.

When defense counsel is not necessary, CA shall work closely with the applicant's attorney in informal disposition of litigated cases.

The member shall be alerted to the need for an outside counsel as soon as possible and the examiner shall appoint an attorney who is acceptable to the member. CA will review all allocated legal costs prior to approval for payment.

Settlement proposals directed to the member shall be forwarded by CA or defense counsel in a concise and clear written form with a reason(s) for such recommendation.

All preparation for a trial shall involve the member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense,

The supervisor or the examiner shall attend Workers' Compensation Appeals Board hearings, meetings with defense counsel, and meetings with members' staff, departments, and employee groups as necessary and as requested to do so.

19. Settlements:

CA, with the member's notice, has total settlement authority from \$0 to \$25,000. CA shall obtain the member's written authorization on all settlement or stipulations from \$25,001 to \$50,000. Settlement authority above \$50,000 must be requested from CHWCA's Executive Committee. All requests for settlement authority shall include a written claim summary, current financial information, estimate of permanent disability, and the defense counsel's comments and recommendations, if any.

All settlements involving excess coverage will be referred to the excess carrier for authority. The excess carrier will be notified of settlement proposals if the proposed settlement will exceed the assigned retention level.

20. Subrogation:

In all cases where a third party is responsible for the injury to the employee, CA shall contact the member indicating they will pursue subrogation unless instructed otherwise by the member. When subrogation is to be pursued, the third party shall be contacted within ten (10) business days of identification, 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 within six (6) months of the injury or notice of injury.

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.

If the injured worker brings a civil action against the party responsible for the injury, CA shall consult with the member about the value of the subrogation claim and other considerations. Upon the member's authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.

Whenever practical, CA should take advantage of any settlement in a civil action by attempting to settle the workers' compensation claim by means of a Third-Party Compromise and Release.

If such attempt does not succeed, then every effort should be made through the WCAB to offset claim expenses through a credit against the proceeds from the injured worker's civil action.

21. Vocational Rehabilitation/Supplemental Job Displacement Benefits:

In accordance with all applicable California laws, the CA shall:

- a) Determine the VRJSJDB eligibility status;
- b) Advise the injured worker of his/her right to benefits;
- c) Provide appropriate benefits;
- d) Control costs; and
- e) Attempt to secure the prompt conclusion of VR/SJDB benefits.

22. Claim Reconciliation:

All claim files shall be reconciled to ensure all indemnity payments have been made correctly. The reconciliation should verify that payments were in the correct amount and from the correct claim file. The physical file should be verified with the computer information. All open claim files shall be reconciled at the time of a request for settlement authorization and at the time of submission for closure. Proof of the reconciliation should remain in the claim file.

23. Excess Insurance:

Cases that have the potential to exceed the member's self-insured retention shall be reported in accordance with the reporting criteria established by the Excess Provider. All cases that meet the established reporting criteria are to be reported within five (5) business days of the day on which it is known the criterion is met.

24. Award Payment:

Payments on awards, computations, or Compromise and Release agreements will be issued within ten (10) business days, or sooner if necessary, to ensure payment within twenty (20) business days of the WCAB approval date, following receipt of the appropriate document.

25. Penalties:

Late payment of all benefits must include the self-imposed increase in accordance with California law. CA will provide CHWCA with a quarterly listing of any administrative penalties paid during the quarter. The report shall designate the party responsible for the penalty/increase. If the penalty/increase was the responsibility of CA, CA shall issue a check payable to CHWCA for reimbursement of the penalties/increase. The check and report shall be submitted to CHWCA by the 20th of the following month after the quarter ends.

26. Case Closure:

The supervisor must review all Medical Only claims open beyond ninety (90) calendar days from the date of entry by the CA, for potential closure or conversion to Indemnity claim status. Claims with \$3,000 (three thousand dollars) or more paid to date and any claim open beyond one hundred eighty days from date of entry must be converted to Indemnity status and a reasonable, precautionary indemnity reserve placed on the claim(s). All indemnity cases where permanent

disability is not an issue will be closed within sixty (60) calendar days of the final financial transaction or final correspondence to the injured worker as required by law. All indemnity claims where permanent disability is an issue will remain open for one year from the last payment of benefit, or any activity on the file, and then closed within sixty (60) calendar days of that date. The CA will monitor stipulated cases with future medical provisions. Reserves for future medical will be reviewed semi-annually and adjusted according to use.

27. Status Reports:

Special claim status reports requested by members shall be provided by CA to the respective member within ten (10) business days, with a copy provided to the WCPM. Verbal status reports requested by members shall be provided by CA to the respective member within two (2) business days. Special computer-generated loss data reports requested by member shall be provided within twenty (20) business days.

28. Claims Reporting:

CA shall maintain all loss information as required by the Workers' Compensation Insurance Rating Bureau, the Department of Industrial Relations and the Office of Self Insurance Plans.

The CA shall assist in the preparation of all reports that are now or will be required by the State of California or other government agencies with respect to self-insurance programs and any Federal reporting as required by the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA). CA will also assist in the preparation of all reports or databases as requested by CHWCA.

29. Record Retention:

All claim files shall be maintained in accordance with statutory time requirements and CHWCA's Record Retention Policy.

30. Claim Supervision:

CA shall provide supervisory staff that will regularly review the work product of the claims examiners. The supervisor shall review at least ten percent (10%) of each examiner's caseload each month to ensure each examiner is following the performance standards outlined in this document. The supervisor shall conduct a review of all unresolved open indemnity claims every one-hundred twenty (120) calendar days, allowing a two-week grace period for completion. In addition, the supervisor shall conduct a regular review of all open indemnity claims with reserves in excess of \$100,000 and all problem or complex claims every 90 calendar days and a review of all settled claims, open for additional benefits (such as Future Medical care or survivor benefits) every 180 days allowing for a two-week grace period.

31. Availability of Personnel:

CA shall ensure at least one (1) or more of the examiners assigned to CHWCA are available to CHWCA and its members every business day throughout the term of the approved contract between CHWCA and CA.

32. Examiner Training:

CA shall annually certify to CHWCA that each claims examiner handling the members' claims is in compliance with all legal and regulatory licensing and continuing educational requirements as presently or in the future shall be promulgated and required by the State of California. Where required by law or regulation, copies of all such certifications shall be provided at least annually by CA to CHWCA.

33. Member Services:

CA shall provide special training services when requested by the individual CHWCA member(s) to ensure that the people who process workers' compensation claims are effectively carrying out the procedures required for a successful program. The annual visit shall also include an claims review, when requested. The claims to be reviewed will be mutually decided upon by the individual member and CA, and shall be an on-site review if requested.

CA shall require one of the unit staff to meet with each member's personnel, at the member's location (if requested by the member), at least once annually to review program procedures regarding workers' compensation reporting requirements and other program matters that require the timely participation of the member's personnel.

CA shall require an examiner to be available and readily respond to a member's request for assistance with problem cases, including on-site visits to the member.

CA shall provide CHWCA with information regarding statutes, proposed changes to statutes, and changes to the rules and regulations affecting CHWCA and its responsibility as a legally uninsured workers' compensation joint powers authority.

34. Employee Services:

As required, CA will develop, for review by CHWCA, materials which will provide information and guidance to members' employees regarding workers' compensation and the self-insurance program.

As required, CA will assist injured employees in resolving problems that arise from injury or illness claims.

35. Conflict of Interest:

CA shall avoid all conflicts of interest or appearance of conflicts of interest in performance of this document. If CA receives compensation from CHWCA for services not included in this document,

such as bill review services, managed care, or investigations, CA shall disclose all fees received from CHWCA. Such disclosure shall be in the form of a letter and shall be received by CHWCA each April 1.

36. Overpayments:

CA shall be responsible for attempting the collection of any overpayment of any benefit. In the event CA is unable to collect the overpayment, CA may be responsible to reimburse CHWCA for the amount of the overpayment if the basis for the overpayment relates to an error or errors by CA.

Attempted recovery will be documented in the claims file. Any overpayment not recovered will NOT BE credited against "new and further" disability without the approval of CHWCA WCPM. Overpayments which have not been recovered will be evaluated by CA for reimbursement to CHWCA.

It is understood overpayment of benefits resulting from good faith attempts at benefit administration (such as estimating Permanent Disability Advance Payments) will require attempts at recovery; however, the resulting overpayment will not be the responsibility of CA to reimburse CHWCA.

B. SPECIAL PROVISIONS

1. Financial Administration:

CHWCA will establish a trust account from which the CA shall make all indemnity, medical, and allocated loss expense payments. Payment authorization limits and payment policies will be established by CHWCA and reviewed from time to time with the CA.

The CA shall maintain complete and accurate records with respect to costs, expenses, receipts, and other such information required by CHWCA that relate to the performance of services under this RFP. The CA shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible.

The CA shall notify CHWCA prior to issuance of any payment in excess of \$30,000.

2. Allocated Loss Expenses:

All allocated loss expenses shall be the responsibility of CHWCA. It is agreed and understood that allocated loss expenses will be paid directly from the applicable claim file, and the bills will be paid from the trust account. The above fee arrangement shall include all services included in this RFP except for payments made by the CA on CHWCA's behalf for medical, disability, or other benefits, and allocated loss expense.

Allocated Loss Expense shall mean all WCAB or court costs, fees, and expenses; fees for service of process; fees to attorneys; fees of independent adjusters or attorneys for investigation or adjustment of claims for AOE/COE investigations not performed by the CA's workers' compensation claims personnel; the cost of employing experts for the purpose of preparing maps, photographs, diagrams, chemical or physical questions; the cost of copies of transcripts of testimony of coroner's inquests or private records; the cost of depositions and court reporter or recorded statements; and any similar costs or expenses properly chargeable to the defense of a particular claim or to the protection of the subrogation rights of CHWCA; provided, however, that all of the above services performed by the CA's personnel shall not be considered allocated loss expenses unless CHWCA is informed by the CA that an AOE/COE investigation is necessary and B CJPIA requests, in writing, that the CA perform that investigation; the CA personnel can then perform the investigation and the costs of that investigation shall be considered as allocated loss expenses. If CHWCA does not request the AOE/COE investigation be performed by the CA personnel, such investigation shall be referred by the CA to an independent investigator.

Allocated loss expense shall also include medical cost containment program costs as defined in Title 8, Division 1, Chapter 8, Subchapter 2, Article 6, and Section 15300.

3. Right to Audit:

CHWCA or its designated representative is authorized to visit the CA's processing and/or storage premises for the purpose of performing a claims audit, and shall have access to all data, including paper documents, microfilm, microfiche, and magnetically stored data which relate to payments or non-payments made by the CA. Any assistance or service provided in response to a claims audit described above will be rendered at no additional cost to CHWCA.

4. Invalid Payments:

No charges to CHWCA for payments made on behalf of persons who were not valid employees of the covered CHWCA on the date of injury shall be accepted for payment by CHWCA. The CA may be responsible to reimburse CHWCA for any amounts paid in error.

5. Personnel:

The CA agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to an agreement. Failure to assign such competent personnel shall constitute grounds for termination of an agreement. The examiners and claims assistants shall be dedicated to the exclusive handling of CHWCA's claims. The CA shall be allowed to use a non-dedicated or part-time, experienced examiner when caseloads exceed the number specified in the caseloads outlined in the "SCOPE OF WORK."

Each examiner shall have passed the State of California, Department of Industrial Relations, Self Insurance Administrator's Examination; or as a minimum requirement. The CA shall annually certify to CHWCA that each claims examiner handling the members' claims is in compliance with

all legal and regulatory licensing and continuing educational requirements as presently or in the future shall be promulgated and required by the State of California. It is understood that CHWCA has the right to require examiners to be removed from their program based on unsatisfactory performance.

The CA shall maintain, at all times, one (1) or more of the examiners assigned to CHWCA's claims, or in their absence, the supervisor or management above the supervisory level, are on-site and available by telephone for emergencies through a 24-hour emergency telephone number. The CA shall provide a toll-free telephone number at no additional charge to CHWCA.

The CA shall require an examiner to be available and to readily respond to a member's request for assistance with problem cases, which may include in-person visits with the members,

The CA shall provide for attendance, as necessary, to attend CHWCA's scheduled Board of Directors meetings to report on the general state of the program since the last meeting.

The CA shall ensure that other personnel, such as management, clerical, accounting, and data processing, which may be required to satisfactorily provide the services required by an agreement, shall be provided by the CA within the agreed fee for services contained in this RFP. It is understood that the personnel referred to in this paragraph need not be dedicated to the exclusive use of CHWCA.

6. Reports:

CA shall, at its expense, provide two weeks prior any governing meeting of CHWCA, a written summary report showing the number of claims reported during the prior month, separated category (i.e., indemnity or medical only), the number of claims closed during the prior month, separated by category, and any medical cost savings. This report shall show a comparison of the same information for the same month for the prior year.

CA shall, at its expense, by the 7th day of the following month, unless otherwise specified below:

- A. Provide the following weekly reports to CHWCA's Administrator electronically.
 - i. A month-to-date check register subtotaled separately from the voids, recoveries, and refunds with the exception of voids that occurred in the same period. If recoveries, refunds, or voids, occur, they should be subtotaled at the bottom of the report, below checks issued.
 - ii. A month-to-date voucher register run by fiscal year and by member of CHWCA.
- B. Provide the following monthly reports to CHWCA's Administrator electronically.
 - 1. A month-to-date check register subtotaled separately from the voids, recoveries, and refunds with the exception of voids that occurred in the same period. If recoveries, refunds or voids occur, they should be subtotaled at the bottom of the report, below checks issued.
 - 2. A month-to-date voucher register run by fiscal year and by member of CHWCA.

3. A report of all open and closed claims by fiscal year and then alphabetically by member of CHWCA, to include the employee's name, claim number, date of injury, paid amount separated by type, future liability or reserves separated by type, total incurred, and any amounts recovered for subrogation or excess insurance.
 4. As of the end of each month, a listing of all open and closed claims with a total incurred value in excess of \$125,000 to be run by fiscal year and then alphabetically by CHWCA member. The report should include the employee's name, claim number, date of injury, paid amount, future liability, total incurred, and any excess insurance or subrogation recoveries.
 5. As of the end of each month, a listing of all open and closed claims with a total incurred value in excess of \$250,000 to be run by fiscal year and then alphabetically by CHWCA member. The report should include the employee's name, claim number, date of injury, paid amount, future liability, total incurred, and any excess insurance or subrogation recoveries.
 6. Summary Loss Run. A summary report of all open and closed claims by fiscal year with the paid amount separated by type, future liability or reserves separated by type, total incurred, and any amounts recovered for subrogation or excess insurance.
 7. A "No Activity" report listing the claims that have had no activity during the previous one hundred eighty (180) calendar days. The report components should include no reserve changes, no payments, no recoveries, no refunds, and/or no computer notepad activity.
- C. Provide the following information monthly to the member entities electronically.
1. A listing of all open claims showing the employee's name, claim number, date of injury, paid amount, future liability, total incurred, and any amounts recovered.
 2. A listing of all information needed for the member to complete the OSHA 300 log to include claims where temporary disability benefits were paid during the applicable month showing the paid to date amounts, from and through dates of temporary disability benefits paid, claim number, and date of injury.
 3. A summary listing by fiscal year showing paid to date amounts, future liability or reserve amounts, total incurred amounts, number of open claims, number of closed claims, and average cost per claim.
- D. Provide the following quarterly reports, in addition to the regular monthly reports, to CHWCA's Administrator electronically.
1. A listing of any administrative penalties paid during the quarter, indicating which is the responsibility of CA, and which were the responsibility of the prior administrator(s), and a check from CA payable to CHWCA for reimbursement.
 2. A listing of subrogation claims showing the employee/claimant's name, claim number, date of injury, paid amount, future liability, total incurred, and any excess or subrogation recoveries.
 3. As of June 30, September 30, December 31, and March 31, a listing of all open and closed claims with a total incurred value in excess of \$50,000 to be run by fiscal year alphabetically by member. The report should include the employee/claimant name,

claim number, date of injury, paid amount, future liability, total incurred, and any excess insurance or subrogation recoveries.

- E. Provide a report to CHWCA's Administrator annually in Excel format as of the end of the fiscal year, in addition to the regular monthly and quarterly reports, a year-end report. The report shall include all open and closed claims run by fiscal year and then alphabetically by member, to include the employee/claimant name, claim number, date of injury, occupation, text description of the injury, number of days temporary disability benefits were paid, paid amount separated by type, future liability or reserves separated by type, total incurred separated by type, and any amounts recovered for subrogation or excess insurance.
 - F. The CA shall also provide appropriate reports as requested documenting the timely and accurate reporting of CHWCA'S claims to the Centers for Medicare and Medicaid Services (CMS).
 - G. The CA shall assist in the preparation of all reports that are now or will be required by the State of California or other government agencies with respect to self-insurance programs. The CA will also assist in the preparation of all reports to statistical database organizations as requested by CHWCA
 - H. Provide other special reports required of CHWCA or its Administrator including, but not limited to, loss trend reports, claim abstract reports, reports required by actuaries, excess insurance carriers, etc., provided that such reports do not require data elements that have not previously been collected by CA on behalf of CHWCA. Any corrections to the loss runs shall be made within 30 days of a request for correction.
 - I. Except as set forth in subparagraph E, special report requests that require programming, time, outside of the reports above, will be charged to CHWCA at a contractually agreed-upon hourly rate. Proposers shall set forth the intended rate in their response to this RFP.
 - J. Any corrections to loss runs shall be made within 30 calendar days of a request for correction. Other than standard monthly loss runs referenced in this section, computer generated loss data reports requested by members or CHWCA shall be provided within five business days.
7. Client Services Representative:

The CA shall provide a client services representative whose duties will include the following responsibilities:

- a. Annual completion of the CA portion of the OSIP report for CHWCA by September
- b. Annual provision of the OSHA logs upon request for the February 1st posting;
- c. Automated and ad hoc reports as requested/required;
- d. Meeting attendance as requested/required;

- e. Workers' Compensation training as requested; and
- f. Miscellaneous assignments as requested/required

8. Computer/Online Access:

The CA shall provide online access to all applicable claims and report generating systems at no additional charge to CHWCA's Administrator and members. Such data shall be in a format accessible from CHWCA's Administrator's computers and will permit CHWCA's Administrator to print copies of the data on its printers. The CA shall provide training for use of the computer system for CHWCA's Administrator. If CHWCA's Administrator, under the CA's guidance, is not able to maintain online interface with data maintained by the CA, the CA may be required to provide a copy of all data processed during the previous month to CHWCA's Executive Director's office on a disk by the seventh (7th) calendar day following month end.

9. Record Retention:

All claim files and associated data shall be maintained in accordance with statutory time requirements and CHWCA's Record Retention Policy. The members shall be notified prior to any destruction of files to determine if the member wishes to retain the claim file at their own expense.

10. Confidentiality of Information:

All data, documents, or other information developed or received, verbally or In writing, in performance of the agreement between the CA and CHWCA are confidential and not to be disclosed to any person except as authorized by CHWCA, the CA, or as required by law.

11. Protection of Data:

It is the CA's responsibility to develop and implement processes and procedures relating to the protection of CHWCA's electronic data, including a suitable security and back-up system for all stored data and a written policy with respect to disaster recovery, physical and electronic data security, and electronic data retention, as per the standards for Accreditation with Excellence by the California Association of Joint Powers Authorities (CAJPA).

ATTACHMENT A

INSURANCE REQUIREMENTS

The CA shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the CA, his/her agents, representatives, employees, or subcontractors.

Minimum Scope of Insurance:

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage ("Occurrence" Form CG 0001), or Comprehensive General Liability Coverage and Broad Form Comprehensive General Liability (Insurance Services Office Forms GL 0002 and GL 0404.
2. Insurance Services Office Form Number CA 0001, covering Automobile Liability, Code 1 (any auto) or Code 8, 9, if non-owned autos.
3. Workers' Compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance.
4. Errors and Omissions Liability insurance appropriate to the claims administrator's profession.
5. Employee Dishonesty with minimum limits of \$1,000,000.00 per occurrence.

All required insurance coverages shall be provided by an insurance company or companies with an AM Best rating of at least an A:VII or a company acceptable by CHWCA.

Minimum Limits of Insurance:

1. General Liability: \$2,000,000 per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit IS used the general aggregate limit shall be twice the required occurrence limit.

Such insurance shall include CHWCA, its members, officers, agents, and employees as additional insureds, Such insurance shall provide thirty days' notice of intent to cancel or nonrenewal to CHWCA. Such insurance shall be subject to a deductible or self-insured retention of no greater than \$25,000 unless prior approval of a higher deductible from CHWCA is obtained, Upon execution of this AGREEMENT, The CA shall provide CHWCA with the requisite endorsement and certificate of insurance evidencing that such general liability insurance has been obtained and is in full force and effect. In addition to the certificate of

insurance and upon request by CHWCA, The CA shall provide to CHWCA a certified copy of the insurance policy or policies.

2. Automobile Liability: \$2,000,000 per accident for bodily injury and property damage. If Automobile Liability Insurance or other form with a general aggregate limit is used the general aggregate limit shall be twice the required occurrence limit. Such insurance shall include CHWCA, its members, officers, agents, and employees as additional insureds. Such insurance shall provide thirty days' notice of intent to cancel or non-renewal to CHWCA. Such insurance shall be subject to a deductible or self-insured retention of no greater \$25,000 unless prior approval of a higher deductible from CHWCA is obtained. Upon execution of this AGREEMENT, The CA shall provide CHWCA with the requisite endorsement and certificate of insurance that such automobile liability insurance has been obtained and is in full force and effect. In addition to the certificate of insurance and upon request by CHWCA, The CA shall provide to CHWCA a certified copy of the insurance policy or policies.
3. Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits of \$1,000,000 per accident. Upon execution of this AGREEMENT and upon renewal of such coverage, The CA shall provide CHWCA with a certificate of insurance evidencing that such Workers' Compensation and Employer's Liability insurance has been obtained and is in full force and effect. The CA shall provide CHWCA with a Waiver of Subrogation endorsement. In addition to the certificate of insurance and upon request by CHWCA, The CA shall provide to CHWCA a certified copy of the insurance policy or policies.
4. Errors and Omissions: \$5,000,000 per occurrence and shall not be subject to a deductible and/or self-insured retention of greater than \$100,000. The CA shall maintain errors and omission insurance applying to all claims arising out of an occurrence or events during the term of the insurance and made during, or subsequent to, the term of this AGREEMENT. Such insurance shall apply whether the claim arises out of the operations of the CA, its officers, employees, consultants, agents, or anyone else acting, directly or indirectly, on behalf of any of the foregoing. Such insurance shall be severable and, except as respects the limits of liability and self-insured retention, apply to each insured as if no other insureds exist. Such coverage shall provide thirty days' notice of intent to cancel or non-renewal to CHWCA. Upon execution of this AGREEMENT and upon renewal of such coverage, The CA shall provide CHWCA with a certificate of insurance evidencing that such errors and omissions insurance has been obtained and is in full force and effect. In addition to the certificate of insurance and upon request by CHWCA, The CA shall provide to CHWCA a certified copy of the insurance policy or policies.
5. Employee Dishonesty: \$1,000,000 to include comprehensive employee dishonesty, disappearance, theft, and forgery or alteration coverage in a form and issued by an insurance or bonding company or companies acceptable to CHWCA. Such insurance shall not have a deductible greater than \$1,000 on any one claim. Upon execution of this AGREEMENT, The CA shall provide CHWCA with a certificate of insurance evidencing that such insurance has

been obtained and is in full force and effect. Such coverage shall provide thirty days' notice of intent to cancel or non-renewal to CHWCA.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by CHWCA. At the option of CHWCA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CHWCA, its officers, officials, employees and volunteers; or The CA shall provide a financial guarantee satisfactory to CHWCA guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. CHWCA, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the CA; or automobiles owned, leased, hired or borrowed by the CA.
2. For any claims related to this project, The CA' insurance coverage shall be primary insurance as respects CHWCA, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by CHWCA, its officers, officials, employees, or volunteers shall be excess of the CA' insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty days' prior written notice by certified mail, return receipt requested, has been given to CHWCA,
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to CHWCA.

Verification of Coverage

The CA shall furnish CHWCA with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by CHWCA or on other than CHWCA's forms provided those endorsements conform to CHWCA's requirements. All certificates and endorsements are to be received and approved by CHWCA before work commences.

CHWCA reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

ATTACHMENT B

Public Self Insurers Claim Liability — Annual Report
For Period: 07/01/2021 - 06/30/2022