



REQUEST FOR PROPOSAL

FOR

WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES

Request for Proposals available on the City of Chico Website:
<https://chico.ca.us/request-proposalsqualifications>

**Response will be accepted until:
5:00 p.m. on Wednesday, April 19, 2023**

**City of Chico
Human Resources & Risk Management Department
RFP – Workers' Compensation
P.O. Box 3420
Chico, CA 95927**



HUMAN RESOURCES
AND RISK MANAGEMENT OFFICE

411 Main Street – 3rd Floor
P.O. Box 3420
Chico, CA 95927

(530) 879-7900
Fax (530) 895-4733
<http://www.ci.chico.ca.us>

**NOTICE INVITING PROPOSALS FOR:
WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES**

Notice is hereby given that the City of Chico Human Resources and Risk Management Department (HR/RM) is inviting proposals from qualified third-party administrators to provide the City of Chico's workers' compensation claims administration for a three (3) year period beginning July 1, 2023 through June 30, 2026.

A sample of the Contractual Services Agreement and a scope of services (Exhibit B) are attached or can be obtained by contacting HR/RM at (530) 879-7900. If all services listed cannot be provided, the cost of subcontracting with another organization should be included in the proposal.

Quotations should be submitted, on the attached Request for Proposal Form and e-mailed to:

City of Chico
Human Resources & Risk Management Department
hr@chicoca.gov

With "RFP- Workers' Compensation" in the subject line **by 5:00 p.m. on Wednesday, April 19, 2023.**

Mailed proposals or proposals received after the deadline will not be accepted.

Proposals will be opened and recorded after the closing date. After subsequent staff review, the facility and/or professional individual submitting the lowest, most complete, and most responsible quotation shall be provided with a three-year contract for the services for the contract term July 1, 2023 through June 30, 2026.

Questions regarding this notice should be directed to the Human Resources and Risk Management Department at hr@chicoca.gov.

Chelsea D. Phebus
Director of Human Resources and Risk Management

TF: 04/19/2023
L-AGR-8-8-16-1
MED.G.3

CITY OF CHICO
REQUEST FOR PROPOSAL
CONTRACTUAL SERVICES AGREEMENT
FOR
WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES
(BUDGET ACCOUNT NUMBERS 901-130-5400)

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City of Chico – Human Resources and Risk Management Department
Physical Address: 411 Main Street, Third Floor, Chico, CA
Mailing Address: PO Box 3420, Chico, CA 95927
(530) 879-7000
hr@chicoca.gov



**HUMAN RESOURCES
AND RISK MANAGEMENT OFFICE**

411 Main Street – 1st Floor
P.O. Box 3420
Chico, CA 95927

(530) 879-7900
Fax (530) 895-4733
<http://www.ci.chico.ca.us>

NOTICE INVITING PROPOSALS FOR:

WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES

1. Introduction

The purpose of this RFP is to provide prospective Third Party Administrators (TPA) with information that will enable them to prepare and submit a proposal for third party administration services for the City of Chico's self-insured Workers' Compensation program. The City of Chico is looking for a TPA partnership which will deliver objective and measurable results that will reduce the cost and duration of Worker's Compensation claims, provide claims processing in a timely and professional manner, actively pursue subrogation, assist in returning injured employees back to work and maintain strong communications with the injured worker and the City of Chico. TPAs responding to this proposal must be a recognized claims administrator of self-insured workers' compensation programs and licensed to do such business in the State of California. This RFP provides detailed program requirements. Each TPA must address these program requirements in their proposal submission. TPAs may provide additional details on why their company is best qualified to perform the services. The City of Chico will use the results of this RFP process to award a contractual service agreement that will include the takeover of all existing Worker's Compensation claims and all new claims beginning at the start of the new fiscal year July 1, 2023. RFP submissions should include, as appropriate, responses for both life of claim and life of service agreement options. Please note: for this proposal period, the City of Chico will consider un-bundled program proposals.

2. Overview of the City of Chico

The City of Chico is located in Butte County, California, and was founded in 1860 by General John Bidwell and incorporated in 1872. The City of Chico has grown to over 33 square miles with a population of 112,000 (2019). Chico is located in the Northern Sacramento Valley of California, ninety miles north of Sacramento on Highway 99, in Butte County, east of Interstate 5.

Chico is known as a well-managed city that values quality infrastructure and services and maintains a special sense of community and small-town living. It has developed into a vibrant regional center for business, recreation and cultural activities. There are many recreational opportunities in and around Chico. Bidwell Park, one of the largest municipally owned parks in the nation (3,670 acres), is the focal point of the City's park system and offers numerous trails for biking, hiking and equestrian use.

3. Workers' Compensation Insurance Program

The City of Chico is self-insured and partners with a Third-Party Administrator to manage its Workers' Compensation claims. The City of Chico manages its Workers' Compensation program through the Human Resources and Risk Management Department. Claims are reported by designated individuals within each department who send required forms to Human Resources and Risk Management, which are then forwarded to the TPA. Records are maintained centrally in Human Resources and Risk Management. The City of Chico retains the first \$750,000 for self-insured retention and purchases excess Workers' Compensation Insurance.

4. Terms of Agreement and Insurance Requirements

Term of Agreement. The selected TPA will be required to enter into an agreement with the City of Chico containing the terms and conditions set forth in the City of Chico’s Contractual Services Agreement. A copy of this Contractual Services Agreement is included this RFP. If the TPA has any exceptions to the standard terms and conditions, the TPA must identify any provision they are not prepared to satisfy in their proposal submission. Any requested changes will be considered by the City of Chico when evaluating proposals. Failure to meet the City of Chico’s standard agreement may result in termination of the service agreement at the discretion of the City of Chico. The TPA awarded the service agreement will be held accountable and liable for the acts of the TPA’s employees, representatives, agents and/or sub-contractors and shall defend, indemnify and hold harmless the City of Chico, its officers, employees and agents against any claim, loss or liability arising out of or resulting in any way from work performed under the service agreement due to the willful or negligent acts (active or passive) or omissions by the TPA’s officers, employees or agents. The acceptance of said services and duties by the City of Chico shall not operate as a waiver of such right of indemnification. The Contractual Services Agreement shall be effective on July 1, 2023 and shall run for three (3) years with an option by mutual agreement of the City of Chico and the TPA to renew for additional years. The TPA will be responsible for all penalties assessed, whether by the City of Chico, Office of Self Insurance Plans, or the Office of Benefits and Enforcement, Workers’ Compensation Appeals Board, unless such penalties are for late payments which were caused by the City of Chico’s late reporting of a claim. Any and all penalties assessed as a result of the TPA, shall be the responsibility of the TPA until the entire penalty has been paid, regardless of the service agreement period and/or assessment date.

Insurance Requirements. The TPA shall provide and maintain insurance in accordance with the City of Chico’s Contractual Services Agreement. Upon execution of the service agreement, evidence of insurance will be required and annually thereafter upon expiration of the policies. The TPA must be in full compliance with all statutory and applicable regulatory agencies at all times.

5. Calendar of Events

The following RFP Calendar of Events represents the City of Chico’s best estimate of the schedule that shall be followed. Unless otherwise specified, the time of day for the following events shall be between 8:30 a.m. and 5:00 p.m., Pacific Standard Time. The City of Chico reserves the right, at its sole discretion, to adjust this schedule as it deems necessary. Notification of any adjustment to the RFP Calendar of Events shall be provided to all Bidders in the form of an addendum.

Event Date:

Issue Date for RFP	March 16, 2023
RFP Question Deadline	March 31, 2023
Release of Addenda	April 5, 2023
Deadline for Receipt of Proposals	April 19, 2023
Review Period of Proposals	April 19 – 28, 2023
Interviews (if required)	May 1 – 3, 2023
TPA Selection Date	May 9, 2023
Service Agreement Start Date	July 1, 2023

6. Questions and Requests for Clarification

TPA must submit all questions regarding this RFP in writing by e-mail to: hr@chicoca.gov, with “RFP-Workers’ Compensation Questions” in the subject line and be received no later than the due date indicated in Section 5. No telephone or oral requests will be considered. No requests for additional information or clarification to any person other than the RFP contact will be considered. Questions and requests for clarification from a TPA must be submitted by only a single representative of that TPA and must include the requestor’s name,

address, telephone number, and email address, and the TPA that he/she represents. The City may rephrase questions as it deems appropriate and may consolidate similar questions. The City may also create and answer questions independent of the TPA's question(s).

The City will not consider questions received after the due date. Written responses to submitted questions will be included in an RFP Addenda, in the sole discretion of and sent by the City to all registered TPAs. The City may respond individually to questions or requests for clarification identified by the TPA and deemed by the City as containing confidential information relating to that particular TPA's proposal.

The City is not responsible for any explanation, clarification, interpretation, or approval (including any City responses to questions and requests for clarification) made or given in any manner except via written addendum to this RFP. The TPA must not rely upon any explanation, clarification, interpretation, or approval that is not contained in a written addendum.

7. Proposal Submittal

Responding Vendors are required to submit their proposal as an electronic copy in PDF file format. Proposals must be received no later than **5:00 PM on April 19, 2023**. Proposals shall be emailed to: hr@chicoca.gov with "RFP- Workers' Compensation" in the subject line. Proposals received after the deadline will not be accepted. Questions relating to this RFP should be directed to: Human Resources via e-mail: hr@chicoca.gov.

8. Submittal Requirements

The City will evaluate the proposals based on the information provided below:

- a. Cover Letter: TPA must submit a cover letter which clearly indicates the single primary contact (principal-in-charge), email address, mailing address, telephone and facsimile numbers, and must acknowledge any and all addenda, and confirm the signatory submitting on behalf of TPA has the authority to commit on behalf of the TPA.
- b. Proposals of TPA and Relevant Experience: To ensure that the City is selecting the most qualified TPA, provide a minimum of three (3) relevant examples of projects related to the project described in this RFP. Describe the experience of the TPA performing activities like those proposed in the RFP, including a brief description of work performed and history of outcomes. Describe any projects working with local governments.
- c. Approach: TPA must state in a clear and concise manner a narrative of the TPA's concept for the Project as detailed in Section 2 of this RFP, why TPA should be selected for this project, and estimated timeline for proposed project. TPA should describe how the work will be performed, resources that will be used, and address any potential problems and solutions to these issues.

9. Additional Information

1. The City reserves the unqualified right to modify, suspend, or terminate at its sole discretion any and all aspects of the RFP and/or RFP process, to obtain further information from any and all TPAs and to waive any defects as to form or content of the RFP or any responses by any TPA teams.
2. The City may require a TPA to participate in negotiations and submit technical information or other revisions to the TPA's proposals as may result from negotiations.

3. **Equal Employment Opportunity/Non-Discrimination**
City's policies promote a working environment free from abusive conduct, discrimination, harassment, and retaliation; and require equal opportunity in employment for all regardless of race, religious creed (including religious dress and grooming practices), color, national origin (including language use restrictions), ancestry, religion, disability (mental and physical), medical condition, sex, gender (including gender identity and gender expression), physical characteristics, marital status, age, sexual orientation, genetic information (including family health history and genetic test results), organizational affiliation, and military or and veteran status, or any other consideration made unlawful by local, State or Federal law. City requires TPA to be in compliance with all applicable Federal and State and local equal employment opportunity acts, laws, and regulations and TPA is responsible for ensuring that effective policies and procedures concerning the prevention of abusive conduct, discrimination, harassment, and retaliation exist in TPA's business organization.

4. The Fair Political Practices Act and/or California Government Code Section 1090, among other statutes and regulations may prohibit the City from contracting with a service TPA if the service TPA or an employee, officer or director of the service TPAs' firm, or any immediate family of the preceding, or any sub-TPA or TPA of the service TPA, is serving as a public official, elected official, employee, board or commission member of the City who will award or influence the awarding of the contract or otherwise participate in the making of the contract. The making of a contract includes actions that are preliminary or preparatory to the selection of a TPA such as, but not limited to, involvement in the reasoning, planning and/or drafting of solicitations for bids and RFPs, feasibility studies, master plans or preliminary discussions or negotiations.

5. Chico City Municipal Code Section 3.16.070 contains the local purchasing preference policy.

City of Chico
Human Resources & Risk Management
Mailing: PO Box 3420, Chico, CA 95927
Physical: 411 Main Street, Third Floor, Chico, CA
(530) 879-7900
hr@chicoca.gov

CITY OF CHICO
REQUEST FOR PROPOSAL

The City of Chico is seeking proposals for Workers' Compensation Claims Administration Services.

RFP DEADLINE - All completed forms must be received by the Human Resources & Risk Management's Office **by 5:00 p.m. on Wednesday, April 19, 2023**. Mailed applications or late applications will not be accepted.

E-Mail Address: City of Chico, Human Resources & Risk Management, RFP – Workers' Compensation, hr@chicoca.gov

Office Location: Chico Municipal Center, Third Floor, 411 Main Street, Chico, CA

PROPOSAL

Compensation shall be based upon actual invoices received and shall be paid according to the following schedule:

Description	Price
Annual Administration Fee	
Claim Administration and Adjusting (per month per open indemnity claim as shown on the prior month's loss run)	
Telephonic Case Management	
Field Case Management (plus IRS mileage rate)	
Utilization Review	
Medical Director	
Peer Review/Appeal	

Note: Please clearly specify all terms, conditions and limitations that apply to bid prices, using additional sheets as necessary and in addition to attachments.

Signature of Bidder: _____ Date: _____

Name of Business: _____

Type of Business: Corporation Partnership Individual

Name of Officer/Contact: _____

Business Address: _____

Business Phone: _____ Email: _____

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services
Project Title

901-130-5400
Budget Account Number

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THIS CONTRACTUAL SERVICES AGREEMENT ("Agreement") is entered into on _____, 20____
between the City of Chico, a municipal corporation under the laws of the State of California ("City"), and
_____, a corporation/partnership/individual("Provider").

SECTION 1 - DESCRIPTION OF PROJECT

City desires to undertake that certain project (Project) described in EXHIBIT A, entitled "DESCRIPTION OF PROJECT," and Contractor agrees to provide City, at its own cost and expense, all services and furnish all labor and

materials necessary to complete in a good, professional and substantial manner, the contractual services indicated and described in SECTIONS 2 and 3, respectively.

SECTION 2 - SCOPE OF CONTRACTUAL SERVICES - BASIC

Contractor shall perform those basic contractual services in connection with the Project as are set forth more particularly in EXHIBIT B, entitled "SCOPE OF CONTRACTUAL SERVICES - BASIC."

SECTION 3 - SCOPE OF CONTRACTUAL SERVICES - ADDITIONAL

City and Contractor agree that it may be necessary for Contractor to perform or secure the performance of related contractual services other than those set forth herein. In such instance, Contractor shall advise City, in advance and in writing, of the need for such additional contractual services, their cost and the estimated time (if appropriate) required to perform them. Contractor shall not proceed to perform any such additional service until City has determined that such service is beyond the scope of the basic contractual services to be provided by Contractor and has given its written authorization to perform or obtain it. Each additional service so authorized shall constitute an amendment to this Agreement, shall be identified and sequentially numbered as "Amendment No. 1" and so forth, shall be subject to all of the provisions of this Agreement, and shall be incorporated into EXHIBIT B, accordingly.

SECTION 4 - COMPENSATION

Contractor shall be compensated for contractual services rendered to City pursuant to this Agreement periodically at the rate as set forth in EXHIBIT C, entitled "COMPENSATION," and in accordance with all other applicable provisions of this Agreement. Amounts due to Contractor from City for contractual services rendered shall be evidenced by the submission to City by Contractor of an invoice, prepared in a form satisfactory to City, setting forth the amount of compensation due for the period covered by it. Each such invoice shall be forwarded to City so as to reach it on or before the 15th day of the month next following the month or months, or other applicable period, for which the contractual services invoiced were provided. City will make payment on each such invoice within 45 days of receipt of it. However, if Contractor submits an invoice which is incorrect, incomplete or not in accord with the provisions of this Agreement, then City shall not be obligated to process any payment to Contractor until a correct and complying invoice has been submitted.

SECTION 5 - RESPONSIBILITY OF CONTRACTOR

By executing this Agreement, Contractor warrants to City that Contractor possesses, or will arrange to secure from others, all of the necessary professional capabilities, experience, resources and facilities necessary to provide to City the professional services contemplated under this Agreement. In procuring the professional services of others to assist Contractor in performing the professional services set forth at EXHIBIT B or additional professional services under SECTION 3 of this Agreement, Contractor shall not employ or otherwise obtain the professional services of any person or entity known to Contractor or City to have, or be likely to develop during the term of this Agreement, an interest that is personally, or professionally, or financially adverse to any interest of City. Contractor further warrants that Contractor will follow the best current, generally accepted professional practices to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding this Project for which professional services are rendered under this Agreement.

SECTION 6 - RESPONSIBILITY OF CITY

To the extent appropriate to the contractual services contemplated by this Agreement, City shall:

- 6.1 Guarantee access to and make all provisions for Contractor to enter upon City property as required for Contractor to perform Contractor's contractual services.
- 6.2 Designate in writing a person(s) to act as City's representative with respect to the services to be performed under this Agreement. Such person(s) shall have complete authority to transmit instructions, receive

information, interpret, and define City's policies and decisions with respect to materials, equipment, elements, and systems pertinent to Contractor's contractual services.

- 6.3 Give prompt written notice to Contractor whenever City observes or otherwise becomes aware of any defect in the contractual services.

SECTION 7 - INDEMNIFICATION

Contractor shall indemnify City, its officers, boards and commissions, and members thereof, its employees and agents from any and all liabilities which might arise out of or relating to this Agreement and/or performance. Should City or any of its officers, boards and commissions, and members thereof, its employees or agents, be named in any suit or otherwise, whether the same may be groundless or not, arising out of or relating to this Agreement, Contractor shall defend City and said officers, boards and commissions, and members thereof, its employees and agents, and shall indemnify them for any judgment rendered against them or any sums paid out in settlement or otherwise.

SECTION 8 - INSURANCE PROVISIONS

Any requirements by City that Contractor carry general liability or any other type of insurance in connection with the services to be performed and/or contractual services to be rendered by Contractor pursuant to this Agreement shall be as set forth in EXHIBIT D, entitled "INSURANCE PROVISIONS."

SECTION 9 - GENERAL PROVISIONS

9.1 Access to Records

Contractor shall maintain all books, records, documents, accounting ledgers and similar materials relating to services performed for City under this Agreement on file for at least four years following the date of final payment to Contractor by City. Any duly authorized representative(s) of City shall have access to such records for the purpose of inspection, audit and copying at reasonable times during Contractor's usual and customary business hours. Contractor shall provide proper facilities to City's representative(s) for such access and inspection. Contractor shall be entitled to reasonable compensation for time and expenses related to such access and inspection activities, which shall be considered to be an additional service to City, falling under the provisions of SECTION 3 hereinabove.

9.2 Assignment

This Agreement is binding on the heirs, successors and assigns of the parties hereto and shall not be assigned by either City or Contractor without the prior written consent of the other.

9.3 Changes to Scope of Services - Basic Contractual Services

City may at any time, upon a minimum of 10 days written notice, modify the scope of basic contractual services to be provided under this Agreement. Contractor shall, upon receipt of said notice, determine the impact on both time and compensation of such change in scope and notify City in writing. Upon agreement between City and Contractor as to the extent of said impacts to time and compensation, an amendment to this Agreement shall be prepared describing such changes. Execution of an amendment by City and Contractor shall constitute the Contractor's notice to proceed with the changed scope.

9.4 Compliance with Laws, Rules, Regulations

All contractual services performed by Contractor pursuant to this Agreement shall be performed in accordance and full compliance with all applicable Federal, State, or City statutes and any rules or regulations promulgated thereunder.

9.5 Exhibits Incorporated

All Exhibits referred to in this Agreement and attached to it are hereby incorporated in it by this reference.

9.6 Independent Contractor

City and Contractor agree that the relationship between them created by this Agreement is that of an employer-independent contractor. Contractor shall be solely responsible for the conduct and control of the services performed under this Agreement. Contractor shall be free to render contractual services to others during the term of this Agreement, so long as such activities do not interfere with or diminish Contractor's ability to fulfill the obligations established herein to City.

9.7 Permits and Licenses

Contractor shall procure all permits and licenses, pay all charges and fees and give all notices necessary and incidental to the due and lawful prosecution of the services.

9.8 Patents

Contractor shall assume all responsibilities arising from the use of patented materials, equipment, devices or processes used on or incorporated in the services.

9.9 Integration; Amendment

This Agreement represents the entire understanding of City and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in it. This Agreement may not be modified or altered except by amendment in writing signed by both parties.

9.10 Control of Services - Direction

City representative(s) designated pursuant to Subsection 6.2 of this Agreement shall decide all questions which may arise as to the quality or acceptability of materials furnished and services performed and as to the manner of performance and rate of progress of the services, all questions which arise as to the interpretation of the specifications, all questions as to the acceptable fulfillment of this Agreement on the part of the Contractor and all questions as to claims and compensation.

9.11 Interpretation of Specifications

Should it appear that the services to be done or any matter relative thereto is not sufficiently detailed or explained in any specifications, special provisions, and/or related documents, Contractor shall apply to the City for such further explanations as may be necessary and shall conform to such explanations or interpretations as part of this Agreement, so far as may be consistent with their original intent. In the event of doubt or question relative to the true meaning of the specifications, reference shall be made to the City's representative(s), whose decision thereon shall be final.

9.12 Notice to Proceed; Progress; Completion

Upon execution of this Agreement by the parties, City shall give Contractor notice to proceed with the services. Such notice may authorize Contractor to render all of the contractual services contemplated herein, or such portions or phases as may be mutually agreed upon. In the latter event, City shall, in its sole discretion, issue subsequent notices from time to time regarding further portions or phases of the services. Upon receipt of such notices, Contractor shall diligently proceed with the services as authorized.

9.13 Subcontracts

Contractor shall be entitled, to the extent determined appropriate by Contractor, to subcontract any portion of the services to be performed under this Agreement. Contractor shall be responsible to City for the actions of persons and firms performing subcontract services. The subcontracting of services by Contractor shall not relieve Contractor, in any manner, of the obligations and requirements imposed upon Contractor by this Agreement.

9.14 Term; Termination

The term of this Agreement shall commence upon City's issuance to Contractor of a notice to proceed for all or a portion of the contractual services, as hereinabove provided, and terminate three (3) years from the date of such notice to proceed.

For each succeeding 12-month term of this Agreement, Contractor may request City to adjust the compensation rate(s) during such term. Contractor's request for such an adjustment shall be filed with City no later than January 15, and shall be accompanied by such documentation, including, but not limited to, financial reports and records, operational cost data, and the like, as may be required by City to enable it to satisfactorily evaluate and make a determination upon it. Nothing hereinabove, however, shall require City to make any adjustment therefor in response to Contractor's request. Further, in no event shall any such adjustment exceed an amount equal to 75 percent of the increase in the Consumer Price Index for All Urban Consumers (CPI-U) - U.S. City Average - as published by the Bureau of Labor Statistics, U.S. Department of Labor, for the most recent available previous 12-month period. As an example, if such Index increased 10 percent for a preceding 12-month period, an annual adjustment could not exceed 7.5 percent regardless of whether or not the Contractor's documented costs exceed 7.5 percent.

Notwithstanding the foregoing, City may, in its sole discretion, terminate this Agreement at any time and for any reason whatsoever by giving at least 10 days prior written notice of such termination to Contractor. In this latter event, Contractor shall be entitled to compensation for all service rendered and services performed for City to the date of such termination.

9.15 Notice

Any notices required to be given pursuant to this Agreement shall be deemed to have been given by their deposit, postage prepaid, in the United States Postal Service or, alternatively, by personal delivery or overnight courier service addressed to the parties as follows:

To City:	City Manager City of Chico P. O. Box 3420 Chico, CA 95927-3420	-or-	HR/RM Department City of Chico P. O. Box 3420 Chico, CA 95927-3420
To Contractor:	Title Entity Address City, State Zip		

9.16 Governing Law

This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California, without regard to its conflict of laws rules. This Agreement shall be enforced in the Superior Court of Butte County.

SECTION 10 - SPECIAL PROVISIONS

This Agreement shall include all special provisions, if any, as are set forth on EXHIBIT E, entitled "SPECIAL PROVISIONS."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date set forth above.

CITY:

CONTRACTOR:

Mark Sorensen, City Manager *

Name, Title

*Authorized pursuant to Section 3.20.060 of the Chico Municipal Code.

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Vincent C. Ewing, City Attorney*
*Approved pursuant to the Charter
of the City of Chico §906(D)

Chelsea D. Phebus, Director of HR & RM

REVIEWED AS TO CONTENT:

Barbara Martin, Administrative Services Director*

*Reviewed by Finance and Info Systems

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services

Project Title

901-130-5400

Budget Account Number

EXHIBIT A

DESCRIPTION OF PROJECT

Contractor will provide workers' compensation claims administration services for the City of Chico Employees. Services shall be provided for all currently existing claims and any future claims during the term of this agreement. Contractor shall provide those services in a manner consistent with all applicable laws as well as with good claims management practices.

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services

Project Title

901-130-5400

Budget Account Number

EXHIBIT B

SCOPE OF CONTRACTUAL SERVICES - BASIC

The Contractor shall provide contractual services as follows:

A. Claims Management Services

1. All Claims Examiner(s) assigned and designated to the CITY will each have a minimum of five (5) years' experience administering Workers' Compensation claims, which includes benefits for public safety employees (LC 4850 benefits). The Claims Examiner(s) will be designated to the CITY's account and will not have a caseload exceeding 150 open indemnity claims. Medical Only claims will be handled by a Claim Representative responsible for both Medical Only and Future Medical cases which will be counted on a 2:1 basis.
2. All Workers' Compensation Claims Examiners shall be certified under California State rules administered by the Department of Insurance (DOI).
3. CONTRACTOR will assign a Claims Supervisor to oversee the Claims Examiner.
4. CONTRACTOR will make initial contact with the injured worker and establish the claim file within 24 hours of receipt of the Employer's First Report of Injury (5020) from the CITY. All files will be available to the CITY or its representative at any time during CONTRACTOR's business hours.
5. The CITY may report claims to CONTRACTOR through mail, fax, toll-free telephone, or electronically through Internet access.
6. CONTRACTOR shall comply with all of the regulations as mandated by the California Labor Code. CONTRACTOR will send all required benefits and informational notices to employees within the statutory time period. Temporary disability benefits would be paid upon clarification of lost time with the CITY and if the medical treatment provider supports the lost time as being related to the injury.
7. CONTRACTOR shall comply with California Labor Code (LC) section 3823 regarding fraudulent claims, with a full understanding of what qualifies as a fraudulent claim.
8. CONTRACTOR shall have a Utilization Review (UR) program in place, and adhere to all ACOEM guidelines.
9. CONTRACTOR will make every effort to provide benefits to injured employees in a timely fashion. In the event of a penalty, self-imposed or otherwise, CONTRACTOR shall analyze the reasons for the penalty payment, and immediately implement steps to prevent other occurrences of penalty payments owing or becoming due. If CONTRACTOR fails to comply with statutory laws and/or administrative regulations, any and all penalties incurred as a result shall be the sole responsibility of CONTRACTOR.
10. CONTRACTOR will maintain accurate and timely loss runs in a format and system acceptable to the CITY. In addition, CONTRACTOR will establish reserves and post indemnity, 4850, medical, vocational rehabilitation and loss adjustment expenses (allocated). All loss runs requested by the CITY shall be provided no later than the 5th day of the following month (i.e. July's reports are due no later than the 5th of August, etc...).

11. CONTRACTOR will reduce medical bills (other than medical-legal expenses) to the Official Medical Fee Schedule and by PPO contracts. Through UR and ACOEM guidelines, CONTRACTOR will ensure only those bills that are appropriate for injuries sustained and the treatments rendered are approved by the Claims Examiner for payment. CONTRACTOR will also work to uncover improper billing practices through consistent, thorough investigation of claims for medical documentation to justify the level of billing.
12. The CITY's counsel must approve all defense firms on the preferred panel. Prior to referring a case to a defense attorney, the Examiner must obtain approval from the CITY.
13. CONTRACTOR will investigate and identify potential subrogation when each new claim is received. CONTRACTOR will pursue subrogation against the responsible persons, agencies, and/or agents in an effort to recover losses. CONTRACTOR requests police reports, if necessary, and identify the responsible party, and places them on notice immediately. CONTRACTOR will aggressively manage this issue.
14. CONTRACTOR shall adhere to the Workers' Compensation Information System (WCIS) electronic reporting requirements, including those for First Reports of Injury, Benefit Notices, and Medical Billing data.
15. CONTRACTOR understands that the CITY reserves the right to approve, disapprove, or select any and all service providers in the administration of their claims.
16. CONTRACTOR will coordinate all investigation activity with the assistance of CITY. Investigation assignments are selective and made only when necessary. Investigations could consist of statements of witnesses or co-Workers', subpoena of records, surveillance of an injured employee's activity and other information-gathering activities. Whenever possible, basic or initial information-gathering is done by the claims staff through inquiries to the employer as part of the claims management process.
17. CONTRACTOR will provide ongoing communication on delayed claims and will provide advance notice and explanation to the CITY upon denial of a claim.
18. CONTRACTOR maintains their claim files in an orderly manner and will make them available, without notice and at any time, for the CITY or its auditors.
19. CONTRACTOR will request settlement authority from the CITY for all settlements above \$10,000.00.
20. CONTRACTOR shall assure compliance with Labor Code Section 4906(g), by providing a declaration under penalty of perjury that claims personnel have not violated Labor Code Section 139.5 which prohibits compensation or inducement for any referred examinations.

B. Closing of Claims

1. Claims for which all medical and indemnity payments have been provided will be closed in accordance with Rules and Plans of Workers' Compensation Laws, and in no case later than 30 days as allowed under the Rules and Plans of the Workers' Compensation laws, at no additional claim handling expense.
2. CONTRACTOR will maintain closed files pursuant to State Labor Code Provisions.
3. All claim files will remain the property of the CITY and/or its members and will not be disposed of without the CITY and/or its member prior authorization.

C. Additional Services

1. CONTRACTOR's Claims Examiners and Claims Supervisor will participate in quarterly claim reviews.
2. CONTRACTOR will provide at no cost, the required forms for the CITY to process claims mandated by the California Labor Code and the Administrative Director, including the 5020, DWC-1 and the Facts About Workers' Compensation brochure.
3. CONTRACTOR will prepare and file the Third Party Administrator's portion of Self-Insured Annual Report.
4. CONTRACTOR will have a system and protocol that meets the requirements of the Secondary Payer Act (Medicare Set Aside), and may serve as the City's agent in meeting the Act's requirements relating to Workers' Compensation.
5. CONTRACTOR will report all claims that are required to the excess carrier according to the specific policy guidelines and will promptly respond to their inquiries.
6. CONTRACTOR will fully cooperate with, provide requested information to, and respond to recommendations and findings of the CITY, its auditor and consultants.

7. CONTRACTOR will complete and provide the OSHA 300 logs and will assist the departments in completing the Summary of Occupational Injuries and Illness reports. CITY will provide to CONTRACTOR information to assist CONTRACTOR in completing the OSHA 300 logs.
8. CONTRACTOR will provide the CITY's excess carrier with all required information and will submit request for reimbursement on behalf of the CITY.
9. CONTRACTOR will provide prompt and responsive communication by the Claims Examiner with the CITY on an ongoing basis. Telephone calls will be returned as soon as possible, but in all cases within 24 hours.

D. Litigation

1. CONTRACTOR will work closely with the CITY in litigation management. CONTRACTOR will seek approval of all depositions, investigations and sub-rosa activities, etc. from the CITY.
2. CONTRACTOR will make every effort to resolve litigated claims without the assistance of defense counsel.
3. CONTRACTOR will maintain a process to manage and limit litigation costs by negotiating reduced rates with defense counsel. In addition, the Claims Examiner will identify tasks that can be performed in-house rather than by defense counsel.

E. Financial/Accounting

1. CONTRACTOR will provide a copy of all checks and vouchers to the CITY.
2. CONTRACTOR will provide a monthly check/voucher register to the CITY.
3. CONTRACTOR understands that the CITY reserves the right to conduct a financial audit of the trust account, at any time, with or without notice, and for any purpose.
4. CONTRACTOR will promptly initiate its administration and adjustment of each claim reported by the CITY. However, CONTRACTOR shall not be responsible for payment of any fines or penalties as a result of claims which are not reported to CONTRACTOR in a timely manner or which are not reported at all.

F. Data Processing/Loss Reports

1. CONTRACTOR will provide a monthly loss report to the CITY, no later than 5th day after the end of the month.
2. The CITY will have access to review claims data and create its own basic reports using its secure online access.

G. Records, Files, Transcripts

1. All materials related to the administration of the CITY's workers' compensation claims are the property of the CITY and will be relinquished upon termination of contract.
2. CONTRACTOR will not charge fees for transferring claim material to the CITY.
3. CONTRACTOR will store closed files as dictated in the California Labor Code. The CITY will have the option to relocate the closed files to its own facility, if requested.

Services to be Provided by City:

- A. Submit all reports of work injuries to CONTRACTOR within one business day of CITY's knowledge of the injury.
- B. Respond to CONTRACTOR's requests for information and authority within 5 days of such a request.
- C. Grant settlement authority to the CONTRACTOR in advance of legal hearings or be available by phone or in person during such hearings.
- D. Have input and final approval of CONTRACTOR personnel assigned to CITY's account.
- E. Have final approval on all vendors and subcontractors utilized on CITY claims, including but not limited to attorneys, doctors, and facilities retained on CITY claims.
- F. Have final approval on the resolution of CITY claims, including but not limited to settlement amounts and structures.

- G. Periodically audit trust account and claim files either by Risk Management staff or contract auditors at a frequency and duration as specified by the CITY. CONTRACTOR will provide auditors work space and assistance to locate files.
- H. Establish and maintain a trust account for payment of claims and related expenses, and designate CONTRACTOR as signatory.

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services

Project Title

901-130-5400

Budget Account Number

EXHIBIT C

COMPENSATION

Annual Administration Fee	\$ _____
Claim Administration and Adjusting (per month per open indemnity claim as shown on the prior month's loss run)	\$ _____
<u>Managed Care Fees</u>	
Telephonic Case Management	\$ _____
Field Case Management (plus IRS mileage rate)	\$ _____
Utilization Review	\$ _____
Medical Director	\$ _____
Peer Review/Appeal	\$ _____

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services

Project Title

901-130-5400

Budget Account Number

EXHIBIT D

INSURANCE PROVISIONS

General Liability Insurance

Contractor shall obtain commercial general liability insurance (occurrence policy form) from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an "A" rating, which provides coverage for bodily injury, personal injury and property damage liability in the amount of at least \$1,000,000 per occurrence, and \$2,000,000 in the aggregate, with a maximum policy deductible of \$5,000, or as approved by the City's Human Resources and Risk Management Office.

It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specific minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured, whichever is greater.

The insurance coverage required herein shall be evidenced by a certificate of insurance with policy endorsements and shall be executed by an authorized official of the insurer(s). In addition to the limits of coverage described above, the certificate of insurance shall provide that the insurer shall provide to City at least 30 days prior notice of cancellation or material change in coverage, or 10 days prior notice of cancellation for non-payment.

Contractor acknowledges and agrees that City of Chico, its officers, boards and commissions, and members thereof, its employees and agents, are covered as additional insureds with respect to any liability arising out of the activities of Contractor as the named insured. Such additional insured status shall be evidenced by a policy endorsement executed by an authorized official of the insurer(s). A blanket endorsement which provides additional insured status to any person or organization with whom Contractor, as named insured, has entered into a written contract, such as this Agreement, shall satisfy this requirement.

The insurance coverage required herein shall be primary and non-contributory insurance with respect to the City of Chico, its officers, officials and employees. Any insurance or self-insurance maintained by the City of Chico, its officers, officials or employees shall be in excess of the insurance afforded to the named insured by the insurance coverage required herein and shall not contribute to any loss. Such primary insurance status shall be evidenced by a policy endorsement issued by an authorized official of the insurer(s), and shall be at least as broad as CG 20 01 04 13. In the alternative, a letter issued by an authorized official of the insurer(s) and copies of the pertinent page(s) of the policy shall satisfy this requirement.

The limits of Insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City of Chico (if agreed to in a written contract or agreement) before City of Chico's self-insurance shall be called upon to protect it as a named insured.

All self-insured retentions (SIR) must be disclosed to the City's Human Resources and Risk Management Office for approval and shall not reduce the limits of liability. Policies containing any (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named Insured or City of Chico. City of Chico reserves the right to obtain a full certified copy of any Insurance policy or endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Automobile Liability Insurance

Contractor shall obtain automobile liability insurance from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better which provides coverage for bodily injury, personal injury, and property damage liability in the amount of at least \$500,000 combined single limit for each occurrence. Evidence of such coverage shall be maintained by Consultant/Contractor and provided to City upon request.

Subcontractor Insurance

Contractor agrees to include with all subcontractors in their subcontract the same requirements and provisions of this agreement including the indemnity and Insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractor agrees to be bound to Contractor and City of Chico in the same manner and to the same extent as Contractor is bound to City of Chico under the agreement. Subcontractor further agrees to include the same requirements and provisions of this agreement, including the indemnity and Insurance requirements, with any Sub-subcontractor to the extent they apply to the scope of the Sub-subcontractor's work.

A copy of the City of Chico Insurance Provisions will be furnished to the subcontractor upon request. Evidence of such coverage shall be maintained by Contractor and provided to City upon request.

Workers' Compensation Insurance

Contractor shall, at Contractor's expense, purchase and maintain in full force and effect workers' compensation insurance as required by Federal and State of California law. Contractor shall also require all of Consultant's subcontractors to maintain this insurance coverage. Proof of workers' compensation insurance or other documentation acceptable to City evidencing such insurance coverage shall be provided by Contractor or Contractor's subcontractors to City upon request.

Subrogation

Contractor shall agree to waive all rights of subrogation against City for losses arising from Services performed by the Contractor or Contractor's subcontractors for City under this Agreement.

Professional Liability Insurance

Contractor shall obtain professional liability (errors and omissions) insurance, with a minimum \$500,000 or \$1,000,000 limit, from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better providing coverage for services rendered to City under this Agreement.

Said insurance coverage shall be evidenced by a certificate of insurance which shall be executed by an authorized official of the insurer(s). In addition to the limits of coverage described above, the certificate of insurance shall

provide that the insurer shall provide to City at least 30 days prior notice of cancellation or material change in coverage, or 10 days prior notice of cancellation for non-payment.

For All Required Insurance

In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled, at any time and no replacement coverage is provided, the City has the right to, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by the City shall be charged to and promptly paid by Contractor or deducted from sums due the City, at the City's option.

CITY OF CHICO - CONTRACTUAL SERVICES AGREEMENT

Contractor

Workers' Compensation Claims Administration Services

Project Title

901-130-5400

Budget Account Number

EXHIBIT E

SPECIAL PROVISIONS

NONE