AGREEMENT FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICE

This Agreement is entered into this First day of July 2011, between CORVEL Enterprise Company (hereinafter called "CORVEL"), and the County of Santa Barbara (hereinafter called "the County").

The parties agree to the following:

I. TERM

The period of this Agreement shall be from July 1, 2011 to June 30, 2012.

II. CONSIDERATION

See Exhibit B.

III. TERMINATION OF AGREEMENT

A. Either party may, by written notice, terminate this Agreement in whole or in part at any time, whether for convenience or because of the failure of either party to fulfill the obligations herein. Upon receipt of notice, CORVEL shall immediately discontinue all services effected (unless the notice directs otherwise), and deliver to the County all data, summaries, reports, and all other records, documents or papers as may have been accumulated or produced by CORVEL in performing this Agreement, whether completed or in process.

1. **For Convenience:** Either party may terminate this Agreement upon sixty-(60) days written notice. Following notice of such termination, CORVEL shall promptly cease work and notify the County as to the status of its performance. Notwithstanding any other payment provision of this Agreement, the County shall pay CORVEL for service performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CORVEL be paid an amount in excess of the full price under this Agreement.

2. **For Cause**

a. **By the County:** Should CORVEL default in the performance of this Agreement or materially breach any of its provisions, the County may, at the County's sole option, terminate this Agreement by written notice.

b. **By CORVEL:** Should the County fail to pay CORVEL all or any part of the payment set forth as provided herein or materially breach the Agreement, CORVEL may, at CORVEL's option terminate this agreement if such failure is not remedied by the County within thirty (30) days of written notice to the County of such late payment or breach.

B. Under this agreement, the County may terminate their relationship, without cause, with CORVEL upon sixty-(60) days written notice to CORVEL. Such termination by a Member will not effect this Agreement as it relates to the County or any other Members except for the amount of compensation due as outlined under Section II Consideration.

C. All claim files and computer data are the property of the County and will be made available to the County. There will be no additional charge for downloading the data.

IV. INCORPORATION OF PERFORMANCE STANDARDS

A. All claims administration services performed by CORVEL shall comply with those provisions set forth in the agreed upon Workers' Compensation Claims Administration Guidelines attached hereto as Exhibit A and incorporated herein as though fully set forth, including a maximum case load of 175. Should the attached Standards be amended, during the term of the Agreement, such amendments shall be deemed to be incorporated herein.

V. CLAIMS ADMINISTRATION

CORVEL shall provide the following workers' compensation claims management for the County:

A. Review on behalf of the County all reports of injury as defined by Labor Code 3208 and 3208.1.

B. Determine the benefits, if any, that should be paid or rendered under the California Workers' Compensation Laws upon receipt of each injury report.

C. Establish and maintain an orderly claims file on each reported claim. Each file shall be available to Authority for inspection, with or without prior notice to CORVEL.

D. Maintain an estimate of the total cost of all reasonably foreseeable benefits and related expenses on each case. Each cost shall be recorded separately in the following categories:

1. Indemnity
2. Medical
3. Vocational Rehabilitation
4. Allocated Expense

E. Pay on behalf of the County from County funds, those sums that should reasonably be paid under the California Workers' Compensation Laws for each reported claim.

F. CORVEL must obtain authorization from the County for any settlement.

G. CORVEL has the responsibility to assign an attorney where appropriate at the direction of the County.

H. CORVEL is required to timely and accurately submit loss data on a monthly, quarterly and annual basis as prescribed by the County.

I. Pay on behalf of the County out of the County's fund all allocated loss adjustment expenses. For purposes of this Agreement, allocated loss adjustment expenses means all costs, charges and expenses payable to third parties that are properly chargeable to a reported claim or loss, and approved in advance by the County, when required. These shall include, without limitation, court costs, interest on awards and judgments, fees and expenses of attorneys, investigators, experts and witnesses, and fees for obtaining subpoenaed medical reports, diagrams, reports, documents and photographs. Any of the above services performed by salaried employees of CORVEL shall <u>not</u> be considered claims expenses.

J. CORVEL will cooperate fully with all audit requests by the County or Member or other associated agencies.

K. CORVEL, upon the execution of this agreement, and upon entering into any agreements as herein provided subsequent to the execution of this agreement, shall disclose in writing to the County any agreement, whether written or oral, that CORVEL has with any other person, firm, partnership, corporation, or other business entity to provide any services associated with CORVEL's provision of services pursuant to this agreement. Failure to

provide such information shall be deemed a material breach of the agreement.

VI. TRUST AGREEMENT

CORVEL shall set up a checking account on behalf of the client. CORVEL will issue checks as well as perform all reconciliations. The County is responsible for banking fees and would fund the account for a pre-determined amount of money for which CORVEL would request additional funding when the amount falls beneath a certain pre-determined threshold.

VII. INDEMNIFICATION, PENALTIES AND CITATIONS

Indemnification: CORVEL shall defend, indemnify and save harmless the County from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance or the provisions hereof; including, but not limited to, any act or omission to act on the part of County except those claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities resulting from the negligence or willful misconduct of the County. CORVEL shall notify the County immediately in case of any accident, injury, or casualty arising out of or in connection with this Agreement.

CORVEL will be responsible for all penalties assessed except those that are the responsibility of the County, including:

A. Failure by the County to provide an Employee Claim Form within twenty-four (24) hours upon request of the injured worker or his/her agent. Failure of employer to complete DWC-1 as required by the Labor Code, even when DWC-1 is submitted to the employer by an attorney.

B. Failure by the County to provide CORVEL with an Employer's First Report within 5 days of the date of knowledge.

B. Failure by the County to advise CORVEL of subsequent periods of disability after a worker returns to work.

C. Failure by the County to advise CORVEL of the conclusion of salary continuation.

D. Labor Code Section 5814 penalties awarded as a result of the above actions.

E. Failure by the County to provide CORVEL with requested wage documentation within five (5) days of CORVEL's request.

The Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA) requires liability insurers, self-insurers, no fault insurers and workers' compensation insurers to report certain information to the Centers for Medicare and Medicaid Services (CMS) concerning Medicare beneficiaries. The purpose of the MMSEA is to assist the Secretary of Health and Human Services in collecting information for pre-payment as well as post-payment coordination of benefits. This will essentially enable Medicare to stop making payments when another entity may be required to pay and to more easily and quickly recover any conditional payments Medicare has made in cases involving primary payers. The penalty for failure to comply is $1,000 per day per claimant.

The County will be the Responsible Reporting Entity for County claims. CORVEL will be responsible for gathering and reporting the claims data required by the MMSEA and file reports with CMS on a timely and accurate basis. CORVEL agrees to assume the responsibility for reporting the data to meet all reporting requirements in accordance with the MMSEA on behalf of the County, including assuming responsibility for any fines or penalties that may result from CORVEL's non-compliance. CORVEL further agrees to indemnify and hold-harmless the County for any penalties or fines resulting from CORVEL's failure to timely and accurately report the data to the CMS, provided however that CORVEL shall not be liable for reporting inaccurate data or information the County provides to CORVEL.

VIII. STAFFING

A. CORVEL agrees to provide Self-Insurance Plans certificated claims examiners.

B. In the event that the County is dissatisfied with any claims person assigned to the account, the County will notify CORVEL of the dissatisfaction and the reason therefore. If the County, is still dissatisfied 60 days from notification, the County will notify CORVEL in writing and the examiner shall immediately be removed from the account.

D. The County's Claims staff will be responsible for quality assurance by performing a liaison role with CORVEL, conducting on-going field audits of CORVEL, and assisting CORVEL in the ultimate disposition of claims by providing valuable advice and assistance to CORVEL.

IX. FILE HANDLING AND STORAGE

A. **Storage of Documents:** As long as the agreement is in effect, CORVEL will store, at their expense, closed files for the period of time required by law. At the termination of the agreement CORVEL will return all open and closed files to the County.

B. **Ownership of Documents:** The County shall be the owner of the following items incidental to this Agreement: all data collected, all documents of any type whatsoever fully or partially produced, and any material necessary for the practical use of the data and/or documents from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CORVEL shall not release any materials under this section except after prior approval of the County or as required by this agreement or by law.

C. **Records, Audit and Review:** CORVEL shall keep such records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CORVEL's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. The County shall have the right to audit and review all such documents and records at any time during CORVEL's regular business hours or upon reasonable notice.

X. CASELOAD LIMITATION

The claims examiner assigned to the County pursuant to this Agreement shall handle a caseload not to exceed 175 open indemnity claims. For the purpose of this Agreement open indemnity claims shall include all claims in litigation and claims where the employer has potential liability to pay for temporary or permanent disability and/or Compromise and Release. Future medical claims are counted at the ratio of 2:1 with every two future medical claims counting as one open indemnity claim.

XI. MANAGED CARE COST CONTAINMENT SERVICES

Managed Care Cost Containment Services shall be provided at a rate of 16% of total savings.

XIII. INSURANCE REQUIREMENTS

Insurance: CORVEL shall procure the following required insurance coverages at its sole cost and expense. Certificate(s) of insurance shall be furnished to the County prior to this Agreement becoming effective. Such insurance coverages, in the minimum limits as specified below, shall be maintained during the term of this Agreement and shall name the County as an insured Failure to comply with the insurance requirements shall place CORVEL in default. Upon request by the County, CORVEL shall provide copies of any insurance policies to the County within ten (10) working days. The County may periodically review the minimum limits for the required insurance coverages. In the event of a change in the minimum limits, CORVEL shall inform the County of such change by giving written notice to the County no less than sixty (60) days prior to the effective date of such change.

All said policy or policies shall provide that the County shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or material change or reduction in coverage.

A. WORKERS' COMPENSATION INSURANCE

CORVEL shall provide and maintain for all employees of CORVEL engaged in work under this agreement Workers' Compensation insurance as required by Labor Code Section 3700.

1. CORVEL shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this agreement.

B. COMPREHENSIVE GENERAL LIABILITY INSURANCE with minimum coverage of $1,000,000 combined single limit to include:

1. Premises/Operations
2. Independent Contractors
3. Products/Completed Operations
4. Blanket Contractual
5. Broad Form Property Damage Endorsement

C. COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE with a minimum limit of coverage of $1,000,000 combined single limit including owned, non-owned and hired vehicles.

D. PROFESSIONAL LIABILITY INSURANCE with a minimum limit of $1,000,000 per occurrence.

1. Coverage for all Errors and Omissions which CORVEL, employees or any subcontractors may make which result in financial loss to the County or any Member.

E. **THIRD PARTY CRIME INSURANCE** with limit of $1,000,000 to protect the County from loss due to the actions of the claims administrator, its agents, owners, officers and employees or the criminal actions of third parties.

XIV. RELATIONSHIP OF CONTRACTOR

A. CORVEL is an independent contractor for all purposes under this Agreement and shall be fully responsible for the manner and means of performing the services required of it herein. No officer or employee of CORVEL shall be considered an employee of the County or any Member.

XV. ASSIGNMENT

CORVEL shall not assign its rights and/or duties under this Agreement without the prior written consent of the County. Any assignment without such prior written consent shall be sufficient cause for termination of this Agreement.

XVI. NON-DISCRIMINATION

The County's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Contract and is incorporated into the Contract by this reference with the same force and effect as if the ordinance were specifically set out herein, and CORVEL agrees to comply with that ordinance.

XVII. CONFIDENTIALITY

CORVEL agrees to maintain the confidentiality of all information it obtains or gains access to by virtue of this agreement, and shall disclose such information only as required by law and only as necessary for the performance of services under this agreement.

XVIII. COMPLIANCE WITH LAW

CORVEL shall, at his sole cost and expense, comply with all of the requirements of all local, State and Federal authorities now in force, or which may hereafter be in force, pertaining to this Agreement, and shall faithfully observe all local, State and Federal ordinances and statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of CORVEL in any action or proceeding against CORVEL, whether the County be a party thereto or not, that CORVEL has violated any such ordinance or statute, shall be conclusive of that fact as between CORVEL and the County.

CORVEL is responsible for mailing and filing information returns (1099s) with the Internal Revenue Service timely and electronically on behalf of the County under CORVEL's transmitter control code. CORVEL is responsible for following all IRS regulations regarding information returns, solicitation of TINs (taxpayer identification number), notices and withholding requirements. It is recommended that CORVEL make use of the IRS "e-services" for interactive and Bulk TIN matching to insure accurate filing. CORVEL is responsible for any penalties assessed for missing or inaccurate TINs or late or incomplete filed returns. In addition, CORVEL is responsible for meeting the "Report of Independent Contractor(s) DE 542 filing requirements of the State of California and any penalties for failure to comply.

XIX. NOTICES

All notices or other formal communications required under this Agreement shall be addressed and delivered by certified mail as follows:

CORVEL: CORVEL Corporation
2010 Main Street, Suite 600
Irvine, CA 92614

County: County of Santa Barbara
130 E. Victoria Street
Santa Barbara, CA 93101

XX. ENTIRE AGREEMENT

A. **Entire Agreement and Amendment:** In conjunction with the matters considered herein, this Agreement contains the entire understanding and

agreement of the parties and there have been no promises, representations, agreements warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled superseded or changed by any oral agreements, course of conduct, waiver or estoppel.

B. **Successors and Assigns:** The provision of this Agreement shall be fully binding on all successors and assigns of the parties.

C. **Execution on Counterparts:** This Agreement may be executed in any number of counterparts and each of such counterpart shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

XXI. CALIFORNIA LAW

The Agreement shall be governed by the laws of the State of California. Any litigation regarding this agreement or its provisions shall be filed in the County of Santa Barbara, if in State Court, or in the Federal District Court nearest to Santa Barbara County, if in Federal Court.

Agreement for services of Independent Contractor between the **County of Santa Barbara** and **CORVEL Corporation**.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by County.

COUNTY OF SANTA BARBARA

ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD

_____
Chair, Board of Supervisors

By: _____
Deputy Clerk

Date: _____

APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED AS TO FORM:
RAY AROMATORIO
RISK MANAGER

By: _____
Risk Manager

Agreement for services of Independent Contractor between the **County of Santa Barbara** and **CORVEL Corporation**.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by County.

CONTRACTOR

By: _____

SCOTTY L. BONTON, AREA VICE PRESIDENT

Date: 6/7/11

Exhibit A

WORKERS' COMPENSATION
CLAIMS ADMINISTRATION GUIDELINES

It is the intent of these Guidelines to comply with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Guidelines, the Labor Code or the Code of Regulations, the most stringent requirement shall apply.

I. CLAIM HANDLING – ADMINISTRATIVE

A. Case Load

1. On or after May 1, 2011, the claims examiner assigned to the County shall handle a targeted caseload not to exceed 175 indemnity claims. This caseload shall include future medical cases with every 2 future medical cases counted as 1 indemnity case.

2. Supervisory personnel should not handle a caseload, although they may handle specific issues.

B. Case Review and Documentation

1. Documentation should reflect any significant developments in the file and include a plan of action. The examiner should review the file at intervals not to exceed 45 calendar days. Future medical files should be reviewed at intervals not to exceed 90 calendar days. The supervisor shall monitor activity on indemnity files at intervals not to exceed 120 calendar days. Future medical files shall be reviewed by the supervisor at intervals not to exceed 180 calendar days.

2. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion.

3. All medical-only cases shall be reviewed for potential closure or transfer to an indemnity examiner within 90 calendar days following claim file creation.

C. Communication

1. Telephone Inquiries
   Return calls shall be made within 1 working day of the original telephone inquiry. All documentation shall reflect these efforts.

2. Incoming Correspondence
All correspondence received shall be clearly stamped with the date of receipt.

3. Return Correspondence
All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis to verify that statutory benefits are paid appropriately. Balancing is defined as, "an accounting of the periods and amounts due in comparison with what was actually paid".

2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file.

III. CLAIM HANDLING – TECHNICAL

A. Payments

1. Initial Temporary and Permanent Disability Indemnity Payment

a. The initial indemnity payment shall be issued to the injured worker within 14 calendar days of knowledge of the injury and disability. In the event CORVEL is not notified of the injury and disability within 14 calendar days of the employer's knowledge, CORVEL shall make payment within 7 calendar days of notification. Initial permanent disability payments shall be issued within 14 calendar days after the date of last payment of temporary disability. This shall not apply with salary continuation.

b. The properly completed DWC Benefit Notice shall be mailed to the employee within 14 calendar days of the first day of disability. In the event CORVEL is not notified of the first day of disability until after 14 calendar days, the DWC Benefit Notice shall be mailed within 7 calendar days of notification.

c. Self imposed penalty shall be paid on late payments in accordance with the CA labor code.

d. Overpayments shall be identified and reimbursed timely where appropriate. CORVEL shall request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit shall be sought as part of any resolution of the claim.

2. Subsequent Temporary and Permanent Disability Payments

a. Eligibility for indemnity payments subsequent to the first payment shall be verified, except for established long-term disability.

b. Self imposed penalty shall be paid on late payments in accordance with CA labor code.

3. Final Temporary and Permanent Disability Payments

a. All final indemnity payments shall be issued timely and the appropriate DWC benefit notices sent

b. Self imposed penalty shall be paid on late payments in accordance with CA labor code.

4. Award Payments

a. Payments on undisputed Awards, Commutations, or Compromise and Releases shall be issued within 10 calendar days following receipt of the appropriate document.

c. For all excess reportable claims, copies of all Awards shall be provided at time of payment.

5. Medical Payments

a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 working days of receipt.

b. The medical provider must be notified in writing within 30 working days of receipt of an itemized bill if a medical bill is contested, denied or incomplete

c. A bill review process should be utilized whenever possible. There should be participation in a PPO and/or MPN whenever possible.

6. Injured Worker Reimbursement Expense

a. Reimbursements to injured workers shall be issued within 15 working days of the receipt of the claim for reimbursement.

b. Advance travel expense payments shall be issued to the injured worker 10 working days prior to the anticipated date of travel.

7. Penalties

a. Penalties shall be coded so as to be identified as a penalty payment.

b. County shall be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty, on a monthly basis.

c. The County, in their contract with the administrator, shall specify who is responsible for specific penalties.

A. Medical Treatment

1. County shall have in place a Utilization Review process.

2. Disputes regarding spine surgery shall be resolved using the process set forth in Labor Code Section 4062(b).

3. Nurse case managers shall be utilized where appropriate

4. If enrolled in a Medical Provider Network, the network shall be utilized whenever appropriate.

B. Apportionment

1. Investigation into the existence of apportionment shall be documented.

2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued.

C. Disability Management

1. CORVEL shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The CORVEL shall notify a designated County representative immediately upon receipt of temporary work restrictions or a release to full duty, and work closely with the County to establish a return to work as soon as possible.

2. CORVEL shall notify a designated County representative immediately upon receipt of an employee's permanent work restrictions so that the County can determine the availability of alternative, modified or regular work.

3. If there is no response within 20 calendar days, the CORVEL shall follow up with the designated County representative.

4. The County shall have in place a process for complying with laws preventing disability discrimination, including Government Code Section 12926.1 which requires an interactive process with the injured worker when addressing a return to work with permanent work restrictions.

5. CORVEL shall cooperate with the County to the fullest extent, in providing medical and other information the County deems necessary to meet its obligations under federal and state disability laws.

D. Vocational Rehabilitation/Supplemental Job Displacement Benefits

1. Vocational Rehabilitation – Dates of injury prior to 1/1/04: Benefits pursuant to Labor Code Section 139.5 shall be timely provided.

2. Supplemental Job Displacement Benefits – Dates of injury 1/1/04 and after: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided.

3. CORVEL shall secure the prompt conclusion of vocational rehabilitation/SJDB and settle where appropriate.

F. Reserving

1. Reserves shall be reviewed at regular diary and at time of any significant event, e.g., surgery, P&S/MMI, return to work, etc., and adjusted accordingly. This review shall be documented in the file regardless of whether a reserve change was made.

2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately.

3. Permanent disability indemnity exposure shall include life pension reserve if appropriate.

4. Future medical claims shall be reserved in compliance with SIP regulation 15300 allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall take appropriate action to finalize the claim.

2. Settlement value shall be documented appropriately utilizing all relevant information.

H. Settlement Authority

1. No agreement shall be authorized involving liability, or potential liability, without the advance consent of the County.

2. CORVEL shall obtain the County's authorization on all settlements or stipulations.

IV. LITIGATED CASES

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

A. Defense of Litigated Claims

1. CORVEL entity shall promptly initiate investigation of issues identified as material to potential litigation. The County shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the County. The County shall be kept informed on the scope and results of investigations.

2. CORVEL shall, in consultation with the County, assign defense counsel from a list approved by the County.

3. Settlement proposals directed to the County shall be forwarded by CORVEL, or defense counsel in a concise and clear written form with a reasoned recommendation.

4. Knowledgeable County personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the County so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.

5. CORVEL shall comply with any reporting requirement of the County.

B. Subrogation

1. In all cases where a third party is responsible for the injury to the employee, attempts to obtain information regarding the identity of the responsible party shall be made within 14 calendar days of recognition of subrogation potential. Once identified, the third party shall be contacted within 14 calendar days with notification of the County's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury.

2. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the County shall be entitled.

3. The file shall be monitored to determine the need to file a complaint in civil court in order to preserve the statute of limitations.

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

5. Whenever practical, the claims administrator shall aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured worker's net recovery for future benefit payments.

V. EXCESS COVERAGE

A. Claims meeting the definition of reportable excess workers' compensation claims as defined by the Memorandum of Coverage Conditions Section shall be reported within 5 working days of the day on which it is known the criterion is met.

B. Subsequent reports shall be transmitted on a quarterly basis on indemnity claims and on a semi-annual basis on future medical claims sooner if claim activity warrants, or at such other intervals as requested by the County, in accordance with Underwriting and Claims Administration Standards.

C. Reimbursement requests should be submitted in accordance with the County's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity.

D. A closing report with a copy of any settlement documents not previously sent shall be sent to the County.

Exhibit B

Claims Administration Pricing

Flat Administration Fee

- Takeover Fee.....$302,204.17

This contract is valid only with CorVel providing bill review and managed care services as well.

If the County transfers its workers' compensation loss portfolio within 24 months from the execution of this contract and CorVel continues to handle the claims including managed care services, CorVel will reimburse the County on a prorated 24 month bases. The reimbursement amount is the prorated difference from the date of the loss portfolio transfer through June 30, 2013.

Managed Care Pricing

Medical Bill Review Service

All pricing includes full scanning/OCR technology.

Bill Review Fees:

Type of Bill Review	*Cost*
Bill Review (Standard)	16% of total savings not to exceed $700,000 during the term of this contract.*
State EDI	No Charge, Included
Full Scanning/OCR	No Charge
24hr Online Access	No Charge

*There is a $12.00 minimum per transaction fee per bill.

Case Management (Early Intervention Services)

Pricing Model:

Medical Case Management (Field)	$105 Rate Per Professional Hour
Telephonic Case Management	$95 per hour
Catastrophic Case Management and Life Care Planner	$125 Per Professional Hour (billed .1 increments; prevailing govt. mileage rate)
Medicare Set Asides	$150 Per Professional Hour (billed .1 increments)

Utilization Review/Physician Advisor Rates

Pricing Model:

Utilization Reviews	Price Per UR
Utilization Reviews	$65 an hour
Authorization Only	$20
Peer Review/Physician Advisor Rates	Actual Provider Charges OR $240 Per PR (Inclusive of CorVel & Provider Charges-All Specialties)

Included with Contract Execution Free of Charge:

- Dedicated Local Account Management Staff

- Electronic Data Interchange
  - Using CorVel standard formats

- Care[MC] Training
  - One Onsite Training Session
  - Web Online Training Available
  - Help Desk Support Available

- Technical Support
  - Includes standard tech support such as Password Reset, Systems Connectivity, etc. as noted in the Client Agreement

- MPN & PPO Provider Workplace Posters
  - Online Creation Tool Provided for Client/TPA Creation

- State EDI Files *
  * Incorporates Check writing Service for Compliance with upcoming CA state EDI transmission

- Data Paid Files

- Care[MC] (Online Claim Management Tool)
  - Includes Management Reporting, eRoster (online bill review), Request for Service, Reporting Center and My Tools modules)

- Full scanning and OCR of bills and all supporting documentation