



Judicial Council of California
ADMINISTRATIVE OFFICE OF THE COURTS

FINANCE DIVISION

455 Golden Gate Avenue • San Francisco, California 94102-3688
Telephone 415-865-7960 • Fax 415-865-4325 • TDD 415-865-4272

RONALD M. GEORGE
Chief Justice of California
Chair of the Judicial Council

WILLIAM C. VICKREY
Administrative Director of the Courts

RONALD G. OVERHOLT
Chief Deputy Director

STEPHEN NASH
Director, Finance Division

TO: POTENTIAL BIDDERS

FROM: Administrative Office of the Courts (“AOC”), Finance Division

DATE: December 10, 2007

SUBJECT/PURPOSE OF MEMO: REQUEST FOR PROPOSALS: Workers’ Compensation claims administration services for the State of California’s judicial branch

ACTION REQUIRED: You are invited to review and respond to the attached Request for Proposals (“RFP”):
Project Title: **Workers’ Compensation TPA Program**
RFP Number: **HR2007-HN-01-CT**

SUBMISSION OF QUESTIONS DUE DATE **3:00 p.m. on December 21, 2007**

QUESTIONS SUBMITTED TO: All questions or requests for clarification are to be submitted to the following email address: solicitations@jud.ca.gov

PROPOSAL DUE DATE AND TIME: Proposals must be received by **4:00 p.m. on January 16, 2008**

SUBMISSION OF PROPOSAL: Proposals must be sent to:
Judicial Council of California
Administrative Office of the Courts
Attn: Nadine McFadden, RFP# HR2007-HN-01-CT
455 Golden Gate Avenue
San Francisco, CA 94102-3688

1.0 GENERAL INFORMATION

1.1 Background

This Request for Proposals (RFP) is for a third party administrator (TPA) for the Judicial Branch Workers' Compensation Program (JBWCP). This program includes: (1) the Judiciary Program (Judiciary) which includes the State Supreme Court and the six Courts of Appeal, Commission on Judicial Performance, Habeas Corpus Resource Center, Judicial Library, the Judicial Council of California, Administrative Office of the Courts, and trial court judges; and (2) the Trial Court Workers' Compensation program (TCWCP) which includes the employees and subordinate judicial officers of fifty-four active trial courts and the potential for an additional four trial courts, including Los Angeles, Mono, Inyo, and Yuba, which are not part of the program at this time, and any runoff claims that may exist with the respective counties with injury dates of 1/1/01 to the date of inception into the TCWCP, as follows:

- The date of inception into TCWCP was 1/1/03 for the following trial courts: Alpine, Amador, Del Norte, Lake, Mariposa, Riverside, and San Bernardino.
- The date of inception into TCWCP was 7/1/03 for the following trial courts: Alameda, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Humboldt, Imperial, Kings, Lassen, Madera, Marin, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Orange, Placer, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Barbara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, and Ventura.
- The date of inception into TCWCP was 7/1/04 for the following trial courts: Kern, Plumas, San Diego, San Luis Obispo, Santa Clara, and Yolo.
- The date of inception into TCWCP was 7/1/05 for the following trial court: Glenn.

The current third party administrator (TPA) for the JBWCP is Tristar Risk Management (Tristar). For the claims summary by policy year value 9/30/07, reference Appendix B; Open Claims value 9/30/07, reference Appendix C; Closed Claims value 9/30/07, reference Appendix D. Various TPAs have been used by the counties: these are identified in Appendix E, Workers' Compensation Claims TPAs for California Counties. Note that the following 12 counties have been transferred to Tristar as of this RFP: Alameda, Contra Costa, Marin, Riverside, San Diego, San

Francisco, Santa Barbara, Santa Clara, Santa Cruz, San Luis Obispo, Shasta and Ventura.

For the purpose of this RFP, the term “trial court” is used synonymously with “superior court.”

1.1.1 Trial Courts

AB433 and SB2140 legislation merged the municipal courts and superior courts of California into one Superior Court system. The Superior Court system in California is comprised of fifty-eight trial courts, one in each county, with from one to fifty branches, located throughout the state. Trial courts provide a forum for resolution of criminal and civil cases under state and local laws.

Trial courts have been insured or self-insured for workers' compensation alone or as a part of a master program with their respective counties in which they are located. The legislation establishes the trial courts as separate public entities from the counties and requires the AOC to develop a workers' compensation alternative for the trial courts. There are approximately 20,000 employees in the California trial courts. The trial courts range in size from six to more than 5,300 employees (full-time equivalent (FTE) basis). Appendix A, California Judicial Officers and Court Employees, provides a list of the trial courts and their FTE for your information.

1.1.2 Judiciary

Members of the Judiciary program are primarily located in San Francisco with the exception of the trial court judges who reside in their respective courts and the Second through Sixth Appellate Districts of the Courts of Appeal who are located in respective order in Los Angeles, Sacramento, San Diego, Riverside, Santa Ana, Fresno, and San Jose. The First Appellate District is in San Francisco. The Judiciary provides coverage for approximately 1,600 judicial branch employees, 111 justices, and approximately 1,500 trial court judges. In addition, the AOC maintains three regional offices in San Francisco, Sacramento, and Burbank. Judiciary program claims prior to Tristar were administered by JT2, and the State Compensation Insurance Fund (SCIF) was the administrator prior to JT2.

2.0 PURPOSE OF THIS RFP

- 2.1 The goal of this RFP is to secure one vendor to serve as a third-party administrator (TPA) for the entire Judicial Branch Workers' Compensation Program (JBWCP). The JBWCP may consist of as many as 58 trial courts and their respective, existing runoff claims and any new court runoff claims that are transferred from their

respective counties, and, the Judiciary program claims and its existing runoff. Currently, there are only 54 trial courts which will be participating in the JBWCP. The selected vendor will provide appropriate Workers' Compensation (WC) claims services that will include analysis of losses, development of methods of reducing wc costs while improving program efficiencies and effectiveness. The TPA shall also support the individual members of the JBWCP with their WC inquiries and participate and assist in any AOC training programs.

2.2 Timeframe for Services / Term of Awarded Agreement:

2.2.1 The AOC anticipates the initial term of the awarded agreement shall be for twenty-two months beginning May 1, 2008 and ending February 28, 2010, with the AOC holding options to extend the agreement for up to three consecutive additional one-year terms.

2.2.2 The option to extend the agreement for the optional extension periods will be at the sole discretion of the AOC. The exercise of any such option will be pursuant to the terms and conditions of the executed agreement.

2.2.3 Implementation services and transition from the current provider is expected to occur the first month of the initial term. The current service provider will assist in the implementation period, as appropriate.

3.0 SCHEDULE OF RFP KEY EVENTS AND DATES

3.1 The following key events and key dates shall apply to this RFP:

<i>Key Event No.</i>	<i>Event Description</i>	<i>Key Dates</i>
1	Issue RFP	December 10, 2007
2	Deadline for Proposer Requests for Clarifications or Modifications	December 21, 2007
3	AOC Posts Clarification / Modification Response on the RFP website	January 2, 2008 (estimated)
4	Proposal Due Date and Time	January 16, 2008 by 4:00 p.m.
5	Evaluation of Proposals	January 17–25, 2008 (estimated)
6	Notification of vendors selected to make oral presentations	January 28, 2008 (estimated)
7	Oral Interviews and Presentations	Week of February 4, 2008 (estimated)

<i>Key Event No.</i>	<i>Event Description</i>	<i>Key Dates</i>
8	Notice of Intent to Award Contract to the selected service provider/consultant	February 15, 2008 (estimated)
9	Negotiations	February 19 – March 7, 2008 (estimated)
10	Execution of Contract	March 14, 2008 (estimated)
11	Notice of Contract Award	March 19, 2007 (estimated)

- 3.2 The RFP and any addenda that may be issued will be available on the following AOC Courtinfo website: <http://www.courtinfo.ca.gov/reference/rfp/>.
- 3.3 All key events and dates are subject to change at the AOC's sole discretion.
- 3.3.1 Changes to dates listed for key event nos. 1, 2 and 4, above, will only be made by a formal addendum posted on the AOC's Courtinfo website.
- 3.3.2 Proposers will not be notified of changes to the estimated dates for key event nos. 3, 5-11, above, unless in the sole opinion of the AOC such change or changes impacts the irrevocable offer period set forth in of this RFP. Such notification, if provided, will be made by posting the date changes to the AOC's Courtinfo website.
- 3.4 Upon selection of the preferred vendor, the AOC will post the "Notice of Intent to Award Contract" on the AOC's Courtinfo website only after all proposers submitting proposals have been notified of their selection/non-selection as the preferred provider of the services set forth in the RFP.
- 3.5 The AOC will post the "Notice of Award Contract" on the AOC's Courtinfo website only after the finalized contract has been fully executed.
- 3.6 The AOC will not respond to requests for status regarding this RFP.

4.0 EVALUATION OF PROPOSALS

The AOC will conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP. All proposals received from vendors will be reviewed and evaluated by a committee of qualified personnel ("Evaluation Committee"). The name, units, or experience of any individual members of the Evaluation Committee will not be made available to any vendor. Evaluation of proposals will occur as follows:

4.1 Initial Phase: Evaluation of Written Proposals

A total of 1000 possible points has been assigned to the criteria described below; maximum possible points follow each criterion listed. The points indicate relative weight or importance given to each criterion. The TPA selection team will score each proposal, based upon the criteria and total possible number of points.

4.1.1 Specialized Experience and Technical Competence (*total possible points: 350*)

4.1.1.1 Considering the type of work required and the complexity of a decentralized program with some unique requirements, specialized experience and technical competence of the proposer, including a joint venture, associate or professional subcontract, and the proposer's organization, program team, key personnel and other program staff, will be evaluated. Recent experience and expertise with similar programs and issues pertaining to these programs will be a key consideration. Consideration will be given to the proposed team's ability to demonstrate relevant knowledge and experience. Consideration will also be given to the financial institution proposed for establishing and maintaining this program's pooled trust account of public funds.

4.1.2 Capacity of Claims Management Information System And Ad Hoc Reporting (*total possible points: 175*)

4.1.2.1 The capacity of the proposer's claims management information system will be considered, especially for use by a decentralized organization, for data integrity, data conversion process, on-line access to claims files, on-line notes capabilities, on-line access to reports, and data security, past history interfacing with SAP based system.

4.1.2.2 Consideration will be given for the ability to produce quality, legible, accurate, and relevant reports.

4.1.3 Program Management, Coordination, and Quality Assurance (*total possible points: 150*)

4.1.3.1 Demonstration of the overall proposed approach to program management issues anticipated on this program and the ability to manage the various work components.

4.1.3.2 The proposer and its team's ability to work collaboratively and communicate effectively within the program team, with

management and staff of the AOC and participating judicial entities, and with injured employees will be considered.

4.1.3.3 The proposer and its team's ability to control costs will be an evaluation factor.

4.1.3.4 The proposer's approach to attracting and retaining skilled workers will be considered.

- The specified approach for Quality Assurance, including identification of errors, issues, etc., as well as remediation of identified problems are criteria for this evaluation.

4.1.4 **Capacity to Perform the Work** (*total possible points: 125*)

4.1.4.1 Demonstration of the proposer's and its team's capacity to absorb the anticipated and unanticipated workload for the program, including approach for redistribution of workload should an examiner exceed 150 files during a given period.

4.1.4.2 Consideration will be given to ability of MPN's to cover remote locations and supportive on-line services and location of proposed claims office(s) to support the program's decentralized locations.

4.1.4.3 Proposer's plan for replacement of personnel, if required, will be considered and plan for continuing education for clients and claims team.

4.1.5 **Pricing and DVBE Participation** (*total possible points: 100*)

4.1.5.1 Reasonableness of proposed cost/fee proposal will be a consideration.

4.1.5.2 Consideration will be given to proposer's good faith effort demonstrated in proposing DVBE participation to assist the AOC in providing at least 3% participation.

4.1.6 **Compliance with Solicitation and Program Requirements including Contract Terms** (*total possible points: 50*)

4.1.6.1 The quality of the proposal will be considered in how it complies with the RFP and program requirements and anticipated contract terms and conditions, including the AOC's standard provisions, special provisions, payment provisions, and work to be performed. Consideration will be given to the extent of any proposed changes,

omissions, deviations, alternatives, or exceptions to solicitation and program requirements as well as terms and conditions and overall intent of the contract.

4.1.7 Past Record of Performance *(total possible points 50)*

4.1.7.1 Past record of performance on contracts with (1) the State, other government agencies or public bodies, and (2) with private industry, including such factors as control of costs, quality of work, ability to meet schedules, cooperation, responsiveness, compliance with Workers' Compensation laws, and other managerial and attitudinal considerations, including demonstrated ability to manage program teams and work at multiple locations. Additionally, consideration will be given to past record(s) with pooled trust accounts in nationally chartered financial institution(s).

4.2 Second Phase: Interview of Selected Proposers

4.2.1 After completion of the evaluation of written proposals, and if deemed necessary by the Evaluation Committee, selected proposers may be given the opportunity to participate in interactive interviews regarding their proposal. Proposers selected to participate in an interview will be notified in writing of the date, place, time and format of the interview. Proposers will be responsible for all costs related to the interview, which, at the AOC's sole discretion, may be in-person at the AOC's offices in San Francisco and/or by teleconference. If a proposer is selected to participate in an interview and fails to participate in such interview, the proposer may be disqualified from further consideration.

4.2.2 Interviews, if held, are designed to provide the AOC with clarification of submitted proposals only, and shall not be construed as a solicitation, invitation, or opportunity for vendors to alter, modify, or amend their previously submitted proposals. Any alterations, modifications or amendments so offered to a proposal during this clarification process shall not be considered by the AOC; but will, however, be viewed as negatively impacting the proposal evaluation.

4.3 Third Phase: Selection of Preferred Provider

4.3.1 Upon completion of the evaluation process, including conducting clarification interviews as and if deemed necessary, the Evaluation Committee will finalize their evaluation of responsive proposals, then make their selection recommendation to the AOC's Contracting Officer responsible for this solicitation.

- 4.3.2 After confirming the Evaluation Committee's recommendation, the AOC's Contracting Officer will provide written notification to all vendors who submitted proposals advising whether they were selected or not selected to be the preferred provider. The Contracting Officer will subsequently post a Notice of Intent to Award on the AOC's Courtinfo website advising the public the name of then vendor selected as the preferred provider.

5.0 RFP APPENDICES AND ATTACHMENTS

- 5.1 Included as part of this RFP are the following attachments:
 - 5.1.1 Attachment A, Administrative Rules Governing Request for Proposals. Proposers shall follow the rules set forth in Attachment A, in preparation of their proposals.
 - 5.1.2 Attachment B, Contract Terms. The contract with the awarded vendor will be signed by the parties on a State of California Standard Agreement form and will include terms appropriate for this project. Terms and conditions typical for the requested services are attached as Attachment B to this RFP.
 - 5.1.3 Attachment C, Vendor's Acceptance of the RFP's Contract Terms or Exceptions to Contract Terms. Proposers must either indicate acceptance of Contract Terms as set forth in Attachment B, or clearly identify exceptions to these Contract Terms. If exceptions are proposed, then proposer must also submit (i) a red-lined version of Attachment B that clearly tracks all proposed changes (additions, deletions, modified language, or new provisions) to this attachment, and (ii) written documentation to provide an explanation or rationale for each individual change proposed.
 - 5.1.4 Attachment D, Payee Data Record Form. The AOC is required to obtain and keep on file, a completed Payee Data Record for each vendor prior to entering into a contract with that vendor. Therefore, vendor's proposal must include a completed and signed Payee Data Record Form. A copy of the Payee Data Record Form is included as Attachment D.
 - 5.1.5 Attachment E, DVBE Participation Form. Proposers must demonstrate either (i) DVBE compliance with minimum participation goals, or (ii) written evidence of a "good faith effort" explaining why compliance with DVBE goals cannot be achieved. The DVBE Participation Form is included as Attachment E.
 - 5.1.6 Attachment F, Cost Proposal Form. Proposers shall use Attachment F, Cost Proposal Form, to propose rates and fees for the services set forth in this RFP.

- 5.1.7 Attachment G, Reference Form. Proposers shall use Attachment G, Reference Form to provide a list of at least five references, covering at least the last three years, private industry, as well as public entities, to document the quality of the project examples submitted.
- 5.1.8 Attachment H, Project Example Form. Proposers shall use Attachment H, Project Example Form, to identify at least five relevant and recent projects that demonstrate proposer's experience across the full range of service expertise required by this RFP.
- 5.2 Included as part of this RFP are the following appendices:
 - 5.2.1 Appendix I, California Judicial Officer and Court Employees
 - 5.2.2 Appendix II, Claims Summary by Year
 - 5.2.3 Appendix III, Custom Claim Summary JBWCP Open Claims
 - 5.2.4 Appendix IV, Custom Claim Summary JBWCP Closed Claims
 - 5.2.5 Appendix V, Workers' Compensation Claims TPA's for California Counties

6.0 SPECIFICS OF A RESPONSIVE PROPOSAL

- 6.1 Responsive proposals should provide straightforward, concise information that satisfies the requirements noted above. Expensive bindings, color displays, and the like are not necessary or desired. Emphasis should be placed on conformity to the State's instructions, requirements of this RFP, and completeness and clarity of content.
- 6.2 A vendor's proposal in response to this RFP **must** contain all the elements set forth in this Section, and conform to the requirements of Section 7.0, Submission of Proposals, to be considered complete. Please title each section of the response with the corresponding section number below, and assemble materials and draft all responses in this same order. A vendor's failure to include any required information or element of a vendor's proposal, as set forth in this RFP, may result in the vendor's proposal being deemed non-responsive to the requirements of this RFP, and may result in the vendor's proposal being rejected without further evaluation.
- 6.3 The following information shall be included in the vendor's proposal:
 - 6.3.1 Cover Letter: A letter of transmittal shall be included, with an original signature of an officer, partner, or agent who is authorized to bind the proposal on behalf of the vendor, and a complete list of proposed sub-

consultants, if any, with their address, contact person and telephone and fax numbers. The letter must include:

- 6.3.1.1 A point of contact for the proposer, including that individual's phone number, fax number, and email address;
- 6.3.1.2 Proposer's federal tax identification number;
- 6.3.1.3 The state in which the proposer was incorporated, if applicable;
- 6.3.1.4 Number of years in business, and for the previous three (3) years identify all mergers, acquisitions, and initial public offerings;
- 6.3.1.5 Provide a statement of any bankruptcies filed by the proposer and any law suits filed against the proposer for malfeasance and a detailed listing of the adverse action, cause, number, jurisdiction in which filed and current status (provide a description of the outcome of any such legal action where there was a finding against the respondent or a settlement);
- 6.3.1.6 Number of years in providing similar services; and,
- 6.3.1.7 Provide a minimum of five (5) current California-based clients with similar Workers' Compensation claim volumes.

6.3.2 Table of Contents: A table of contents shall be included in the proposal. It must identify the contents of the proposal in a format consistent with the proposal requirements as outlined, below.

6.3.3 Proposal Contents: The proposal shall be segmented as outlined below, reflecting the evaluation criteria set forth in Section 4.1 of this RFP.

6.3.4 Specialized Experience and Technical Competence:

- 6.3.4.1 Describe the proposed program team, including the organization of the team, and the responsibilities of the proposer and each subcontractor, as applicable. Include an organization chart that reflects the corporate structure of the proposer; additionally, if the proposer would not assume responsibilities or liabilities for any aspect of the program, clearly identify the entity for which such responsibility or liability would reside, including but not limited to any parent, subsidiary, associate, subcontractor or joint venture.
- 6.3.4.2 Identify the proposer's key personnel and other program staff that will be assigned to the work of this program, including name, title, and project responsibilities and expertise.
- 6.3.4.3 Provide resumes of key personnel and other proposed program staff. Resumes must reflect specific prior experiences of each proposed team member in the contractual role assigned for this program.

- 6.3.4.4 Identify relevant and recent projects, using the Project Example Form (Attachment H), that will demonstrate experience in the areas listed below. Project examples should include at least five past projects performed by the proposer and two past projects for each of the proposer's key personnel.
- Claims administration;
 - Program implementation;
 - Trust account activities;
 - Reporting of new claims;
 - Processing of new and runoff claims;
 - On-going claim processing;
 - Investigation;
 - Reserves;
 - Diary;
 - File documentation;
 - Litigation management;
 - Legal referral;
 - Settlement;
 - Subrogation;
 - Special Investigation Unit;
 - Vendor selection;
 - Quality assurance;
 - Assistance in the development of transitional job/return to work, training, and injury management programs;
 - Loss control and safety;
 - Training;
 - Medical management services;
 - Data conversion services;
 - Minimum performance standards; and
 - Termination assistance services.
- 6.3.4.5 Describe a previous program, similar to the scope and complexity of the program set forth herein, and provide a description of relevant issues, problems, resolutions, and accomplishments.
- 6.3.4.6 Describe the size of the proposer's clients by payroll and claim count, over last 3 years.
- 6.3.4.7 Propose the nationally chartered financial institution, in good standing with regulatory agencies and with a minimum rating of Morningstar 3, with which the proposer would establish and maintain a pooled trust account of public funds.

- 6.3.4.8 Describe the proposer's medical management services, specifically identifying if such services are outsourced and to which entities. Please include information regarding re-pricing medicals bills, complex utilization reviews, and nurse case manages. Please advise whether these services are provided by an outside vendor or included within your overall program. If part of your program, please identify associated costs and how they will be invoiced as part of the Cost Proposal Form (Attachment F).
- 6.3.4.9 Describe the proposer's ratios for the following: claims supervisor to claims Examiner; claims supervisor to claims representative; and adjuster to claims assistant.
- 6.3.4.10 Please disclose whether there are any other ancillary services provided by the firm or by contract with outside vendors that results in additional remuneration to the firm; identify the compensation arrangements and whether these costs would be passed on the JBWCP.
- 6.3.4.11 Identify by line, the percentage of business for: Workers' Compensation, General Liability, Automobile Liability, Property claims and others.
- 6.3.5 Capacity of Claims Management Information System And Ad Hoc Reporting:
- 6.3.5.1 Proposer and its team should demonstrate experience in the following areas; emphasis should be on providing examples within last 3 years:
- Management Information Systems;
 - Data integrity;
 - Data conversion process;
 - On-line access;
 - Standard, custom, optional, and OSHA reports; and
 - On-line notes capabilities; and data security.
- 6.3.5.2 Demonstrate reporting capabilities by providing a sample, no longer than two pages for each, of the following standard reports:
- Historical Valuation;
 - Reserve Change Report;
 - Loss Triangle;
 - Loss Frequency;
 - Loss Stratification;

- Loss by Cause Code; and
 - Loss by Location.
- 6.3.5.3 Describe how the proposer would provide an on line claims access capability for a decentralized organization.
- 6.3.5.4 Identify how the claims system is maintained and the frequency of upgrades. Include a description of the most recent updated made to the system and when the update occurred.
- 6.3.6 Capacity to Perform the Work:
- 6.3.6.1 Considering the nature of the program, describe how the proposer and its team will meet the work requirements, given the proposer's current and planned workload. For all key personnel, indicate the approximate percentage of their time committed to this program.
- 6.3.6.2 Describe how the proposed team organization will cover requirements for remote services including on-line resources.
- 6.3.6.3 Describe the proposer's ability to expeditiously replace personnel with equivalent, qualified replacements or philosophy for redistribution of files, should any examiner exceed 150 files during a given period.
- 6.3.6.4 Describe the location of proposed claims offices that would service the program's decentralized locations.
- 6.3.6.5 Describe the proposer's plan for servicing all the members in the JBWCP in the event you do not have claims offices throughout the state of California.
- 6.3.6.6 Describe plan for continuing client-based education.
- 6.3.7 Program Management, Coordination, and Quality Assurance:
- 6.3.7.1 Describe the program management approach, based upon its organization, and how it will efficiently and effectively accomplish program goals.
- 6.3.7.2 Describe the approach to working and communicating effectively with all levels of personnel, including persons within the program team, participating locations, managers, staff, and injured employees, and support with past examples.

- 6.3.7.3 Describe the management approach to coordinate the work of those involved with the program.
- 6.3.7.4 Describe methods that will be used to control program costs.
- 6.3.7.5 Describe the quality assurance procedures that would be used, including approach to retaining and hiring a skilled work-force.
- 6.3.7.6 Provide the number of public and private organization clients for whom you currently provide Workers' Compensation administration services.
- 6.3.8 Past Record of Performance:
 - 6.3.8.1 Past record of performance on contracts with the State, other government agencies or public bodies, and with private industry, including such factors as control of costs, quality of work, ability to meet schedules, cooperation, responsiveness, compliance with Workers' Compensation laws, and other managerial and attitudinal considerations, including demonstrated ability to manage program teams and work at multiple locations.
 - 6.3.8.2 Using the Reference Form (Attachment G), provide a list of at least five references, covering at least the last three years, private industry, as well as public entities, to document the quality of the project examples submitted. Include information as requested on the Reference Form from knowledgeable persons who may be contacted regarding project examples that establish the proposer and its team's experience and qualifications. Also, include at least one reference from a nationally chartered financial institution from which a pooled trust account, preferably for public funds, was established and maintained. References should include at least two clients that have left the organization within the past three years for service-related issues.
- 6.4 The vendor's proposal must include a completed and signed Vendor's Acceptance of the RFP's Contract Terms or Exceptions to Contract Terms Form (Attachment C).
- 6.5 The vendor's proposal must include a completed and signed Payee Data Record Form (Attachment D).
- 6.6 Cost/Fee Proposal
 - 6.6.1 The proposer's cost/fee proposal showing total cost/fees for providing these services, inclusive of personnel, materials, computer support, travel, lodging,

per diem, and overhead rates. It is expected that all proposers responding to this RFP will offer the proposer's government or comparable favorable rates.

- 6.6.2 As a separate document attached to the vendor's cost/fee proposal, submit a detailed line item budget showing total cost of providing the services specified in this RFP. Fully explain and justify all budget line items in a narrative entitled "Budget Justification".
- 6.6.3 The proposer's cost/fee proposal must also include the DVBE Participation Form as specified in Section 15.0.
- 6.6.4 **THE STATE DOES NOT MAKE ANY ADVANCE PAYMENT FOR SERVICES.** The AOC's method of payment to the selected consultant for the services specified in this RFP will be by cost reimbursement.

7.0 SUBMISSION OF PROPOSALS

- 7.1 Provide an original and four (4) hardcopies of the proposal signed by an authorized representative of the company, including name, title, address, email address, and telephone number of one individual who is the bidder's designated representative and single point of contact.
- 7.2 Provide one (1) electronic copy of the entire proposal in MS Word compatible format (NOT copy-protected) by submitting it on either a CD-ROM or DVD along with the original and hardcopies of the proposal required per this section.
- 7.3 A vendor's submitted proposal shall constitute an irrevocable offer for **120 days** following the Proposal Due Date & Time as set forth on the coversheet to this RFP.
- 7.4 Proposals must be delivered to the individual listed in the Submission of Proposals section of the coversheet to this RFP and must be received no later than the Proposal Due Date & Time as set forth on the coversheet to this RFP.
- 7.5 All proposals must be delivered via U.S. Mail, common carrier, overnight delivery service (with proof of delivery), or hand delivery. A receipt should be requested for hand delivered material. Proposals received prior to the Proposal Due Date & Time that are marked properly will be securely kept, unopened until the Proposal Due Date & Time. Proposals received after the Proposal Due Date & Time will be deemed non-responsive and will not be considered. The AOC shall not be responsible for any delays in mail or by common carriers or by delivery errors or delays or missed delivery.
- 7.6 The proposer is solely responsible for ensuring that the full and complete proposal is received by the AOC in accordance with the solicitation requirements prior to the Proposal Due Date & Time and at the place specified.

- 7.7 **Submitting proposals by facsimile or email transmission is not acceptable, and any proposal so transmitted will be rejected as non-responsive.**

8.0 AOC RIGHTS

- 8.1 The AOC may reject any or all proposals and may or may not waive an immaterial deviation or defect in a bid. The AOC's waiver of an immaterial deviation or defect shall in no way modify the solicitation document or excuse a vendor from full compliance with solicitation document specifications. The AOC reserves the right to accept or reject any or all of the items in the proposal, to award the contract in whole or in part and/or negotiate any or all items with individual vendors if it is deemed in the AOC's best interest. Moreover, the AOC reserves the right to make no selection if proposals are deemed to be outside the fiscal constraint or against the best interest of the State of California.
- 8.2 In addition to the right to reject any and all proposals, in whole or in part, the AOC also reserves the right to issue similar RFPs in the future. This RFP is in no way an agreement, obligation, or contract and in no way is the AOC or the State of California responsible for the cost of preparing the proposal. One copy of a submitted proposal will be retained for official files and becomes a public record.
- 8.3 The AOC reserves the right at any time during the solicitation process set forth herein to require proposer to provide evidence of financial stability, including audited or reviewed profit and loss statements and balance sheets, in accordance with reporting requirements of the American Institute of Certified Public Accountants (AICPA) or Office of Benefits Administration and Enforcement (OBAE), for the three (3) previous years. Proposer's failure to provide such requested information within the timeframe specified may result in proposer's proposal being disqualified for further consideration.

9.0 CONTACT WITH THE AOC

- 9.1 Prospective service providers are specifically directed NOT to contact any AOC personnel or its consultants for meetings, conferences, or discussions that are specifically related to this RFP at any time prior to any notice of intent to award a contract. Unauthorized contact with any AOC personnel or its consultants may be cause for rejection of the vendor's proposal.
- 9.2 All communications with the AOC regarding this RFP, including submittal of questions pertaining to these solicitation documents, must be made through the AOC's Solicitation Mailbox (solicitations@jud.ca.gov). All email submissions sent to the Solicitations Mailbox MUST contain the RFP number and other appropriate identifying information in the email subject line. Failure to include the RFP number

as well as other sufficient identifying information in the email subject line may result in the AOC taking no action on a vendor's email submission.

10.0 ADDITIONAL INFORMATION/DOCUMENTATION REQUIREMENTS

- 10.1 It may be necessary to interview prospective service providers to clarify aspects of their submittal. If conducted, interviews may be conducted by phone or by in-person presentations, at the AOC's discretion. The AOC will notify prospective service providers regarding the interview arrangements.
- 10.2 It may also be necessary for the AOC to request additional documentation or information in order to clarify aspects of a proposal or a vendor's ability to perform the required services. Should the AOC request such documentation or information, proposer shall provide the requested documentation or information no later than the date specified by such request.
- 10.3 Failure of a proposer to participate in an interview, or provide requested documentation or information by the AOC's specified date may result in the vendor's proposal being disqualified for further evaluation.

11.0 CONFIDENTIAL OR PROPRIETARY INFORMATION

The Administrative Office of the Courts policy is to follow the intent of the California Public Records Act (PRA). If a vendor's proposal contains material noted or marked as confidential and/or proprietary that, in the AOC's sole opinion, meets the disclosure exemption requirements of the PRA, then that information will not be disclosed pursuant to a request for public documents. If the AOC does not consider such material to be exempt from disclosure under the PRA, the material will be made available to the public, regardless of the notation or markings. If a vendor is unsure if its confidential and/or proprietary material meets the disclosure exemption requirements of the PRA, then it should not include such information in its proposal.

12.0 ADMINISTRATIVE RULES

Incorporated in this RFP, and included as Attachment A, is a document entitled "Administrative Rules Governing Requests for Proposals. Prospective service providers shall follow these rules in the preparation of their proposals.

13.0 PROPOSED CONTRACT TERMS

- 13.1 The contract with the awarded service provider will be signed by the parties on a State of California Standard Agreement form and will include terms appropriate for this project. Terms and conditions typical for the requested services are attached as Attachment B, Contract Terms.

- 13.2 As part of a prospective service provider's proposal submission, the proposer must sign and submit Attachment C, Vendor's Acceptance of RFP's Contract Terms or Exceptions to Contract Terms and indicate either acceptance of Contract Terms, as set forth in Attachment B, or clearly identify exceptions to these Contract Terms. If exceptions are proposed, then proposer must also submit (i) a red-lined version of Attachment B, that clearly tracks all proposed changes (additions, deletions, modified language, or new provisions) to this attachment, and (ii) written documentation to provide an explanation or rationale for each individual change proposed to the Contract Terms.

14.0 PAYEE DATA RECORD

- 14.1 The AOC is required to obtain and keep on file, a completed Payee Data Record for each vendor it may make payments to, prior to entering into a contract with that vendor.
- 14.2 As part of a prospective service provider's proposal submission, the proposer must sign and submit a completed and signed Payee Data Record Form, set forth as Attachment D.

15.0 DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION GOALS

- 15.1 The State of California Executive Branch requires contract participation goals of a minimum of three percent (3%) for disabled veteran business enterprises (DVBEs). The AOC, as a policy, follows the intent of the Executive Branch program. Therefore, your proposal should demonstrate DVBE compliance; otherwise, if it is impossible for your company to comply, please explain why, and demonstrate written evidence of a "good faith effort" to achieve participation. For further information regarding DVBE resources, please contact the Office of Small Business and DVBE Certification, at 916-375-4940 or access DVBE information on the Executive Branch's Office of Small Business and DVBE Internet web site at: <http://www.dgs.ca.gov/default.htm>.
- 15.2 Prospective consultants/service providers must complete the DVBE Participation Form, included as Attachment E to this RFP, and include the signed form with the proposer's Cost/Fee Proposal.

ATTACHMENT A
ADMINISTRATIVE RULES GOVERNING REQUESTS FOR PROPOSALS

A. General

1. This solicitation document, the evaluation of proposals, and the award of any contract shall conform with current competitive bidding procedures as they relate to the procurement of goods and services. A vendor's proposal is an irrevocable offer for 120 days following the deadline for its submission.
2. In addition to explaining the Administrative Office of the Courts' (AOC's) requirements, the solicitation document includes instructions which prescribe the format and content of proposals.

B. Errors in the solicitation document

1. If a vendor submitting a proposal discovers any ambiguity, conflict, discrepancy, omission, or other error in this solicitation document, the vendor shall immediately provide the AOC with written notice of the problem and request that the solicitation document be clarified or modified. Without disclosing the source of the request, the AOC may modify the solicitation document prior to the date fixed for submission of proposals by posting an addendum to the solicitation on the AOC Courtinfo website (<http://www.courtinfo.ca.gov/reference/rfp/>).
2. If, prior to the date fixed for submission of proposals, a vendor submitting a proposal knows of or should have known of an error in the solicitation document but fails to notify the AOC of the error, the vendor shall propose at its own risk, and if the vendor is awarded the contract, it shall not be entitled to additional compensation or time by reason of the error or its later correction.

C. Questions regarding the solicitation document

1. Vendors interested in responding to the solicitation may submit questions, by email only, on procedural matters related to the RFP or requests for clarification or modification of this solicitation document to the Solicitations mailbox referenced below. If the vendor is requesting a change, the request must state the recommended change and the vendor's reasons for proposing the change.

Solicitations mailbox: *solicitations@jud.ca.gov*

2. All questions and requests must be submitted by e-mail to the Solicitations mailbox and received no later than the date and time specified on the coversheet of the RFP. Questions or requests submitted after the due date will not be answered.
3. All e-mail submissions sent to the Solicitations mailbox **MUST** contain the RFP number and other appropriate identifying information in the e-mail subject line. In the body of the e-mail message, always include paragraph numbers whenever references are made to content of this RFP. Failure to include the RFP number as well as other sufficient identifying information in the e-mail subject line may result in the AOC's taking no action on a vendor's e-mail submission.
4. Without disclosing the source of the question or request, the AOC Contracting Officer will post a copy of both the questions and the AOC's responses on the California Courts Web site at: www.courtinfo.ca.gov/reference/rfp/. The AOC reserves the right to edit questions for clarity and relevance.
5. If a vendor's question relates to a proprietary aspect of its proposal and the vendor believes that the question would expose proprietary information if disclosed to competitors, the vendor may submit the question in writing, conspicuously marking it as "CONFIDENTIAL." With the question, the vendor must submit a statement explaining why the question is sensitive. If the AOC concurs that the disclosure of the question or answer would expose proprietary information, the question will be answered, and both the question and answer will be kept in confidence. If the AOC does not concur regarding the proprietary nature of the question, the question will not be answered in this manner and the vendor will be so notified, at which time the vendor may withdraw the question or restate the question so as to make it non-proprietary or non-confidential.

D. Addenda

1. The AOC may modify the solicitation document prior to the date fixed for submission of proposals by posting an addendum on the AOC Courtinfo website (<http://www.courtinfo.ca.gov/reference/rfp/>). If any vendor determines that an addendum unnecessarily restricts its ability to bid, it must notify the State by sending an email to the email address set forth under Submission of Questions section of the coversheet of this RFP, no later than two days following the posting of the addendum.

E. Withdrawal and resubmission/modification of proposals

1. A vendor may withdraw its proposal at any time prior to the deadline for submitting proposals by notifying the AOC in writing of its withdrawal. The notice must be signed by the vendor and submitted to the individual and address

set forth under Submission of Proposal section of the coversheet of this RFP. The vendor may thereafter submit a new or modified proposal, provided that it is received at the AOC no later than the Proposal Due Date and Time section listed on the coversheet of this RFP. Modifications offered in any other manner, oral or written, will not be considered. Proposals cannot be changed or withdrawn after the Proposal Due Date and Time section listed on the coversheet of this RFP.

F. Evaluation process

1. An evaluation team will review in detail all proposals that are received to determine the extent to which they comply with solicitation document requirements.
2. If a proposal fails to meet a material solicitation document requirement, the proposal may be rejected. A deviation is material to the extent that a response is not in substantial accord with solicitation document requirements. Material deviations cannot be waived. Immaterial deviations may cause a bid to be rejected.
3. Proposals that contain false or misleading statements may be rejected if in the AOC's opinion the information was intended to mislead the state regarding a requirement of the solicitation document.
4. Cost sheets will be checked only if a proposal is determined to be otherwise qualified. All figures entered on the cost sheets must be clearly legible.
5. During the evaluation process, the AOC may require a vendor's representative to answer questions with regard to the vendor's proposal. Failure of a vendor to demonstrate that the claims made in its proposal are in fact true may be sufficient cause for deeming a proposal nonresponsive.

G. Rejection of bids

1. The AOC may reject any or all proposals and may or may not waive an immaterial deviation or defect in a bid. The AOC's waiver of an immaterial deviation or defect shall in no way modify the solicitation document or excuse a vendor from full compliance with solicitation document specifications. The AOC reserves the right to accept or reject any or all of the items in the proposal, to award the contract in whole or in part and/or negotiate any or all items with individual vendors if it is deemed in the AOC's best interest. Moreover, the AOC reserves the right to make no selection if proposals are deemed to be outside the fiscal constraint or against the best interest of the State of California.

H. Award of contract

1. Award of contract, if made, will be in accordance with the solicitation document to a responsible vendor submitting a proposal compliant with all the requirements of the solicitation document and any addenda thereto, except for such immaterial defects as may be waived by the AOC.
2. The AOC reserves the right to determine the suitability of proposals for contracts on the basis of a proposal's meeting administrative requirements, technical requirements, its assessment of the quality of service and performance of items proposed, and cost.

I. Decision

1. Questions regarding the AOC's award of any business on the basis of proposals submitted in response to this solicitation document, or on any related matter, should be addressed to the individual listed in the Submission of Proposals section on the coversheet of this RFP who will forward the matter to the appropriate contracting officer.

J. Execution of contracts

1. Unless otherwise stated in the RFP, the AOC will make a reasonable effort to execute any contract based on this solicitation document within 30 days of selecting a proposal that best meets its requirements. However, exceptions taken by a vendor may delay execution of a contract
2. A vendor submitting a proposal must be prepared to use a standard state contract form rather than its own contract form.

K. Protest procedure

1. General

Failure of a vendor to comply with the protest procedures set forth in this Section K, will render a protest inadequate and non-responsive, and will result in rejection of the protest.

2. Prior to Submission of Proposal

An interested party that is an actual or prospective proposer with a direct economic interest in the procurement may file a protest based on allegedly restrictive or defective specifications or other improprieties in the solicitation process that are apparent, or should have been reasonably discovered prior to the submission of a proposal. Such protest must be received prior to the Proposal Closing Time. The protestor shall have exhausted all administrative

remedies discussed in this Attachment B prior to submitting the protest. Failure to do so may be grounds for denying the protest.

3. After Award

A vendor submitting a proposal may protest the award based on allegations of improprieties occurring during the proposal evaluation or award period if it meets all of the following conditions:

- a. The vendor has submitted a proposal that it believes to be responsive to the solicitation document;
- b. The vendor believes that its proposal meets the administrative and technical requirements of the solicitation, proposes services of proven quality and performance, and offers a competitive cost; and,
- c. The vendor believes that the AOC has incorrectly selected another vendor submitting a proposal for an award.

Protests must be received no later than five (5) business days after the protesting party receives a Non-Award letter.

4. Form of Protest

A vendor who is qualified to protest should submit the protest to the individual listed in the Submission of Proposals section on the coversheet of this RFP who will forward the matter to the appropriate Contracting Officer.

- a. The protest must be in writing and sent by certified, or registered mail, or overnight delivery service (with proof of delivery), or delivered personally to the address noted above. If the protest is hand-delivered, a receipt must be requested.
- b. The protest shall include the name, address, telephone and facsimile numbers, and email address of the party protesting or their representative.
- c. The title of the solicitation document under which the protest is submitted shall be included.
- d. A detailed description of the specific legal and factual grounds of protest and any supporting documentation shall be included.
- e. The specific ruling or relief requested must be stated.

The AOC, at its discretion, may make a decision regarding the protest without requesting further information or documents from the protestor. Therefore, the initial protest submittal must include all grounds for the protest and all evidence available at the time the protest is submitted. If the protestor later raises new grounds or evidence that was not included in the initial protest but which could have been raised at that time, the AOC will not consider such new grounds or new evidence.

5. Determination of Protest Submitted Prior to Submission of Proposal

Upon receipt of a timely and proper protest based on allegedly restrictive or defective specifications or other improprieties in the solicitation process that are apparent, or should have been reasonably discovered prior to the submission of a proposal, the AOC will provide a written determination to the protestor prior to the Proposal Due Date. If required, the AOC may extend the Proposal Due Date to allow for a reasonable time to review the protest. If the protesting party elects to appeal the decision, the protesting party will follow the appeals process outlined below and the AOC, at its sole discretion, may elect to withhold the contract award until the protest is resolved or denied or proceed with the award and implementation of the contract.

6. Determination of Protest Submitted After Submission of Proposal

Upon receipt of a timely and proper protest, the AOC will investigate the protest and will provide a written response to the vendor within a reasonable time. If the AOC requires additional time to review the protest and is not able to provide a response within ten (10) business days, the AOC will notify the vendor. If the protesting party elects to appeal the decision, the protesting party will follow the appeals process outlined below. The AOC, at its sole discretion, may elect to withhold the contract award until the protest is resolved or denied or proceed with the award and implementation of the agreement.

7. Appeals Process

The Contracting Officer's decision shall be considered the final action by the AOC unless the protesting party thereafter seeks an appeal of the decision by filing a request for appeal with the AOC's Business Services Manager, at the same address noted in the Submission of Proposal section of the coversheet of this RFP, within five (5) calendar days of the issuance of the Contracting Officer's decision.

The justification for appeal is specifically limited to:

- a. Facts and/or information related to the protest, as previously submitted, that were not available at the time the protest was originally submitted;
- b. The Contracting Officer's decision contained errors of fact, and that such errors of fact were significant and material factors in the Contracting Officer's decision; or
- c. The decision of the Contracting Officer was in error of law or regulation.

The vendor's request for appeal shall include:

- a. The name, address telephone and facsimile numbers, and email address of the vendor filing the appeal or their representative;
- b. A copy of the Contracting Officer's decision;
- c. The legal and factual basis for the appeal; and
- d. The ruling or relief requested. Issues that could have been raised earlier will not be considered on appeal.

Upon receipt of a request for appeal, the AOC's Business Services Manager will review the request and the decision of the Contracting Officer and shall issue a final determination. The decision of the AOC's Business Services Manager shall constitute the final action of the AOC.

8. Protest Remedies

If the protest is upheld, the AOC will consider all circumstances surrounding the procurement in its decision for a fair and reasonable remedy, including the seriousness of the procurement deficiency, the degree of prejudice to the protesting party or to the integrity of the competitive procurement system, the good faith efforts of the parties, the extent of performance, the cost to the AOC, the urgency of the procurement, and the impact of the recommendation(s) on the AOC. The AOC may recommend any combination of the following remedies:

- a. Terminate the contract for convenience;
- b. Re-solicit the requirement;
- c. Issue a new solicitation;
- d. Refrain from exercising options to extend the term under the contract, if applicable;
- e. Award a contract consistent with statute or regulation; or
- f. Other such remedies as may be required to promote compliance.

L. News releases

1. News releases pertaining to the award of a contract may not be made without prior written approval of the AOC's Business Services Manager.

M. Disposition of materials

All materials submitted in response to this solicitation document will become the property of the State of California and will be returned only at the AOC's option and at the expense of the vendor submitting the proposal. One copy of a submitted proposal will be retained for official files and become a public record. Any material that a vendor considers as confidential but does not meet the disclosure exemption requirements of the California Public Records Act should not be included in the vendor's proposal as it may be made available to the public.

N. Payment

1. Payment terms will be specified in any agreement that may ensue as a result of this solicitation document.
2. **THE STATE DOES NOT MAKE ANY ADVANCE PAYMENT FOR SERVICES.** Payment is normally made based upon completion of tasks as provide in the agreement between the AOC and the selected vendor. The AOC may withhold ten percent of each invoice until receipt and acceptance of the final product. The amount of the withhold may depend upon the length of the project and the payment schedule provide in the agreement between the AOC and the selected vendor.

END OF ATTACHMENT A

**ATTACHMENT B
CONTRACT TERMS**

**STANDARD PROVISIONS
(EXHIBIT A)**

1. Indemnification

The Contractor shall indemnify, defend (with counsel satisfactory to the State), and save harmless the State and the AOC Group and its officers, agents, and employees from any and all claims and losses accruing or resulting to any and all other contractors, Subcontractors, suppliers, and laborers, and any other person, firm, or corporation furnishing or supplying Work, Materials, Data, or services in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Contractor or its agents or employees in the performance of this Agreement.

2. Relationship of Parties

The Contractor and the agents and employees of the Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the state of California.

3. Termination for Cause

A. Pursuant to this provision, the State may terminate this Agreement in whole or in part under any one of the following circumstances, by issuing a written Notice of termination for default to the Contractor:

- i. If the Contractor (a) fails to perform the services within the time specified herein or any extension thereof, (b) fails to perform any requirements of this Agreement, or (c) so fails to make progress as to endanger performance of this Agreement in accordance with its terms, and, after receipt of a written Notice from the State specifying failure due to any of the preceding three (3) circumstances, the Contractor does not cure such failure within a period of five (5) business days or a longer period, if authorized in the Notice of failure; or,
- ii. If the Contractor should cease conducting business in the normal course, become insolvent or bankrupt, make a general assignment for the benefit of creditors, admit in writing its inability to pay its debts as they mature, suffer or permit the appointment of the receiver for its business or assets, merge with or be purchased by another entity, or avail itself of or become subject for a period of thirty (30) Days to any proceeding under any

statute of any State authority relating to insolvency or protection from the rights of creditors.

- B. In the event the State terminates this Agreement in whole or in part, due to the Contractor's failure to perform, the State may procure, upon such terms and in such manner as it may deem appropriate, supplies or services similar to those so terminated, and the Contractor shall be liable to the State for any excess costs for such similar supplies or services, subject to the limitations contained elsewhere herein; further, the Contractor shall continue the performance of this Agreement to the extent not terminated under this provision.
- C. The Contractor shall not be liable for any excess costs if the failure to perform the Agreement arises out of acts of Force Majeure; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor.
- D. If, after Notice of termination for default of this Agreement, it is determined for any reason that the Contractor was not in default under this provision, or that the default was excusable under this provision, the obligations of the State shall be to pay only for the services rendered at the rates set forth in the Agreement.
- E. The rights and remedies of either party provided in this provision shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

4. No Assignment

Without the written consent of the State, the Contractor shall not assign this Agreement in whole or in part.

5. Time of Essence

Time is of the essence in this Agreement.

6. Validity of Alterations

Alteration or variation of the terms of this Agreement shall not be valid unless made in writing and signed by the parties, and an oral understanding or agreement that is not incorporated shall not be binding on any of the parties.

7. Consideration

The consideration to be paid to the Contractor under this Agreement shall be compensation for all the Contractor's expenses incurred in the performance of this Agreement, including travel and per diem, unless otherwise expressly provided.

END OF STANDARD PROVISIONS EXHIBIT

**SPECIAL PROVISIONS
(EXHIBIT B)**

1. Definitions

The terms defined below and elsewhere throughout the Contract Documents shall apply to the Agreement as defined.

- A. “**Administrative Director**” refers to that individual, or authorized designee, empowered by the State to make final and binding executive decisions on behalf of the State.
- B. “**Allocated Loss Expense**” refers to the cost or expense incurred as part of a loss on a Claim file, that may include, but are not limited to the following: legal fees, court reporter fees, court costs, professional photographer fees, expert witness fees, *subrosa* investigation expenses, field investigation expenses, rehabilitation service costs, and costs or expenses for other similar services. Allocated Loss Expenses do not include fees payable by the State to the Contractor, penalties payable by the Contractor, or payments for services covered under a Basic Service Rate, Data Conversion Rate, or Medical Management Service Charge.
- C. “**Amendment**” means a written document issued by the State and signed by the Contractor which alters the Contract Documents and identifies the following: (i) a change in the Work; (ii) a change in Contract Amount; (iii) a change in time allotted for performance; and/or (iv) an adjustment to the Agreement terms.
- D. “**AOC Group**” means, collectively, each member of the Judiciary, and the Trial Courts participating in the Program.
- E. “**AOC Group Representative(s)**” refers to the individual(s), as identified by each participating AOC Group, who will serve as the AOC Group’s point of contact in Workers’ Compensation matters.
- F. “**Basic Service Rate**” refers to the fixed rate per Indemnity, Medical Only, or Incident, per Term, as set forth in Exhibit C, Payment Provisions, that the State shall pay the Contractor for providing Claims Adjusting services for New

Claims, Existing Claims, or Runoff Claims. Basic Service Rates covers payment for services which are unrelated to the services covered under Allocated Loss Expenses, Medical Management Service Charges, or Data Conversion Rates and include but are not limited to payment for the following services:

- i. Intake and Referral;
- ii. Client On-line Access to Claim files;
- iii. Full automation of the Claims Administration process;
- iv. Implementation programming & set-up;
- v. Loss report production and distribution to the AOC Group and the State;
- vi. Customer service support;
- vii. Reports, as may be required by the National Council on Compensation Insurance ("NCCI"), Insurance Services Office ("ISO"), National Association of Insurance Commissioners ("NAIC"), or other regulatory authorities;
- viii. Primary or excess carrier reporting/information transfer;
- ix. State electronic data interface ("EDI") requirements;
- x. IRS 1099 tax filings, that will be produced and provided on an automated basis on magnetic tape to the federal and state agencies with the necessary printed service provider forms and provided for final distribution as per IRS requirements;
- xi. Account Manager consulting and overall Program service management support;
- xii. Special investigative services initial reporting compliance;
- xiii. Creation and maintenance of MPN for AOC Group;
- xiv. Check printing;
- xv. Strategic case management meetings;
- xvi. Maintenance of Closed Claim Files at no additional cost to the State for one (1) year after the date of closure, until the Contract expires, or as per jurisdictional mandates, whichever is longer;
- xvii. Contract production;
- xviii. Production of formal written client service instructions;
- xix. Internal quality control auditing/security audits;
- xx. General administration;
- xxi. Distribution of all internal AOC Group processing forms required to the servicing Claim offices; and
- xxii. Transition assistance services.

G. **"Claim"** means a demand by an employee who claims to have sustained an injury or an illness arising out of and in the course of employment for the AOC Group.

H. **"Claimant"** means an employee of the AOC Group who files a Claim for Workers' Compensation.

- I. **"Claims Adjusting"** or **"Claims Administration"** means the processing of Claims, including New Claims, Existing Claims, Runoff Claims, and Data Conversion that have includes, but is not limited to: certifying a Claimant's eligibility; monitoring examiners, attorneys and medical service providers; negotiating settlements; record-keeping; preparing reports; and, notifying excess insurers as appropriate.
- J. **"Client On-Line Access"** refers to the Contractor's direct on-line access which will make available all Claims Data including payments, recoveries, reserve changes, examiner and supervisor notes, within confidentiality limits, excluding medical Confidential Information subject to California Civil Code Section 56.05(f) as further defined by Labor Code Section 3762.
- K. **"Closed Claim File"** means (i) Claim files closed by settlement which precludes their reopening, (ii) administratively closed files which may be subject to reopening for the life of the Claimant, or (iii) files closed by settlement which could later be reopened.
- L. **"Confidential Information"** means trade secrets, financial, statistical, personnel, technical, and other Data and information relating to the State's or AOC Group's business or the business of their personnel or constituents, and including any confidential communications between the Contractor and the State or the AOC Group, their personnel or constituents. Confidential Information shall include medical information as defined by the California Civil Code Section 56.05 (f). Confidential Information does not include (i) information that is already known by the receiving party, free of obligation of confidentiality to the disclosing party; (ii) information that becomes generally available to the public, other than as a result of disclosure by the receiving party in breach of this Agreement; (iii) information that is independently developed by the receiving party without reference to the Confidential Information; and (iv) information that the receiving party rightfully obtains from a Third Party free of the obligation of confidentiality to the disclosing party.
- M. The **"Contract"** or **"Contract Documents"** constitute the entire integrated agreement between the State and the Contractor, as attached to and incorporated by a fully executed State Standard Agreement form. The terms "Contract" or "Contract Documents" may be used interchangeably with the term **"Agreement."**
- N. **"Contract Amount"** means the total amount encumbered under this Agreement for any payment of Basis Service Rate(s), and Data Conversion Rate(s) by the State to the Contractor of Work, in accordance with the Contract Documents. The Contract Amount does not include encumbrance for any payments to be made from the Trust Account, such as Claims benefits, Allocated Loss Expenses, or Medical Management Service Charges.

- O. The “**Contractor**” means the individual, association, partnership, firm, company, consultant, corporation, affiliates, or combination thereof, including joint ventures, contracting with the State to do the Contract Work. The Contractor is one of the parties to this Agreement.
- P. “**Cost Plus Rate**” refers to the pricing for claim administration based upon the required staffing levels to meet the requirements of the Contract Work, with consideration to claim type, claim office and staff experience levels. Pricing will be based upon overall staffing levels, rather than a per-claim basis.
- Q. “**Data**” means all types of raw data, articles, papers, charts, records, reports, studies, research, memoranda, computation sheets, questionnaires, surveys, and other documentation.
- R. “**Data Conversion**” refers to the conversion of a Workers’ Compensation Claim from one electronic system to different electronic system. Data Conversion may be accomplished via an automated or a manual method, as described below:
- i. “**Automated Data Conversion**” refers to a process wherein a new software program is created specifically to map data from one system to another system.
 - ii. “**Manual Data Conversion**” refers to a system wherein the Workers’ Compensation data is manually entered into a different electronic system.
- S. “**Data Conversion Rate**” refers to the fixed rate that the State will pay the Contractor for Data Conversion provided per transfer, per AOC Group location. Data Conversion Rates are unrelated to the payment for services covered under Allocated Loss Expenses, Basic Service Rates, Medical Management Service Rates, or Data Conversion Rates.
- T. “**Day**” means calendar day, unless otherwise specified.
- U. “**Early Intervention**” refers to the combined process of providing early and aggressive Claims/case Medical Management Service to assist the injured employees with their medical care and getting them back to work.
- V. “**Existing Claim**” refers to any open or closed Incident, Indemnity, or Medical Claim of an AOC Group employee, for which Claims Administration and Data Conversions becomes the responsibility of the Contractor, upon the Effective Date of this Agreement.

- W. **“Field Case Management”** or **“FCM”** refers to the Medical Management Service pertaining to the initial contact that the nurse case manager will make with the injured worker, the treating physician, and the employer within 24 – 48 hours to direct care, apply medical decision to treatment plan, and review protocols of treatment and work on issues of return-to-work.
- X. **“Force Majeure”** means a delay which impacts the timely performance of Work which neither the Contractor nor the State or the AOC Group are liable for because such delay or failure to perform was unforeseeable and beyond the control of the party. Acts of Force Majeure include, but are not limited to:
- i. Acts of God or the public enemy;
 - ii. Acts or omissions of any government entity;
 - iii. Fire or other casualty for which a party is not responsible;
 - iv. Quarantine or epidemic;
 - v. Strike or defensive lockout; and,
 - vi. Unusually severe weather conditions.
- Y. **“Hospital Bill Audit”** refers to the Medical Management Service pertaining to the retrospective audit which is designed to identify inappropriate charges, duplicate charges, billing errors, identification of services rendered without appropriate physicians’ orders, and identification of charges not related to the patients’ work injury.
- Z. **“Incident”** means a communication to the Contractor in any form relating to a situation that does not involve a Workers’ Compensation Claim, **or** a notification of an incident that may result in a Claim for Workers’ Compensation pending further investigation.
- AA. **“Indemnity”** or **“Lost Time”** refers to a Workers’ Compensation Claim as defined in Labor Code Section 4652, where an employee has lost four (4) or more days from work, unless temporary disability continues for more than fourteen (14) days or unless the employee is hospitalized as an in-patient for treatment required by the injury.
- BB. **Industrial Disability Leave”** or **“IDL”** refers to a salary continuation program designed to supplement or function as an alternative to the WC benefit.
- CC. **“Intake and Referral”** refers to the multi-state system provided by the Contractor which is capable of reporting New Claims, referring injured workers to appropriate medical providers within providers networks, and generating state-appropriate employer injury reports through a client customized toll free number, twenty-four (24) hours per day, seven (7) Days per week.

- DD. **“Judiciary”** means, collectively, the following members: (i) the Judicial Council, (ii) the Administrative Office of the Courts, (iii) the Commission on Judicial Performance (CJP), (iv) the Habeas Corpus Resource Center (HCRC), (v) the Judicial Library, (vi) the seven (7) appellate courts in the California state court judicial system, and (vii) the judges of the superior courts of the California state court judicial system.
- EE. **“Key Personnel”** refers to the Contractor’s personnel named in Exhibit TBD, Contractor’s Key Personnel, whom the State has identified and approved to perform the Work of the Contract.
- FF. **“Material”** means all types of tangible personal property, including but not limited to goods, supplies, equipment, commodities, and information and telecommunication technology.
- GG. **“Medical”** refers to that portion of a Workers’ Compensation Claim involving medical treatment, but does not include an Indemnity or Lost Time Claim.
- HH. **“Medical Bill Review”** refers to the Contractor’s Medical Management Service pertaining to the reviewing medical bills and pharmacy bills for the proper application of the state of California’s official Workers’ Compensation medical fee schedule in effect during the Term(s) of the Contract.
- II. **“Medical Management Service”** means the medical service(s) relying primarily upon negotiated fee schedules, provided by a network of contracts between the Contractor and health care providers, and other cost controls, including the auditing of medical bills (i.e. bill reviews), as described in Exhibit D, Work to be Performed.
- JJ. **“Medical Management Service Charges”** means the charges, as set forth in Exhibit C, Payment Terms, for Medical Management Service(s), as set forth in Exhibit D, Work to be Performed. Medical Management Service Charges are unrelated to the payment for services covered under Allocated Loss Expenses, Basic Service Rates, or Data Conversion Rates.
- KK. **“Medical Provider Network”** or **“MPN”** means a select entity or group of providers, approved by the Administrative Director, Division of Workers’ Compensation, Department of Industrial Relations, State of California, to treat WC injuries on behalf of a self insured employer or insurance carrier.
- LL. **“Medical Reserve Estimate”** refers to the Medical Management Service pertaining to the medical review by a nurse to formulate approximate medical cost per diagnosis or procedure or life of the Claim.

- MM. **“New Claim”** means any Incident, Indemnity, or Medical Claim that is either (i) newly reported as a new injury or illness arising out of and in the course of employment, or (ii) a Claim that is reopened. If a Claim that has been closed by the Contractor is subsequently reopened by the Contractor during any Term(s) of the Agreement, the Contractor will not be entitled to an additional service fee.
- NN. **“Notice”** means a written document initiated by the authorized representative of either party to this Agreement and given by:
- i. Depositing in the U. S. Mail (or approved commercial express carrier) prepaid to the address of the appropriate authorized representative of the other party, which shall be effective upon date of receipt; or
 - ii. Hand-delivered to the other party’s authorized representative, which shall be effective on the date of service.
- OO. **“Peer Review”** refers to the Medical Management Service pertaining to the three (3) attempts made by the Contractor to reach the treating physician to discuss the diagnosis, treatment plan, and prognosis of the injured worker in hopes of persuading the treating physician to render a more appropriate course of treatment. Bills for MPN provider shall not be subject to Peer Review.
- PP. **“Preferred Provider Organizations Network”** or **“PPO Network”** refers to the Medical Management Service pertaining to the provider organizations used by the Contractor to leverage coverage of medical treatment, including but not limited to: general medicine, internal medicine, occupational medicine, chiropractic, neurology, orthopedics, psychiatry, podiatry, dentistry, physical therapy, and acupuncture, pharmaceuticals, radiology, and ancillary providers such as home health, skilled nursing, durable medical equipment (orthotics and prosthetics, medical supplies, TENS, and bone growth stimulators), air and ground transport.
- QQ. **“Runoff Claim”** refers to any Incident, Indemnity, or Medical Claim of a Trial Court employee that has been administered by a designated agent or the county in which the Trial Court is located, for which Claims Administration and/or Data Conversion will become the Contractor’s responsibility.
- RR. **“Service Team”** refers to the team comprised of the Contractor’s Claims Supervisor, Senior Claims Examiner(s), Claims Examiner(s), Claims Representatives, and a Claims Manager, which will schedule, attend, and document the contents of regular meetings with a designated AOC Group location.
- SS. The **“State”** refers to the Judicial Council of California / Administrative Office of the Courts (“AOC”). The State is one of the parties to this Agreement.

- TT. **“State Standard Agreement”** means the form used by the State to enter into agreements with other parties. Several originally signed, fully executed versions of the State Standard Agreement, together with the integrated Contract Documents, shall each represent the Agreement as an individual **“Contract Counterpart.”**
- UU. **“Stop Work Order”** means the written Notice, delivered in accordance with this Agreement, by which the State may require the Contractor to stop all, or any part, of the Work of this Agreement, for the period set forth in the Stop Work Order. The Stop Work Order shall be specifically identified as such and shall indicate that it is issued pursuant to the Stop Work provision in this Exhibit.
- VV. **“Subcontractor”** shall mean an individual, firm, partnership, or corporation having a contract, purchase order, or agreement with the Contractor, or with any Subcontractor of any tier for the performance of any part of the Agreement. When the State refers to Subcontractor(s) in this document, for purposes of this Agreement and unless otherwise expressly stated, the term **“Subcontractor”** includes, at every level and/or tier, all subcontractors, sub-consultants, suppliers, and materialmen.
- WW. **“Telephonic Case Management”** or **“TCM”** refers to the Medical Management Service pertaining to the telephonic coordination of inpatient, outpatient, diagnostic studies, PPO Network direction, and home health care. Telephone contact will be made by the nurse at time of injury to employee, employer, and provider to assess the injury and the medical treatment. Contact will be made to direct care, apply medical decision to treatment plan, review protocols, and work with physician, employer, and employee on issues of return-to-work. Direction into the PPO Network as well as provider and hospital negotiation will be inclusive of this service.
- XX. **“Term”** refers to the period defined by a beginning date and an end date, in accordance with the terms and conditions set forth in the Agreement, during which the Contractor is authorized to provide the Contract Work. The possible Terms of the Agreement are described further in paragraph 38, Agreement Term(s) and Options, of this Exhibit.
- YY. **“Third Party”** does not refer to a Claimant but refers to any individual, association, partnership, firm, company, corporation, consultant, Subcontractor, or combination thereof, including joint ventures, other than the State or the Contractor, which is not a party to this Agreement.
- ZZ. **“Third Party Administrator”** or **“TPA”** refers to a contractor certified to provide Workers' Compensation Claims Administration services.

- AAA. **"To Be Determined"** or **"TBD"** are those items that are not yet identified. Any and all To Be Determined items, set forth herein, shall be determined by mutual agreement between the Contractor and the State and incorporated into the Agreement via Amendment(s).
- BBB. **"Trial Court(s)"** means the following members: one or more of the fifty-eight superior courts in the California state court judicial system.
- CCC. **"Trust Account"** refers to the pooled trust account of public funds established by the Contractor in a nationally chartered financial institution, in good standing with regulatory agencies and with a minimum rating of Morningstar 3, that is insured at 110% collateralization, for the payment of Workers' Compensation benefits, Allocated Loss Expenses, and Medical Management Service Charges to individual Claim files.
- DDD. **"Utilization Review"** or **"UR"** refers to Medical Management Service pertaining to the telephonic contact that will be made by the Contractor's utilization management staff to both the AOC Group and the provider in order to assess the injury and the medical treatment. Under "UR," the Contractor will review for a specific procedure or block of treatment, including physical therapy, chiropractor review, hospital pre-certification, concurrent review, and discharge planning. Bills for MPN provider shall not be subject to Utilization Review.
- EEE. **"Work"** or **"Work to be Performed"** or **"Contract Work"** may be used interchangeably to refer to the service, labor, Materials, Data, and other items necessary for the execution, completion and fulfillment of the Agreement by the Contractor to the satisfaction of the State.
- FFF. **"Workers' Compensation"** or **"WC"** refers to the employer's responsibility to compensate injuries, illnesses, disabilities, or death of employees, as prescribed by California Workers' Compensation laws.
- GGG. **"Workers' Compensation Program"** or **"Program"** or **"Judicial Branch Workers' Compensation Program"** or **"JBWCP"** refers to all activity relative to this Agreement including activity of the Contractor, its Subcontractors, the State, and the AOC Group.

2. Manner of Performance of Work

The Contractor shall complete all Work specified in these Contract Documents to the State and the AOC Group's satisfaction and in compliance with this Exhibit's, paragraph 29, Nondiscrimination/No Harassment Clause, and Exhibit D, Work to be Performed, paragraph 40, Minimum Performance Standards.

3. Termination Other Than for Cause

- A. In addition to termination for cause under Exhibit A, Standard Provisions, paragraph 3, the State may terminate this Agreement at any time upon providing the Contractor written Notice at least ten (10) Days before the effective date of termination. Upon receipt of the termination Notice, the Contractor shall promptly discontinue all services affected unless the Notice specifies otherwise.
- B. If the State terminates all or a portion of this Agreement other than for cause, the State shall pay the Contractor for the fair value of satisfactory services rendered before the termination, not to exceed the total Contract Amount.

4. State's Obligation Subject to Availability of Funds

- A. The State's obligation under this Agreement is subject to the availability of authorized funds. The State may terminate the Agreement or any part of the Contract Work, without prejudice to any right or remedy of the State, for lack of appropriation of funds. If expected or actual funding is withdrawn, reduced or limited in any way prior to the expiration date set forth in this Agreement, or in any Amendment hereto, the State may terminate this Agreement in whole or in part, upon written Notice to the Contractor. Such termination shall be in addition to the State's rights to terminate for convenience or default.
- B. Payment shall not exceed the amount allowable for appropriation by Legislature. If the Agreement is terminated for non-appropriation:
 - i. The State will be liable only for payment in accordance with the terms of this Agreement for services rendered prior to the effective date of termination; and
 - ii. The Contractor shall be released from any obligation to provide further services pursuant to the Agreement as are affected by the termination.
- C. Funding for this Agreement beyond the current appropriation year is conditional upon appropriation by the Legislature of sufficient funds to support the activities described in this Agreement. Should such an appropriation not be approved, the Agreement will terminate at the close of the current appropriation year. The appropriation year ends on June 30 of each year.

5. Stop Work

- A. The State may, at any time, by written Notice to the Contractor, require the Contractor to stop all, or any part, of the Work of this Agreement, for a period up to ninety (90) Days after the Notice is delivered to the Contractor, and for any further period to which the parties may agree ("**Stop Work Order**"). The Stop Work Order shall be specifically identified as such and shall indicate it is issued

under this provision. Upon receipt of the Stop Work Order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the Work covered by the Stop Work Order during the period of Work stoppage. Within a period of ninety (90) Days after a Stop Work Order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the State shall either:

- i. Cancel the Stop Work Order; or
 - ii. Terminate the Work covered by the Stop Work Order as provided for in either of the termination provisions of this Agreement.
- B. If a Stop Work Order issued under this provision is canceled or the period of the Stop Work Order or any extension thereof expires, the Contractor shall resume Work. The State shall make an equitable adjustment in the delivery schedule, the Contract Amount, or both, and the Agreement shall be modified, in writing, accordingly, if:
- i. The Stop Work Order results in an increase in the time required for, or in the Contractor's cost properly allocable to the performance of any part of this Agreement; and
 - ii. The Contractor asserts its right to an equitable adjustment within thirty (30) Days after the end of the period of Work stoppage; however, if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Agreement.
- C. If a Stop Work Order is not canceled and the Work covered by the Stop Work Order is terminated in accordance with the Termination Other Than For Cause provision or the State's Obligation Subject to Availability of Funds provision, as set forth under Exhibit B, the State shall allow reasonable costs resulting from the Stop Work Order in arriving at the termination settlement.
- D. The State shall not be liable to the Contractor for loss of profits because of the Stop Work Order issued under this provision.

6. Agreement Administration/Communication

- A. Under this Agreement, the Program Manager, _____, or any designee or successor, as designated by the State, shall monitor and evaluate the Contractor's performance. All requests and communications about the Work to be Performed under this Agreement shall be made through the Program Manager. Any Notice from the Contractor to the State shall be in writing and shall be delivered to the Program Manager as follows:

_____, Program Manager
Judicial Council of California,
Administrative Office of the Courts
455 Golden Gate Avenue
San Francisco, CA 94102-3688

B. Notice to the Contractor shall be directed in writing to:

7. Standard of Professionalism

The Contractor shall conduct all work consistent with professional standards for the industry and type of work being performed under the Agreement.

8. Service Guarantee

The Contractor agrees that throughout the Term(s) of this Agreement, the guarantee set forth in the provision shall apply. The Contractor guarantees that Work performed pursuant to this Agreement shall be fit for use as reasonably intended by the parties and shall be in accordance with Contract and performance requirements.

9. Subcontracting

The Contractor shall not subcontract this Agreement or services provided under this Agreement, unless the State agrees to the subcontracting in writing. Any authorized subcontract(s) shall be executed in the same manner as this Agreement. No party to this Agreement shall in any way contract on behalf of or in the name of another party to this Agreement.

10. Contractor's Personnel and Replacement of Personnel

- A. The Contractor shall provide for the staffing requirements as set forth in Exhibit D, Work to be Performed. Personnel will have the ability and authority to make decisions commensurate with his or her role and level of responsibility regarding the Work of this Agreement.
- B. The State has the right to review resumes and interview the Contractor's proposed personnel prior to commencement of the Work of this Agreement. If, in the State's reasonable opinion, any of the proposed personnel is unsatisfactory

or does not meet the State's requirements, the Contractor shall submit a different candidate for consideration.

- C. The individuals assigned as Key Personnel at the time of agreement, with qualifications supported by their resumes, are included in Exhibit TBD, Contractor's Key Personnel. Although an Amendment will not necessary, any revision to the individuals identified as Key Personnel must be approved in writing by the Program Manager.
- D. The State reserves the right to disapprove the continuing assignment of any of the Contractor's personnel provided to the State under this Agreement if in the State's opinion, the performance of the Contractor's personnel is unsatisfactory. The State agrees to provide Notice to the Contractor in the event it makes such a determination. If the State exercises this right, the Contractor shall immediately assign replacement personnel, possessing equivalent or greater experience and skills.
- E. If any of the Contractor's personnel become unavailable during the Term(s) of this Agreement, the Contractor shall immediately assign replacement personnel, possessing equivalent or greater experience and skills.
- F. The Contractor shall endeavor to retain the same individuals on the Program during the performance of the Work of this Agreement. However, the Contractor may, with approval of the Program Manager, introduce personnel to the Program with specific skill sets or release personnel from the Program whose skill set is not needed at the time.
- G. If any of the Contractor's personnel become unavailable or are disapproved and the Contractor cannot furnish a replacement acceptable to the State, the State may terminate this Agreement for cause pursuant to Exhibit A, Standard Provisions, paragraph 3.

11. Accounting System Requirement

The Contractor shall maintain an adequate system of accounting and internal controls that meets Generally Accepted Accounting Principles or GAAP.

12. Retention of Records

The Contractor shall maintain all financial Data, supporting documents, and all other records relating to performance and billing under this Agreement for a period in accordance with state and federal law, a minimum retention period being no less than four (4) years. The retention period starts from the date of the submission of the final payment request. The Contractor is also obligated to protect Data adequately against fire or other damage.

13. Ownership of Results

- A. Any interest of the Contractor in Data in any form, or other documents and/or recordings prepared by the Contractor for performance of services under this Agreement shall become the property of the State or AOC Group.
- B. The Contractor agrees not to assert any rights at common law, or in equity, or establish any claim to statutory copyright in such Data. The Contractor shall not publish or reproduce such Data in whole, or part, or any manner or form, or authorize others to do so without the written consent of the State.
- C. Upon the State's written request, the Contractor shall provide the State and AOC Group with all this Data within thirty (30) Days of the request; however, employee medical records shall be treated in accordance with applicable Workers' Compensation laws. Although ownership of Data may be the State's or the AOC Group's, the Contractor shall return all Data, including Confidential Information, to the State upon termination or expiration of the Agreement, at the Contractor's expense. The State, as one of the parties to the Agreement, will be responsible for returning the Data to the appropriate AOC Group employee, passing the Data on to the next TPA, destroying the Data, or otherwise disposing of the Data as appropriate.

14. Limitation on Publication

The Contractor shall not publish or submit for publication any article, press release, or other writing relating to the Contractor's services for the State without prior review and written permission by the State.

15. Limitation on State's Liability

The State or the AOC Group shall not be responsible for loss of or damage to any non-State or non-AOC Group equipment arising from causes beyond the AOC Group or the State's control.

16. Trade Secret, Patent and Copyright Indemnification

- A. The Contractor shall hold the State and the AOC Group, its officers, agents, and employees, and the AOC Group harmless from liability of any nature or kind, including costs and expenses, for infringement or use of any copyrighted or uncopyrighted composition, secret process, patented or un-patented invention, article, or appliance furnished or used in connection with the Agreement.

- B. The Contractor may be required to furnish a bond to the State or AOC Group against any and all loss, damage, costs, expenses, claims, and liability for patent, copyright, and trade secret infringement.
- C. Should the Data, Materials, or the operation thereof, become, or in the Contractor's opinion are likely to become, the subject of a claim of infringement of a United States patent or copyright or a trade secret, the State or AOC Group shall permit the Contractor at its option and expense either to procure for the State or AOC Group the right to continue using the Data or Materials, or to replace or modify the same so that they become non-infringing. If none of these options can reasonably be taken, or if the use of such Data or Materials by the State or AOC Group shall be prevented by injunction, the Contractor agrees to take back such Data or Materials and make every reasonable effort to assist the State or AOC Group in procuring substitute Data or Materials. If, in the sole option of the State, the return of such infringing Data or Materials makes the retention of other Data or Materials acquired from the Contractor under this Agreement impractical, the State or AOC Group shall then have the option of terminating such contracts, or applicable portions thereof, without penalty or termination charge. The Contractor agrees to take back such Data or Materials and refund any sums that the State or AOC Group has paid the Contractor less any reasonable amount for use or damage.
- D. The Contractor shall have no liability to the State or AOC Group under any provision of this clause with respect to any claim of patent, copyright, or trade secret infringement which is based upon the following:
 - i. The combination or utilization of Data and/or Materials furnished hereunder with equipment or devices not made or furnished by the Contractor; or,
 - ii. The operation of equipment furnished by the Contractor under the control of any operating software other than, or in addition to, the current version of Contractor-supplied operating software; or,
 - iii. The modification by the State or AOC Group of the equipment furnished hereunder or of the software; or,
 - iv. The combination or utilization of software furnished hereunder with non-Contractor supplied software.
- E. The Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- F. The foregoing states the entire liability of the Contractor to the State and AOC Group with respect to infringement of patents, copyrights, or trade secrets.

17. Protection of Proprietary Software and Other Proprietary Data

- A. The State agrees that all Data and Materials appropriately marked or identified in writing as proprietary, and furnished hereunder, are provided for the State's and/or the AOC Group's exclusive use for the purposes of this Agreement only. All such proprietary Data and software shall remain the property of the Contractor. The State agrees to take all reasonable steps to insure that such proprietary Data are not disclosed to others, without prior written consent of the Contractor.
- B. The State will use reasonable efforts to insure, prior to disposing of any media, that any licensed Data and Materials contained thereon have been erased or otherwise destroyed.
- C. The State agrees that it will take appropriate action by instruction, agreement, or otherwise, with its employees, AOC Group, or other persons permitted access to licensed software and other proprietary Data, to satisfy its obligations under this Agreement with respect to use, copying, modification, protection, and security of proprietary software and other proprietary Data.

18. Evaluation of Contractor

The State shall evaluate the Contractor's performance under the Agreement.

19. Audit

The Contractor shall permit the authorized representative of the State, AOC Group, or designee(s) at any reasonable time to inspect or audit all Data relating to performance and billing to the State under this Agreement. The Contractor further agrees to maintain such Data for a period of four (4) years after final payment under this Agreement.

20. Confidentiality

- A. Both the State and the Contractor acknowledge and agree that in the course of performing the Work under this Agreement, the State or AOC Group may disclose Confidential Information to the Contractor.
- B. The Contractor agrees not to disclose the Confidential Information to any third party and to treat it with the same degree of care as it would its own confidential information. It is understood, however, that the Contractor may disclose Confidential Information on a "need to know" basis to the Contractor's employees and Subcontractors and, as directed by the Program Manager, representatives of the State that are working on the Program. All such employees and Subcontractors of the Contractor shall have executed a

confidentiality agreement with the Contractor requiring a promise of confidentiality concerning the Contractor's clients and business.

- C. The Contractor shall acquire no right or title to the Confidential Information. The Contractor agrees not to use the Confidential Information for any purpose except as contemplated pursuant to this Agreement. Notwithstanding the foregoing, the Contractor may disclose the Confidential Information (i) to the extent necessary to comply with any law, rule, regulation or ruling applicable to it; (ii) as appropriate to respond to any summons or subpoena applicable to it; or (iii) to the extent necessary to enforce its rights under this Agreement.

21. Changes and Amendments

Changes or Amendments to any component of the Contract Documents can be made only with prior written approval from the Program Manager. Requests for changes or Amendments must be submitted in writing and must be accompanied by a narrative description of the proposed change and the reasons for the change. Additional funds may not be encumbered under the Agreement due to an act of Force Majeure, although the performance period of the Agreement may be amended due to an act of Force Majeure. After the Program Manager reviews the request, a written decision shall be provided to the Contractor. Amendments to the Agreement shall be authorized via bilateral execution of a State Standard Agreement.

22. AOC Group Representation, Beneficiary

- A. The State has the authority to speak on behalf of the AOC Group and to bind the AOC Group with respect to acceptance of Work and payment for services rendered.
- B. Each member of the AOC Group, including its employees, agents, officials, and other representatives, shall be deemed an intended beneficiary of this Agreement. Without limiting the foregoing, the State and the Contractor agree and acknowledge that the AOC Group shall have the right to enforce all terms and conditions set forth herein. In the event a member of the AOC Group gives conflicting instructions or makes conflicting determinations with respect to any matter, it shall be the State's responsibility to resolve any such conflict promptly. The Contractor shall immediately notify the State of any such conflicting instructions from the AOC Group.

23. Insurance Requirements

- A. General. The Contractor shall obtain and maintain the minimum insurance set forth in subparagraph B, below. By requiring such minimum insurance, the State shall not be deemed or construed to have assessed the risks that may be applicable to the Contractor under this Agreement. The Contractor shall assess

its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage. For full coverage, each insurance policy shall be written on an "occurrence" form; excepting that insurance for professional liability, when required, may be acceptable on a "claims made" form. If coverage is purchased on a "claims made" basis, the Contractor warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three (3) years from the date of completion of the Work which is the subject of this Agreement.

- B. Minimum Scope and Limits of Insurance. The Contractor shall maintain coverage and limits no less than the following:
- i. Workers' Compensation at statutory requirements of the state of residency.
 - ii. Employers' Liability with limits not less than \$1,000,000.00 for each accident.
 - iii. Comprehensive General Liability Insurance with limits not less than \$1,000,000.00 for each occurrence, Combined Single Limit Bodily Injury and Property Damage, with aggregate limits at \$2,000,000.00.
 - iv. Comprehensive Automobile Liability Insurance with limits not less than \$1,000,000.00 for each occurrence, Combined Single Limit Bodily Injury and Property Damage, including owned and non-owned and hired automobile coverage, as applicable.
 - v. Professional Liability: Errors and Omissions; \$1,000,000.00 single occurrence and \$2,000,000.00 aggregate limit.
 - vi. Comprehensive Crime Insurance, including Employee Dishonesty / Fidelity (must cover all of the Contractor's representatives who perform Work under this Agreement, especially Trust Account activities), On-Premises (loss inside the premises), In-Transit (loss outside the premises), and loss of face value for items, with a minimum limit of \$2,000,000.00 per occurrence.
 - vii. Fiduciary Liability Insurance (must cover all of the Contractor's representatives who perform Work under this Agreement, especially Trust Account activities) with aggregate limits at \$1,000,000.00.
- C. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to the State. The deductible and/or self-insured

retention of the policies shall not limit or apply to the Contractor's liability to the State and shall be the sole responsibility of the Contractor.

- D. Other Insurance Provisions. The General Liability policy required in this Agreement is to contain, or be endorsed to contain, the following provisions:
- i. The State, its officers, officials, employees and agents, as well as the officers, officials, employees and agents of the AOC Group, are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Contractor in connection with this Agreement.
 - ii. To the extent of the Contractor's negligence, the Contractor's insurance coverage shall be primary insurance as respects the State, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the State, its officers, officials, employees or agents shall not contribute with the insurance or benefit the Contractor in any way,
 - iii. The Contractor's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
- E. The Contractor shall provide the State certificates of insurance satisfactory to the State evidencing all required coverages before Contractor begins any Work under this Agreement, including Trust Account activities, and complete copies of each policy upon the State's request.
- F. If at any time the foregoing policies shall be or become unsatisfactory to the State, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to the State, the Contractor shall, upon Notice to that effect from the State, promptly obtain a new policy, and shall submit the same to the State, with the appropriate certificates and endorsements, for approval.
- G. Acceptability of Insurers. Unless otherwise approved by the State:
- i. Insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated with Best's, with minimum surpluses the equivalent of Best's surplus size VIII.
 - ii. Professional Liability, Errors and Omissions insurance may be placed with insurers with a Best's rating of B+: VII. Any exception must be approved by the State.
- H. Subcontractors. The Contractor shall include any Subcontractors as insured under its policies, or shall furnish separate certificates of insurance and policy

endorsements for each Subcontractor. Insurance coverages provided by Subcontractors as evidence of compliance with the insurance requirements of this Agreement shall be subject to all of the requirements stated herein.

- I. All of the Contractor's policies shall be endorsed to provide advanced written Notice to the State of cancellation, nonrenewal, and reduction in coverage, within thirty (30) Days, mailed to the following address: Judicial Council, Administrative Office of the Courts, Finance Division – Business Services Manager, 455 Golden Gate Ave., San Francisco, CA 94102.

24. Public Contract Code References

References to the Public Contract Code are provided for Contract's convenience only and shall not imply that the Public Contract Code applies to the AOC, but rather shall be used to define the Contractor's obligations under the particular contract provision in which such code section is referenced.

25. Conflict of Interest

- A. The Contractor and employees of the Contractor shall not participate in proceedings that involve the use of State funds or that are sponsored by the State if the person's partner, family, or organization has a financial interest in the outcome of the proceedings. The Contractor and employees of the Contractor shall also avoid actions resulting in or creating the appearance of (i) use of an official position with the government for private gain; (ii) preferential treatment to any particular person associated with this Agreement or the Work of this Agreement; (iii) loss of independence or impartiality; (iv) a decision made outside official channels; or (v) adverse effects on the confidence of the public in the integrity of the government or this Agreement.

- B. The Contractor certifies and shall require any Subcontractor to certify to the following:

Former State employees will not be awarded a contract for two (2) years from the date of separation if that employee had any part of the decision making process relevant to the contract, or for one (1) year from the date of separation if that employee was in a policy making position in the same general subject area as the proposed contract within the twelve (12) month period of his or her separation from state service.

26. Covenant Against Gratuities

The Contractor warrants by signing this Agreement that no gratuities, in the form of entertainment, gifts, or otherwise, were offered by the Contractor or any agent, director, or representative of the Contractor, to any officer, official, agent, or employee of the

State or AOC Group with a view toward securing the Contract or securing favorable treatment with respect to any determinations concerning the performance of the Contract. For breach or violation of this warranty, the State will have the right to terminate the Contract, either in whole or in part, and any loss or damage sustained by the State in procuring, on the open market, any items which the Contractor agreed to supply, shall be borne and paid for by the Contractor. The rights and remedies of the State provided in this provision shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract.

27. National Labor Relations Board

By executing this Agreement, the Contractor certifies under penalty of perjury under the laws of the State of California that no more than one (1) final, unappealable finding of contempt of court by a federal court has been issued against the Contractor within the immediately preceding two (2) year period because of the Contractor's failure to comply with an order of the National Labor Relations Board.

28. Drug-Free Workplace

The Contractor certifies that it will provide a drug-free workplace as required by California Government Code, Section 8355 through Section 8357.

29. Nondiscrimination/No Harassment Clause

- A. During the performance of this Agreement, the Contractor and its Subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition, marital status, age (over 40), sex, or sexual orientation. The Contractor shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.
- B. During the performance of this Agreement, the Contractor and its Subcontractors shall not engage in unlawful harassment, including sexual harassment, with respect to any persons with whom the Contractor or its Subcontractors interact in the performance of this Agreement. The Contractor and its Subcontractors shall take all reasonable steps to prevent harassment from occurring.
- C. The Contractor shall comply with applicable provisions of the Fair Employment and Housing Act, California Government Code, Sections 12990 *et seq.*, and the applicable regulations promulgated under California Code of Regulations, title 2, Sections 7285 *et seq.* The applicable regulations of the Fair Employment and Housing Commission implementing California Government Code, Section 12990, set forth in chapter 5 of division 4 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part of it as if set forth in full.

- D. The Contractor and any of its Subcontractors shall give written Notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- E. The Contractor shall include the nondiscrimination/no harassment and compliance provisions of this clause in any and all subcontracts issued to perform Work under the Agreement.

30. Americans with Disabilities Act

By signing this Agreement, Contractor assures the State that it complies with applicable provisions of the Americans with Disabilities Act ("ADA") of 1990 (42 U.S.C. Sections 012101 *et seq.*), which prohibits discrimination on the basis of disability, as well as with all applicable regulations and guidelines issued pursuant to the ADA.

31. California Law

This Agreement shall be subject to and construed in accordance with the laws of the state of California.

32. Permits and Licenses

The Contractor shall observe and comply with all federal, state, city, and county laws, rules, and regulations affecting services under this Agreement. The Contractor shall procure and keep in full force and effect during the Term(s) of this Agreement all permits and licenses necessary to accomplish the Work contemplated in this Agreement.

33. Services Warranty

The Contractor warrants and represents that each of its employees, independent contractors or agents assigned to perform any services or provide any technical assistance in planning, development, training, consulting or related services under the terms of this Agreement shall have the skills, training, and background reasonably commensurate with his or her level of performance or responsibility, so as to be able to perform in a competent and professional manner. The Contractor further warrants that the services provided hereunder will conform to the requirements of this Agreement. All warranties, including any special warranties specified elsewhere herein, shall inure to the State, its successors, assigns, customer agencies, and any other recipients of the services provided hereunder.

34. Severability

If any term or provision of this Agreement is found to be illegal or unenforceable, this Agreement shall remain in full force and effect and that term or provision shall be deemed stricken.

35. Waiver

The omission by either party at any time to enforce any default or right, or to require performance of any of this Agreement's terms, covenants, or provisions by the other party at the time designated, shall not be a waiver of the default or right, nor shall it affect the right of the party to enforce those provisions later.

36. Signature Authority

The parties signing this Agreement certify that they have proper authorization to do so.

37. Survival

The termination or expiration of the Agreement shall not relieve either party of any obligation or liability accrued hereunder prior to or subsequent to such termination or expiration, nor affect or impair the rights of either party arising under the Agreement prior to or subsequent to such termination or expiration, except as expressly provided herein.

38. Agreement Term(s) and Options

- A. This Agreement is of no force and effect until signed by both parties and all approvals are secured. Any commencement of performance prior to agreement approval shall be done so at the Contractor's own risk; notice to proceed shall not be official until this Agreement is fully executed.
- B. This Agreement shall commence on May 1, 2008 and expire on February 28, 2010 ("**Initial Term**"), unless otherwise set forth in writing, in accordance with the terms and conditions of this Agreement.
- C. The parties agree that the State may elect to extend this Agreement up to three (3) consecutive optional one-year Terms, identified as follows, if authorized in writing in accordance with the terms and conditions of this Agreement:
 - i. March 1, 2010 through February 28, 2011_ ("**First Option Term**").
 - ii. March 1, 2011 through February 29, 2012 ("**Second Option Term**").
 - iii. March 1, 2012 through February 28, 2013 ("**Third Option Term**").

- D. In the event the State elects to extend the Agreement for additional an additional Term(s), in whole or in part, the parties agree to modify the Agreement via bilateral execution of the State's Standard Agreement form and incorporate the extended Term(s) via one (1) or more Amendments.
- E. In the event any option Term is exercised under this Agreement, the charges, fees and rates applicable for each option Term shall be set forth in any subsequent Amendments to extend this Agreement. The parties agree that any charge, fee or rate, as set forth in Exhibit C, Payment Provisions, may be amended by the parties to a higher charge, fee or rate for the next subsequent consecutive Term for that item, as long as the negotiated charge, fee or rate does not increase more than three percent (3%) over the charge, fee or rate for that item under the preceding Term. The parties further agree to renegotiate contractual charges, fees, or rates in the event that legislation is passed, subsequent to execution of this Agreement, but during any Term, which requires mandatory participation in the Program for the AOC Group.
- F. The Contractor's success in achieving the standards of performance, as set forth in Exhibit D, Work to Be Performed, paragraph 40, Minimum Performance Standards, will be a factor in the State's decision to exercise any option under this Agreement.

39. Entire Agreement

This Agreement, consisting of all documents as defined herein, constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments, writing and all other communications between the parties. No waiver, alteration, modification of, or addition to the terms and conditions contained herein shall be binding unless expressly agreed in writing by a duly authorized officer of the State.

END OF SPECIAL PROVISIONS EXHIBIT

**PAYMENT PROVISIONS
(EXHIBIT C)**

1. Total Contract Amount

- A. As set forth in this Exhibit, Cost Plus Rate and Data Conversion Rate(s) which the State may pay to the Contractor under this Agreement for performing the Work, as set forth in Exhibit D, Work to be Performed, shall not exceed the Contract

Amount of \$TBD _____, not to exceed the amount identified for each Term, set forth below.

- i. \$TBD _____ for the Initial Term.
- ii. \$TBD _____ for the First Option Term.
- iii. \$TBD _____ for the Second Option Term.
- iv. \$TBD _____ for the Third Option Term.

B. The Contractor has estimated the costs and expenses necessary to complete the Work. The State's acceptance of the Contractor's proposal and price does not (i) imply that the State approves of or adopts the Contractor's plan, means, methods, techniques, or procedures required to perform the Work, nor (ii) relieve the Contractor from the sole responsibility for the accuracy of its estimate and timely completion of the Work of this Agreement within the total amount for compensation set forth herein.

C. Funding for Allocated Loss Expenses and Medical Management Service Charges will not be encumbered under this Agreement; the Contractor will make payment for Allocated Loss Expenses and Medical Management Service Charges from a pooled Trust Account, as further described in this Exhibit's paragraph 8, Trust Account - Funding, Maintenance, and Method of Payment, herein.

2. Payment for Cost Plus Rate

For Claims Administration, the State will pay the Contractor the Cost Plus Rate, to fully staff the claims team and provide timely adjustment of any and all claim files, not to exceed the following amounts by Term.

- i. \$TBD _____ for the Initial Term.
- ii. \$TBD _____ for the First Option Term.
- iii. \$TBD _____ for the Second Option Term.
- iv. \$TBD _____ for the Third Option Term.

3. Conditions for Payment of Basic Service or Cost Plus Rate(s)

A. The State's payment of Basic Service Rates, the Cost Plus Rate set forth above, are based upon the following conditions:

- i. An average monthly caseload of 150 Claims per Claims Examiner, at no time shall a caseload exceed 165 files, unless requested by the State. The Contractor's supervisory personnel shall carry no caseloads.
- ii. Closed file maintenance for Closed Claim Files transferred from the participating AOC Group is included in the Basic Service Rates set forth above.

- B. The parties agree that the Basic Service Rates set forth herein, shall apply to Claims for the applicable Term of the Agreement plus any subsequent agreement(s) through which the State may contract the Contractor to provide Claims Adjusting services, regardless of any interruption in continuous service.
- C. The parties agree that the Contractor will provide Termination Assistance Services, as set forth in Exhibit D, Work to be Performed, including electronic and physical file transfer, at no additional charge.

4. Reimbursement of Data Conversion Rates

The State will reimburse the Contractor the Data Conversion Rate, for Term, as set forth in Table 4, below, for the actual number of Data Conversions transferred, not to exceed the following amounts by Term.

- i. \$TBD_____ for the Initial Term.
- ii. \$TBD_____ for the First Option Term.
- iii. \$TBD_____ for the Second Option Term.
- iv. \$TBD_____ for the Third Option Term.

Table 4: Data Conversion Rates

Term	Data Conversion Rates
Initial Term	\$TBD
First Option Term	\$TBD
Second Option Term	\$TBD
Third Option Term	\$TBD

5. Contract Amount - Method of Payment

- A. The Contractor shall submit an invoice for charges on a monthly basis. After receipt of invoice, the State will either approve the invoice for payment or give the Contractor specific written reasons why part or all of the payment is being withheld and what remedial actions the Contractor must take to receive the withheld amount.
- B. The State will make payment in arrears after receipt of the Contractor's properly completed invoice. Invoices shall clearly indicate the following:
 - i. The Contract number;
 - ii. A unique invoice number;
 - iii. The Contractor's name and address;
 - iv. The taxpayer identification number (Contractor's federal employer identification number);

- v. Identity the appropriate and allowable Cost Plus Rate or Data Conversion Rate(s), applicable for the Term,
 - vi. The period and dates services were provided, and hours worked if compensation on an hourly basis; and
 - vii. A preferred remittance address, if different from the mailing address.
- C. The Contractor shall submit one (1) original and two (2) copies of invoices to:

Judicial Council of California,
Administrative Office of the Courts
c/o Finance Division, Accounts Payable
455 Golden Gate Avenue
San Francisco, CA 94102-3688

- D. Please note that invoices or vouchers not on printed bill heads shall be signed by the Contractor or the person furnishing the supplies or services.

6. Trust Account - Funding, Maintenance, and Method of Payment

- A. The Contractor must advise the financial institution that the funds being deposited are public funds and, as a result, a Trust Account must be established to segregate these funds from other accounts, for use as specified under this Agreement.
- B. The Contractor shall deposit funds into the Trust Account and shall issue claim checks from check stock purchased by the Contractor. The State shall provide a check to the Contractor for the initial deposit into the Trust Account, upon which the Contractor shall complete and return to the State a Form For Receipt of Trust Account Funds, included herein as Form 1. The Trust Account shall be interest bearing unless otherwise agreed to or prohibited by law.
- C. The State shall provide sufficient funds to the Contractor to maintain in the Trust Account in order for the Contractor to make timely payments of all Claims, Allocated Loss Expenses, Medical Management Service Charges, and all other amounts which the Contractor will be authorized or required to make, pursuant to this Agreement or otherwise on behalf of the State. The State shall provide funds to the Contractor to replenish the Trust Account for the Claims, Allocated Loss Expenses, and Medical Management Service Charges that were approved and actually paid. The Contractor shall deposit such reimbursements into the Trust Account and shall not use funds allocated for the Trust Account as reimbursement for any other purpose.
- D. The State will be liable for all Claims, Allocated Loss Expenses, and Medical Management Service Charges incurred by or on behalf of the AOC Group in connection with the handling of any Claim under this Agreement. The Contractor

will advise the State whenever such services may be required and will request its approval before incurring Allocated Loss Expenses or Medical Management Service Charges on behalf of the AOC Group. Any Allocated Loss Expenses and Medical Management Services Charges incurred by the Contractor prior to or without obtaining the State's prior approval will be solely the obligation of the Contractor and will be paid for directly by the Contractor, unless the failure to obtain prior approval is excused in writing by the State.

- E. Claim payments, Allocated Loss Expenses, and Medical Management Service Charges are not included as part of nor shall they be paid from the Contract Amount encumbered under this Agreement; as set forth in this Exhibit, the Contract Amount shall only be used to make payments for allowable Basic Services Rates and Data Conversion Rates. However, the Contractor and the State agree to the general terms and conditions and to the cost for certain Allocated Loss Expenses and Medical Management Service Charges attributable to individual Workers' Compensation Claims that are paid by the Contractor from the Trust Account, as set forth in this Exhibit. Such costs and terms and conditions shall be honored by the Contractor during the Term(s) of this Agreement.
- F. The Contractor shall computer-generate the checks and print the State's name on the check to personalize it. The Contractor shall:
- i. Provide the Program Manager with a weekly check register detailing checks issued, including the check date, check number, payee name, payment method, and payment amount.
 - ii. Provide the Program Manager, on a monthly basis, a copy of each check issued on the State's behalf.
 - iii. Invoice the Program Manager for charges the Contractor paid from the Trust Account, at the address set forth below. The Contractor will invoice the State for Trust Account charges on a weekly basis. With each invoice requesting reimbursement for Trust Account charges, the Contractor shall submit a check register. The total amount of a check register must be equal to the amount requested for reimbursement on the accompanying Trust Account invoice.

Judicial Council of California,
Administrative Office of the Courts
c/o _____, Program Manager
455 Golden Gate Avenue
San Francisco, CA 94102-3688

- iv. Deposit funds provided by the State solely for the Trust Account into the Trust Account.
 - v. Place stop pay orders at the bank as necessary.
- G. In the event the Trust Account falls below an amount that is required to enable the Contractor to make timely payments of (i) all Claims, Allocated Loss Expenses, Medical Management Service Charges, (ii) any single Claim equal to or greater than \$500,000.00, and (iii) all other amounts which the Contractor is authorized or is required to make, pursuant to this Agreement or otherwise on behalf of the State, the Contractor shall request the State, by Notice, to make funds available to the Contractor for the sole purpose of replenishing the Trust Account. For each such Notice, the Contractor shall include the current Trust Account amount; the amount of pending request(s) for reimbursement from the Trust Account, including copies of the check register and invoices(s); and, the amount of the additional funding requested to replenish the Trust Account. The State shall provide funding to the Contractor for the purposes of replenishing the Trust Account within three (3) weeks of receipt of the Contractor's Notice. Upon receipt of the additional Trust Account funding, the Contractor shall complete and return to the State a Form For Receipt of Trust Account Funds, included herein as Form 1.
- H. The Contractor shall ensure the security of all check supplies.
- I. The Contractor shall provide the Program Manager with a Claim summary report on a monthly basis which identifies monthly reconciliations of the Trust Account, including when requested, reconciliations of loss runs for amounts expended from the Trust Account and identification of the amounts paid on behalf of each AOC Group member.
- J. The Contractor will also forward copies of the weekly check register, each check issued on the State's behalf, and the monthly Claim summary report to the State's Accounts Payable Supervisor, at the address set forth below.

Judicial Council of California,
Administrative Office of the Courts
c/o Finance Division, Accounts Payable Supervisor
455 Golden Gate Avenue
San Francisco, CA 94102-3688

7. Payment for Allocated Loss Expenses

As further set forth under this Exhibit's paragraph 8, Trust Account - Funding, Maintenance, and Method of Payment, the Contractor shall make payments for Allocated Loss Expenses, if authorized and approved by the State, from the Trust

Account and not from funding encumbered as the Contract Amount. The State shall provide funding for the Contractor to replenish the Trust Account for Allocated Loss Expenses paid, after the Contractor has provided the State with Notice requesting such funding.

8. Payment for Medical Management Service Charges

A. As further set forth under this Exhibit's paragraph 8, Trust Account - Funding, Maintenance, and Method of Payment, the Contractor shall make payments for Medical Management Services Charges, if authorized and approved by the State, from the Trust Account and not from funding encumbered as the Contract Amount. The State shall provide funding for the Contractor to replenish the Trust Account for Medical Management Service Charges paid, after the Contractor has provided the State with Notice requesting such funding. Allowable Medical Management Service Charges shall include the following only:

- i. PPO Network: \$TBD_____ flat fee per non-duplicated bill review.
- ii. Medical Bill Review: either \$TBD_____ flat fee per non-duplicated bill review or \$TBD_____ flat fee per billed line item or \$TBD_____ percentage of savings from non-duplicated bill review.
- iii. Hospital Bill Audit: \$TBD_____ flat fee for all non-duplicated bill reviews.
- iv. Utilization Review: \$TBD_____ per review, including pre-certification and concurrent UR during hospitalization, but not applicable to MPN provider.
- v. Telephonic Case Management: \$TBD_____ flat fee per Claim.
- vi. Field Case Management: \$TBD_____ per hour.
- vii. Peer Review: \$TBD_____ per half hour, billed in 15-minute increments; but not applicable to MPN provider.

B. The Contractor shall not invoice the State nor shall the State pay for review of duplicated bill reviews.

9. Allowable Costs and Expenses

- A. All rates, fees and charges noted in this Agreement are inclusive of any and all anticipated travel, lodging, transportation, clerical support, materials, fees, overhead, profits, and other costs and/or expenses incidental to the performance of the specified requirements under this Agreement. The State shall not consider reimbursement for costs not defined as allowable in this Agreement, including but not limited to any administrative, operating, travel, meals, and lodging expenses incurred during the performance of this Agreement.
- B. The Contractor shall not request nor shall the State consider any reimbursement for non-production work including but not limited to time spent traveling to and from the job site or any living expenses.

10. Most Favorable Price

The Contractor agrees that no other customer will receive better rates for substantially similar services offered under substantially similar terms and conditions when the volume of business from such other customers is equal to or less than the volume of business the State delivers under this Agreement.

11. Taxes

The State is exempt from federal excise taxes and no payment will be made for any taxes levied on the Contractor's or any Subcontractor's employees' wages. The State will pay for any applicable state of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement.

12. Payment Does Not Imply Acceptance of Work

The granting of any payment by the State as provided in this Exhibit shall in no way lessen the liability of the Contractor to replace unsatisfactory Work or Material, even if the unsatisfactory character of such Work or Material may not have been apparent or detected at the time such payment was made. Materials, Data, components, or workmanship that do not conform to Exhibit D, Work to Be Performed, shall be rejected and shall be replaced by the Contractor without delay.

13. Disallowance

If the Contractor claims or receives payment from the State for a service or reimbursement that is later disallowed by the State, the Contractor shall promptly refund the disallowed amount to the State upon the State's request. At its option, the State may offset the amount disallowed from any payment due or that may become due to the Contractor under this Agreement or any other agreement.

END OF PAYMENT PROVISIONS EXHIBIT

**WORK TO BE PERFORMED
(EXHIBIT D)**

1. Background

- A. The Judicial Council of California, chaired by the Chief Justice of California, is the chief policy making agency of the California judicial system. The Administrative Office of the Courts ("AOC") is the staff agency for the Council and assists both the Council and its chair in performing their duties. Courts provide a forum for resolution of criminal and civil cases under state and local laws.
- B. AB433 and SB2140 legislation merged the municipal courts and superior courts of California into one (1) superior court system of Trial Courts. The superior court system in California is comprised of fifty-eight (58) Trial Courts, one (1) in each county, with from one (1) to fifty (50) branches, located throughout the state. Trial Courts have been insured or self-insured for Workers' Compensation alone or as a part of a master program with their respective counties in which they are located. The legislation establishes the Trial Courts as separate public entities from the counties and requires the AOC to develop a Workers' Compensation alternative for the Trial Courts. There are approximately 20,000 employees in the California Trial Courts. The Trial Courts range in size from six to more than 5,300 employees (full-time equivalent (FTE) basis).
- C. Members of the Judiciary program are primarily located in San Francisco with the exception of the Trial Court judges, who reside in their respective courts, and the Second through Sixth Appellate Districts of the Courts of Appeal, who are located in respective order in Los Angeles, Sacramento, San Diego, Riverside, Santa Ana, Fresno, and San Jose. The First Appellate District is in San Francisco. The Judiciary provides coverage for approximately 1,008 judicial branch employees, 111 justices and approximately 1,700 Trial Court judges. In addition, the AOC maintains three (3) regional offices in San Francisco, Sacramento, and Burbank.
- D. Under this Agreement, the consolidated Judicial Branch Workers' Compensation Program (JBWCP) will include the two (2) programs currently in existence for the judicial branch of the state of California, including: (1) the Judiciary program (Judiciary) which includes the State Supreme Court and the

six Courts of Appeal, Commission on Judicial Performance, Habeas Corpus Resource Center, Judicial Library, the Judicial Council of California, Administrative Office of the Courts, and Trial Court judges; and (2) the Trial Court Workers' Compensation program (TCWCP) which includes the employees and subordinate judicial officers of fifty-four active courts and the potential for an additional four courts, including Los Angeles, Mono, Inyo, and Yuba, which are not part of the Program at this time, and any Runoff Claims that may exist with the respective counties with injury dates of 1/1/01 to the date of inception into the TCWCP, as follows:

- i. The date of inception into TCWCP was 1/1/03 for the following trial courts: Alpine, Amador, Del Norte, Lake, Mariposa, Riverside, and San Bernardino.
 - ii. The date of inception into TCWCP was 7/1/03 for the following trial courts: Alameda, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Humboldt, Imperial, Kings, Lassen, Madera, Marin, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Orange, Placer, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Barbara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, and Ventura.
 - iii. The date of inception into TCWCP was 7/1/04 for the following trial courts: Kern, Plumas, San Diego, San Luis Obispo, Santa Clara, and Yolo.
 - iv. The date of inception into TCWCP was 7/1/05 for the following trial court: Glenn.
- E. Prior to the effective date of this Agreement, the incumbent Third Party Administrator for the JBWCP was Tristar Risk Management (Tristar) which assumed administration for the consolidated program effective 3/1/06. Prior to this date, the Judiciary program was administered by JT² Integrated Resources (JT2) and the incumbent TPA for the TCWCP was Tristar Risk Management (Tristar). Judiciary program's claims, prior to JT2, was adjusted by the State Compensation Insurance Fund (SCIF). Various TPAs have been used by the California counties.

2. Objectives of the Agreement

- A. The Contractor shall serve as a Third Party Administrator for all the AOC Group located throughout the state of California for the entire Judicial Branch Workers' Compensation Program. The JBWCP may consist of as many as fifty-eight Trial Courts and their respective Runoff Claims, transferred from their respective California counties, transfer of Existing Claims from the

incumbents, and New Claims. The Contractor will provide appropriate Workers' Compensation Claims services that will include analysis of losses, development of methods of reducing WC costs while improving Program efficiencies and effectiveness. The TPA shall also support the individual members of the JBWCP with their WC inquiries and participate and assist in any AOC training programs.

i. For the contract beginning 3/1/06 thru 9/26/07, there were less than 50 open Runoff claims and 447 closed runoff claims that transferred into the program from the various counties.

- B. The Contractor shall provide quality service that will meet the needs of AOC Group and injured workers. The Contractor's experienced management team will integrate comprehensive management systems plus managed medical care techniques to deliver appropriate care and guarantees that valuable funds will be spent wisely.
- C. Further, the Contractor shall provide Workers' Compensation Program to AOC Group throughout the state of California, which may be added to the Program during the Term(s) of the Agreement.

3. State Responsibilities

- A. The State's **Program Manager** will be responsible for managing, scheduling, and coordinating all Program activities, including Program plans, timelines, and resources, and escalating issues for resolution to AOC management.
- B. The State will provide the Contractor with funding specifically for the Trust Account which shall at all times contain sufficient funds to enable the Contractor to make timely payments of all Allocated Loss Expenses, Claims, and all other amounts which the Contractor is authorized or required to make pursuant to this Agreement or otherwise on behalf of the State.

4. Coordination with Other AOC Contractors

The Contractor will be required to collaborate with Third Parties in order to effectively execute the Work of this Agreement. During the implementation, it will be necessary for the Contractor to collaborate with other TPA's, such as Tristar, and some adjusting on behalf of the California counties, to ensure a thorough and effective transition of the JBWCP program as part of this Agreement. Additionally, upon direction from the Program Manager, the Contractor will be instructed to work with the AOC's insurance broker to ensure resolution of identified issues. At the commencement of this Agreement, the AOC's insurance broker is Marsh Risk & Insurance Services.

5. Activities of the AOC Group

- A. The AOC Group will promptly report all employee injuries and forward to the Contractor the Employer's Report of Occupational Injury or Illness (Labor Code §4850), all letters, correspondence or any other information, oral or written, received by the State which is or could be relevant to the efficient and proper handling of any reported injury.
- B. The AOC Group will provide the Contractor with all payroll, financial and other Data and information necessary or appropriate to enable the Contractor to perform under this Agreement and to otherwise cooperate with the Contractor in its performance of this Agreement.

6. Descriptions and Responsibilities of Contractor's Key Personnel Positions

- A. Key Personnel, **Account Manager**, shall have the following responsibilities:
 - i. Overall responsibility to ensure quality service for the AOC Group on a statewide basis;
 - ii. Conduct internal audits for state compliance and client service requirements.
 - iii. Develop and maintain special client service instructions ("CSI's").
 - iv. Provide client services when needed/training, problem solving.
 - v. Oversee transition of new accounts.
 - vi. Liaison with information technology department on Claims management system/security levels.
 - vii. Provide reports as required/requested.
 - viii. Account manager is responsible for the enforcement of the managed care protocol to be agreed upon between the parties.
- B. Key Personnel, **Claims Supervisor**, shall have the following responsibilities:
 - i. Develop and maintain requirements for timely Claims processing and adherence to the Contract and Labor Code.
 - ii. Supervise Claims Examiners and Claims Representatives in the daily Work processes, providing training and performance management.
 - iii. Interview and make recommendations for hiring new employees, subject to the approval of a designated representative of the State; prepare written performance evaluations; recommend promotion, retention, and salary adjustments.
 - iv. Communicate with Claims Manager and the State regarding overall performance and progress in unit.
 - v. Maintain positive client relationships; attend meetings with the State, Claim reviews, annual program management reviews and/or sessions.
 - vi. Identify, resolve, and prevent problem areas.

- vii. Work effectively with in-house counsel and designated departmental representatives.

7. Descriptions and Responsibilities of Contractor's Program Staff

A. The **Claims Manager** shall have the following responsibilities:

- i. Actively recruit and retain qualified personnel, subject to the State's approval.
- ii. Formulate and update Workers' Compensation procedures and provide direction to Contractor's staff regarding implementation of the procedures.
- iii. Develop and maintain high level of customer service, client relationships, and open communication with Contractor's staff, attorneys, and vendors.
- iv. Communicate with Contractor's senior management and the State regarding overall performance and progress in unit.
- v. Monitor and control production and caseloads of Contractor's staff.
- vi. Audit Claim files to ensure compliance with the Contract and Labor Code.
- vii. Direct and participate in AOC quarterly file reviews, annual reviews, Contract renewals, and/or program management evaluations.

B. The **Senior Claims Examiner** shall have the following responsibilities:

- i. Manage litigated and non-litigated Claims according to established Claims procedures, the Contract, and Labor Code, with minimal supervision.
- ii. Act as liaison among Claimants, clients, and attorneys in the resolution of Indemnity and Medical Claims.
- iii. Maintain diary system; prepare file documentation reports on assigned Claims; monitor Claim reset reserves and recommend adjustment when necessary; report potentially large-exposure Claims to excess carrier timely.
- iv. Rate medical reports for permanent disability.
- v. Oversee prompt delivery of benefits to injured worker; manage medical treatment; provide authorizations, review and approve bills.
- vi. Review and approve Indemnity Claim payments to injured employees for temporary or permanent disability.
- vii. Negotiate settlements with the State and Claims Supervisor's approval for amounts in excess of delegated authority level; prepare settlements and attend conferences and Workers' Compensation Appeals Board ("WCAB") hearings as necessary.
- viii. Responsible for benefit notices and rehabilitation unit forms; review and approve vocational rehabilitation plans; attend rehabilitation conferences as necessary.

- ix. Initiate litigation activities and direct legal counsel; identify potential subrogation Claims and coordinate recovery activities.
- x. Attend educational seminars to supplement knowledge of case law or recent decisions and to enhance skills as requested by Claims Supervisor.
- xi. Maintain communication with the State and keep the State informed regarding status and direction of Claims; respond to concerns and inquiries from injured workers, attorneys, vendors, and others.

C. The **Claims Examiner** shall have the following responsibilities:

- i. Manage litigated and non-litigated Claims according to established Claims procedures, the Contract, and Labor Code, with required supervision.
- ii. Act as liaison among Claimants, clients, and attorneys in the resolution of Indemnity and Medical Claims.
- iii. Initiate litigation activities and direct legal counsel; identify potential subrogation Claims and coordinate recovery activities.
- iv. Provide strong direction while working with applicant's attorneys, outside vendors, and other support services.
- v. Prepare materials and attend Claim review meetings with clients.
- vi. Oversee the prompt delivery of benefits to the injured worker; manage medical treatment and provide authorizations.

D. The **Claims Representative** shall have the following responsibilities:

- i. Receive Claims and process for payment of Medical or Indemnity Claim expenses in accordance with established guidelines for payment and timeliness.
- ii. Manage Medical Only Claim caseload from inception to conclusion/conversion.
- iii. Complete first pay worksheets or pending set-up screens.
- iv. Initiate immediate contact within twenty-four (24) hours, with injured workers.
- v. Verify lost time, wage, medical treatment, diagnosis, and return-to-work.
- vi. Refer delays or denials to Claims Examiner.
- vii. Communicate with Claimants, service vendors, medical providers, employers, and State staff, as necessary, in writing or by telephone.
- viii. Compute temporary disability payments due and complete payment input forms.
- ix. Document file notes.
- x. Request information from treating physicians.
- xi. Use form letters or dictate memos.
- xii. Transmit records and information to medical personnel, attorneys, WCAB.
- xiii. Monitor on-going disability status (by telephone or in writing).

- xiv. Arrange medical appointments for Claimants.
- xv. Prepare vendor referrals under the direction of the Claims Examiner.
- xvi. Prepare Benefit Notices.
- xvii. Copy work.
- xviii. Subpoena medical records.
- xix. Request wage statements.

8. Qualifications of Contractor's Key Personnel Positions

A. Key Personnel, **Account Manager**, shall have the following qualifications:

- i. A four-year college degree or combination of work experience and education.
- ii. Ten (10) or more years of experience related to administration of self-insured Workers' Compensation Claims.
- iii. Experience as a branch manager or five (5) years Claims Manager experience.
- iv. Previous experience implementing/transitioning and managing public agency Claims/clients.
- v. Self-Insured Plans Certification as required by California law.
- vi. Thorough knowledge of state Labor Code and Workers' Compensation laws.
- vii. Organizational and prioritization skills.
- viii. Ability to plan and direct the activities of personnel reporting to this position.
- ix. Thorough knowledge of Contractor's claims administration system
- x. Good communication skills – written, verbal and presentation

B. Key Personnel, **Claims Supervisor**, will have the following qualifications:

- i. A four-year college degree or combination of work experience and education.
- ii. Ten (10) or more years of experience related to administration of self-insured Workers' Compensation Claims.
- iii. Three (3) years supervisory experience, with at least one (1) year at Contractor., unless approved by the State.

- iv. Self-Insured Plans Certification.
- v. Ability to convey technical details to Claimants, clients, and staff.
- vi. Ability to communicate effectively, orally and in writing, with persons at all levels in the business environment.
- vii. Thorough knowledge of state Labor Code, applications, litigation procedures, defenses, subrogation, investigation and provision of laws governing administration of Workers' Compensation Claims.
- viii. Ability to plan and direct the activities of personnel reporting to this position.
- ix. Organizational and prioritization skills.
- x. Candidate must be performing at a satisfactory or above average level in their current position.

9. Qualifications of Contractor's Program Staff Positions

A. The **Claims Manager** shall have the following qualifications:

- i. A four-year college degree or combination of work experience and education.
- ii. Ten (10) or more years of experience related to administration of self-insured Workers' Compensation Claims.
- iii. Five (5) years supervisory experience.
- iv. Previous experience managing public agency Claims/clients.
- v. Self-Insured Plans Certification as required by California law.
- vi. Thorough knowledge of state Labor Code and Workers' Compensation laws.
- vii. Organizational and prioritization skills.
- viii. Ability to plan and direct the activities of personnel reporting to this position.

B. The **Senior Claims Examiner** will have the following qualifications:

- i. A four-year college degree or combination of work experience and education.
- ii. Five (5) or more years experience managing full caseload of Workers' Compensation Claims.
- iii. Must have satisfactory past work history.
- iv. Ability to communicate effectively, orally and in writing, with persons at all levels in the business environment; including ability to convey technical details to Claimants, clients, and staff.
- v. Inherent negotiation skills and ability to make good decisions in resolution of Claims.
- vi. Self-Insured Plans Certification as required by California law.
- vii. Organizational and prioritization skills with ability to meet deadlines.

- viii. Thorough knowledge of state Labor Code, applications, litigation procedures, defenses, subrogation, investigation and provision of laws governing administration of Workers' Compensation Claims.
- ix. Ability to work independently as well as in cooperation with a work group.

C. The **Claims Examiner** will have the following qualifications:

- i. A four-year college degree or combination of work experience and education.
- ii. Two (2) or more years experience managing full caseload of Workers' Compensation Claims.
- iii. Must have satisfactory past work history.
- iv. Ability to communicate effectively, orally and in writing, with persons at all levels in the business environment; including ability to convey technical details to Claimants, clients, and staff.
- v. Inherent negotiation skills and ability to make good decisions in resolution of Claims.
- vi. Self-Insured Plans Certification as required by California law.
- vii. Organizational and prioritization skills with ability to meet deadlines.
- viii. Thorough knowledge of state Labor Code, applications, litigation procedures, defenses, subrogation, investigation and provision of laws governing administration of Workers' Compensation Claims.
- ix. Ability to work independently as well as in cooperation with a work group.

D. The **Claims Representative** shall have the following qualifications:

- i. High School Diploma or equivalent necessary; AA degree preferred.
- ii. Must have one (1) year in administration of Workers' Compensation Claims preferably with the Contractor.
- iii. Completion of Basic Workers' Compensation Claims (internal or external course) and Medical Coordination of Workers' Compensation Claims (internal or external course), and Customer Service training (internal) if desired.
- iv. Ability to analyze facts and determine required action using a wide range of procedures in accordance with established guidelines; ability to read technical documents, to extract relevant information, and form appropriate conclusions.
- v. Strong customer service skills.
- vi. Ability to communicate effectively, orally and in writing, with persons at all levels in the business environment with ability to convey technical details to Claimants and clients.
- vii. Organizational skills; ability to prioritize and to meet deadlines without reduction in work quality.

- viii. Working knowledge of medical/legal terminology.
- ix. Proficiency in ten-key operation; familiarity with dictating equipment. Keyboarding skills including ability to input information accurately into a personal computer; ability to proofread and correct errors.
- x. Aptitude for detailed work.
- xi. Ability to follow written and spoken instructions.
- xii. Ability to work independently as well as in cooperation with work group.
- xiii. Must have reading, writing and math skills necessary to master all requirements listed above.
- xiv. Satisfactory work history as necessary.

10. Other Staffing Requirements

- A. The Contractor will provide services from the offices identified below for northern and southern California locations, until and unless volume requires that the Contractor provide more localized services via its multiple offices in California, at which time additional Claims Adjusting locations will be provided. In any event, a single point of contact for the AOC would be provided, staffed as follows:
 - i. Claims Supervisors do not carry caseloads and do not supervise more than six (6) Claims Examiners.
 - ii. One (1) Claims Examiner for every 150 open and active Indemnity Claims.
 - iii. One (1) Claims Representative for every three (3) Claims Examiners.
- B. All Claims Examiners assigned to handle the AOC will have monthly caseloads that do not exceed an average of 150 Claims per Claims Examiner, measured no less than quarterly. At no time will any individual caseload exceed more than 165 Claims, without the consent of the State. Caseloads will include all Indemnity Claims including future/lifetime Medical Claims.
- C. By the time a full caseload is established by a Claims Examiner, that Claims Examiner shall be dedicated to this Program's Claims.
- D. Claims Representatives are responsible for all Medical Only Claims up to the designated thresholds at which time they would be converted to an Indemnity Claim and transferred to a Claims Examiner. Medical Only Claim monthly caseloads average fifty (50) Claims per Claims Representative.
- E. There will be the appropriate Claims Supervisors staffing at one or more for the Northern California units and one or more for the Southern California unit. Each will interact on a regular basis with all locations in their geographic area sufficient to ensure effective communications and coordination of services among the servicing offices as needed.

- F. Examiners and Claims Representatives will be assigned responsibility for individual locations to provide continuity and consistency in service to each location. Caseloads will not exceed an average of 150 per Claims Examiner, as further defined in Exhibit D, Section 10, Sub-section B.
- G. If a location requires multiple Claims Examiners assigned to handle the Claims volume, the best manner in which to split the Claims will be discussed with and agreed upon with that AOC Group location. For example a straight alpha split may be better suited for one location, whereas for another location, a departmental split may prove more effective.
- H. Each AOC Group will be advised of their Service Team. Each AOC Group location will be provided reference documents identifying the Service Team assigned to their location and providing contact information specific to that Service Team.

11. Summary of Claims Administration Services

- A. The Contractor will review, on behalf of the AOC Group, all reports of injury as defined by California Labor Code Sections 3208 and 3208.1 that are reported by the AOC Group to the Contractor.
- B. On behalf of the AOC Group, the Contractor will determine, for each reported employee injury, those benefits, if any, that should be paid or rendered under the California Workers' Compensation laws.
- C. The Contractor will establish and maintain a Claims file on each reported Claim, which file shall be available for inspection to the AOC Group and its member public agencies and its designees, private employers, employees or agents. The maintenance of such files shall exhibit handling practices, which meet or exceed minimum industry standards for California Workers' Compensation Claims. Medical Confidential Information, subject to California Civil Code Section 56.05(f) as further defined by Labor Code Section 3762, shall not be disclosed.
- D. The Contractor will maintain current cost-benefit figures and an estimate of the total costs of all reasonable and foreseeable benefits and related expenses on each Claim.
- E. On behalf of the AOC Group, the Contractor will prepare and file all legally required forms and reports with the AOC Group's Executive Director and the Rehabilitation Unit of the California Division of Industrial Accidents.

- F. On behalf of the State, the Contractor will make payment from a segregated bank Trust Account funded by the State, as further described in Exhibit C, Payment Provisions, those sums that should reasonably be paid for Claims and Claim-related expenses under the Workers' Compensation laws for each reported Claim.
- G. The Contractor will be financially responsible for payment of any penalties, assessments and/or fines resultant from Contractor's errors and/or omissions.
- H. The Contractor will refer cases, where an employee of an AOC Group files an application with the state of California Workers' Compensation Appeals Board or any other activity involving litigation, to attorneys selected and approved by the AOC Group and not to any other attorneys without the prior written consent of the AOC Group.
- I. The Contractor will render assistance as is reasonably necessary in the preparation of litigated cases.
- J. The Contractor will provide an electronic loss analysis and financial and Claim detail reports within ten (10) days following the end of the month. At no additional charge, the Contractor will provide the following reports:
 - i. Graphic reports semi-annually reflecting the highest cost department and loss types.
 - ii. Semi-annual recaps of costs, reported Claims, accident numbers, litigated Claims and other mutually accepted categories.
 - iii. Consolidated reports showing total costs and Claim counts for all participants by year.
 - iv. Monthly tape edits, semi-annual reports and annual reports.
 - v. Other reports as the AOC Group deems necessary.
- K. As appropriate, the Contractor will provide and make Claims reports to excess carriers and collect excess recoveries, including the return of excess recoveries to the AOC Group, and identify the policy numbers and the parties to whom reports are to be directed.
- L. The Contractor will attend meetings, as requested.
- M. The Contractor will advise the AOC Group on any material problems or need for improvement in the Claims reporting, administration or other aspects of the Workers' Compensation Program.
- N. The Contractor will employ, as necessary, outside vendors subject to obtaining the State's prior written approval of all vendors eligible to provide services,

directly or indirectly, on behalf of or for the AOC Group pursuant to this Agreement.

- O. The Contractor will review safety and loss control programs and suggest needed cost containment measures for Program control.

12. Program Implementation Services

- A. General Overview: upon and after commencement of the Initial Term of this Agreement, the Contractor will provide the following assistance to each AOC Group in establishing and implementing its programs and procedures for self-insurance:
 - i. Develop, print, and distribute copies of Claim reporting procedure manual, including the latest Workers' Compensation reform information, for distribution to the AOC Group.
 - ii. Initial Program implementation and training visits with the AOC Group to distribute the Claim reporting procedure manuals and discuss self-insurance and the Contractor's services with AOC Group Representatives.
 - iii. Program the database for New Claims, Existing Claims, and Runoff Claims and design all necessary reports.

- B. Program Steps: The parties recognize that the process of selecting a Claims administrator requires that all elements of Program implementation will be thoughtfully planned and coordinated. The following elements of the process will be completed by the Contractor during the implementation process prior to transfer:
 - i. Establish training guidelines and timelines with the AOC Group to cover Claims reporting and duties.
 - ii. Meet with the AOC Group to coordinate a timely and efficient transition.
 - iii. Design appropriate accounting procedures and standards for Trust Account, including Allocated Loss Expenses, Medical Management Service Charges, and the Contract Amount, including Basic Service Rates and Data Conversion Rates, as required.
 - iv. Select appropriate staff, subject to the State's approval, to handle the files on behalf of the AOC Group.
 - v. Select, with the State, appropriate vendors to be used as medical treating facilities, defense attorneys, and vocational rehabilitation counselors.
 - vi. Design loss analysis information to produce personalized safety and risk management reports.
 - vii. Train employees on utilization of Claims database for inquiry and printing on their own computer.

- viii. Develop and print a basic Workers' Compensation information and reporting procedure manual.
- ix. Set schedule for meetings for Claims and Program review, loss control, legislative updates, and on-site education programs.
- x. Converting data from all Existing Claims residing with Tristar. The Contractor will assume all adjusting responsibility for these files effective 3/1/08.
- xi. Ensure that these Claims conversions are correct with respects to data integrity-to include but not limited to data mapping, historical financial transactions, payment history and classification.

C. Start-Up: Within the first ninety (90) days of the Contract, the Contractor will:

- i. Provide training to the AOC Group regarding Claims reporting and Claims monitoring procedures, and introduce the Contractor's personnel.
- ii. Send letters of introduction to injured workers, service providers, and other interested parties on each active Claim.
- iii. Prepare narrative reports and new reserve worksheets on every open active Indemnity Claim.

13. Claims Management Information System Capabilities

A. The Contractor will utilize a Workers' Compensation Claims Administration information system that meets the risk management needs of both self-insured and insured businesses. The cost of the Claims management information system, including software licensing fees for AOC Group online access, is included in the Contractor's Basic Service Rate(s), as set forth in Exhibit C, Payment Provisions. The system will include the following capabilities:

- i. Comprehensive Claims management and tracking.
- ii. On-line access to all Claims Data via a user-friendly menu driven system.
- iii. Flexible reporting capabilities.
- iv. System documentation, training, and a technical help desk.
- v. Systematic management of indemnity payments to insure timely and correct transactions.
- vi. Electronic interface with various medical management systems.
- vii. Check and system security.
- viii. Capability to respond to the constantly changing regulatory environment and to evolving risk management philosophies.
- ix. Monitoring and maintenance seven (7) Days a week, twenty-four (24) hours a day.
- x. Daily back-ups.

B. The Contractor's Claims management information system will also include a disaster recovery/contingency plan is to help ensure the continued operation by

providing the ability to successfully recover computer services in the event of a disaster. Specific goals of the plan relative to an emergency include:

- i. To detail the correct course of action to follow.
- ii. To minimize confusion, errors and expenses.
- iii. To effect a quick and complete recovery of services.
- iv. To reduce the risk of loss of services.
- v. To provide ongoing protection of both parties' assets
- vi. To ensure the continued viability of this plan.

14. On-Line Access

- A. The Contractor shall provide Client On-Line Access to the State and AOC Group so that users may create and print or download reports for use on personal computers, seven (7) Days a week, twenty-four (24) hours a day.
 - i. On-Line Electronic Mail. The Contractor shall make its proprietary electronic mail (e-mail) available to all users with Client On-Line Access. E-mail messages relevant to a particular Claim can be transferred directly to the Claim's file notes by the Claims staff.
 - ii. On-Line Entry of Employer's First Report. The Contractor shall make an optional service available with Client On-Line Access to allow users the ability to enter the employer's first report at the client location and transmit it electronically to a pending Claim file. The Contractor shall review the Claim for accuracy and completeness and establish it in the Claims management information system.
 - iii. Claim Notes Look-up. Documented Claim file notes can be accessed using the automated file note screens on the computer. The AOC Group will have access, within confidentiality limits, to this documentation by accessing the file activity notes section of the Contractor's Claims management information system.
 - iv. User Support. The Contractor's shall provide on-going user support, including installation assistance, easy to use system manuals, training and regular documentation updates. The Contractor shall make technical support and guidance, in report requests and general system navigation, available by telephone through its user support desk. This service is operational Monday through Friday, 8:30 A.M. to 5:00 P.M., Pacific Time.
- B. The Contractor shall provide Client and Broker/Consultant On-Line Access (all 54 locations Plus additional locations within the Judiciary), and the proprietary software necessary for Client On-Line Access, at no additional cost to the State,

the AOC Group or the Broker/Consultant. The Contractor shall provide installation support, user manuals and updates, on-site training, and a user support desk for questions that come up as the AOC Group are using the system.

15. Standard Reports

- A. At no additional cost to State or the AOC Group, the Contractor shall produce standard reports weekly, monthly, quarterly, or annually, depending on the report type and need, as identified by the AOC Group or Broker/Consultant. Reports will be provided electronically. Monthly reports will include all information entered through and including the last day of the month. Reports will be prepared and mailed within five (5) workdays after the end of the report period. The State maintains the right to modify any or all of the standard report requests identified below.
- B. The Contractor shall provide each of the following standard monthly reports:
- i. "Management Summary," a one (1) page summary of loss information by reporting location.
 - ii. "Policy Period Analysis," a summary of financial and Claim Data by policy periods.
 - iii. "Check Register," a detailed listing of all payments made within the reporting period.
 - iv. "Cost Analysis," a summary of payments, reserves and a description of the injury for Claims within the specified period.
 - v. "Claim Inquiry (Detailed Claim List)," a detailed listing of all Claims within the specified period.
 - vi. "OSHA 300 Log - the Summary of Occupational Injuries and Losses (year to date)," as required by OSHA.
- C. The Contractor shall provide each of the following standard quarterly reports:
- i. "Payment Analysis," a summary of all payment transactions by payment category.
 - ii. "Stratification Listing," a detailed incurred or paid listing of Claims in descending or ascending dollar sequence.
 - iii. "Social Security Number Listing," a report, identifying employees with multiple Claims within a specified time frame.
- D. The Contractor shall provide each of the following standard annual reports:
- i. "Claim Analysis (Histogram)," a comparative summary of fourteen (14) major injury categories by frequency/severity

- ii. "OSHA 300 Log - the Annual Summary of Occupational Injuries and Losses," as required by OSHA.
- iii. "1099 Miscellaneous Forms," sent to each provider with annual payments in excess of \$600.00.
- iv. "State Annual Report (California)," a report that satisfies the annual State reporting requirements for self-insured clients.

16. Custom Reports

The Contractor shall provide ad hoc report capability through the Client On-Line Access System that will provide a wide range of user specified selection criteria, including multiple data ranges (calendar, fiscal, or user specified time periods), multiple location levels of reporting, and extensive additional criteria to filter the Data selected for reports.

17. Optional Reports

- A. The Contractor will make optional reports available that can be provided on a monthly, quarterly, annual, or one-time basis, to meet specific needs. Reports will be provided electronically. Monthly reports will include all information entered through and including the last day of the month. Reports will be prepared and mailed within five (5) workdays after the end of the report period.
- B. The following are some optional reports that will be available:
 - i. "Awards Claim Inquiry," a detailed listing of Claimants receiving awards within a specified date frame.
 - ii. "Claim Inquiry Summary," a summary of Claim information for each reserve category: indemnity expenses, medical expenses, and Allocated Loss Expenses.
 - iii. "Changed Claims Listing," a listing of all Claims that have had changes entered within a specified date frame.
 - iv. "Comparative Analysis," a summary that provides five (5) years financial Data by month for Medical and Indemnity Claims.
 - v. "Cost Allocation," a report that details payment totals by date of loss by department.
 - vi. "Loss Development Report (I B N R)," a report that provides a trend analysis for ten (10) specific Claim activity categories for annual reporting periods (up to ten (10) years of Data).
 - vii. "Lost Work Days Summary Report," a report that details by twelve (12) ranges of lost days, the number of open and total Claims, average lost days per Claim, payment and reserve amounts, average paid, and the percent of total each category represents.
 - viii. "Managed Care Reports," information regarding net savings, Medical Bill Review, PPO Network services, and Utilization and Peer Reviews.

- ix. "Modified Duty Report," a detailed listing of Claimants on modified or restricted duty within a given date frame with the estimated release to return to full duty.
- x. "Office Production Report," a report that provides monthly Claim activity for Indemnity and Medical Claims and Claim inventory at the beginning and end of the month.
- xi. "Provider Check Register," a listing of each provider that has received payments within a specified date frame.
- xii. "Results Report," a comparison summary of current month, prior month, fiscal year to date, and prior fiscal year to date.
- xiii. "Return-to-work Report," a detailed listing of Claimants that are currently being paid a benefit or a detailed listing of Claimants with a return-to-work date or estimated return-to-work date.
- xiv. "Special Request Report," information requests to meet a specific client need that cannot be satisfied through pre-established reports.
- xv. "Historical Valuation," a report that provides the value of Claims as of a specified date.
- xvi. "Reserve Change Report," a report that identifies which Claims have had a reserve change within a specified period and identifies the amount of the change.
- xvii. "Loss Triangle," a report that contains multiple valuations points for multiple Claims periods.
- xviii. "Loss by Cause Codes," a report that lists Claims by injury by the following cause code descriptions: Miscellaneous Burn or Scald; Caught in/bet Object; Cut/Puncture/Scrape Injury; Fall/Slip; Motor Vehicle: Miscellaneous; Lifted or Handled Object; Bending; Stooping/Squatting; Lifting; Pushing/Pulling; Reaching; Twisting; Hit Stationary Object; Falling/Flying Object; Repetitive Motion; Illness; and Stress/Psych.
- xix. "Loss by Location Code," a report that lists Claims for a specific AOC Group location, in accordance with location codes to be provided to the Contractor by the Program Manager.
- xx. "Loss by Body Part Code," a report that lists Claims by injury by the following body part code descriptions: Skull; Brain; Ear(s); Eye(s); Nose; Teeth; Mouth; Face; Neck; Elbow(s); Wrist(s); Hand(s); Finger(s); Thumb(s); Shoulder(s); Back; Chest; Sacrum & Coccyx; Pelvis; Spinal Cord (Back); Internal Organs; Buttocks; Groin: Hip(s); Thigh(s); Knee(s); Ankle(s); Foot/Feet; Toe(s); and Artificial Appliance.
- xxi. "Loss Frequency," a report that identifies how many times a particular type of injury has occurred for a specified period.
- xxii. "Loss Stratification," a report that identifies the frequency of occurrence of a particular type of injury for a specified period.

C. The following extensive on-line reporting capabilities are also available through the Contractor's Client On-Line Access:

- i. "Management Summary, Policy Period Analysis."
- ii. "Histograms, Stratifications."
- iii. "Check Registers and Payment Analysis."

18. OSHA Data Reporting

- A. The Contractor's Claims management information system shall capture the following basic data elements for Workers' Compensation Claims to ensure adequate information for the Occupational Safety and Health Administration ("OSHA") Claims management and risk management reporting:
 - i. "Claim Status Indicators": delayed flag, denied flag.
 - ii. "Claimant Demographics": last name, first name, middle initial, social security number, sex, address.
 - iii. "Claim Details": location, date of injury, description of injury, date reported, occupation.
 - iv. "Administrative Details": office and Claims Examiner handling the Claim.
 - v. "Financials": Reserves (indemnity expenses, medical expenses, Allocated Loss Expense), Average Weekly Wage ("AWW").
 - vi. "All Payments."
- B. The Contractor shall provide OSHA 300 log reports, by the 15th of each month, at no additional cost to the State or the AOC Group, that summarize all reportable injuries/illnesses for each separate department and are provided both with and without employee names. The Contractor shall provide this Data on diskette or via Client On-Line Access.

19. Reporting of New Claims

- A. The prompt reporting of Claims plays a critical role in the timely investigation and delivery of Workers' Compensation benefits to injured workers. To assist in this process, the Contractor will provide the Intake and Referral system. In addition to the Intake & Referral system, the Contractor shall provide the following reporting options for New Claims: (a) internet, (b) fax, or (c) mail.
 - i. By utilizing the Intake and Referral system, an AOC Group supervisor may initially report injury and/or illness information by telephone. The Intake technician will collect and record the information required in the "Employer's First Report of Injury" from the caller. The Intake technician will immediately refer the employee to a medical provider or emergency facility based on the employee's geographic location, medical needs, client-preferred clinic, and available appointment time. Multi-lingual translation services will be included; reporting will include the following benefits:

- Ease of reporting will mean prompt Claims reporting.
- Prompt and appropriate medical care.
- Greater PPO Network penetration.
- Prompt Claims investigation.
- Referral for Utilization Review or Telephonic Case Management based on agreed upon referral criteria.
- Contact made to Claimant within twenty-four (24) hours of injury on Claims referred to Utilization Review or Telephonic Case Management.

ii. The Contractor will follow the following Intake and Referral process:

- The AOC Group will have their own 1-800 client-specific telephone number for reporting purposes.
- Clients will have custom handling instructions such as referral to certain clinics or immediate referral on stress or cumulative trauma Claims. Tailored to the AOC Group's specifications.
- The Claim report will be sent to the Contractor for immediate processing.
- Training will be provided to the supervisor of an AOC Group as to why prompt reporting is important, what information is required, and the reporting process.
- All calls will be recorded.
- Where appropriate, Intake and Referral will utilize the translation line, which allows for clear concise communication for all parties.
- "First Report of Injury" forms will be faxed to the AOC Group each night and hard copies will be sent daily.
- The Contractor will obtain all information required on the "Employer's First Report."
- Immediate referral to doctor within two (2) hours, not to exceed twenty-four (24) hours.
- When referrals are made to a provider, the provider will be called to confirm appointment.
- Report of injury calls should not be accepted from injured workers themselves and said injured workers will be advised to report the incident to their manager or supervisor.

20. Processing of New and Runoff Claims and Existing Claims

- A. Within one (1) working business day of receipt, the Contractor will index Claims and enter them into the pending Claim system and assigned a Claim number. This procedure will prevent the creation of duplicate Claims and

enable the Claims Supervisor to track the timely determination of Workers' Compensation benefits using automation.

- B. The pending Claims will be delivered to the Claims Supervisor for an initial assessment of severity, compensability, and subrogation issues. The Claims Supervisor will determine the due date of the Claim, assign the Claims Examiner, and determine the Claim type.
- C. Using the file note screen, the Claims Supervisor will provide appropriate written instructions and forward the Claim to the Claims Examiner to complete the preliminary investigation, which will consist of a three-point contact with the injured worker, the employee's supervisor, and the treating physician. A reserve analysis with a plan of action will then be developed and the Claim will be returned to the Claims Supervisor to approve the plan and the initiation, delay or denial of benefits.
- D. The Contractor will determine compensability of injuries and illnesses in accordance with state Workers' Compensation laws. Questionable Claims will be placed on a delayed status and appropriate notices will be sent within the State mandated timeframes. The Contractor will forward copies of these notices to the AOC Group, if desired. All delay notices will be approved by the Claims Supervisor, who works with the Claims Examiner in developing a plan of action, which may involve additional investigation and/or medical consultation.
- E. During the delay period, the Claims Supervisor will ensure the compensability issue is resolved in accordance with state laws. Claim denials must be approved by both the Claims Supervisor and Claims Manager. If desired, the Contractor will keep the AOC Group advised of developments during this period.
- F. The computer system will be updated to reflect Claims in a delayed or denied status, and as a quality control measure, will not allow any payments to be made without Claims Examiner over-ride.

21. On-going Claim Processing

- A. The Contractor's file room personnel will open and date stamp all mail received within the same day.
- B. Bills will be forwarded to the Contractor's staff responsible for indexing and payment. Medical bills will be forwarded to the bill review agency selected by the State. All other correspondence will be delivered to the Claims Supervisor.
- C. The Claims Supervisor will review the legal correspondence and calendars court appearances, award payments, due dates, etc. The mail will then be forwarded to the Claims Examiner for appropriate action.

- D. The Claims Examiner will review all incoming mail and enter changes in medical status, disability status, and legal status directly into the Claims system without the need to pull the actual Claim files.
- E. The Claims Examiner will note whether the correspondence is a "rush," "pull," or "drop" file, and return the mail to the Contractor's file room personnel for attachment to the Claim.
- F. Medical bills will be adjusted to the contracted rate or fee schedule and paid within thirty (30) Days unless there is a supportable dispute. The assigned Claim Examiner or Claim Representative will have ultimate responsibility for approving or disputing payment of medical bills.
- G. In cases of continuing disability, the Contractor will make regular contact with the injured worker to help maintain a positive rapport and avoid litigation.
- H. In cases of continuing disability, the Contractor will obtain a medical report from the treating physician at least every forty-five (45) Days to evaluate continuing indemnity payments. Contractor will telephonically validate ongoing indemnity payments, as appropriate
- I. All telephone calls will be returned within one (1) working business day. A 1-800 number will be available to all AOC Group employees.

22. Investigation

- A. The Claims Supervisor will complete an initial review of all new cases. Claims will be evaluated against compensability standards; that is, the injury must be covered under the state Workers' Compensation laws.
- B. Thorough investigation of Claims to identify all compensability issues as well as potential loss prevention opportunities is critical to the Claim handling process. The Contractor's representatives will investigate questionable or improper Claims by obtaining statements from individuals with knowledge of the injury, including the injured worker, witnesses, and supervisor. Information developed will be utilized in making the compensability determination.
 - i. Employee Contact. Within one (1) working business day of receipt of claim, the Contractor will contact all employees losing time from work, unless represented by an attorney. During these telephone calls, employees will be questioned regarding the specifics of the injury, their medical history, outside employment, witnesses, etc. Employees will also be informed of their rights and benefits. Employees will be assured that their employer wishes to do as much as possible to return them to health and work at the earliest possible date. Questions will be answered and a

positive rapport with the employee will be developed to eliminate uncertainty and avoid litigation.

- ii. **Employer Contact.** Within one (1) working business day of receipt of claim, the Contractor will contact the AOC Group to substantiate the employee's Claim or to present any additional or conflicting information. When notice of the Claim is from another source, the Contractor will verify that the Claimant is the AOC Group's employee prior to authorizing benefits. The Contractor shall maintain a close liaison with the AOC Group to ensure that all opportunities for returning an injured employee to productive status are maximized. The Contractor will also provide the AOC Group with disability status updates and let the AOC Group know when employees are expected to return-to-work.
- iii. **Medical Facility Contact.** Within one (1) working business day of receipt of claim, the Contractor will contact the medical facility to obtain history of injury, diagnosis, treatment plan and disability status. This shall be completed prior to making the initial indemnity payment and Contractor shall discuss modified work programs in relation to work abilities. In cases of continuing disability, the Contractor will obtain a medical report at least every forty-five (45) Days to evaluate continuing disability payments and to explore all opportunities for return-to-work.
- iv. **Investigation Criteria.** Claims involving any of the following conditions may be identified for further investigation:
 - Delay in reporting Claim.
 - Recent date of hire.
 - Injury coincides with lay-off, termination, or disciplinary action.
 - Cumulative trauma.
 - Claim involves alleged stress, heart condition, stroke, or death.
 - Unwitnessed injury.
 - Notice of legal representation is first notice.
 - Subrogation potential.
 - Co-employment.
 - All affirmative defenses.
 - Symptoms inconsistent with injury.
 - History of prior injury or awards to same body part.
 - Potential fraud.
- v. **Field Investigation.** Field investigations may be necessary in cases of questionable compensability, catastrophic injuries, environmental issues, or Third Party negligence. An approved vendor list will be developed with

the AOC Group and adhered to by the Contractor's staff. Investigators utilized by the Contractor can provide the following services:

- AOE/COE investigation.
 - Interviews.
 - Recorded statements.
 - Photographs/diagrams.
 - Inspection at accident sites.
 - Subrogation support activities
 - Fraud investigation.
 - Background checks.
 - *Subrosa* (flat rates available based on volume).
- vi. Activity Check/Surveillance. Where the length of disability is questioned, the Contractor may assign the case to a field activity check or surveillance to determine if there is any work capacity. Outside services will be used only where necessary, and on a limited investigation basis. The file documentation will be used to support the reason for outside assignment and direction and control will be exercised by the Claims Examiner. Outside investigators will be chosen from a pre-approved list derived from a panel of professional investigators agreed upon between the Contractor and the State. The Claims Examiner will obtain authorization from the Claims Supervisor and the AOC Group prior to initiating any outside field investigation or *subrosa* activity. As needed, the investigator or Claims Examiner will contact a designated employer representative to ensure the cooperation of an employee, witness, or supervisor who might otherwise be concerned about the investigation.
- vii. Index Bureau. The Contractor will report all indemnity cases to the Index Bureau upon file creation. The Index System is a national clearinghouse for bodily injury Claims - the unique effort of 1,450 property-casualty insurance companies representing over ninety-three percent (93%) of the industry in premium volume, 1,500 self-insurers, and 120 Claims administrators. The Index System will assist subscribers in mitigating bodily-injury Claims payments by providing information to help them research prior Claims and identify duplicate or possibly fraudulent Claims. The Contractor's Claims management information system, which may help identify Claims patterns that indicate fraudulent or suspicious activity, may initiate or be used as part of a further investigation. Contractor will work with the AOC Group to develop protocols for re-index of indemnity cases.

23. Reserves

- A. As the Claims administrator for both self-insured and insured clients, the Contractor will have the responsibility to properly establish and maintain case

reserves. In order to achieve consistent case reserves, which reflect the probable total future costs, it will be important that these principles are followed.

- B. Establishing proper reserves ensures that funds will be available to meet the AOC Group's financial obligations to pay Claims incurred during the policy period or during the period of self-insurance. It will also allow the State to have sufficient information in a timely fashion for financial planning purposes.
- C. The Contractor's objective will be to establish an initial reserve that sufficiently reflects the ultimate exposure. Each Claim will be evaluated after information is collected in the initial Claims set-up/investigation process. Claim reserves will be entered in the Claims management information system within five (5) working business days following notification of a loss. Exceptions may be authorized by a Claims Supervisor or Claims Manager for Claims which are extremely complicated and require additional investigation in order to properly assign reserves. Exceptions will require an explanation and approval documented within the Claims file. Block reserving should not be used and each case evaluated and reserved based upon its merits.
- D. Revisions to outstanding case reserves must be made immediately when significant developments occur that change the established ultimate value of a Claim. Reserves will be reviewed every time a file is worked. Reserve analysis will be required at 45, 120, and 180 Day intervals on all cases.
- E. Individual cases must be evaluated by applying applicable statutes, regulations, benefit provision and legal principles to the facts gathered in a timely and thorough investigation and applying the experienced judgment of a Senior Claims Examiner or Claims Examiner from similar, recent cases. Investigations will be completed within five (5) working days so that an adequate reserve may be established. Case reserves will anticipate neither the best nor the worst possible result, but will reflect the most probable or realistic outcome for the life of the file. All reserves must be appropriately documented to reflect not only the estimated exposure, but the Claims Examiner's rationale for such exposure.
- F. Reserve authority levels will be established by the Contractor, and approved by the State, based upon the job titles of the adjusting team.

24. Diary

- A. The Contractor's diary system was designed for use by Claims Examiners as well as the Contractor's management to assure that the various timelines for successfully managing Workers' Compensation Claims are met.
- B. The Claims Examiners will review all cases every thirty (30) Days, if temporary disability is being paid, and at least every fourteen (14) Days in cases where

compensability has not been determined. All medical only cases will be reviewed for closure at least every thirty (30) Days.

- C. Additionally, the diary system will include diaries for subrogation timelines, delay/denial timelines, excess reporting limits, and vocational rehabilitation maximums. All Claims Examiners will utilize the diary system to enter their own proactive case management diaries – focused on case resolution.
- D. Supervisors will maintain a diary of all Indemnity files for review at least every ninety (90) days.

25. File Documentation

- A. All Claims will be reviewed by the Claims Supervisor. The Claims Supervisor will provide appropriate and specific direction regarding the investigation and handling of all cases upon receipt of the Claim. The instructions and plan of action will be clearly evidenced in the electronic file notes.
- B. Estimates of the cost of all anticipated benefits and expenses will be maintained on each individual case. The basis for all reserve revisions will be documented on reserve analysis worksheets.
- C. The basis for all payments will be clearly documented and supported in the file.
- D. All telephone conversations will be documented in writing in the Contractor's Claim files by using the automated file note screens on the computer. The AOC Group will have full access, within Confidential Information limits, to this documentation by accessing the file activity notes section of the Contractor's Claims management information system.
- E. Claims files will be available to the AOC Group for review at all times, with the exception of medical Confidential Information subject to California Civil Code Section 56.05(f) as further defined by Labor Code Section 3762.
- F. The Contractor's "Policy and Technical Guide" will be available for review by appropriate AOC Group staff or a designated representative.
- G. Claims Supervisors will review files on a regular basis. Their comments and instructions will be documented in the Claim file.
- H. All records, files, transcripts, computer tapes, and other Material on Workers' Compensation Claims Adjusting activity developed on the Workers' Compensation Claims will be the property of the AOC Group and the State and will be relinquished in good order and condition, upon expiration or termination of the Agreement, in accordance with its terms and conditions and applicable Workers' Compensation laws. All costs incurred by the Contractor, to

relinquish and transfer such Data, shall be borne by the Contractor and shall not be reimbursable by the State or any AOC Group.

26. Litigation Management

- A. The Contractor will work closely with the AOC Group to develop an aggressive litigation management and control program.
- B. The Contractor will not automatically assign cases to counsel, when the injured worker is represented by counsel. Defense referrals will be made only as necessary, and with prior approval of the State, to evaluate complex legal issues or to complete discovery that cannot be performed by non-legal personnel.
- C. The Contractor's Claims Examiners will be trained to handle routine litigation matters, that will be coordinated with legal counsel designated by the AOC Group in a cooperative exchange of information, including:
 - i. *Subpoena* medical records.
 - ii. File and serve medical reports.
 - iii. Schedule defense medical appointments and complete cover letter.
 - iv. Provide letter of directed assignments to counsel and monitor completion of each assignment as the litigation process proceeds.
 - v. Rate the level of permanent disability outlined in medical reports.
 - vi. Object to liens.
 - vii. Support legal efforts on subrogation matters
 - viii. Settlement negotiations.
- D. All legal and medical-legal mail will be reviewed by a Claims Supervisor. Court dates, award payments, etc. will be entered in to the Contractor's computer diary system. All legal diaries will be provided to the Claims Examiners via the computer diary system on a daily basis. This diary system will allow for planning of settlements and legal defense in advance of hearing dates.

27. Legal Referral

- A. The Claims Examiners will obtain authorization from the AOC Group prior to making a legal referral.
- B. A litigation referral form will be completed, which outlines the specific activities to be completed by the attorney. The referral will summarize the history of the case, issues in dispute, and disability and medical payments. Copies of all pertinent medical reports and documents will be included. Summaries of records will also be provided, as appropriate. Defense counsel will be instructed to minimize duplication when reporting.

- C. The Contractor will provide the AOC Group with all correspondence and legal documents on a regular basis. The Contractor will request the defense counsel to copy the AOC Group directly on all correspondence and provide the AOC Group with copies of all communications from the courts and applicant's counsel.
- D. A litigation calendar will be maintained in which upcoming hearings, conference dates, and trials will be documented. The litigation calendar will be the responsibility of the Claims Supervisor, who will use this information to make sure counsel has been assigned, as appropriate, and that the AOC Group are represented.

28. Settlement

Subject to the limits of the settlement authorizations established for each AOC Group and/or by the State, the Contactor shall conduct settlement of Claims as follows:

- A. The nature and extent of permanent disability or need for further medical care will be determined as soon as possible. Permanent disability advances will be made in accordance with state law.
- B. Settlement evaluations will be made promptly, based on information included in the file, as well as other criteria by which a value may be determined.
- C. The Contractor will document maximum settlement authority amounts by position. Within the ranges, the Claims Manager will assign a specific level for each individual based on experience, education, length of service with the Contractor, and State requirements.
- D. The Claims Supervisor will approve all requests for settlement authority prior to discussion with the AOC Group, if the settlement amount is above the individual Claims Examiner's authority. Claims Supervisors will also approve all decisions by the Claims Examiners to bring a case to trial.
- E. The settlement authority requests and approvals will be documented in the Claim file. The date of the approval will be indicated as well as the identities of the specific individuals involved in the approval process.
- F. A settlement request form will be provided to the AOC Group, which outlines pertinent file information, a statement of the issues, and the Contractor's recommendations for case resolution. The settlement request will be reviewed by the Claims Supervisor and approved, if in order. It will then be submitted to the AOC Group for review and discussion. The settlement request will need to be signed and approved by the AOC Group before resolution.

- G. Requests for authorization from defense counsel will be accompanied by exposure analysis to support settlement recommendations.

29. Subrogation

- A. All Claims will be evaluated for the subrogation issue by the Claims Supervisor, when the Claim is first reported, and by the Claims Examiner, when developing case action plans. If subrogation is identified as an issue, the Contractor will obtain authorization from the AOC Group before proceeding. The Contractor's system will be capable of providing a diary for the statute of limitations and tracking recoveries and credits. The Contractor's computer diary system will enable the Claims Examiner to manage the subrogation aspect of the case as well as statute and filing dates. The Contractor has developed a specific subrogation module for its Claims management information system, which allows the Claims Examiner the ability to document the subrogation aspect of the case and plan for successful resolution.
- B. When the Contractor attempts to resolve Claims with subrogation involvement, the Contractor will attempt to do so for the best possible results for the AOC Group. Sometimes the best possible result will involve seeking the highest possible recovery. Other times, it may mean negotiating for credit against future Claim benefits.

30. Special Investigative Unit

- A. The Contractor's special investigative unit will assist the State in the identification, investigation, and referral of fraudulent Workers' Compensation or liability Claims to the appropriate local state or federal agencies. The Contractor's special investigative unit ("SIU") will consist of local SIU coordinators and home office investigative specialists.
- B. Cases will be identified by the Contractor's Claims staff, informants, and clients. The Contractor will not pursue a fraud investigation independently without the State's acknowledgment. All requests made directly by the State will be reviewed.

31. Vendor Selection

- A. The Contractor will identify and select a legal vendor panel with the approval of the AOC Group and the State.

- B. The Contractor will maintain approved vendor panels for law firms, which are reviewed every six (6) months to identify those vendors that can provide the best services.

32. Quality Assurance

- A. The Contractor's "Policy and Technical Guide," supported by edits built into its proprietary Claims management system, will provide for extensive, supervisory review. The Contractor's Claims Supervisors will not carry a caseload, allowing them to concentrate on their primary function: assisting the Claims Examiners in developing action plans to move files to closure. Files will be reviewed on both a random and systematic basis.
- B. Files will be selected weekly by the Contractor's computer system for supervisory / management review, focusing on the following:
 - i. Plan of action.
 - ii. Appropriate determination of benefits.
 - iii. Compliance with the State's requirements.
 - iv. Compliance with state rules and regulations.
 - v. Timely delivery of benefits.
 - vi. Reserves.
 - vii. Focus on case resolution.
 - viii. Compliance with the Contractor's policies and procedures.
- C. Results will be documented and reviewed with each Claims Examiner, noting areas requiring improvement, and providing direction.
- D. Critical Claims functions will be monitored by the Claims Supervisor and Claims Manager through systematic Claims audits, including the following:
 - i. All cases where benefits are delayed.
 - ii. All denied cases.
 - iii. All litigated cases.
 - iv. Reserves over Claims Examiner authority level.
 - v. Settlements or payments over Claims Examiner authority level.
 - vi. All Indemnity Claims closures.
 - vii. Cases proceeding to trial.
 - viii. Award payments.
 - ix. Supervisory review of benefit changes.

- E. The Contractor's computer system will include automatic diaries, which are generated, based on specific data elements entered in to the computer Claims file. Each diary is assigned to a specific examiner and/or supervisor / manager for review, activity or response. Supervisory approval, comments, and direction will be documented in the Claims files.
- F. The Claims Examiners will perform self-audits on their files. Utilizing the closure checklist, the Claims Examiners will use this self-audit to address items such as the processing of appropriate forms, correct calculation of benefits, resolution of permanent disability and vocational rehabilitation issues, and any unpaid or disputed medical bills or liens.
- G. The Contractor will dedicate a director-level corporate quality assurance function responsible for internal audit. Individual office reviews will be conducted annually for each Claims operation to ensure compliance to the Contractor's policies and procedures as well as the State's and all state regulatory requirements. This process will also identify best practices and areas for improvement in procedure, management, and technical aspects of Claims handling and assures standardization throughout. The audit process will address:
 - i. File documentation.
 - ii. Adherence to the State's specific handling instructions.
 - iii. Excess reporting.
 - iv. Third Party subrogation.
 - v. Potential fraud situations.
 - vi. Internal settlement authority levels.
 - vii. Overall Claims handling practices.
 - viii. Appropriate reserving.
 - ix. Disability management.
 - x. Payment accuracy and timeliness.
 - xi. Medical management.
 - xii. State and regulatory requirements.
 - xiii. The Contractor's internal policies and procedures.
- H. Individual Claimants will be discussed in terms of disability and work restrictions, whether temporary or permanent. Dairying will be maintained for indemnity benefits as well as with medical appointments and procedures. The Contractor will provide the AOC Group with very timely information about an injured worker with return-to-work and restriction information.
- I. The Contractor will work with the AOC Group on a case-by-case basis in those situations involving ADA issues.

33. Meetings with the AOC Group

- A. The frequency of meetings between the Contractor and the AOC Group will vary according to State's instructions and agreements. Meetings will include orientation meetings with State personnel directly or indirectly involved in the processing of industrial injury cases. These meetings will foster strong communication and promote teamwork between the Contractor and the AOC Group. A schedule of routine and special request meetings will be maintained and documented by the Claims Manager or Claims Supervisor. The meeting reports will be documented to include:
 - i. Parties in attendance.
 - ii. Purpose of meeting.
 - iii. Follow-up on activity from prior meetings.
 - iv. Summary of discussion.
 - v. Procedural changes, if any.
 - vi. Activity to be completed.
 - vii. Written status reports.
- B. Copies of meeting reports will be distributed to appropriate team members and a copy will be maintained in the Contractor's corporate client file.
- C. Additionally, the Contractor will conduct or assist in conducting orientation meetings for the AOC Group personnel directly involved in processing Claims.

34. Assistance in the Development of Programs

The Contractor will assist the AOC Group with the development of programs such as the following:

- A. **Modified Job/Return-to-Work.** The Contractor will assist the AOC Group in designing and implementing return-to-work programs to fit the AOC Group's needs or will work with the AOC Group to enhance current programs. Returning disabled employees to temporary modified jobs can have a positive impact on the AOC Group's programs and will save money and increase productivity.
- B. **Training.** The Contractor's staff will be available to provide training to the AOC Group's supervisors on the reporting of Claims, identification of fraudulent Claims, and legislative changes.
- C. **Injury Management.** This program will reduce the frequency and severity of Workers' Compensation Claims by involving middle management in the AOC Group's safety and injury prevention programs. Through an analysis of historical losses, Claims Supervisors or Claims Managers can identify injury trends, establish goals for reduction, and develop specific action plans to

achieve desired results. Several of the more common customer evaluation measurements will include:

- i. New Claim creation.
 - ii. Documentation.
 - iii. Promptness of payment.
 - iv. Diary maintenance.
 - v. Settlements, closures.
- D. Monthly Meetings and Reports. Monthly meetings and reports will provide opportunity for the AOC Group to evaluate the Contractor's performance in these areas or any other that will be agreed upon.
- E. Annual Program Review. The Contractor will provide an annual program review that documents the past and present year's performance and establishes goals for the coming year. Topics covered will include:
- i. Reporting trends.
 - ii. Injury analysis.
 - iii. Payment Analysis.
 - iv. Cash flow analysis.
 - v. Litigation summary.
 - vi. Vocational rehabilitation summary.
- F. Customization. The Contractor will assist the AOC Group in creating a customized return-to-work or transitional programs.

35. Transitional Work

- A. The transitional work programs will consist of the assignment of transitional work to employees who have been injured on the job and have an accepted or delayed Workers' Compensation Claim. The services will be initiated when the employee cannot perform the full range of duties required of their usual and customary position and they will not yet be medically permanent and stationary. Transitional work assignments will be productive projects that benefit the efficient operation of the AOC Group.
- B. The objectives of the transitional work programs will be:
- i. To transition an injured employee to full duty through placement into valuable interim assignments.
 - ii. To minimize the costs incurred for injuries by reducing the length of time an employee must remain away from work.
 - iii. To minimize the negative impact of an injury or illness upon the affected department.
 - iv. To improve the morale of the AOC Group's staff.

36. Permanent Accommodations

- A. The Contractor shall assist in the development of protocols to address an employee's ability to return to work upon reaching maximum medical improvement. This should include written and verbal communication between Contractor's staff and appropriate AOC Group individuals. The goal of these protocols will be to ensure that communication between affected parties occurs as soon as practicable to address issues of accommodation, supplemental job displacement benefits, and any other issues that will impact return to work decisions. It will be the responsibility of Contractor staff to initiate timely communication.

37. Loss Control and Safety

- A. The Contractor's goal, in loss control consulting, will be to assist the AOC Group in the development of loss control action plans for accident prevention that works.
- B. The Contractor will assist the AOC Group in coordinating its own loss prevention programs. The Contractor will work to create an action-oriented loss control counsel and act as the AOC Group's safety and health resource and staff advisor as well as participate as a committee member.
- C. The Contractor will provide a formal annual program evaluation to review the past and present year's performance and to establish program goals for the coming year. The program evaluation format will be customized to meet the AOC Group's specific requirements.
- D. The Contractor will also participate in meetings with the AOC Group's location safety committees. If desired, the Contractor will critique the meetings and provide a report to management. The Contractor will assume the responsibility for providing the necessary statistical Claim information to the individual location for analysis by the loss control committee. If a location does not have well defined safety committees, the Contractor will assist in establishing and structuring such programs.
- E. From accident investigation and Claims Supervisor's reporting to ADA, fraud and OSHA requirement, the Contractor's staff will show the AOC Group's managers and supervisors how to implement and maintain their own internal programs.

38. Training

- A. The Contractor will obtain a list of key contacts/program coordinator(s) for each location.

- B. The Contractor will schedule and conduct orientation meetings for each location, focusing on the following:
- i. Introduce the Contractor and the Service Team to each AOC Group location.
 - ii. Provide the AOC Group location with a list of appropriate names, phone numbers, key contacts, etc.
 - iii. Provide overview of responsibilities for the Contractor and the AOC Group, to ensure a successful program.
 - iv. Provide basic overview of Workers' Compensation.
 - v. Review Claim reporting procedures, stressing importance of timely reporting.
 - vi. Address communication issues, stressing importance of frequent, open communications.
 - vii. Confirm key AOC Group contacts for each location necessary in the administration of a Claim, i.e. employment information, supervisor contacts, payroll information, etc.
 - viii. Schedule future regular meetings and training sessions with each location.
- C. The Contractor will obtain input from AOC Group locations to assist in identifying training needs. From that plan and schedule, the Contractor will conduct future training sessions during the course of the twelve (12) months following.
- D. The Contractor will schedule and coordinate on-line access training.

39. Medical Management Services

- A. The State shall reimburse the Contractor for Medical Management Services, as set forth in Exhibit C, Payment Provisions.
- B. The Contractor shall assist in selection and maintenance of a Medical Provider Network (MPN) on behalf of the JBWCP with providers that can service all member locations. The Contractor shall also maintain a PPO Network for those costs that are not associated with the MPN. At present, the MPN for the JBWCP is First Health.
- C. The Contractor will provide for Early Intervention services on all claims and Telephonic Case Management services as indicated to minimize medical, disability, and litigation costs. These savings provide the employer the opportunity to reallocate these expenditures and include the following protocol:
- i. Early Intervention Nurse responsibilities:
 - Documents receipt of referral in system and initiates 3-point contact within 24 hours.

- Completes 3-point contact and initial assessment on assigned cases within 24 – 48 hours of receipt and documents in claim file.
 - Directs employee to preferred provider when feasible (except stress).
 - Documents medical treatment and disability duration guidelines for compensable condition/diagnosis in claim file.
 - Refers case for telephonic case management (TCM) based on documented assignment criteria and/or nursing judgment in consultation with claim adjuster.
- ii. Telephonic Case Manager's responsibilities:
- Completes 3-point contact and initial assessment on all assigned cases within 24 – 48 hours of receipt of referral from Early Intervention Nurse or claim adjuster and documents claim file.
 - Authorizes all consults, diagnostics, and physical therapy; completes all surgery pre-certifications when surgery is indicated; refers to Physician Peer Reviewer or Physician Advisor, if indicated; documents references to ACOEM and/or other nationally recognized medical treatment guidelines in claim file.
 - Follows-up with medical provider after each appointment to coordinate/negotiate medical treatment and return-to-work plan, documents contact and intervention and updates case management plan of action..
 - Authorizes all consults, diagnostic, and physical therapy.
 - Maintains contact with Employer to provide return-to-work status; coordinates modified return-to-work, if indicated.
 - Provides all restriction information to return-to-work coordinator.
 - Maintains contact with Claims Examiner with updated information as deemed necessary.
 - Manages case until closure appropriate per documented closure criteria.
 - Maintains diary.
- iii. AOC Group's responsibilities:
- Reports all injuries to 1-800 number (except stress).
 - Completes Claim Form and "Employer's First Report of Injury."
 - Completes investigation form.
 - Provides all disability slips to the Contractor.
- iv. Claims Examiner's responsibilities:
- All "Employer First Reports of Injury" and "Doctor's First Reports of Injury" are referred to the Early Intervention program.
 - Checks pre-designated information and provides the case manager with the same.
 - Provides all appropriate benefits due.

- Refers all requests for authorization to the case manager on Early Intervention Claims.
 - Documents all medical information into system for the case manager's review.
 - Corresponds/communicates with the case manager as necessary.
 - Provides current diary on every open Early Intervention file.
 - Following completion of the 60-day early intervention services, the case manager will collaborate with the Claims Examiner to discuss ongoing case management services. The Claim will be transitioned to contracted Utilization Review or Telephonic Case Management for ongoing case management.
 - The case manager will discuss and collaborate recommendations and strategies to bring Claim to resolution.
- D. The Contractor will provide, through its PPO Networks, for a dedicated Medical Bill Review. Along with the Medical Bill Review, the Contractor shall integrate Utilization Review, Telephonic Case Management, and Field Case Management products/services. The bill review analyst will review the nurse's notes and will not recommend payment for treatment outside those parameters.
- E. The Contractor will provide for and document a Hospital Bill Audit. Services billed but not delivered will also be documented.
- F. The Contractor will conduct a Peer Review. If no contact is made, the Peer Reviewer will make a recommendation based on the medical records.
- G. The Contractor will provide for a Medical Reserve Estimate. The Claims Examiner will be provided with a detailed report outlining the Medical Reserve Estimate. The service will assist the Claims Examiners in setting their medical reserves as well as establishing a medical dollar value for settlement of future medical care based on the diagnosis at the time of the settlement.
40. Data Conversion Services
- A. The State shall reimburse the Contractor for Data Conversion Services, as set forth in Exhibit C, Payment Provisions.
- B. The Contractor will complete all necessary Automated Data Conversions and Manual Data Conversions for Runoff Claims and Existing Claims, including implementation of the Program. The Contractor will seek to obtain a prior Claims administrator's Claims data in an electronic format along with the appropriate corresponding documentation for mapping the data to the Contractor's Claims administration system. Once received, the Contractor will complete a manual mapping of codes. The Contractor will then enter the Claims electronically and/or manually along with the individual transactions

and reserves utilizing appropriate codes. Quality assurance and reconciliation tasks will be performed to ensure the accuracy of the Automated Data Conversions and Manual Data Conversions.

41. Minimum Performance Standards

The performance criteria set forth below will be used as indicators of successful performance. The State will perform periodic audits of the Contractor, measuring the performance of the Contractor in each criterion. The State's audit will include an evaluation of the Contractor's actual percentage score in each area, based upon 100%. Success of the Contractor in achieving targeted criteria will be a factor in the State's decision to exercise options to extend the Agreement.

A. File Organization

- i. All files are the property of the AOC Group and/or the State and will be maintained in an organized (bradded), chronological order with appropriate separation, i.e. privileged information is segregated from regular correspondence and medical and rehabilitation material are each in a separate section of the file.

B. File Documentation

- i. A Claims status report including an action plan will be in each Indemnity Claim file (paper and/or on-line). This will include steps taken to move the file to conclusion in accordance with the proposed plan of action. The report will identify issues and the actions taken to finalize the Claim.
- ii. All activities will be documented with appropriate detail, identify the author, date stamped, and be legible.
- iii. File reviews will be conducted at the request of the AOC Group or the State at a mutually agreed location and time.

C. Diary

- i. Every active indemnity file (which includes maintenance files with outstanding liens, legal issues, rehabilitation, or active medical treatment) will be reviewed and documented by the Senior Claims Examiner or Claims Examiner at least once every thirty (30) Days. Review of file may include follow-up contact with the injured worker.
- ii. Consistent policies and procedures will include diaries for all Claims Adjusting personnel assigned under this Agreement.

- iii. Files of employees on Industrial Disability Leave (“IDL”) and Temporary Disability (“TD”) will be reviewed every fourteen (14) Days.

D. Supervision

- i. Active files will contain evidence of participation by supervisors in the development of case strategy, quality control, and case management guidance as appropriate, or when requested by Claims Examiners or Claims Representatives.
- ii. Delayed cases will be reviewed at a minimum at thirty (30), sixty (60), and ninety (90) Day intervals.
- iii. Active cases will be reviewed every ninety (90) Days or sooner if requested.
- iv. Caseloads for each Senior Claims Examiner and Claims Examiner assigned to the AOC Group will be reviewed by the supervisor every ninety (90) Days.
- v. Supervisors will review and decide which cases are to be assigned to outside counsel.
- vi. The Contractor will notify the AOC Group and the State monthly of any cumulative change in reserves of \$5,000.00 or more per Claim.

E. Medical Control and Direction

- i. The Contractor is responsible for coordinating the provision of prompt, appropriate and effective medical treatment for the injured workers.
- ii. At the request of the AOC Group, or where the physician is failing to comply, the Contractor will send to any physician (with proof of service) a copy of Title 8 California Code of Regulations Section 9785 within five (5) Days.
- iii. The Contractor will exercise all reasonable efforts to obtain necessary physician reports in accordance with Title 8 California Code of Regulations Section 9785.
- iv. Within fourteen (14) Days of notification of change of treating physician, the Contractor will send the complete medical file with the Title 8 California Code of Regulations Section 9785 notification, a copy of the AOC Group’s return-to-work policy, and a written description of the

injured worker's essential day-to-day job duties, tasks, and responsibilities.

- v. The Contractor will provide Medical Management Services. The Contractor's compensation for these services are outlined in Exhibit C.
- vi. The Contractor will respond to requests for authorization of treatment and surgery on accepted cases within two (2) working days.
- vii. The Contractor will pay all bills within thirty (30) Days.
- viii. Files will be reconciled for accuracy of payments at least once every twelve (12) months, and at the time the file is closed.

F. Reserves

- i. Reserves will be set for probable outcome within the Contractor's guidelines. Reserve amounts will be evaluated and adjusted on a regular basis, but at a minimum, any time the medical prognosis changes.
- ii. The AOC Group will be specifically notified within thirty (30) Days when incurred costs on any Claim reach \$25,000.00.

G. Excess Carrier Notification

- i. If the AOC Group procures excess coverage, the Contractor will comply with the excess carrier's notification procedures.

H. Investigation

- i. The Contractor will conduct a thorough investigation to determine if the Claim is a result of Arising Out of Employment/during the Course Of Employment ("AOE/COE") immediately upon receipt of the Claim.
- ii. If additional investigation is necessary, the case will be assigned to a licensed investigator with Errors & Omissions Liability coverage limits of not less than \$1,000,000.00 and must be coordinated through the AOC Group.
- iii. The AOC Group must be notified of any investigation prior to the initiation of the investigation.
- iv. Copies of investigation reports will be sent to the AOC Group.

I. Communication

- i. The Contractor will complete three-point contact (injured employee, physician, AOC Group Representative) within one (1) working day of receipt of notice of injury. If contact is not made on the first day, subsequent calls will be made daily until the injured employee is contacted.
- ii. The Contractor will return all telephone calls within one (1) working day.
- iii. All medical reports and copies of all correspondence will be mailed to the AOC Group Representative within three (3) working days.
- iv. The Contractor will request medical releases within five (5) working days of file make-up, and will follow-up every thirty (30) Days until received.
- v. The Contractor will request a wage statement for any employee earning less than maximum within 5 days notice of compensable disability.
- vi. Accurate Claim information, including the current status report, will be available to the AOC Group and the State on-line.
- vii. Communication with the injured worker will be available in the worker's primary language or translation available upon request.

J. Division of Workers' Compensation Audit Unit (Audit Unit) Requirements

- i. All AOC Group Claims will be administered in compliance with all Audit Unit standards.
- ii. Penalties resulting from failure to administer in compliance with Audit Unit standards will be promptly disputed or paid with clear documentation of Contractor versus the AOC Group error.
- iii. Reimbursement of Contractor penalties will be made in accordance with established guidelines.

K. Litigation

- i. Cases will be assigned to those defense firms selected by the AOC Group from the approved vendor panel.
- ii. The Contractor will follow up with defense counsel if a case analysis is not completed within thirty (30) Days from date of referral.

- iii. All notices of medical appointments are to be sent by the Contractor.
- iv. The Contractor will attend all hearings unless the AOC Group waives attendance.
- v. Attorney bills will be audited for accuracy by the Contractor.
- vi. Subrogation will be pursued unless otherwise indicated by the AOC Group.

L. Finalization

- i. A request for authority will be sent to the AOC Group thirty (30) Days after receipt of the final permanent and stationary report on non-litigated cases.
- ii. In litigated cases, a request for authority will be sent to the AOC Group thirty (30) Days prior to defense counsel filing a Declaration of Readiness ("DOR") to proceed, or five (5) Days after receipt of the DOR from applicant's counsel.

M. Rehabilitation

- i. The Contractor will provide copies of all rehabilitation reports to AOC Group.

N. Confidentiality

- i. Adherence to the Contractor's own internal confidentiality policy is required at all times.

O. Reports

- i. The Contractor will provide monthly reports as specified in the Agreement.
- ii. The Contractor will produce an annual loss run, with reserves valued at a date specified by the AOC Group for the AOC Group's annual actuarial report.

P. Fraud

- i. Every Claim will be reviewed prior to assignment for compensability. If the Contractor believes that the facts merit delay, investigation will be initiated with the AOC Group's approval.

- ii. Complex Claims requiring outside investigators will be assigned to vendors approved by the AOC Group and the State.
- iii. All assignments will be limited and specific. The costs will be a portion of the Claim file's Allocated Loss Expense. Upon submission, the AOC Group Representatives will identify Claims that require delay and investigation procedures to be initiated. Additionally the Contractor's staff will communicate with the AOC Group Representatives to identify submitted Claims that appear inappropriate.
- iv. Upon mutual agreement and with the AOC Group's approval, the Contractor will initiate and complete the appropriate investigation.

Q. Case Closures

- i. The Contractor's management will closely monitor performance in this area. The Contractor's cost is directly related to making sure that all efficiencies are maintained and that closure ratios meet or exceed 100% monthly. Management reports by desk, office, and region will be produced monthly, and reviewed by the Contractor's management to ensure that the goals are met. Cases will be closed consistent with the Labor Code and best Claim practices.

R. Ethical Standards

- i. All decisions involving the management or administration of the Program will be based on what is right, fair, and honest, not what is simply profitable. The good of the Contractor's business and of the AOC Group will not be at odds.

S. Highest Standards of Fiscal Responsibility and Accountability

- i. The Contractor will adhere to sound business practices and standards similar to the standards of a CPA firm.

T. Vendor Selectivity

- i. To protect the AOC Group's best interests, the Contractor will regularly explore and compare "like vendors" and maintain professional relationships with those vendors that provide the best combination of quality and price, and share results with the State.

U. Program Management

- i. The Contractor will provide a detailed transition plan, which will ensure uninterrupted services to the AOC Group and its employees. Include in this plan the name and title of the primary and alternate contact person(s), transition timeline, and necessary resources for efficient transition and transition costs.
- ii. Provide the AOC Group with quarterly and annual status reports.

42. Termination Assistance Services

- A. The Contractor shall provide the State and AOC Group with the following services (i) upon Notice to the Contractor (that the Agreement shall be terminated or (ii) if the State notifies the Contractor to commence such services, since the State does not intend to extend the Agreement past the current Term.
- i. Developing, with the assistance of the State, or its designee, a plan for the transition of the Work-in-progress at the end of the Agreement from the Contractor to the State, or its designee.
 - ii. Reviewing completed and partially completed Work with the State, or its designee, and transitioning responsibility or ownership to the State, or its designee, including, without limitation, a recommended sequence for review and establishment of a series of briefings to accomplish knowledge transfer.
 - iii. Providing copies of the completed and partially completed Work, including, without limitation, indexing and defining location and form (electronic, paper copy, etc.) of such Work.
 - iv. Providing overall Program workplan status at point of Contract termination with State's Program management, or designee.
 - v. Conducting meetings to discuss status and Work-in-progress/to-do's with State's team or designee(s).
 - vi. Reviewing status of Program risks, issues, and corresponding action plans with State's Program management, or designee.
 - vii. Providing information and assistance as the State, or its designee, may reasonably request relating to the function of the Key Personnel employed or contracted by the Contractor to perform the Work under this Agreement.

- viii. Providing bi-weekly status reports during transition period - task oriented status reports including, without limitation: week back and week forward status of tasks and other commitments, resolved and unresolved issues and risks, resource availability.
- ix. Assessing the status of all Work-in-progress at the time of the applicable termination including, without limitation, identifying the status of the Work in process, identifying the extent of completion of the partially completed Work, estimating requirements to complete the Work, and identifying the contingencies or dependencies of the Work on other currently on-going or completed Work.
- x. Upon request, providing data and loss reports to assist in any necessary reconciliation of data after transition of the program.

END OF WORK TO BE PERFORMED PROVISIONS EXHIBIT

[THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

FORM 1
FORM FOR RECEIPT OF TRUST ACCOUNT FUNDS

The Contractor, _____, hereby acknowledges receipt of
\$ _____
(_____)
of public funds to be deposited into the Trust Account pursuant to Contract Number
_____ (“Agreement”) between the Judicial Council of California, Administrative Office
of the Courts (“the State”) and _____ (“the Contractor”).
Such amount is to be used solely for the purposes described in the Agreement.

Authorized Representative of the Contractor:

Signature

Print Name: _____

Title: _____

Date: _____

END OF FORM

END OF ATTACHMENT B

ATTACHMENT C
VENDOR'S ACCEPTANCE OF RFP'S CONTRACT TERMS OR EXCEPTIONS TO
CONTRACT TERMS

Mark the Appropriate Choice, below:

_____ Vendor accepts Attachment B, Contract Terms, **without exception.**

OR

_____ Vendor proposes exceptions/modifications to Attachment B, Contract Terms. Summarize any and all exceptions to Attachment B, Contract Terms, below. Enclose both a red-lined version of Attachment B, Contract Terms, that clearly shows each proposed exception/modification, and provide written documentation to substantiate each proposed exception/modification.

Signature

Printed Name

Title

Date

ATTACHMENT D
PAYEE DATA RECORD
ATTACHED AS A SEPARATE PDF FILE

ATTACHMENT E

DVBE PARTICIPATION FORM

Propser Name: _____

RFP Project Title: _____

RFP Number: _____

The State of California Executive Branch's goal of awarding of at least three percent (3%) of the total dollar contract amount to Disabled Veterans Business Enterprise (DVBE) has been achieved for this Project. *Check one:*

Yes _____ *(Complete Parts A & C only)*

No _____ *(Complete Parts B & C only)*

"Contractor's Tier" is referred to several times below; use the following definitions for tier:

0 = Prime or Joint Contractor;

1 = Prime subcontractor/supplier;

2 = Subcontractor/supplier of level 1 subcontractor/supplier

PART A – COMPLIANCE WITH DVBE GOALS

Fill out this Part ONLY if DVBE goal has been met; otherwise fill out Part B.

INCOMPLETE DOCUMENTATION MAY RESULT IN DISQUALIFICATION FROM FURTHER PARTICIPATION IN SELECTION PROCESS FOR THIS SOLICITATION

PRIME CONTRACTOR

Company Name: _____

Nature of Work _____ Tier: _____

Claimed Value: _____ DVBE \$ _____

Percentage of Total Contract Cost: DVBE _____%

SUBCONTRACTORS/SUBCONTRACTOR/PROPOSERS/SUPPLIERS

1. Company Name: _____
 Nature of Work: _____ Tier: _____
 Claimed Value: _____ DVBE \$ _____

Percentage of Total Contract Cost: DVBE _____%

2. Company Name: _____
 Nature of Work _____ Tier: _____
 Claimed Value: _____ DVBE \$ _____

Percentage of Total Contract Cost DVBE _____%

3. Company Name: _____
 Nature of Work _____ Tier: _____
 Claimed Value: _____ DVBE \$ _____

Percentage of Total Contract Cost DVBE _____%

GRAND TOTAL: DVBE _____%

I hereby certify that the "Contract Amount," as defined herein, is the amount of \$_____. I understand that the "Contract Amount" is the total dollar figure against which the DVBE participation requirements will be evaluated.

<i>Firm Name of Proposer</i>	
<i>Signature of Person Signing for Proposer</i>	
<i>Name (printed) of Person Signing for Proposer</i>	
<i>Title of Above-Named Person</i>	
<i>Date</i>	

PART B – ESTABLISHMENT OF GOOD FAITH EFFORT

Fill out this Part ONLY if DVBE goal will not be met but you have made a good faith effort to meet such goal.

INCOMPLETE DOCUMENTATION MAY RESULT IN DISQUALIFICATION FROM FURTHER PARTICIPATION IN SELECTION PROCESS FOR THIS SOLICITATION

1. List contacts made with personnel from state or federal agencies, and with personnel from DVBEs to identify DVBEs.

<i>Source</i>	<i>Person Contacted</i>	<i>Date</i>

2. List the names of DVBEs identified from contacts made with other state, federal, and local agencies.

<i>Source</i>	<i>Person Contacted</i>	<i>Date</i>

3. If an advertisement was published in trade papers and/or papers focusing on DVBEs, attach proof of publication.

<i>Publication</i>	<i>Date(s) Advertised</i>

4. Solicitations were submitted to potential DVBE contractors (list the company name, person contacted, and date) to be subcontractors. Solicitation must be job specific to plan and/or contract.

<i>Company</i>	<i>Person Contacted</i>	<i>Date Sent</i>

5. List the available DVBEs that were considered as subcontractors or suppliers or both. (Complete each subject line.)

<i>Company Name:</i>	
<i>Contact Name & Title:</i>	
<i>Telephone Number:</i>	
<i>Nature of Work:</i>	
<i>Reason Why Rejected:</i>	

<i>Company Name:</i>	
<i>Contact Name & Title:</i>	
<i>Telephone Number:</i>	
<i>Nature of Work:</i>	
<i>Reason Why Rejected:</i>	

<i>Company Name:</i>	
<i>Contact Name & Title:</i>	
<i>Telephone Number:</i>	
<i>Nature of Work:</i>	
<i>Reason Why Rejected:</i>	

PART C – CERTIFICATION *(to be completed by ALL Proposers)*

I hereby certify that I have made a diligent effort to ascertain the facts with regard to the representations made herein and, to the best of my knowledge and belief, each firm set forth in this bid as a Disabled Veterans Business Enterprise complies with the relevant definition set forth in section 1896.61 of Title 2, and section 999 of the Military and Veterans Code, California Code of Regulations. In making this certification, I am aware of section 10115 *et seq.* of the Public Contract Code that establishes the following penalties for State Contracts:

Penalties for a person guilty of a first offense are a misdemeanor, civil penalty of \$5,000, and suspension from contracting with the State for a period of not less than thirty (30) days nor more than one (1) year. Penalties for second and subsequent offenses are a misdemeanor, a civil penalty of \$20,000 and suspension from contracting with the State for up to three (3) years.

**IT IS MANDATORY THAT THE FOLLOWING BE COMPLETED ENTIRELY;
 FAILURE TO DO SO WILL RESULT IN IMMEDIATE REJECTION.**

<i>Firm Name of Proposer:</i>	
<i>Signature of Person Signing for Proposer</i>	
<i>Name (printed) of Person Signing for Proposer</i>	
<i>Title of Above-Named Person</i>	
<i>Date</i>	