

**NOTICE INVITING
REQUESTS FOR PROPOSAL (RFP)**

NOTICE IS HEREBY GIVEN that the City of Glendora, County of Los Angeles, California (hereinafter "City") will receive proposals in the HUMAN RESOURCES DEPARTMENT c/o Robert Blackwood, Interim Human Resources & Risk Management Director at 116 E. Foothill Boulevard, Glendora, California, 91741 until **2:00 p.m.** on the **28th** day of **FEBRUARY, 2013**, for: **THIRD PARTY ADMINISTRATION OF WORKERS COMPENSATION CLAIMS.**

NO PROPOSALS WILL BE ACCEPTED AFTER THIS DATE AND TIME!

Each Proposal must conform and be responsive to all requirements set forth in the RFP. Proposals must be addressed to the attention of Robert A. Blackwood, Interim Human Resources & Risk Management Director, sealed and marked on the outside of the envelope as follows: **“PROPOSAL FOR THIRD PARTY ADMINISTRATION OF WORKERS COMPENSATION CLAIMS.”** Proposals will be evaluated and an administrator will be selected based on a Qualification-Based Selection process. Copies of the packet will be on file starting January 28, 2013 and available for public inspection in the Office of the City Clerk at the above address and on the City’s website at www.ci.glendora.ca.us under Bid/RFP Opportunities. For further information, contact Robert Blackwood, Interim Human Resources & Risk Management Director at (626) 914-8259.

“Official” copies of the RFP may be picked up at the Office of the City Clerk, 116 E. Foothill Boulevard, Glendora, California 91741 during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, holidays excepted.

The City of Glendora reserves the right to reject any and all proposals, to waive any informalities in any proposal and select the one that best meets the City’s needs.

Kathleen R. Sessman, CMC
City Clerk
City of Glendora

Posted: January 28, 2013

**CITY OF GLENDORA
REQUEST FOR PROPOSAL
WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES**

I. OBJECTIVES

The City of GLENDORA, hereinafter referred to as the CITY, is soliciting proposals from qualified third party administrators, hereinafter referred to as the TPA, for administration of CITY's self-insured workers' compensation program. The CITY is looking for a vendor who demonstrates a creative and effective claims management process that is streamlined and user-friendly, has strong customer service focus, solid reporting capabilities, effective technological capabilities, proactive and consistent management of employee occupational absences, competitive rates and fees, and a willingness to comply with the CITY's performance standards.

II. BACKGROUND

The City, self-insured for workers compensation since January 1, 1979, is located in Los Angeles County, 25 miles east of downtown Los Angeles. The City encompasses 19 square miles and has a population of approximately 54,000.

The City participates in a pooled Workers' Compensation Program through Independent Cities Risk Management Authority (ICRMA). The City retains the first \$500,000. ICRMA provides pooled coverage up to \$5 million in excess of the City's retained limit. Excess insurance is purchased up to \$100 million. The City has settlement authority for claims within its \$500,000 retained limit. The ICRMA Workers' Compensation Program Manager (WCPM) monitors all claims and has the right to take control of claims with the potential of piercing the pool layer. ICRMA has settlement authority as follows:

- General Manager: Up to \$50,000 in excess of each member's retained limit
- Claims Committee: Up to \$250,000 in excess of each member's retained limit
- Administrative Committee: Up to \$500,000 in excess of each member's retained limit
- Governing Board: The balance up to \$5 million.

The selected firm must communicate effectively with the City, defense counsel and ICRMA's Workers' Compensation Program Manager (WCPM).

The CITY has approximately 27 new workers' compensation claims each year. A listing of all open claims (as of December 31, 2012) is attached as Exhibit A.

The CITY's total expected payroll (salaries) for fiscal year 2012/2013 is \$16,036,460. The CITY employs approximately **288** employees, which consist of both full-time (**192**) and part-time (**96**) employees. The CITY is a full service city including City Manager/Administration, Human Resources & Risk Management, City Clerk, Finance, Library, Community Services (Parks and Recreation), Planning, Public Works, and Police departments.

III. SCOPE OF WORK

1. Caseload

Each examiner shall have a caseload within a range of one-hundred-fifty (150) to one-hundred-sixty-five (165) open indemnity claims, which includes future medical claims. If the caseload contains medical only claims, three (3) medical only claims shall equal one (1) active indemnity claims. Each claims assistant shall have a caseload not to exceed two-hundred (200) open medical only claims. The supervisor shall have a caseload not to exceed thirty (30) open indemnity claims.

2. Claim File Set Up

Upon receipt of the Employer's Report of Occupational Injury or Illness or Application for Adjudication of Claim, the TPA will prepare an individual claim file within two (2) business days for each claim. Preparation of the claim file shall include entering each new claim into the computer system and establishing appropriate initial reserves. Initial reserves will be set based on the facts known at the time the case is entered into the computer and clearly documented in the computer notepad. The file shall be available to the CITY, including, their representatives, claims auditors, and agents, for inspection and contain all medical and factual information on each reported claim.

3. Coverage

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

4. ISO

The TPA shall subscribe to the ISO, and other recommended organizations in order to obtain background history on individual claims. Costs to subscribe to these services shall be included in the pricing structure. The examiner shall request a report from ISO, or other recommended organizations on all new indemnity claims. Subsequent requests should be made every six (6) to twelve (12) months thereafter on all active indemnity claims.

5. Employer Contact

The TPA shall request the Employer's Report of Occupational Injury or Illness form within two (2) business days when or if notification of any injury or illness by any source is received first.

If the DWC Form 1 has not been received by the TPA within two (2) business days after receiving the Employer's Report of Occupational Injury or Illness, the examiner will contact the CITY to ensure the DWC Form 1 was given to the employee within one (1) business day of knowledge of the injury. If a DWC Form 1 has not been given to the injured employee, the TPA shall immediately send the DWC Form 1 directly to the employee.

The TPA shall contact the CITY within two (2) business days of receipt of notice of a claim by any source to conduct an initial and meaningful investigation. Such contact with the CITY shall be clearly documented in the computer notepad.

When a claim reaches one-half (1/2) of the City's self-insurance retention (SIR), the TPA shall report to the CITY every ninety (90) calendar days regarding the status of the claim. Such report shall include a current status of the claim, the examiner's plan of action for the future handling of the claim, and the current paid to date and total incurred amounts listed by indemnity, vocational rehabilitation, medical, and expense categories.

The examiner will provide on-site file reviews if requested by the CITY. Other periodic on-site file reviews will be scheduled based upon the needs of the CITY.

Returned phone calls and e-mail to the CITY will be accomplished within one (1) business day.

The TPA shall notify the CITY immediately upon notice of an injured worker's hospitalization as a result of the work injury regardless of the date of injury. Such contact with the CITY shall be clearly documented in the computer notepad.

6. Employee Contact

In all non-litigated, lost time cases, where the employee has not returned to work, telephone or personal contact will be established with the injured employee within two (2) business days of receipt of notice of claim. Such contact will continue as often as necessary, but at least monthly. Such contact with the employee shall be clearly documented in the computer notepad.

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

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

7. Compensability

The compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination will be made and clearly documented in the file within fourteen (14) business days of the receipt of the

notification of the loss. Delay of benefit notices shall be mailed in compliance with the Division of Industrial Relations' guidelines. Copies of benefit notices will be maintained in the applicable claim file or stored in an electronic file. The TPA shall obtain authority from the CITY to delay or deny a claim. The CITY's authorization shall be clearly documented in the applicable claim file or in the computer notepad.

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

8. Investigations

The TPA shall promptly initiate investigation of issues identified as material to potential litigation. The CITY shall be alerted to the need for an outside investigation as soon as possible and the examiner shall appoint an investigator who is acceptable to the CITY. The CITY shall be kept informed on the scope and results of all investigations. All activities shall be clearly documented in the computer notepad.

9. Reserves

Reserves shall be established based on the facts of the claim and the ultimate probable cost of each claim. A reserve rationale for each reserve change shall be clearly documented in the file notes. All reserve categories shall be reviewed by the examiner on a regular basis but not less than at least every forty-five (45) calendar days. The use of a paper or electronic reserve worksheet is required on all claims and a hard copy shall be maintained in the applicable claim file.

10. Provision of Benefits

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

11. Initial Indemnity Payment

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

Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650.

12. Subsequent Indemnity Payments

All indemnity payments or vouchers subsequent to the first payment will be verified, except for those payments where disability is expected beyond ninety (90) calendar days in which case payments will be verified in ninety (90) day increments. All disability payments will be issued in compliance with Labor Code Section 4651.

Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650.

Copies of benefit notices issued with subsequent benefits will be maintained in the applicable claim file.

13. Medical Administration

The TPA, absent a Medical Provider Network (MPN) and/or a pre-designated doctor, shall select a panel of general practitioners, specialists, hospitals, and emergency treatment facilities to which injured employees should be referred and regularly review and update the panel. As appropriate, Utilization Review Services will be used to facilitate medical care per American College of Occupational and Environmental Medicine (ACOEM) guidelines. The use of a service contractor is acceptable provided approval is first obtained from the CITY. The CITY shall pay for the use and benefits of the services provided; however, fees charged by the service contractor shall have been approved by the CITY prior to the provision of and payment for services. Such fees will be charged to the applicable claim file and will be paid from the medical category.

The physician's office will be contacted within two (2) calendar days of notice of all new claims to conduct an initial investigation as to the medical aspects of the claim and discuss the CITY's return-to-work goals. Such contact will continue as needed during the continuation of temporary disability to assure that treatment is related to a compensable claim and clearly documented in the computer notepad.

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

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

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

14. Medical Payments

Medical bills will be reviewed by the assigned claims examiner, assistant, or supervisor for correctness, approved for payment, and paid within time limits established by Labor Code Section 4603.2. If all or part of the bill is being disputed, the TPA will notify the medical provider, on the appropriate form letter, within time limits established by Labor Code Section 4603.2.

The TPA shall ensure that medical bills are reduced to the Official Medical Fee Schedule (OMFS) and recommended rates established by the Administrative Director of Workers' Compensation. The use of a service contractor is acceptable provided approval is first obtained from the CITY. The CITY shall pay for the use and benefits of the services provided; however, fees charged by the service contractor shall have been approved by the CITY prior to the provision of and payment for services. Any proposed change in fees must be submitted to the CITY for approval prior to implementation. Such fees will be charged to the applicable claim file and will be paid from the medical category.

15. Transportation Expense

Transportation reimbursement will be mailed within fifteen (15) calendar days of the receipt of the claim for reimbursement. Advance travel expense payments will be mailed to the injured employee at least ten (10) calendar days prior to the anticipated date of travel.

16. Return-to-Work

The TPA shall cooperate with the provision of information to the CITY and the ICRMA's Return-to-Work Coordinator in order to help facilitate a successful return-to-work for injured employees while recovering and prior to their return to regular duties.

17. Permanent Disability

The TPA shall provide information and assistance to injured employees in completing the necessary forms to obtain a permanent disability rating.

The TPA shall determine the nature and extent of permanent disability and arrange for an informal disability rating whenever possible to avoid Workers' Compensation Appeals Board (WCAB) litigation. The TPA shall take advantage of any potential apportionment potential to prior claims, disabilities, and impairments. The TPA shall also advise the CITY of potential credits and penalties to permanent disability benefits should the CITY accommodate permanent/alternative work for at least twelve (12) months.

All permanent disability benefit notices shall be sent to the employee as required by the California Labor Code. Copies of benefit notices will be maintained in the applicable claim file.

18. Supplemental Job Displacement Benefit (SJDB)

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

- A. Advise the injured worker of his/her right to SJDB;
- B. Provide appropriate SJDB;
- C. Control SJDB costs;
- D. Attempt to secure the prompt conclusion of SJDB; and
- E. Provide notification to the CITY should work restrictions require permanent or modified alternative accommodations.

19. Diary Review

All claim files shall be reviewed at least every forty-five (45) calendar days for active claims and at least every six (6) months for claims that have settled but are open for the employee's future medical care. The examiner shall distinguish the regular diary review from routine file documentation in the computer notepad. A plan of action will be included and separately labeled in the file notes during a diary review. The plan of action shall include, but not limited to, the employee's current work status, medical status, review of reserves, and future activity to move the claim towards resolution. The TPA shall monitor the diary reviews by printing a "No Activity" report each month to identify any files that have fallen off the diary system.

20. Plan of Action

Each claim file shall contain the examiner's plan of action for the future handling of that claim. Such plan of action shall be clearly stated including the reasoning for the plan. The plan of action will be updated at least every ninety (90) calendar days and clearly identified in the computer notepad. The initial plan of action will be clearly documented in the computer notepad within fourteen (14) calendar days of the initial claim set-up.

21. Claim Supervision

The TPA shall provide supervisory staff that will regularly review the work product of the examiners. The supervisor shall review at least ten percent (10%) of each examiner's caseload each month to ensure each examiner is following the performance standards outlined in the service contract. In addition, the supervisor shall conduct a regular quarterly review of all open indemnity claims with reserves in excess of \$100,000 and all problem or complex claims. Such reviews shall be labeled as "Supervisor Review" and clearly documented in the computer notepad.

22. Status Reports

Other than the reports identified in Section 37, "Loss Runs" of this document, claim status reports requested by the CITY, in addition to the regular ninety (90) day status reports

referenced in Section 5, "Employer Contact" of this document, shall be provided by the TPA to the respective CITY within ten (10) business days. Verbal status reports requested by the CITY shall be provided by the TPA to the respective CITY within two (2) business days. Computer generated loss data reports requested by the CITY shall be provided within twenty (20) business days.

23. Claim Reconciliation

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

24. Settlements

The TPA shall obtain the CITY's authorization on all settlements. The TPA or defense counsel shall forward settlement proposals to the CITY in a format acceptable to the CITY. All requests for settlement authority shall be clear and concise and include a written claim analysis, estimate of permanent disability, and the defense counsel's comments and recommendations. If the settlement exceeds the CITY's self-insured retention, the written settlement proposal shall also be directed to the ICRMA Workers Compensation Program Manager for review and submission to the ICRMA Claims Committee. The Claims Committee will review the proposal and may also submit it to the Administrative Committee and or Governing Board as deemed necessary. The ICRMA's excess carrier will be notified by the Workers Compensation Program Manager to provide authority in cases where the ICRMA's self-insured retention is exceeded.

25. Award Payment

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

26. Future Medical Claims

Claims that remain open to monitor future medical care shall remain open for two (2) years from the last payment of benefit. Reviews shall be documented in the claim notes to include settlement information, future medical care outline, last date and type of treatment, name of excess carrier, excess carrier reporting level, and excess carrier reporting history. Reserves for future medical treatment will be reviewed every six (6) months and adjusted for use over a three (3) year average and the injured employee's life expectancy based on the latest version of the U.S. Life Table. The reason(s) and calculation(s) for the adjustment(s) shall be clearly documented in the computer notepad.

27. Subrogation

In all cases where a third party is responsible for the injury to the employee, the TPA will send a letter to the CITY indicating they will pursue subrogation unless instructed otherwise by the CITY. When the responsible party has been identified, the responsible party shall be contacted within twenty (20) business days with notification of the CITY's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental CITY, a claim shall be filed with the governing Entity within six (6) months of the injury or notice of injury.

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

If the injured worker brings a civil action against the party responsible for the injury, the TPA shall consult with the CITY about the value of the subrogation claim and other considerations. If subrogation rights are waived, TPA shall obtain written authority from the City or Excess carrier, if applicable. Upon the CITY's authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action. Upon assignment of the case to an authorized subrogation attorney, the TPA shall request a "not to exceed" estimate of fees for such representation. The fees shall be authorized by the CITY prior to commencement of work by counsel. Should the "not to exceed" fees be reached, the TPA shall be responsible for obtaining continuing authority prior to incurring additional costs. Such contact with the CITY shall be documented in the computer notepad. Should the costs exceed the estimated fees without proper verbal authority from the CITY, the TPA may be responsible to reimburse the CITY for the additional cost(s).

Whenever practical, the TPA should take advantage of any settlement in a civil action by attempting to settle the workers' compensation claim by means of a Third Party Compromise and Release. If such attempt does not succeed, then every effort should be made through the WCAB to offset claim expenses through a credit against the proceeds from the employee's civil action.

28. Litigated Cases

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

When defense counsel is not necessary, the TPA shall work closely with the applicant's attorney in informal disposition of litigated cases. All assignments to outside counsel will be done with the CITY's authorization and consent. The TPA shall prepare clear and concise litigation referrals to outside counsel outlining the issues of the claim and duties that will be

handled by defense counsel. Such referral will be documented in the TPA's computer notepad. In conjunction with the CITY, the TPA shall monitor the outside counsel's progress. The TPA shall audit all defense counsel's bills before payment is authorized. Defense counsel shall provide to the TPA, with a copy to the CITY, an initial case analysis and a plan of action within ten (10) business days of the assignment.

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

The manager, supervisor, or the examiner shall attend WCAB hearings, rehabilitation hearings, other court proceedings, meetings with defense counsel, and meetings with the CITY's staff, departments, and employee groups as necessary and as requested to do so.

29. Fraudulent Claims

Any claim believed to be fraudulent shall be referred to TPA's in-house special investigation unit for further investigation and potential referral to the District Attorney. If TPA does not have an in-house special investigation unit, the claim will be referred to an investigator, with the CITY's prior approval, to conduct further investigation.

30. Excess Insurance

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

31. Penalties

Late payment of all benefits must include the self-imposed penalty in accordance with California law. The TPA will provide the CITY a quarterly listing of any administrative penalties paid the quarters ending March 31, June 30, September 30, and December 31, which were the responsibility of the TPA, and a check from the TPA payable to the CITY for reimbursement. The check and report shall be submitted to the CITY by the 20th of the following month after the quarter ends.

32. Case Closure

The supervisor shall review all inactive medical only files open beyond ninety (90) days from the date of entry by the TPA for potential closure or conversion to indemnity status. Inactive is defined as those claims with no payment, reserve, or file note activity during the prior sixty (60) days. Claims with \$5,000 or more paid-to-date on any medical only claim open beyond one-hundred-eighty (180) calendar days from the date of TPA entry shall be converted to indemnity status and a reasonable, precautionary indemnity reserve placed on the claim. All indemnity cases, where permanent disability is not an issue, will be closed within sixty (60)

calendar days of the final financial transaction or final correspondence to the injured worker as required by law. All indemnity claims, where permanent disability is an issue, will remain open for two (2) years from the last payment of benefit, and then closed within sixty (60) calendar days of that date.

33. Forms

The TPA shall provide all forms necessary for the processing of benefits or claims information including the Employer's Report of Occupational Injury or Illness, DWC Form 1, medical service orders, return-to-work slips, lost time information reports, vouchers, checks, and other related forms. The cost of providing these forms shall be included within the contract price set forth in the service agreement.

34. Claims Reporting

The TPA shall, at its expense, provide to the CITY by the tenth (10th) of each month a written summary report showing the number of claims reported during the prior month, separated by category (i.e. indemnity or medical only), the number of claims closed during the prior month, separated by category, and any medical cost savings. This report shall show a comparison of the same information for the same month for the prior year.

The TPA shall, at its expense, submit monthly loss data to the ICRMA through FTP site by the fifteenth (15th) of each month. Data must be submitted in accordance with ICRMA's data standards as they may from time to time exist. Current ICRMA standards are attached to this RFP as Exhibit B.

The TPA shall maintain all loss information as required by the Workers' Compensation Insurance Rating Bureau.

The TPA shall assist in the preparation of all reports that are now, or will be required by the State of California or other government agencies with respect to self-insurance programs. The TPA will also assist in the preparation of all reports or databases required by statistical database organizations.

35. Record Retention

All claim files shall be maintained in accordance with statutory time requirements and the CITY's Record Retention Policy. The CITY shall be notified prior to any destruction of files to determine if the CITY wishes to retain the claim file.

36. Computer Access

The TPA shall provide online access at no additional charge to the CITY and/or designated representatives. Such data shall be in a format accessible from the Administrator's

computers and will permit the Administrator to print copies of the data on its printers. The TPA shall provide training for use of the computer system at no additional charge.

37. Loss Runs/Reporting

The TPA shall, at its expense, by the fifteenth (15th) calendar day of the following month, unless otherwise specified below:

- A. Provide the following information monthly to the CITY, as it pertains to their respective claims, electronically, on diskette, or in written format:
 - i. A listing of all open claims showing the employee's name, claim number, date of injury, paid amount, future liability, total incurred, and any amounts recovered;
 - ii. OSHA 300 and 300A logs or a listing of information needed for the CITY to complete the OSHA 300 and 300A logs. The logs or report shall include claims where temporary disability benefits were paid during the applicable month showing the paid-to-date amounts, from and through dates of temporary disability benefits paid, claim number, and date of injury; and
 - iii. A summary listing by fiscal year to include, but not limited to, paid to date amounts, future liability or reserve amounts, total incurred amounts, number of open claims, number of closed claims, and average cost per claim.
- B. Provide other special reports required of the CITY including, but not limited to, loss trend reports, claim abstract reports, reports required by actuaries, excess insurance carriers, etc., provided that such reports do not require data elements that have not previously been collected by the TPA. If new programming is required in order to provide such reports, the TPA shall pay at its own expense for new or special programming costs. As noted above, the City's Insurance Pool, Independent Cities Risk Management Authority (ICRMA), requires data be submitted monthly (see Exhibit B).

Any corrections to the loss runs shall be made within thirty (30) calendar days of the request for correction.

38. Availability of Personnel

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

39. Employer Services

The TPA shall provide special on-site training services annually to the CITY's staff to ensure that the CITY's staff that process workers' compensation claims are effectively carrying out the procedures required for a successful program.

The TPA shall consult annually with the CITY on the establishment and coordination of necessary procedures and practices to meet the needs of the CITY with respect to the administration and processing of claims.

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

The TPA shall provide the CITY with information regarding statutes, proposed changes to statutes, and changes to the rules and regulations affecting the City and its responsibility as a legally uninsured workers' compensation authority.

40. Examiner Training

The TPA shall annually certify to the CITY that each claims examiner handling the CITY's claims is in compliance with all legal and regulatory licensing and continuing educational requirements as presently or in the future shall be promulgated and required by the State of California. Such certification for the prior year shall be in the form of a letter to be received no later than April 1 of each year.

41. Right to Audit or Review

The CITY or its designated representative is authorized to visit the TPA's processing and/or storage premises, for purpose of performing an annual claims audit or quarterly file reviews, and have access to all data, including paper documents, microfilm, microfiche, and magnetically stored data which relate to payments or non-payments made by the CITY. The CITY or its designated representative will provide the TPA with at least thirty (30) days advance notice. Any assistance or service provided in response to a claims audit described above will be rendered at no additional cost to the CITY.

Within 30 days of each audit or review, the CITIES and the TPA shall receive a letter from the auditor or the reviewer which summarizes the outcome of each audit or review. Should the TPA fail to meet the minimum acceptable audit score, based on an overall total score versus individual category scores, the outcome letter will suggest that the CITY and the TPA discuss the results and develop a performance improvement plan. Should two consecutive audits or reviews result in a less than satisfactory score, the auditor or reviewer shall arrange a meeting with the CITY and the TPA within 30 days of the second audit or review to discuss the audit results and outline a plan for performance improvement.

42. Conflict of Interest

The TPA shall avoid all conflicts of interest or appearance of conflicts of interest in performance of the contract. If, during any given year, the TPA receives compensation from any party for services included in the service agreement, such as bill review services, Utilization Review, managed care, or investigations, the TPA shall disclose total compensation received in prior year. Such disclosure shall be in the form of a letter and shall be received by the CITY no later than April 1 of each year.

43. Confidentiality of Information

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

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

IV. INSURANCE REQUIREMENTS

The Administrator must agree to indemnify, hold the City harmless, and defend the City from all claims and legal action for damages arising from their performance under the agreement.

Prior to and during the performance of the contract, the Administrator shall maintain at its own expense the following minimum insurance coverage:

1. Commercial General Liability insurance in an amount no less than \$1,000,000.
2. Business Automobile Liability insurance in an amount no less than \$1,000,000 per accident.
3. Workers' Compensation insurance meeting all statutory benefit requirements of the Labor Code of the State of California and Employers Liability insurance with a minimum of \$1,000,000 per claim.
4. Professional Errors & Omissions insurance with a minimum of \$5,000,000 limit per claim.
5. Crime bond covering the misappropriation of City funds.

Insurance shall be primary with regards to any claim for damages arising out of the work performed under a service agreement. The CITY, its officers, agents, and employees shall be

named as additional insureds under the Commercial General Liability policy. The Administrator shall disclose its self insured retentions on each of the required policies. The insurer shall provide 30 days written notice to the CITY regarding non-renewal, expiration or any changes in coverage. Appropriate insurance certificates and endorsements shall be provided to the CITY for review and approval prior to execution of a service agreement.

All insurance documents are to be sent to:

HUMAN RESOURCES/RISK MANAGEMENT DIRECTOR
CITY OF GLENDORA
116 E. FOOTHILL BLVD.
GLENDORA, CA 91741

V. ESTIMATED TIMETABLE

The CITY anticipates the following timetable:

Issuance of the Request for Proposals (RFP)	January 28, 2013
Deadline for Receipt of Proposals by the CITY	February 28, 2013
Review of Responses and Select Interviewees	March 6, 2013
TPA Interviews	March 20, 2013
Date of Contract Award	April 9, 2013
Contract Start-Up	July 1, 2013

The CITY reserves the right to cancel and/or modify the above dates at any time.

VI. SELECTION CRITERIA

The selection criteria to be used to select the successful proposer will include, but is not limited to, the following:

- A. Established record of consistent professional service and reputation within the industry;
- B. High quality references from clients, particularly from other self-insured groups, either public or private;
- C. Staffing and experience levels;
- D. Cost effectiveness of medical and legal cost containment services and activities; and
- E. Overall cost-benefit advantages.

VII. INSTRUCTIONS FOR PREPARING WRITTEN PROPOSAL

Please respond to this RFP in the following manner:

- A. Submit a cover letter that contains the name, title, address, and telephone number of the individual(s) with authority to bind the proposal during the period in which the CITY is evaluating the proposal. The proposal shall also identify the legal form of the firm, (i.e., sole proprietor, partnership, corporation, etc.) If the firm is a corporation, the cover letter shall identify the state in which the firm was incorporated. A principal of the firm or other person fully authorized to act on behalf of the firm shall sign the cover letter.

- B. References and Experience
 - 1. Please give a brief description of proposer including:
 - a. The names and background of principal owners, partners, or officers including a resume detailing experience;
 - b. The length of time the firm has been in business of administering workers' compensation claims;
 - c. The number of offices and locations;
 - d. The office that would service the CITY's claims; and
 - e. The office that would service the CITY for loss data or functions other than claims adjusting.

- C. Please advise whether there are any major changes (e.g., relocation of firm/consolidation) planned for proposer during the next twelve (12) months.

- D. Identify the personnel, including supervisory and management, who would be assigned to administer CITY's claims. In addition, provide detailed responses to the following:
 - 1. The position each individual occupies;
 - 2. The education, years, and type of experience of each individual (attach a resume or curriculum vitae);
 - 3. The experience each individual has adjusting California permissibly public or private self-insured agency claims;

City of Glendora
Request for Proposal for Workers' Compensation TPA Services
January 28, 2013

4. The length of time each individual has been with the proposer;
 5. The percentage of time each individual is in the office versus the field;
 6. The caseload for every person assigned to handle any portion of CITY's claims.
- E. Provide a list of clients for which similar types of claims-related services are currently provided. Please include the name, title, and phone number of three (3) people, in three (3) different entities (preferably municipalities)/companies, other than the CITY, whom the CITY can contact to discuss the proposer's performance.
 - F. Provide a list of clients who have cancelled their contract with your company during the past twenty-four (24) months.
 - G. Describe how your TPA ensures compliance with workers' compensation statutes and rules and regulations promulgated by the Department of Industrial Relations.
 - H. Identify any owned ancillary services.
 - I. Please quote a flat annual fee for each year of a three (3) year contract for claims administration.
 - J. Please indicate any additional fees for Utilization Review, Bill Review and/or Managed Care.
 - K. Please indicate any additional fees or fee adjustment for unbundling of Utilization Review, Bill Review and/or Managed Care.
 - L. Please indicate any additional fees for initial data conversion.
 - M. Please indicate whether the proposer can comply with the SCOPE OF WORK as outlined in Section III, above. If the proposer is unable to comply with a specific performance objective, please indicate which objective cannot be complied with and the reason(s) the objective cannot be met.
 - N. Please describe any services not previously covered which you believe may be of particular value to the CITY, such as provider and facility networks, on-line access to claim files, litigation management, etc.
 - O. In compliance with MMSEA Section 111 Medicare Secondary Payor Mandatory Reporting, the City requires the selected third party administrator to be registered with the Centers for Medicare and Medicaid Reporting Services (CMS) as the Account Manager for the JPA. The proposer will provide verification of their intention to register as the Account Manager and provide detailed information on

City of Glendora
Request for Proposal for Workers' Compensation TPA Services
January 28, 2013

their plan to provide necessary data to CMS within the required timeframes. Please specify any ancillary vendors which will be utilized for the transmission of data, any contractual arrangements between the proposer and the ancillary vendor and any associated costs above the TPA claims administration costs for assuming the Account Manager responsibilities and data transmission as outlined by CMS.

The selected TPA will be required to handle CMS reporting for all new and open claims.

- P. The proposal must indicate that the TPA agrees to be bound by the proposal and shall enter into a contract to provide services in a form as approved by CITY.
- Q. The proposal should expressly state that the offer, including all pricing proposals, will remain in effect until at least June 30, 2013. In addition, all information presented in your proposal will be considered binding when a contract is developed (unless otherwise modified and agreed to by both parties during subsequent negotiations).
- R. Samples of computer-generated reports must accompany the proposal.
- S. It is expected that there will be approximately 41 open files that will be transferred to the new TPA. The proposer must state whether the cost of handling these existing open files are included in the flat annual fee quoted above. If not, then proposer shall indicate the costs for these existing open files.
- T. The TPAs whose proposals are selected as finalists for consideration may be asked to appear, at their own expense, before an evaluation panel to discuss their proposal.

Proposals will be accepted at:

CITY OF GLENDORA
HUMAN RESOURCES/RISK MANAGEMENT DEPARTMENT
116 EAST FOOTHILL BOULEVARD
GLENDORA, CA 91741

Questions concerning this RFP should be addressed to:

Robert A. Blackwood
Interim Human Resources/Risk Management Director
City of Glendora
116 East Foothill Boulevard
Glendora, CA 91741
626-914-8259

City of Glendora
Request for Proposal for Workers' Compensation TPA Services
January 28, 2013

Submit four (4) bound and one (1) unbound copy, and one (1) electronic copy (CD or Flash drive) of your proposal and any other information concerning your services **no later than 2:00 p.m., on Thursday, February 28, 2013**, to the address shown above. Late proposals will automatically be rejected.

All proposals, whether selected or rejected, shall become the property of the CITY. Costs of preparation of proposals will be borne solely by the proposer. Proposals may not be submitted by fax machine or email.

CITY staff will review all submitted proposals and evaluate them against the selection criteria listed above and will select the firms to be interviewed. Following that interview, staff will make a recommendation to the City Council for award of the contract. If the City Council elects to proceed with selection of a TPA, the CITY will enter into contract negotiations with the selected TPA.

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

END OF REQUEST FOR PROPOSAL

EXHIBIT A

**CITY OF GLENDORA - OPEN CLAIMS REPORT
AS OF 12-31-12**

Paid Total	Incurred Total	O/S Reserve Total
202524.70	244118.00	41593.30
74508.44	176395.61	101887.17
34627.86	51897.24	17269.38
805.05	4195.48	3390.43
4551.06	11162.00	6610.94
47581.50	63959.00	16377.50
221947.70	307940.00	85992.30
209699.95	221104.96	11405.01
27830.03	45687.74	17857.71
59171.19	72591.98	13420.79
195639.69	201992.87	6353.18
5930.24	11174.00	5243.76
16390.10	23576.39	7186.29
125900.06	134515.20	8615.14
45106.05	97011.00	51904.95
1964.78	9125.00	7160.22
53355.13	68048.00	14692.87
17107.25	33983.00	16875.75
10.25	9125.00	9114.75
7320.30	28702.00	21381.70
8271.10	18844.00	10572.90
19273.46	27550.00	8276.54
33390.68	35019.00	1628.32
1116.66	2578.00	1461.34
8241.91	14000.00	5758.09
50390.45	70600.75	20210.30
37616.00	59272.42	21656.42
1054.66	8625.00	7570.34
196.76	575.00	378.24
315.75	8625.00	8309.25
548.38	597.00	48.62
921.82	9596.00	8674.18
639.23	683.00	43.77
725.35	8550.00	7824.65
24.46	575.00	550.54
0.00	5750.00	5750.00
87028.86	97038.12	10009.26
9069.93	28448.00	19378.07
61074.46	90075.52	29001.06
14972.61	44743.02	29770.41
196198.22	537475.80	341277.58

EXHIBIT B**ICRMA DATA SUBMITTAL SPECIFICATIONS:**

<u>No.</u>	<u>Field Name</u>	<u>Format</u>	<u>Description</u>
1	Evaluation Date	mm/dd/yyyy	The date the loss data was evaluated, which should always be the last day of the month being reported.
2	Entity Name	text (80)	Name of the member entity, district, or employer. For members of a JPA or group, this field should contain the member/entity name, not the name of the JPA or group. The individual employer/entity name will be used to determine the group.
3	Location Name	text (80)	Name of the claimant's assigned location, building, facility, school, or division (if the same as Department Name, then leave blank). Do not include location numbers.
4	Department Name	text (80)	Name of the claimant's department. Do not include department numbers.
5	Claim Number	text (40)	Claim or file number.
6	Original Claim Number	text (40)	If the claim has been transferred from another TPA or entity, or is the excess or pool layer loss amount on another claim, include the original claim or file number. Otherwise code the same as 5 (Claim Number) above
7	Claimant First Name	text (40)	First name of the claimant. Must be mixed case and only include the claimant's first name.
8	Claimant Last Name	text (40)	Last name of the claimant. Must be mixed case and not include the claimant's first name.
9	Date of Birth	mm/dd/yyyy	Claimant's date of birth.
10	Gender	text (1)	Claimant's gender. Code F for female or M for male.
11	Occupation	text (40)	Job title of claimant at time of injury/illness.

12	Safety Flag	text (1)	Code “Y” if the claimant is eligible for full salary benefits under Labor Codes (LC) 4850 and 4856 or “N” if not.
13	Class Code	text (4)	NCCI standard class code based on claimant’s occupation at time of injury/illness. (If the code is not captured, then leave blank.)
14	Date of Hire	mm/dd/yyyy	Claimant’s hire date.
15	Avg. Weekly Wages	\$\$,##0.00	Average weekly wages at time of injury/illness. If unknown, code \$0.00.
16	Claim Type	text (2)	Code as IO = Incident (or Record or Notice) Only, FA = First Aide, MO = Medical Only, TD = Temporary Disability, PP = Permanent Partial Disability, PT = Permanent Total Disability (100%), DC = Death Claim, or FM = Future Medical. No other codes will be accepted.
17	PD Rating	###,##	Percentage of rating established by the TPA, State, or independent rater.
18	PD Amount	\$\$,##0.00	Amount of permanent disability associated with percentage of rating established by the TPA, State, or independent rater.
19	Settlement Type	text (2)	Code as CR = Compromise and Release, FA = Findings and Award, ST = Stipulated Award, OS = Other Settlement Type, NS = Not Settled. No other codes will be accepted.
20	Settlement Amount	\$\$,##0.00	Amount of settlement agreed by all parties and approved by a judge.
21	Settlement Date	mm/dd/yyyy	Date judge approved settlement.
22	FM Award Flag	text (1)	Code “Y” if the claim will remain open to monitor future medical care or “N” if the claimant is not entitled to future medical care.
23	Cause of Loss Code	text (3)	Alphanumeric Cause of Loss code
24	Cause Description	text (80)	Ex.: Fall. Only include description (no codes accepted).
25	Nature of Injury Code	text (3)	Alphanumeric Nature of Injury code.

26	Injury Description	text (80)	Ex.: Sprain. Only include description (no codes accepted).
27	Body Part Code	text (3)	Alphanumeric Body Part code.
28	Body Part Description	text (80)	Ex.: Foot. Only include description (no codes accepted).
29	Text Description	text (255)	Free form text description of the claim. This field should list the actual description of the injury or event as listed by the employer. Do not include quotes ('), double quotes ("), or carriage return or end-of-line characters (CRLF).
30	Fatality Flag	text (1)	Code "Y" if the injury or illness caused or allegedly caused the claimant's death or "N" if it did not.
31	Litigated Flag	text (1)	Code "Y" if the claimant is or was represented by an attorney or the employer retained legal representation at any time or "N" if there are no attorneys involved.
32	Accepted Date	mm/dd/yyyy	Date the claim or a portion of the claim is accepted.
33	Delayed Date	mm/dd/yyyy	Date the claim or a portion of the claim was once or is currently delayed.
34	Denied Date	mm/dd/yyyy	Date the claim or a portion of the claim is denied.
35	Date of Loss	mm/dd/yyyy	Date the incident, injury, or illness occurred or was alleged. If cumulative trauma is alleged, the date of injury shall be listed as the last date of the injurious exposure.
36	Date Reported	mm/dd/yyyy	Date claim was reported by the claimant to his or her employer. Also known as date of knowledge.
37	Date Received	mm/dd/yyyy	Date claim was received/reported to the claims administrator/adjuster.
38	Date Entered	mm/dd/yyyy	Date claim was entered into the risk management / claims information system. Also

known as system date, open date, or registration date.

39	Date Closed	mm/dd/yyyy	Date this claim was closed (if not closed then leave blank).
40	Status	text (2)	Code as follows: OP = Open, CL = Closed, RO = Re-opened, RC = Re-closed. No other codes will be accepted.
41	Paid TD	,\$,##0.00	Amount paid to date on the claim for temporary benefits (does not include amount paid per LC 4850 and 4856 or vocational rehabilitation/supplemental job displacement benefits (SJDB)).
42	Paid PD	,\$,##0.00	Amount paid to date on the claim for permanent benefits.
43	Paid 4850	,\$,##0.00	Amount paid to date for losses/injuries to public safety officers per LC 4850 and 4856. Do not include amount in field 35 (Paid TD).
44	Paid Other Indemnity	,\$,##0.00	Amount paid to date for other indemnity benefits not including temporary, permanent disability, or LC 4850 benefits. This includes death benefits and/or penalties.
45	Paid Medical	,\$,##0.00	Amount paid to date for medical benefits and medical management fees (bill review, nurse case management, utilization review incurred prior to 07/01/12).
46	Paid Voc Rehab/SJDB	,\$,##0.00	Amount paid to date for vocational rehabilitation benefits/SJDB.
47	Paid ALAE	,\$,##0.00	Amount paid to date for all non-legal expenses (fees for copy service, , surveillance/sub rosa, interpreters, indexing, witnesses, investigations, and expenses incurred after 06/30/12 for bill review, nurse case management, and utilization review services).
48	Paid Legal Expenses	,\$,##0.00	Amount paid to date for legal expenses (fees for defense attorney and depositions).

49	Total Paid	\$#,##0.00	Total paid on this claim to date. Must total the sum of fields 41+42+43+44+45+46+47+48.
50	Reserved TD	\$#,##0.00	Current case reserve for only temporary benefits (does not include amount reserved per LC 4850 and 4856 or vocational rehabilitation benefits/SJDB).
51	Reserved PD	\$#,##0.00	Current case reserve for only permanent benefits (does not include amount reserved per LC 4850 and 4856 or vocational rehabilitation benefits/SJDB).
52	Reserved 4850	\$#,##0.00	Current case reserves for losses/injuries to public safety officers per LC 4850 and 4856. Do not include this amount in field 50 (Reserved TD).
53	Reserved Other Indemnity	\$#,##0.00	Current case reserves for other indemnity benefits not including temporary, permanent disability, or LC 4850 and 4856 benefits. This includes death benefits and/or penalties.
54	Reserved Medical	\$#,##0.00	Current case reserve for medical benefits and medical management fees (bill review, nurse case management, utilization review incurred prior to 07/01/12).
55	Reserved Voc Rehab	\$#,##0.00	Current case reserve amount for vocational rehabilitation benefits/SJDB.
56	Reserved ALAE	\$#,##0.00	Current case reserves for non-legal expenses (fees for copy service, surveillance/sub rosa, interpreters, indexing, witnesses, investigations, and expenses incurred after 06/30/12 for bill review, nurse case management, and utilization review services).
57	Reserved Legal Expense	\$#,##0.00	Current case reserves for legal expenses (fees for depositions and defense attorney).
58	Total Reserved	\$#,##0.00	Total current case reserves on this claim. Must total the sum of fields +50+51+52+53+54+55+56+57.
59	Total Incurred	\$#,##0.00	Total Incurred losses for this claim. This amount shall be exclusive of any subro or excess recovery amounts. Must total the sum of fields 49 (Total Paid) and 58 (Total Reserved).

60	Subrogation Recovery	\$#,##0.00	Amount recovered for subrogation recovery on this claim file. This amount <i>shall not be deducted</i> from the paid to date, reserve, or total incurred amounts.
61	Excess Recovery	\$#,##0.00	Amount recovered from excess carrier on this claim file. This amount <i>shall not be deducted</i> from the paid to date, reserve, or total incurred amounts.
62	4850 Days Paid	#,##0	Number of LC 4850/4856 days paid. Code as "0" if none has been paid. This field will contain the number of days and not the amount of benefits paid to the claimant per LC 4850 and 4856.
63	Mod. Duty Days Worked	z,zz0	Number of modified duty days claimant worked. Code as "0" if none worked. This field will contain the number of days and <i>not</i> the amount of salary paid to the claimant.
64	OSHA Days Paid	z,zz0	Number of OSHA days paid. Code as "0" if none paid. This field will contain the number of days and <i>not</i> the amount of temporary disability benefits paid to the claimant.
65	TD Days Paid	#,##0	Number of temporary disability days paid. Code as "0" if none paid. This field will contain the number of days and <i>not</i> the amount of temporary disability benefits paid to the claimant