

## **SERVICE AGREEMENT FOR ADMINISTRATION OF A CLAIMS PROGRAM**

This Service Agreement for Administration of a Claims Program dated July 7, 2022 (the "Agreement"), is entered into by and between Sedgwick Claims Management Services, Inc. ("Sedgwick"), and City of Reno (the "Client") (Sedgwick and Client together the "Parties").

### **RECITALS**

1. Client self-insures its claims administration program for workers' compensation risks and desires to have Sedgwick provide the specific services set forth below in connection with such self-insured program.
2. Sedgwick is willing to provide such services on the terms and conditions hereinafter stated.

### **AGREEMENT**

1. **Services to Be Performed by Sedgwick:** Sedgwick agrees to perform the following services:
  - A. With regard to Claims Administration, Sedgwick shall:
    - (1) During the term of this Agreement, review all claim and loss reports received from Client that are required to be reviewed under the Program (a "Qualified Claim"), and process each such claim or loss report in accordance with applicable statutory and administrative regulations;
    - (2) Conduct an investigation of each Qualified Claim to the extent deemed necessary by Sedgwick in the performance of its obligations hereunder;
    - (3) Arrange for independent investigators, appraisers, or medical or other experts to the extent deemed necessary by Sedgwick in connection with processing any Qualified Claim;
    - (4) Pay benefits, expenses, and adjust or settle each Qualified Claim, but only if in the sole judgment of Sedgwick such payment would be prudent for Client and the anticipated amount thereof does not exceed the limit specified in accordance with paragraphs 2F and 2G below, or as Client specifically approves or directs such action in writing;
    - (5) Maintain a file for each Qualified Claim which shall be the property of Client (for self-insured claims) or Insurer (for insured claims) and which shall be available for review by Client or Insurer during normal business hours upon three (3) days' prior written notice;
    - (6) Notify Client's first layer of insurance coverage for each Qualified Claim where the values may exceed Client's retention, providing such insurer

with necessary information on the current status of those claims, unless relieved of this obligation by Client pursuant to paragraph 2A;

- (7) Assist Client's counsel, if requested, in preparing the defense of litigated cases arising out of Qualified Claims, negotiating settlements and pursuing subrogation or contribution actions;
  - (8) Maintain a current estimate of the expected total cost of each Qualified Claim which is based on facts known at the estimation date, but is not trended or actuarially developed;
  - (9) Use a proprietary data management system to furnish to Client agreed upon loss and information reports. These reports shall contain information such as each Qualified Claim date, condensed claim description, payments made, estimated future costs and total expected costs of all Qualified Claims, as well as summary and other data deemed relevant by Sedgwick, but not IBNR (incurred but not reported) claims or actuarially developed loss values; and
  - (10) Annually report federal, state and local 1099 information under Sedgwick's tax identification number(s) for vendor payments issued by Sedgwick on bank accounts established and managed by Sedgwick on behalf of Client, but not for payment authorizations when Sedgwick does not issue the checks. Client recognizes and agrees that any earnings credits realized on the account(s) will be utilized to offset banking analysis fees related to any Sedgwick managed claim fund account. To the extent that earnings credits do not off-set all bank account fees, Client shall pay the additional bank account fees due.
- B. Sedgwick shall provide managed care services as set forth in the attached Managed Care Service Schedule.
  - C. Sedgwick shall provide the special investigative unit (SIU) services set forth in the attached SIU Service Schedule.
  - D. Sedgwick shall provide Client with the capability to perform searches in a database which contains information regarding Client's Qualified Claims as set forth in the attached OSHA Database Service Schedule.
  - E. Sedgwick shall provide the MMSEA/SCHIP Reporting services as set forth in the Medicare Reporting Services Schedule attached hereto.
  - F. Sedgwick shall provide additional Medicare compliance services as set forth in Medicare Compliance Schedule(s) attached hereto.
  - G. Sedgwick shall provide the clinical consultation services as set forth in the Clinical Consultation Services Schedule attached hereto.

**2. Obligations of Client:**

- A. Client shall provide Sedgwick in a timely manner with its first layer of insurance coverage for the policy years necessary for proper notification of applicable Qualified Claims to such first layer insurers by Sedgwick. Should Client fail to provide this information, Sedgwick shall be relieved of any such reporting obligations.
- B. Client shall pay to Sedgwick a service fee which, in the initial term of this Agreement, shall be computed and payable as shown on the attached Exhibit A, plus applicable taxes, if any.
- C. Client shall at all times provide funds adequate for the payment of Qualified Claims, including allocated loss adjustment expenses. For purposes of this Agreement, allocated loss adjustment expenses shall mean all costs, charges or expenses incurred by Sedgwick, its agents or its employees which are properly chargeable to a Qualified Claim including, without limitation, court costs; fees and expenses of attorneys; appeal bonds; independent adjusters; investigators; appraisers; vocational services, training or evaluation; medical expenses and medical cost containment service providers (including those provided by Sedgwick, if applicable); durable medical equipment; rehabilitation services; experts and witnesses; fees for obtaining statements, diagrams, reports, records, documents, transcripts, depositions, index bureau filings and re-filings, and photographs; cost of file retrieval; cost associated with the pursuit of subrogation and/or Special Injury Fund claims; hearing representation services; and travel fees and expenses incurred at Client's request.
- D. Client shall deposit funds for payment of Qualified Claims, including allocated loss adjustment expenses, in a bank account or accounts (the "Claim Account"). Client shall be responsible for providing sufficient funds to enable Sedgwick to write checks on the Claim Account for use in the payment of Client's Qualified Claims. Such funds shall be provided by electronic funds transfer at the inception of the Program and replenished by electronic funds transfer promptly from time to time thereafter. The amount of the escrow required for the Claim Account may be modified in the following instances:
  - (1) There is a substantial increase or decrease in claims payment activity;
  - (2) Client fails to fund the Claim Account within the agreed upon time period;
  - (3) There is a change in funding cycle;
  - (4) The escrow is recalculated at Client's request; or
  - (5) The escrow amount is automatically recalculated on an annual basis.
- E. It is expressly understood that Sedgwick shall not be required to advance its own funds to pay losses or allocated loss adjustment expenses for any Qualified Claim

hereunder. It is further understood that if Client fails to promptly provide funds sufficient to allow required payments to be made timely, or if funds previously provided by or on behalf of Client are seized, frozen or otherwise unavailable to Sedgwick to allow required payments to be made timely on account of the bankruptcy, receivership, or other insolvency proceeding of Client [or Insurer, in cases where Insurer funds claim account], Sedgwick will have no obligation to perform any claims payments services during any period of underfunding.

- F. Sedgwick shall have full discretion to make an individual payment of an allocated loss adjustment expense in an amount up to \$25,000 on any Qualified Claim and shall not need the approval of Client to make such payments. This amount may be changed at any time by Client upon ten (10) days' prior written notice to Sedgwick. It is agreed that Sedgwick shall have full authority and control in all matters pertaining to the payment, processing, investigation and administration of Qualified Claims within the limit established by this paragraph.
- G. Should Client fail to make timely payments of any service fees due Sedgwick or should Client in any other way breach a material term of this Agreement, Sedgwick shall then have the right to refuse to perform any further services. If Sedgwick elects to exercise its rights under this paragraph, in addition to all other legal or equitable remedies, Sedgwick will have the right to its full minimum fee, if any, as well as any other fees for which Sedgwick may be eligible, and may collect such fees from any loss fund that may be in Sedgwick's care, custody and control.

**3. Discontinuance of Operations:**

Should Client discontinue its business for any reason, all fees due Sedgwick shall be paid immediately. Sedgwick shall have no further obligation to continue to provide the services called for in this Agreement, and, at Sedgwick's option, this Agreement shall be considered terminated as of the date Client ceases operations or is subject to a bankruptcy or receivership filing, either voluntarily or involuntarily.

**4. Covered Jurisdictions:**

This Agreement shall cover all operations of Client in the state of Nevada.

**5. Term of Agreement and Termination:**

- A. The term of this Agreement shall be for the period commencing on July 1, 2022 and ending on June 30, 2025, with the option for two (2) one (1) year renewals upon terms and conditions mutually agreeable to the Parties.
- B. This Agreement may be terminated by either party at any time, provided that at least sixty (60) days' prior written notice of the effective date of termination is given to the other party.



- C. Sedgwick is providing services to Client on a life of contract basis. If requested by Client, Sedgwick will continue to process Client's Qualified Claims remaining open at the expiration or termination of this Agreement, if any, provided that Client shall continue to make adequate funds available for the payment of such Qualified Claims, including any allocated loss adjustment expenses and pay information technology fees, data tape fees, program management fees, and any other applicable fees. This provision shall not apply unless the additional fee for this service shall have been negotiated and agreed to in writing prior to the effective date of termination.
- D. If Sedgwick is required by Insurer to adjust Client's insured Qualified Claims after expiration or termination of this Agreement, Client shall continue to fund claims payments and allocated loss adjustment expenses as otherwise provided herein, and Client shall pay Sedgwick a mutually agreed upon fee, plus the prevailing fee for any information technology or data tapes required by Insurer.
- E. If Insurer fails to pay Sedgwick service fees which it is obligated to pay, then Sedgwick may present all unpaid invoices to Client and Client shall pay such service fees within thirty (30) days of presentment. If Insurer is responsible for funding the Claim Account and fails to adequately do so, then Client shall immediately and adequately fund the Claim Account upon notice from Sedgwick of the deficiency.
- F. Upon expiration or termination of this Agreement, Sedgwick shall deliver, at Client's sole cost, the hard copy and imaged files that Sedgwick has maintained for Qualified Claims (but not including any computer hardware, firmware, software or other proprietary information of Sedgwick), except those Sedgwick has agreed in writing to continue to process or files that are owned by Insurer; provided, however, that Sedgwick or its agents, employees or attorneys shall continue to be entitled to inspect all such files and make copies or extracts there from. Imaged files shall be transferred to Client in the same electronic format. If Client does not agree to accept such files, they will be retained or destroyed at Sedgwick's option and Client shall have no recourse against Sedgwick for failure to retain them. Upon request and for the prevailing fees at the time of termination, Sedgwick will also provide its standard tape(s) containing the computer data for the Qualified Claim files stored on Sedgwick's computer system(s).
- G. Should Client terminate the Agreement for convenience within the first twelve months of the Agreement, the Client shall pay Sedgwick fees equal to three months of the service fees. Should Client terminate for convenience within the second twelve months of the Agreement, the Client shall pay Sedgwick fees equal to two months of the service fees. Termination fees are payable within thirty (30) days of the date of notice of such termination.

**6. Practice of Law:**

It is understood and agreed that Sedgwick will not perform, and Client will not request performance of, any services which may constitute the unauthorized practice of law.

**7. Indemnification:**

- A. Sedgwick shall be fully responsible for exercising reasonable care at all times in the performance of its obligations hereunder. However, if Sedgwick is named as a party to any litigation or proceeding, or is the subject of any claim or demand because of its actions on behalf of Client, Client agrees to indemnify, defend, and hold Sedgwick, its officers, directors, employees and agents harmless from any and all losses, damages, costs, judgments and expenses (including attorneys' fees and costs) with respect to any such litigation, proceeding, claim or demand, unless and until a finding is entered to the effect that Sedgwick failed to exercise such reasonable care in the performance of its obligations hereunder. Sedgwick agrees to indemnify, hold harmless and defend Client, its directors, officers, employees and agents from and against any and all liabilities, loss or damage that they may suffer as a result of any claim, demand, cost or judgment against them arising out of the negligence or misconduct of Sedgwick in connection with its performance under this Agreement, provided that such acts or omissions do not arise out of or relate to oral or written instructions, procedures or forms supplied by Client or to Client's internal management or adjustment of its claims. Each party agrees to keep the other fully informed of any matter for which it is defending, holding harmless or indemnifying the other party. Each party reserves the right to appoint its own counsel, at its own expense, regarding any matter defended hereunder and to approve any settlements of same.
- B. Notwithstanding anything to the contrary contained in the above paragraph, it is understood and agreed that if Client, directly or through a subcontractor or vendor of Client's choosing ("Client Subcontractor"), retains administration of a claim or performs any services for a claim Sedgwick administers, or if Client otherwise directs the administration of a claim, Client will indemnify, defend, and hold Sedgwick, its officers, directors, employees and agents harmless from the losses, damages, costs, judgments and expenses (including attorneys' fees and costs) as a result of any litigation or proceeding, fines, penalties, revocation of license, or any other state regulatory investigation or action arising against Sedgwick related to the acts or omissions of Client or the Client Subcontractor.
- C. If Client's access to claim data includes the ability to add and modify data, Sedgwick shall not be required to verify, or otherwise be responsible for, the accuracy of data added or modified by Client. Client shall indemnify, defend and hold Sedgwick, its officers, directors, employees and agents harmless for any loss, cost (including attorney's fees), claim or judgment which is attributable to Client's input or modification of data.
- D. The provisions of this section shall survive the expiration or termination of the Agreement.

**8. Network Security/Confidentiality:**

- A. If Client's access to the data management system requires a network connection (the "Network Connection") between Client's network and Sedgwick's network,

Sedgwick and Client shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The Parties agree, however, that each party is responsible for the security of its own network. Neither party shall be liable to the other for unauthorized access to the Network Connection, so long as the accused party shall have taken reasonable and customary precautions to prevent such unauthorized access.

B. Whether or not marked as such, and without regard to the media in which such records are stored, "Confidential Information" shall mean:

- (1) any business or technical information pertaining to the Parties or to third parties, which is furnished, disclosed or made available by one party to the other, including, without limitation, specifications, prototypes, software, marketing plans, financial data and personnel statistics; and
- (2) Medical records, reports and information, and, except as otherwise provided by federal, state or local law, any other non-medical records, reports or information pertaining to claimants under the Program.

C. Each party agrees to protect Confidential Information received hereunder with the same degree of care that such party exercises with its own confidential information (but in no event less than reasonable care) and to limit access and disclosure of Confidential Information only to their employees, agents and contractors who have a "need to know," and who agree to maintain confidentiality in accordance with this section. Notwithstanding the foregoing, Client agrees to permit Sedgwick to compile and disseminate aggregate, de-identified information for benchmarking purposes or forward to a data collection facility data for Qualified Claims handled pursuant to this Agreement, provided that such facility agrees in writing to keep Client's data confidential. Further, Sedgwick shall be entitled, without violation of this section and without the prior consent of Client, to retain claims administration information and to forward claims administration information to government agencies to the extent required by law for the proper performance of the services set forth herein.

D. The provisions of this section shall survive the expiration or termination of the Agreement.

## **9. Notices:**

Any notice required to be given under this Agreement shall be sent by certified or registered mail, postage prepaid, to General Counsel, Sedgwick Claims Management Services, Inc., 8125 Sedgwick Way, Memphis, TN 38125, in the case of Sedgwick, and to City of Reno, Risk Management, 1 East First Street, Reno, NV 89501 in the case of Client.

**10. Successors:**

This Agreement shall be binding upon and shall inure to the benefit of all transferees, assigns and successors in interest of any kind of the Parties, but no transfer or assignment may be made without the prior written permission of the other party.

**11. Entire Agreement and Modification or Amendment:**

This Agreement and its attached exhibits and schedules represents the full and final understanding of the Parties with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied. This Agreement may be modified or amended only by a written statement signed by both Parties.

**12. Applicable Law:**

The terms and conditions of this Agreement shall be governed by the laws of the State of Nevada without regard to conflicts of law principles. Venue for any dispute resolution, including litigation in court, arbitration or other forms of ADR shall be in Washoe County, Nevada.

**13. Force Majeure:**

Neither party shall be liable to the other party or be deemed to have breached this Agreement for any failure or delay in the performance of all or any portion of its obligations under this Agreement if such failure or delay is due to any contingency beyond its reasonable control (a "Force Majeure Event"). Without limiting the generality of the foregoing, such contingency includes, but is not limited to, acts of God, fires, floods, pandemics, storms, earthquakes, riots, boycotts, strikes, lock-outs, acts of terror, wars and war operations, restraints of government, power or communication line failure or other circumstance beyond such party's reasonable control, or by reason of the bankruptcy, receivership or other insolvency proceeding of any bank or other financial institution where funds to pay losses and allocated loss adjustment expenses are held, or by reason of a judgment, ruling or order of any court or agency of competent jurisdiction or change of law or regulation subsequent to the execution of this Agreement. Both Parties are obligated to provide reasonable back-up capability to avoid the potential interruptions described above. If a Force Majeure Event occurs, the party delayed or unable to perform shall give immediate notice to the other party. Client acknowledges that the foregoing provision does not apply to Client's obligation to make timely payment of any fees due Sedgwick, and that Sedgwick shall be entitled to all remedies set forth in this Agreement and those allowed by law for Client's failure to timely pay such fees.

**14. Headings:**

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

**15. Relationship of Parties; Expenses:**

Nothing contained in this Agreement shall be deemed to create a partnership or joint venture between the Parties; the only relationship among the Parties shall be that of independent parties to a contract. Except as expressly provided herein, no party hereto shall have authority or shall hold itself out as having authority to act for or bind any other party hereto. Except as expressly set forth herein, each party shall bear all expenses it may incur in connection with the execution, delivery and performance of this Agreement.

**16. Waiver of Breach:**

Failure of either party hereto to require the performance by the other party hereto of any obligation under this Agreement shall not affect its right subsequently to require performance of that or any other obligation. Any waiver by any party hereto of any breach of any provision of this Agreement shall not be construed as a continuing waiver of any such provision or a waiver of any succeeding breach or modification of any other right under this Agreement.

**17. Subcontractor Disclosure:**

Through contractual arrangements with subcontractors, Sedgwick provides a full range of medical management and investigative services to its clients, as well as structured settlements, claim indexing services, imaging, auto-bill adjudication, and extra-territorial claims administration services. Medical management services include, but are not limited to, bill review, network access, pharmacy benefits management, peer review, field case management, electro-medical devices, bone growth stimulators, orthotics, prosthetics, translation and interpretation, transportation, medical supplies, IV and respiratory therapy, home health, and durable medical equipment. Client recognizes and agrees that delivery of some of these services is being provided pursuant to separate agreements between subcontractors and Sedgwick. Invoices for these services will be paid as allocated loss adjustment expenses on individual claims, unless otherwise agreed between Client and Sedgwick. Notwithstanding the foregoing, Client agrees and understands that Client is obligated to make payment to the subcontractors either directly or by remitting such payment to Sedgwick, for any money due for subcontracted services which have been provided under this Agreement. Client acknowledges that Sedgwick receives a portion of charges for subcontracted services as reimbursement for cost of program management, administration, and technological and service enhancements. In no event will charges to Client exceed the amount indicated in the Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the day and date first above written.

City of Reno

By 

Title

CITY MANAGER

Date

7/15/2022

Sedgwick Claims Management Services, Inc.

By 

Title

Vice President

Date

July 7, 2022

## **EXHIBIT A**

### **SERVICE PROGRAM OVERVIEW**

#### **I. Introduction**

Sedgwick is administering the self-insured workers' compensation claims for Client as follows:

**State(s) Serviced:** Nevada

**Sedgwick Servicing Office:**

Insured Claims (if applicable):

A portion of Client's program is insured. Client shall provide the relevant policy information, including a complete copy of all applicable policies, as soon as reasonably practical after same becomes available.

#### **II. Account Coordination**

On behalf of Client, this service program will be coordinated by:

**Client Representative**

**Client Name**

**Client Address**

Telephone #

Fax #

On behalf of Sedgwick, this service program will be coordinated by:

**Sedgwick Representative**

**Sedgwick Office Address**

Telephone #

Fax #

Each party reserves the right to change its designated representative during the term of the Agreement.



## EXHIBIT B

### SERVICE FEES

Client shall pay the following fees on a **life of contract** basis for services provided during the term of this Agreement:

**Contract Term: 07.01.2022 – 06.30.2025 (with the option for two (2) one (1) year renewals upon terms and conditions mutually agreeable to the Parties.**

#### Summary of first year fees

All fees assume the full deployment of Sedgwick managed care services.

#### Claim Estimates

| Coverage line                              | Estimated frequency |
|--|---------------------|
| Indemnity claim                            | 66                  |
| Medical only claim                         | 180                 |
| Takeover indemnity claim <sup>(1)</sup>    | 198 <sup>(2)</sup>  |
| Takeover medical only claim <sup>(1)</sup> | 80                  |

<sup>(1)</sup>The fees quoted below are applicable as long as the number of takeover claims does not differ more than 10% from the estimates shown above.

<sup>(2)</sup>Of the 198 Takeover indemnity claims, 188 are resolved permanence claims and only 10 are actively managed. A one-time per claim fee of \$460 will be charged in the event that a permanence claim becomes active (when a request for reopening is submitted detailing “a change of circumstance, worsening of condition since deemed MMI and the objective medical reporting to substantiate the same”).

#### Annual flat fee option

Sedgwick offers an **annual flat fee pricing option in the amount of \$150,450 for years two (2) and three (3) of contract** based on the estimated claim volumes outlined above and the estimated required staffing to service those claims. Under this option, Sedgwick reserves the right to modify the annual flat fee if acquisitions, divestitures, changes in program requirements or an increase in claim volume of greater than 10% impacts the staffing requirements of the unit.

Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

#### First year claim fee estimates

| Coverage line                   | Life of contract |
|---------------------------------|------------------|
| Workers' compensation           | \$150,450        |
| RMIS (annual)                   | Included         |
| Implementation fee (one-time)   | \$4,000          |
| Total estimated first year fees | \$154,450        |

#### Items included in the quoted fees include:

- **Implementation team:** Team responsible for change management transition for project management, technology and program infrastructure
  - New program kick-off meeting
  - Historical data conversion from one data source including the conversion of images within Sedgwick's best practice standards
- **RMIS access:** viaOne® access for four users, which provides a platform-independent, web-based suite of services for viewing and analyzing claims data. Access provides secure, near real-time information from Sedgwick's proprietary claims information systems, including:
  - Customizable dashboards with drill-down capabilities
  - Detailed information about the incidents, claimant work status and time tracking information
  - Financial information about an event, including the claim's payment history and available reserves
  - Client diary capability, allowing for the creation of client diaries and customized alerts
  - Access to viaOne reports, which create ad hoc detailed reports with user-specified fields and filters
  - Access to Sedgwick's advanced analytics portal, a data warehousing platform that takes a deep dive to discover meaningful risk information at the program level
- **RMIS data outgoing feed:** Monthly data file to a single carrier
- **Claims reporting:** Sedgwick pricing includes the use of the Sedgwick call center and/or web reporting technology. Any other method (i.e., fax, email, land mail) will incur a fee of \$24 per reported incident
- **Claim reviews:** Monthly telephonic claim reviews with electronic status reports

#### Additional bundled services and fees:

- Data conversion of additional sources of historical data for handling by Sedgwick
- Conversion of imaged documents beyond Sedgwick's best practice standards will incur additional fees
- Subrogation and other recovery services (second injury funds and other special funds) will be charged 25% of recoveries
- Special investigation unit (SIU) services will be charged at prevailing rates
- RMIS access: Additional viaOne user access is \$870 per user per year
- RMIS data feeds: Additional interface files are \$225 per month for monthly file, \$645 per month

for weekly file or \$1,945 per month for daily file

- RMIS: System interfaces or custom programming charged at \$185 per hour
- Risk control services are available for \$155 per hour plus direct expenses for general safety personnel, \$170 per hour plus direct expenses for specialized industrial hygiene and \$180 per hour plus direct expenses for ergonomists/analytics
- MMSEA/SCHIP Medicare reporting fee: One-time \$9 charge per claim for claims involving bodily injuries (workers' compensation, liability, no fault)
- Escheatment services charged at \$15,850 per year for claim related payments issued from an escrow account in Sedgwick's tax ID. Under this process, Sedgwick reports un-cashed claim related payments to the appropriate state according to each states' unclaimed property law. Sedgwick offers an alternative escheatment service for free; however, City of Reno is responsible for filing unclaimed property to the states
- OSHA services: Sedgwick provides flexible OSHA recordkeeping solutions. City of Reno has the option to select one of two levels of service to suit their preferences through our viaOne OSHA proprietary application. The system is able to generate standard reports such as the OSHA 300, 300A, 301 and Sharps logs as well as other reports such as DART and BLS surveys. Our service levels include:
  - Basic - Sedgwick provides initial and ongoing demographic data updates to the application. City of Reno retains responsibility for other recordkeeping decisions including time tracking, privacy case designation and recordability. Fees are \$6,600 for implementation, \$460 per user per year and \$15 per incident set up in viaOne OSHA
  - Advanced - Sedgwick's trained OSHA analysts assume responsibility for all recordkeeping updates including time tracking, recordability, injury type designation and privacy. Fees are \$6,600 for implementation, \$460 per user per year and \$31 per incident set up in viaOne OSHA

## Sedgwick managed care

All claims administration fees and services contemplate the deployment of Sedgwick's managed care services for all bill review and case management services.

| Service   | Rate                                |
|---|-------------------------------------|
| <b>Medical bill review and provider networks</b>                      |                                     |
| State fee scheduling/usual, customary and reasonable; state reporting | \$8.50 per bill                     |
| <b>Provider networks</b>  |                                     |
| PPO networks/out of network services                                  | 28% of savings                      |
| <b>Telephonic clinical services</b>                                   |                                     |
| Telephonic case management (TCM):                                     | Evaluation and recommendation \$150 |
| • Telephonic nurse case manager                                       | 1-30 days: \$395                    |
| • Surgery nurse case manager  | Every 30 days thereafter: \$295     |
| Behavioral Health Specialist  | \$105 per hour                      |
| Customized nurse services   | \$105 per hour                      |
| <b>Utilization review (UR) and physician advisor</b>                  |                                     |
| Utilization review  | \$125 per review                    |

| Service  | Rate   |
|--|--|
| Physician advisor/peer review  | \$275 per review   |
| Physician review of records  | \$275 per hour   |
| Physician advisor appeal   | \$350 per review   |
| Complex pharmacy management  | Pharmacy nurse management/pain coaching: \$115 per hour<br>Physician and PharmD management (as needed): \$275 per hour   |
| <b>Field case management (FCM)</b>   |  |
| Medical FCM: Full field  | \$105 per hour, plus direct expenses   |
| Crisis care RN   | Urgent/catastrophic case management: \$165 per hour  |
| <i>FCM tasks:</i>  |  |
| One visit clinical assessment  | \$720 flat fee   |
| Limited assignment task  | \$105 per hour   |
| Specialty task services: life care plan, expert testimony, customized services | \$165 per hour   |
| <b>Vocational and work placement solutions</b>                                 |  |
| Transitional work placement (at not-for-profit)                                | \$900 for placement or no-show   |
| Return to work (RTW) specialist  | \$105 per hour<br>Telephonic RTW   |
| Workplace consultation - program/policy design and planning                    | \$200 per hour, plus direct expenses   |
| Vocational - full FCMA   | \$105 per hour, plus direct expenses   |
| <i>Vocational field tasks:</i>   |  |
| Vocational assessment/testing  | \$950 flat fee   |
| Labor market survey  | \$640 flat fee   |
| Automated transferable skills analysis   | \$360 flat fee   |
| Job analysis or ergonomic evaluation   | \$790 flat fee   |
| <b>Clinical consultation services</b>  |  |
| Clinical consultation  | Standard (24x7x365 access to nurse): \$100 per triage call<br>Premium (blended nurse intake option): \$105 per triage call<br>Advanced (ability to customize workflows): \$115 per triage call*<br>*level of customization may warrant additional fees |
| <b>Sedgwick managed care administrative services</b>                           |  |
| Lien resolution  | 28% of the below fee schedule savings subject to minimum fee of \$125 and cap of \$7,500 per lien<br>Expert witness testimony or hearing representation charged at \$125 per hour plus direct expenses   |
| Sedgwick standard medical card   | No charge; customization starts at \$3,500   |
| Mandatory state panel postings   | Included in Sedgwick bill review program fees  |
| Non-mandatory state panel postings   | \$9.00 per panel   |



## MEDICARE WORKERS' COMPENSATION COMPLIANCE SERVICES SCHEDULE

| No. | Service name and description   | Price            |
|-----|--|------------------|
| 1   | <b>MSA:</b> This comprehensive report is primarily used to assist the examiner in determining an appropriate amount of money to set aside for the benefit of Medicare at the time of settlement. This MSA expires after six months per CMS guidelines.   | \$2,500          |
| 2   | <b>MSA without submission:</b> This is a compact, evidence-based MSA report that will not be submitted to CMS for review. It does not expire.  | \$2,000          |
| 3   | <b>Zero-dollar MSA waiver:</b> Preparation and submission of the \$0 MSA to CMS. This is only for DENIED cases where \$0 in medical and indemnity payments have been made.   | \$1,750          |
| 4   | <b>Complex MSA:</b> Any MSA that includes three or more open claims to be included in the same report, catastrophic cases or more than 200 pages of medical records. In addition to WCMSA fee.   | \$650            |
| 5   | <b>MSA submission:</b> Compiling, reviewing, analyzing and submitting necessary documentation to CMS for approval of an MSA.   | \$800            |
| 6   | <b>Medicare lien search:</b> Sedgwick's lien resolution program will review and obtain conditional payment information from Medicare or Medicare advantage organization when applicable.   | \$165            |
| 7   | <b>Medicare lien appeal:</b> Sedgwick's lien resolution program will file an appeal with Medicare or Medicare advantage organization for any unrelated charges.<br>No charge for liens under \$1,000.  | \$350            |
| 8   | <b>Medical cost projection (MCP):</b> An MCP is similar to an MSA in that it projects the anticipated future medical care for a claimant. However, it could contain non-Medicare covered expenses and is not submitted to CMS for approval. Generally completed on claims with no current Medicare exposure or for reserving purposes. | \$2,250          |
| 9   | <b>MSA/MCP combination report:</b> This product is a combination of the MSA and MCP. It includes one report that summarizes medical records and two spreadsheets (Medicare and non-Medicare items).  | \$3,300          |
| 10  | <b>MSA update:</b> All updates will be charged at a flat rate.<br>Exception: MSAs older than two years may be charged the full MSA rate for an update.   | \$615 per update |
| 11  | <b>Social security disability check:</b> We will check to determine if the claimant has applied for or been accepted for Social Security disability benefits.  | \$350            |
| 12  | <b>Rated age request:</b> In certain circumstances, it may be necessary to secure a rated age to minimize the MSA.   | \$25             |

## **Definitions, terms and conditions**

### **Definitions**

**Life of contract:** Sedgwick will administer all claims received during the contract for the quoted fee. Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

**Indemnity claim:** An indemnity claim shall mean any workers' compensation qualified claim as follows:

- For which a payment is made or reserve is posted under the indemnity portion (i.e., not medical and not expense) of the qualified claim or there is time lost from work
- For which an application for adjudication of a claim or hearing notice is received or otherwise involves litigation or communication from or to a petitioner's attorney
- Where incurred medical costs exceed \$3,000
- That is denied but otherwise would have been classified as an indemnity claim
- For which City of Reno requests to be investigated or classified as an indemnity claim
- That Sedgwick determines additional investigation is necessary to determine compensability, to comply with applicable laws or both
- For which subrogation is investigated or pursued
- That is open longer than 12 months

**Permanence Claim:** Nevada Indemnity claim where claim remains open for the provision for the payment of the award.

**Medical only claim:** A medical only claim is defined as any claim that is not an indemnity claim or an incident only claim.

**Incident only:** Incident only claims are claims reported by City of Reno that require no payment or activity other than generating a record in the claims administration system. These claims carry no reserves and no contacts are made by Sedgwick. If contacts are required on incident only cases, additional fees will apply.

**Allocated expenses:** The claim fees agreed to shall include all costs incurred by Sedgwick in handling claims submitted except those costs normally referred to as "allocated expenses." These expenses will be billed to the individual claim file when incurred.

In some cases, Sedgwick engages subcontractors to assist us in providing services. In order to hold down the cost to our clients, Sedgwick may have arrangements with these subcontractors to cover expenses for certain activities including, but not limited to development of integrated data systems, account management, quality oversight and ongoing projects that improve penetration and efficiency for our examiners. These cooperative service agreements are not transactional-based and are not dependent on any activity generated by City of Reno. In fact, the flat cooperative service fees remain the same regardless of whether City of Reno uses these vendors on their program or not.

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations
- Cost of expert witnesses, accident reconstruction specialists or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recordings, etc.
- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, UR, case management, pre-certifications and medical necessity evaluations
- Cost of translation services
- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities
- Cost of outside assistance necessary to prepare or protect City of Reno's subrogation right or Special Disability Trust Fund claim
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at City of Reno's request or as required by law or rule of a federal, state or local agency



## **MANAGED CARE SERVICE SCHEDULE**

Client has chosen the following managed care services, as defined herein:

- (1) **Provider Fee Management** - The bill review process reviews bills against up-to-date and accurate mandated state fee schedules or the usual and customary ("UCR") data base, whichever is appropriate, to reveal excessive, duplicate, or inappropriate charges.
- (2) **Preferred Provider Organization ("PPO") Networks** - Sedgwick will arrange for access and channeling to national and regional PPO networks including specialty networks (Diagnostics, Physical Therapy, etc. under the managed care program in conjunction with the Provider Fee Management service.
- (3) **Hospital Bill Review** - Hospital or outpatient non-PPO bills will be reviewed by a nurse for possible errors or excessive charges relative to the patient's medical diagnosis at Sedgwick's or Client's request.
- (4) **Out of Network Bill Review** – Bills from out of network health care providers will be reviewed, and if appropriate a negotiation with the billing provider will be pursued. Additionally, inpatient and outpatient procedures that are not addressed by an individual state's fee schedule or UCR will be repriced to a geographically driven and cost to charge repricing database to determine appropriate reimbursement.
- (5) **Specialty Usual and Customary Review** – Sedgwick's vendors will apply geographic charges (fee for same procedure charged by other providers in same area) and cost to charge ratios (actual cost to provider for procedure or hospital stay v. amount charged) to determine reimbursement of medical services billed that are not addressed within the jurisdictional fee schedule or usual and customary reimbursement.
- (6) **Field Case Management** - Sedgwick will assign appropriate cases for field medical and vocational management services.
- (7) **Utilization Review**, which includes the following components:
  - (a) **Prospective Review** - a review prior to treatment or admission conducted by an experienced registered nurse to validate or negotiate the necessity, setting, frequency, intensity and duration of care delivery.
  - (b) **Concurrent Review** - during the course of treatment, a review of treatment and planned procedures and establishment of target completion dates.
  - (c) **Retrospective Utilization Review**- a review post treatment conducted by an experienced registered nurse to identify inappropriate treatment utilization.
  - (d) **Peer Review** - physician-to-physician contact to resolve treatment and

diagnosis questions.

- (8) Prescription Services – Pharmacy program made available to Client’s employees whereby a network of pharmacies, local to Employer sites/employee residences will provide prescription medications related to the work related injury with no out of pocket expenses to the employee.
- (9) Pharmacy review services include a review of all current medications prescribed to the claimant as well as a review of over the counter medication being taken by the claimant. The purpose of the review is to evaluate whether the medications prescribed to and/or taken by the claimant are appropriate for treatment of the injury or ailment which is the subject of the underlying claim being administered by Sedgwick.
- (10) Telephonic Case Management services are described below and are available upon request and for an additional fee.
- (11) Complex file review (nurse review) - Hospital or outpatient non-PPO bills that meet specific, pre-established criteria may be reviewed by a nurse for possible errors or excessive charges relative to the patient’s medical diagnosis.

### **Additional Managed Care Services**

#### **Telephonic Case Management**

Sedgwick will provide a telephonic medical case management program in which nurse case managers receive early notice of a worker’s injury and telephonically manage the appropriate cases. Other elements of the Telephonic Case Management program include:

- The management phase includes ongoing return to work (“RTW”) and treatment plan management and negotiation. The treating physician will be contacted within forty-eight (48) hours to assess/determine the treatment and RTW plan, including any negotiation required to approve the treatment plan. The Client may also be contacted to assess/determine RTW opportunities. By continuing to contact the injured worker, the provider, and the Client, case management is best able to facilitate early RTW and appropriate treatment.
- The case may go simultaneously to the assigned claim examiner and nurse or the Sedgwick claims professional will make initial contacts to determine compensability and triage based on preset triggers and/or the claims professional’s judgment to determine if the case will be sent to a telephonic case management nurse.
- Throughout the telephonic case management process, telephone contact will be made with the provider, employee, and Client. Status reports will be provided, within seventy-two (72) hours, to the claims professional via documentation in the data management system as significant events (e.g., surgery, treatment plan updates, RTW status, etc.) occur in a case, and no less often than every thirty (30) days.

If, at the end of thirty (30) days, the case has not closed, the nurse case manager will contact the claims professional with a recommendation. At that time, the case will either:

- ♦ Close based on a decision by the claims professional
- ♦ Continue with case management on a month-to-month basis until closure and/or RTW and/or maximum medical improvement (MMI).
- ♦ Be referred for Field Case Management

Documentation of this contact will be transmitted electronically to the data management system.

- Sedgwick claims offices will receive standard, open, closed, referred, and savings reports. All information collected will allow for insured level, by office reporting. Client customized communication reports may carry an additional charge to be borne directly by Client. If this is the case, these charges will be detailed in a separate document to be agreed upon in writing between the Parties.
- Also included in the telephonic case management product model are any required Prospective Utilization Review or Concurrent Utilization Review necessary to meet individual claim or statutory requirements. These product components are described below:
  - ♦ Prospective Utilization Review is a utilization review prior to treatment or admission conducted by an experienced registered nurse that can validate or negotiate the necessity, setting, frequency, intensity, and duration of care delivery.
  - ♦ Concurrent Utilization Review is the process of using experienced registered nurses to review planned procedures and treatments to optimize patient recovery in line with accepted clinical practice.
  - ♦ Prospective and Concurrent Utilization Review services may also include the use of physician advisor review such as for cases that are complicated and warrant physician review to resolve treatment or diagnosis questions.

### **Evaluation and Recommendation**

The Sedgwick Evaluation and Recommendation program involves triage contact with the injured worker, treating physician and, if appropriate and necessary, Client, to determine treatment and return to work (“RTW”) plans and appropriateness for telephonic case management.

- In the evaluation and recommendation phase, a Sedgwick nurse will receive demographic and initial claims professional contact information and open the case. The treating physician will be contacted within forty-eight (48) hours to assess/determine the treatment and RTW plan, including any negotiation required to approve the treatment plan. The Client may also be contacted to assess/determine RTW opportunities.
- Status reports will be provided, within seventy-two (72) hours to the claims professional via documentation in the data management system as significant events (e.g., surgery, treatment plan updates, RTW status, etc.) occur in a case, and no less often than every thirty (30) days.
- Continued telephonic case management will proceed on only those cases in which clinical activities can assist in resolving medical or RTW issues at the discretion of the Sedgwick claims professional. These activities require regular contact with the injured worker, treating physician or therapist, and Client, as appropriate.

## **SIU SERVICE SCHEDULE**

Sedgwick Special Investigations Unit (“Sedgwick SIU”) will provide centralized management of investigative service vendors and will maintain a national vendor list of approved service providers based upon client or local Sedgwick office preference. Sedgwick SIU will establish quality benchmarking and ensure its vendors are properly licensed and maintain insurance coverage as mandated in vendor agreements with these firms.

Sedgwick SIU will serve as a central referral and coordination unit providing the following SIU services for the fees itemized in Exhibit B:

1. Assessment services including case review, consultation, action plan development, state fraud filing, claim file demand and fraud packaging.
2. Field services including surveillance, activity checks, alive and well checks, and on-site investigations including recorded statements, AOE/COE, and scene investigations.
3. Research services including comprehensive background checks, internet searches, facility canvasses public records, skip tracing, criminal, civil and asset checks.
4. SIU compliance services including carrier and state annual reporting and fraud awareness training.
5. And, other services as outlined in Exhibit B.

## OSHA DATABASE SERVICE SCHEDULE

### *viaOne® OSHA Advanced*

Basic case demographic data (name, address, etc.) will be loaded when the claim is initially set up in JURIS®. Any changes or updates in JURIS® are updated in viaOne® OSHA. The Client cannot modify any of the demographic data in viaOne® OSHA.

Special OSHA fields are updated from the JURIS® Workers' Compensation Detail screen OSHA tab. This data is completed by Sedgwick colleagues or obtained from the intake feed. The Client cannot modify data in viaOne® OSHA.

The OSHA recordability determination is made by the system based on OSHA recordkeeping rules and an evaluation of data provided by the Sedgwick colleagues regarding OSHA recordkeeping criteria.

Work status records identifying days away from work and days of restricted work activity are loaded from the JURIS® Time Tracking screens. The Client cannot modify this data.

Manual Adds: This feature allows the user to manually add a case that does not exist as a workers' compensation JURIS® claim.

OSHA 300 logs, the OSHA 300A and the OSHA 301 forms as well as BLS Surveys and DART/Incident Reports can be produced at any time.

The SIC/NAICS code, industry description, number of employees and hours worked data for the OSHA 300A are provided by the Client and can be uploaded by the client directly into viaOne® OSHA.

Client elects to include the SHARPS module as an operational feature of its OSHA recordkeeping services with Sedgwick subject to the following terms:

Sedgwick will maintain SHARPS records in the SHARPS module. Records are updated from the JURIS® Workers' Compensation Detail screen SHARPS Tab. This data must be completed by the Sedgwick colleagues or obtained from the intake feed. Client cannot modify data in viaOne OSHA.

The fees for these services are itemized in the attached Exhibit B. The charges for this service are the current fees for the services listed and may change from time to time upon sixty days' prior written notice to Client.

## **MEDICARE REPORTING SERVICES SCHEDULE**

In order to assist the Client in fulfilling its Medicare beneficiary reporting obligations under Medicare, Medicaid and State Children's Health Insurance Program Extension Act of 2007 ("MMSEA") Section 111 as set forth in 42 U.S.C. §1395y(b)(7)&(8), Sedgwick will perform the following reporting services:

- 1) Comply with all aspects of Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Section 111) for all injury claims asserted in the City's Workers' Compensation Program and against the City and its employees by third parties, including but not limited to: Determining applicability of Section 111 for each claimant on a periodic basis, and before settling a claimant's claim; Fulfilling all Section 111 reporting requirements; and Determining and administering Medicare set-asides and claim settlement allocations. Such functions will include working with the City's attorneys and representatives to provide applicability, set-aside and settlement allocation information for the negotiation and settlement of third party injury claims.
- 2) Sedgwick will electronically interface with the Centers for Medicare and Medicaid Services ("CMS") to capture and report data in the format prescribed by the CMS Specifications.
- 3) Sedgwick will report directly to CMS on behalf of Client as an Account Designee (reporting agent), as such term is defined in the CMS User Guide as amended from time to time by CMS.
- 4) Client will be considered a Responsible Reporting Entity ("RRE") as that term is defined in MMSEA Section 111 as set forth in 42 U.S.C. §1395y. Sedgwick will assist Client as follows:
  - a) As the custodian of the original claims information from which the reports will be compiled, Sedgwick will be an authorized Account Designee for Client. As an Account Designee, Sedgwick will prepare and submit test files to CMS in accordance with the requirements of the CMS Specifications.
  - b) Sedgwick will prepare the CMS Medicare beneficiary required data files and submit them to CMS or otherwise forward them as instructed by Client.
- 5) Sedgwick will be responsible for payment of any and all fines assessed to Client in regard to compliance with the Medicare beneficiary reporting requirements of Medicare, Medicaid and SCHIP Extension Act of 2007 that relate to the negligent acts or omissions of Sedgwick except to the extent that:
  - a) Such fines or penalties are the direct result of specific direction given by Client and/or its agent or the actions or omissions of Client and/or its agent; or
  - b) Sedgwick did not receive information from Client that is essential to the performance of the duties set forth herein in a timely manner so as to be able to comply with the terms of this Agreement.
- 5) There is no fee for this service.

## **CLINICAL CONSULTATION SERVICES SCHEDULE**

Sedgwick will provide clinical consultation services. Clinical consultation services allow a nurse to speak with the injured employee at the time that the claim is reported in order to make recommendations whether medical intervention is needed. At the time of the initial call to Sedgwick, the injured employee will be transferred to a nurse who will utilize clinical guidelines to assess the injury, recommend immediate return-to-work or refer the claimant to the appropriate medical treatment provider, and document the care recommendation.

Sedgwick will make outbound calls to the injured employee on appropriate claims to obtain injured employees status and conduct the clinical consultation survey 24 hours after the initial clinical consultation call.

The current fee for agreed upon clinical consultation services are set forth in Exhibit A, but this fee will be reviewed and agreed upon annually with sixty days' written notice to Client of any changes. The fee for this service shall be added to Client's periodic invoicing.