



ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Loretta L. Fisher *LF* Agenda Item No. I-7  
 Reviewed By: City Manager *ALB* City Attorney *MB* Finance *JC* Other (Specify) \_\_\_\_\_

**DATE:** May 17, 2012

**TO:** City Council

**FROM:** Michelle H. Téllez, Director   
 Human Resources Department

**SUBJECT:** Contract for Professional Services with Acclamation Insurance Management Services DBA AIMS

**RECOMMENDATION**

That City Council approve and authorize the Mayor to execute an agreement with Acclamation Insurance Management Services (A-7495) in the amount of \$1,373,788 to administer the Workers' Compensation Program for the City of Oxnard for fiscal years 2012 through 2017.

**DISCUSSION**

A Request for Proposal (RFP) for third party administrator services for the City's Workers' Compensation Program was initiated on January 6, 2012 as notification was received from our present administrator that they were going to retire and would no longer handle the administration of our program.

Notices were sent out to companies that had submitted proposals in the past as well as companies that had notified us they would like to be invited to submit a proposal. Our Request for Proposal was also published on the City's website. Seven proposals were received as a result of the RFP. Each was reviewed to ensure it met all the established criteria as listed in the RFP. From the original responses, six were invited to be interviewed by the selection committee that was comprised of Risk Managers from the City of Santa Barbara and the City of Santa Maria, Loretta Fisher, Workers' Compensation Manager, Celsa Flores, Workers' Compensation Specialist and Michelle Téllez, Director of Human Resources.

Oral interviews were conducted on March 15, 2012. The same series of questions were asked to evaluate the companies regarding their technical skills, customer service delivery, knowledge of the Workers' Compensation Labor Code and their claims management success. Based on the

recommendations from the committee, three of the top candidates were invited back for a final interview. Staff is recommending engaging Acclamation Insurance Management Services (AIMS) due to their over-all program efficiency, cost, customer service philosophy and risk management systems.

As the City's third party administrator, AIMS will be responsible for providing Workers' Compensation benefits to all City employees in a timely fashion as prescribed by the California Labor Code.

The essential function of the program is to provide proactive claims management of individual claims and to promote the overall success of the claims program. This equates to delivering at all times quality service and communication for the City's injured employees.

Key responsibilities are to communicate with our injured workers and medical providers within 24 hours of receipt of a claim, timely delivery of all benefits, to include indemnity for lost time, medical treatment, physical therapy, diagnostic testing and referral to specialists and nurse case managers for complex cases.

Key responsibility to the City is to monitor all medical cost without depriving the injured worker of quality medical treatment. This is accomplished through California Medical Fee schedules, PPO's, Utilization Review, and Managed Care Nurses. Our TPA will also work with the City's Workers' Compensation staff to return employees to their regular jobs or place them in temporary positions until they are released to full duty.

## **FINANCIAL IMPACT**

The lock-in fee (lower than our present provider) for this five (5) year agreement is \$1,373,788. The fee for each fiscal year as is follows:

7/1/12-6/30/13	\$258,759
7/1/13-6/30/14	\$266,522
7/1/14-6/30/15	\$274,518
7/1/15-6/30/16	\$282,753
7/1/16-6/30/17	\$291,236

The fees will be covered out of Workers' Compensation Fund's annual operating budget (Account Number 702-1702-852-8209). Staff anticipates that the budget in fiscal years 2012-2017 will include appropriations sufficient to fund the future expenses. No additional appropriations are requested with this agreement.

LLF:bjm

Attachment #1 - Contract for Consulting Services A-7495

**AGREEMENT FOR CONSULTING SERVICES**

This Agreement for Consulting Services ("Agreement") is made and entered into in the County of Ventura, State of California, this 1st day of July, 2012, by and between the City of Oxnard, a municipal corporation ("City"), and Acclamation Insurance Management Services ("Consultant").

WHEREAS, City desires to hire Consultant to perform certain consulting services specified herein; and

WHEREAS, Consultant represents that Consultant and/or Consultant's personnel have the qualifications and experience to properly perform such services:

NOW, THEREFORE, City and Consultant hereby agree as follows:

1. Scope of Services

Consultant shall furnish City with professional consulting services as more particularly set forth in Exhibit A attached hereto and incorporated by this reference in full herein.

2. Method of Performing Services

Subject to the terms and conditions of this Agreement, Consultant may determine the method, details, and means of performing the services described herein.

3. Standard of Performance

Consultant agrees to undertake and complete these services to conclusion, using that standard of care, skill, and diligence normally provided by a professional person in performance of similar consulting services.

4. Nonexclusive Services

This Agreement shall not be interpreted to prevent or preclude Consultant from rendering any services for Consultant's own account or to any other person or entity as Consultant in its sole discretion shall determine. Consultant agrees that performing such services will not materially interfere with services to be performed for the City.

5. Coordination of Services

All services are to be coordinated with Workers' Compensation Manager, subject to the direction of the City Manager or Department Manager.

6. Place of Work

Consultant shall perform the services provided for in this Agreement at any place or location and at such times as the Consultant shall determine.

7. Correction of Errors

Consultant agrees to correct, at its expense, all errors which may be disclosed during review of Consultant's services. Should Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by City, and the cost thereof shall be paid by Consultant.

8. Time for Performance

All services performed under this Agreement shall be completed pursuant to the schedule provided in Exhibit B attached hereto and incorporated by this reference in full herein. City agrees to amend the performance termination date whenever Consultant is delayed by action or inaction of City and Consultant promptly notifies Manager of such delays.

9. Principal in Charge

Consultant hereby designates Lynn Cavalcanti as its principal-in-charge and person responsible for necessary coordination with Manager.

10. Permits, Licenses, Certificates

Consultant, at Consultant's sole expense, shall obtain and maintain during the term of this Agreement, all permits, licenses, and certificates required in connection with the performance of services under this Agreement, including a City business tax certificate.

11. City's Responsibility

City shall cooperate with Consultant as may be reasonably necessary for Consultant to perform its services. Manager agrees to provide direction to Consultant as requested regarding particular project requirements.

12. Term of Agreement

This Agreement shall begin on July 1, 2012, and expire on June 30, 2017.

13. Termination

a. This Agreement may be terminated by City if Manager notifies Consultant, in writing, of Manager's desire to terminate the Agreement. Such termination shall be effective forty-five calendar days from the date of delivery or mailing of such notice. City agrees to pay Consultant in full for all amounts due Consultant as of the effective date of termination, including any expenditures incurred on City's behalf, whether for the employment of third parties or otherwise.

b. This Agreement may be terminated by Consultant if Consultant notifies Manager, in writing, of Consultant's desire to terminate the Agreement. Such termination shall be effective forty-five calendar days from the date of delivery or mailing of such notice and only if all assignments accepted by Consultant have been completed prior to the date of termination.

#### 14. Compensation

a. City agrees to pay Consultant in an amount not to exceed \$1,373,788 for services provided under this Agreement at rates provided in Exhibit C attached hereto and incorporated by this reference in full herein.

b. The acceptance by Consultant of the final payment made under this Agreement shall constitute a release of City from all claims and liabilities for compensation to Consultant for anything completed, finished or relating to Consultant's services.

c. Consultant agrees that payment by City shall not constitute nor be deemed a release of the responsibility and liability of Consultant or its employees, subcontractors, agents and subconsultants for the accuracy and competency of the information provided and/or services performed hereunder, nor shall such payment be deemed to be an assumption of responsibility or liability by City for any defect or error in the services performed by Consultant, its employees, subcontractors, agents and subconsultants.

d. Consultant shall provide Manager with a completed Request for Taxpayer Identification Number and Certification, as issued by the Internal Revenue Service.

e. If any sales tax is due for services performed by Consultant or materials or products provided to City by Consultant, Consultant shall pay the sales tax. City shall not reimburse Consultant for sales taxes paid by Consultant.

#### 15. Method of Payment

a. City agrees to pay Consultant monthly upon satisfactory completion of the services and upon submission by Consultant of an invoice delineating the services performed, in a form satisfactory to Manager. The invoice shall identify services by project as specified by Manager.

b. Consultant agrees to maintain current monthly records, books, documents, papers, accounts and other evidence pertaining to the services performed and costs incurred. Such items shall be adequate to reflect the time involved and cost of performing the services. Consultant shall provide Manager with copies of payroll distribution, receipted bills and other documents requested for justification of the invoice.

#### 16. Responsibility for Expenses

Except as otherwise expressly provided in this Agreement, City shall not be responsible for expenses incurred by Consultant in performing services under this Agreement. All expenses incident to the performance of services under this Agreement shall be borne by the

general liability and health insurance, workers' compensation insurance, and all compensation and benefits of employees or agents engaged by Consultant. Consultant shall, at its own cost and expense, supply all personal property necessary or appropriate to perform the services provided for under this Agreement, including, but not limited to any personal property used by employees and agents of Consultant in the performance of such services.

#### 17. Non-Appropriation of Funds

Payments to be made to Consultant by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted and unencumbered appropriation of City. In the event City does not appropriate sufficient funds for payment of Consultant's services beyond the current fiscal year, this Agreement shall cover payment for Consultant's services only up to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

#### 18. Records

a. Consultant agrees that all final computations, exhibits, files, plans, correspondence, reports, drawings, designs, data and photographs expressly required to be prepared by Consultant as part of the scope of services ("documents and materials") shall be the property of City and shall, upon completion of the services or termination of this Agreement, be delivered to Manager.

b. At City's request, City shall be entitled to immediate possession of, and Consultant shall furnish to Manager within ten days, all of the documents and materials. Consultant may retain copies of these documents and materials.

c. Any substantive modification of the documents and materials by City staff or any use of the completed documents and materials for other City projects, or any use of uncompleted documents and materials, without the written consent of Consultant, shall be at City's sole risk and without liability or legal exposure to Consultant. City agrees to hold Consultant harmless from all damages, claims, expenses and losses arising out of any reuse of the documents and materials for purposes other than those described in this Agreement, unless Consultant consents in writing to such reuse.

#### 19. Maintenance and Inspection of Records

Consultant agrees that City or its auditors shall have access to and the right to audit and reproduce any of Consultant's relevant records to ensure that City is receiving all services to which City is entitled under this Agreement or for other purposes relating to the Agreement. Consultant shall maintain and preserve all such records for a period of at least three years after the expiration of this Agreement, or until an audit has been completed and accepted by City. Consultant agrees to maintain all such records in City or to promptly reimburse City for all reasonable costs incurred in conducting the audit at a location other than in City, including but not limited to expenses for personnel, salaries, private auditor, travel, lodging, meals and overhead.

## 20. Confidentiality of Information

Any documents and materials given to or prepared or assembled by Consultant under this Agreement shall be confidential and shall not be made available to any third person or organization by Consultant without prior written approval of the Manager.

## 21. Indemnity

Consultant agrees to indemnify, hold harmless and defend City, its City Council, and each member thereof, and every officer, employee, representative or agent of City, from any and all liability, claims, demands, actions, damages (whether in contract or tort, including personal injury, death at any time, or property damage), costs and financial loss, including all costs and expenses and fees of litigation or arbitration, that arise directly or indirectly from any acts or omissions related to this Agreement performed by Consultant or its agents, employees, subconsultants, subcontractors, consultants and other persons acting on Consultant's behalf. This agreement to indemnify, hold harmless and defend shall apply whether such acts or omissions are the product of active negligence, passive negligence, or acts for which Consultant or its agents, employees, subconsultants, subcontractors, consultants and other persons acting on Consultant's behalf would be held strictly liable.

## 22. Insurance

a. Consultant shall obtain and maintain during the performance of any services under this Agreement the insurance coverages as specified in Exhibit INS-A, attached hereto and incorporated herein by this reference, issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Consultant obtain and maintain such insurance coverages.

b. Consultant shall, prior to performance of any services, file with the Risk Manager evidence of insurance coverage as specified in Exhibit INS-A. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in Exhibit INS-A.

c. Maintenance of proper insurance coverages by Consultant is a material element of this Agreement. Consultant's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

## 23. Independent Contractor

a. City and Consultant agree that in the performance of the services, Consultant shall be, and is, an independent contractor, and that Consultant and its employees are not employees of City. Consultant has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons assisting Consultant.

b. Consultant shall be solely responsible for, and shall save City harmless from, all matters relating to the payment of Consultant's employees, agents, subcontractors and subconsultants, including compliance with social security requirements, federal and State income tax withholding and all other regulations governing employer-employee relations.

c. Consultant acknowledges that Consultant and Consultant's employees are not entitled to receive from City any of the benefits or rights afforded employees of City, including but not limited to reserve leave, sick leave, vacation leave, holiday leave, compensatory leave, Public Employees Retirement System benefits, or health, life, dental, long-term disability and workers' compensation insurance benefits.

#### 24. Consultant Not Agent

Except as Manager may specify in writing, Consultant, and its agents, employees, subcontractors and subconsultants shall have no authority, expressed or implied, to act on behalf of City in any capacity, as agents or otherwise, or to bind City to any obligation.

#### 25. Conflict of Interest

If, in performing the services set forth in this Agreement, Consultant makes, or participates in, a "governmental decision" as described in Title 2, section 18701(a)(2) of the California Code of Regulations, or performs the same or substantially all the same duties for City that would otherwise be performed by a City employee holding a position specified in City's conflict of interest code, Consultant shall be subject to City's conflict of interest code, the requirements of which include the filing of one or more statements of economic interests disclosing the relevant financial interests of Consultant's personnel providing the services set forth in this Agreement.

#### 26. Assignability of Agreement

Consultant agrees that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's personnel's unique competence, experience and specialized personal knowledge. Assignments of any or all rights, duties, or obligations of Consultant under this Agreement will be permitted only with the express written consent of Manager, which consent may be withheld for any reason.

#### 27. Successors and Assigns

Consultant and City agree that this Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Consultant and City.

#### 28. Fair Employment Practices

a. Consultant agrees that all persons employed by Consultant shall be treated equally by Consultant without regard to or because of race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law, and in compliance with all antidiscrimination laws of the United States of America, the State of California, and City.

b. Consultant agrees that, during the performance of this Agreement, Consultant and any other parties with whom Consultant may subcontract shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not

discriminated against because of their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

c. Consultant agrees to state in all of its solicitations or advertisements for applicants for employment that all qualified applicants shall receive consideration for employment without regard to their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

d. Consultant shall provide City staff with access to and, upon request by Manager, provide copies to Manager of all of Consultant's records pertaining or relating to Consultant's employment practices, to the extent such records are not confidential or privileged under State or federal law.

### 29. Force Majeure

Consultant and City agree that neither City nor Consultant shall be responsible for delays or failures in performance resulting from acts beyond the control of either party. Such acts shall include, but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after this Agreement was executed, fire, communication line failures, earthquakes, or other disasters.

### 30. Time of Essence

Consultant and City agree that time is of the essence in regard to performance of any of the terms and conditions of this Agreement.

### 31. Covenants and Conditions

Consultant and City agree that each term and each provision of this Agreement to be performed by Consultant shall be construed to be both a covenant and a condition.

### 32. Governing Law

City and Consultant agree that the construction and interpretation of this Agreement and the rights and duties of City and Consultant hereunder shall be governed by the laws of the State of California.

### 33. Compliance with Laws

Consultant agrees to comply with all City, State, and federal laws, rules, and regulations, now or hereafter in force, pertaining to the services performed by Consultant pursuant to this Agreement.

### 34. Severability

City and Consultant agree that the invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

35. Waiver

City and Consultant agree that no waiver of a breach of any provision of this Agreement by either Consultant or City shall constitute a waiver of any other breach of the same provision or any other provision of this Agreement. Failure of either City or Consultant to enforce at any time, or from time to time, any provision of this Agreement, shall not be construed as a waiver of such provision or breach.

36. Counterparts

City and Consultant agree that this Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

37. Arbitration

Consultant and City agree that in the event of any dispute with regard to the provisions of this Agreement, the services rendered or the amount of Consultant's compensation, the dispute may be submitted to arbitration upon the mutual agreement of the parties, under such procedures as the parties may agree upon, or, if the parties cannot agree, then under the Rules of the American Arbitration Association.

38. Expenses of Enforcement

Consultant and City agree that the prevailing party's reasonable costs, attorneys' fees (including the reasonable value of the services rendered by the City Attorney Office) and expenses, including investigation fees and expert witness fees, shall be paid by the non-prevailing party in any dispute involving the terms and conditions of this Agreement.

39. Authority to Execute

a. City acknowledges that the person executing this Agreement has been duly authorized by the City Council to do so on behalf of City.

b. Consultant acknowledges that the person executing this Agreement has been duly authorized by Consultant to do so on behalf of Consultant.

40. Notices

a. Any notices to Consultant may be delivered personally or by mail addressed to Acclamation Insurance Management Services, 10445 Old Placerville Road, Sacramento, CA 95827, Attention: Dominic L. Russo, President and CEO.

b. Any notices to City may be delivered personally or by mail addressed to City of Oxnard, Human Resources Department, 300 West Third Street, First Floor, Oxnard, California 93030, Attention: Loretta Fisher, Workers' Compensation Manager.

41. Amendment

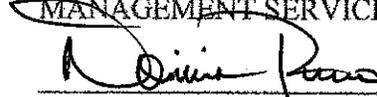
City and Consultant agree that the terms and conditions of the Agreement may be reviewed or modified at any time. Any modifications to this Agreement, however, shall be effective only when agreed upon to in writing by both the City representative authorized to do so under the City's purchasing policies and Consultant.

42. Entire Agreement

City and Consultant agree that this Agreement constitutes the entire agreement of the parties regarding the subject matter described herein and supersedes all prior communications, agreements, and promises, either oral or written.

CITY OF OXNARD

ACCLAMATION INSURANCE  
MANAGEMENT SERVICES



\_\_\_\_\_  
Dr. Thomas E. Holden, Mayor

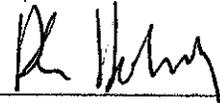
\_\_\_\_\_  
Dominic L. Russo, President and CEO

ATTEST:

\_\_\_\_\_  
Daniel Martinez, City Clerk

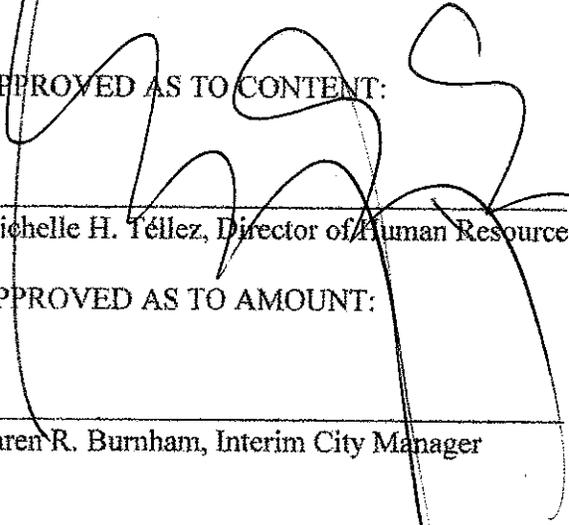
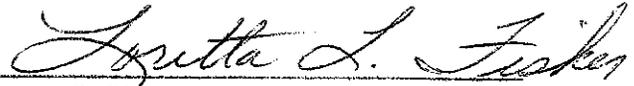
APPROVED AS TO FORM:

APPROVED AS TO INSURANCE:

  
\_\_\_\_\_  
Alan Holmberg, City Attorney  
\_\_\_\_\_  
James Cameron, Risk Manager

APPROVED AS TO CONTENT:

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Michelle H. Téllez, Director of Human Resources  
\_\_\_\_\_  
Loretta L. Fisher, Project Manager

APPROVED AS TO AMOUNT:

\_\_\_\_\_  
Karen R. Burnham, Interim City Manager

**INSURANCE REQUIREMENTS FOR CONSULTANTS  
(WITH ERRORS AND OMISSIONS REQUIREMENT)**

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office automobile liability coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession to a minimum coverage of \$1,000,000, with neither Consultant nor listed subconsultants having less than \$500,000 individually. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant.

2. Consultant shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-A. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before commencement of services. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Risk Manager, addressed as follows:

City of Oxnard  
Risk Manager  
Reference No. A-7495  
300 West Third Street, Suite 302  
Oxnard, California 93030

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name City, its City Council, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-A or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance or self-insurance coverages (**this must be endorsed**). Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Risk Manager.

## INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

### *Certificates of Insurance*

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

### *Endorsement Forms*

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that the Consultant/insurer use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the sample accord form.

INS-A.doc

# ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

**PRODUCER** THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

CODE	SUB-CODE	<b>COMPANIES AFFORDING INSURANCE COVERAGE</b>
INSURED		
		COMPANY LETTER A SPECIFY COMPANY NAMES IN THIS SPACE
		COMPANY LETTER B

**COVERAGES**  
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> [x] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [x] OCCUR. [x] OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG. \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	<b>AUTOMOBILE LIABILITY</b> [x] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
A	<b>EXCESS LIABILITY</b> UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b>				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	<b>OTHER</b> Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage \$1,000,000 Each consultant/ & listed sub-consultant \$500,000

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS**

**CERTIFICATE HOLDER**  
City of Oxnard  
Attn: Risk Manager  
Reference No. \_\_\_\_\_  
300 W. Third Street, Suite 302  
Oxnard CA 93030

**CANCELLATION**  
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE





## EXHIBIT A

### SCOPE OF SERVICES

1. Consultant shall ensure that all claims are processed in accordance with California law, codes, rules, and regulations as promulgated by the Administrative Director and the Manager of the Department of Self Insurance Plans.
2. Consultant agrees to initiate prompt processing of all claims presented to Consultant upon notification in writing, facsimile transmission, electronically, or by telephone from City.

3. Caseload:

Consultant agrees that each examiner shall have a caseload not to exceed one hundred fifty (150) open indemnity claims, which may include future medical claims. Each junior examiner and claims assistant shall have a caseload not to exceed one hundred fifty (150) open claims. The supervisor shall have a caseload not to exceed thirty (30) open indemnity claims. Indemnity claims are counted as one claim. Future medical claims and medical only claims are counted as two to one indemnity claim.

4. Penalties:

- A. Any penalties assessed by City for delays in benefits that are the direct result of the delay by Consultant shall be the responsibility of Consultant. Conversely, those penalties that are assessed as of the direct result of delay by City shall be the responsibility of City.
- B. Any penalties assessed by the Division of Workers' Compensation, Audit Unit for which Consultant made negligent error as identified by a State auditor shall be the responsibility of Consultant. City shall be responsible for paying penalties for which City has made a negligent error as identified by a State auditor.
- C. Consultant shall be responsible for any and all penalties that are the result of late payments pursuant to the statutory requirements for timely payments. If the penalties are paid from the trust fund as an add-on to a bill or benefit, Consultant shall reimburse City on a quarterly basis. The check and a report outlining all penalties shall be submitted to the City within thirty (30) calendar days after the quarter ends on March 31, June 30, September 30, and December 31.

5. Medicare Set Aside Allocations and SCHIP Reporting
- A. Provide an account manager and designated back-up to timely report to the reporting agent all judgments, settlements, awards above the threshold limits as periodically required by the Medicare, Medicaid, and SCHIP Extension Act of 2001 (MMSEA) for all Medicare-eligible claimants.
  - B. Protect Medicare's interest in both conditional liens and future payment of medical expenses for all Medicare-eligible claimants to the extent it is reasonably appropriate because of the exposure, the injuries, and the then-existing and future anticipated medical treatment costs.
  - C. Hold harmless, defend and indemnify City for any fines or Medicare reimbursements required to be paid as a result of Consultant's failure to timely report any Medicare-eligible judgments, awards, or settlements, or for any claim that there was a failure on the part of Consultant to adequately protect Medicare's conditional or future medical payment rights of reimbursement.

## EXHIBIT B

### SPECIAL PROVISIONS

1. Financial Administration: The City will establish a zero-balance trust account from which Consultant shall make all indemnity, medical, and allocated loss expense payments. Payment authorization limits and payment policies will be established by City and reviewed from time to time with Consultant. Consultant's monthly services fee shall not be paid from the trust account.

The City has established a fraud detection service, "Positive Pay" in conjunction with the aforementioned zero-balance trust account. Consultant shall provide a "check issue file" to City and the financial institution with which City maintains the trust account. Such check issue file shall be sent by electronic means in the format required from time to time by the financial institutions and upon issuance of checks for any medical, indemnity, or allocated loss adjustment expenses.

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible.

2. Allocated Expense: It is agreed and understood that all allocated loss expenses are charged to the applicable claim file and are paid by Consultant out of City's trust account.
3. Right to Audit: The City or its designated representative is authorized to visit Consultant's processing and/or storage premises, for purpose of performing a claims audit, and have access to all data, including paper documents microfilm, microfiche, and magnetically stored data which relate to payments or non-payments made by Consultant. Any assistance or service provided in response to a claims audit described above will be rendered at no additional cost to the City.
4. Invalid Payments: No charges to City for payments made on behalf of persons who were not valid employees of City at the date of injury shall be accepted for payment by the City.
5. Personnel: Consultant agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services pursuant to this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of

this Agreement. Each examiner shall have passed the State of California, Department of Industrial Relations, Self Insurance Administrator's Examination; or as a minimum requirement, no more than one (1) examiner in the City's unit shall not have successfully passed the State examination; however, an examiner that has not passed the State examination shall be enrolled in appropriate courses leading to certification within two (2) years.

Consultant shall annually certify to the City that each claims examiner and assistant handling the City's claims is in compliance with all legal and regulatory licensing and continuing educational requirements as may presently, or in the future, 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 on later than August 1 of each year.

Consultant shall ensure that other personnel, such as management, clerical, accounting, and data processing, which may be required to satisfactorily provide the services required by this Agreement, shall be provided by Consultant with the agreed fee for services contained in this Agreement. It is understood that the personnel referred to in this paragraph need not be dedicated to the exclusive use of the City.

6. During the period of this Agreement, and for a period of not less than one (1) year thereafter, Consultant agrees not to solicit for employment, or employ any City employee contacted during the performance of the Agreement; and City agrees not to solicit for employment, or employ during the period of this Agreement, and for period of not less than one (1) year thereafter, any AIMS employee contacted during the performance of the Agreement.
7. Claim Reports: Consultant shall, at its expense, provide by the tenth (10<sup>th</sup>) of the following 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, and any medical cost savings. This report shall show a comparison of the same information for the same month for the prior year.

New Claims: Consultant shall, at its expense, electronically provide by the fifteenth (15<sup>th</sup>) of the following month copies of the DWC Form 1, (Employee's Claim Form) and DWC Form 5020 (Employer's Report of Injury) for all new indemnity claims reported during the prior month.

Consultant shall, at its expense, by the tenth (10<sup>th</sup>) day of the following month in PDF or Excel formats, unless otherwise specified below:

4850 benefits, future liability, total incurred with 4850 benefits, total incurred without 4850 benefits, and vouchers, and any excess insurance or subrogation recoveries;

- ii. as of June 30, September 30, December 31, and March 31, a listing of all open and closed claims with a total incurred value in excess of \$125,000 to be run by fiscal year. The report should include the employee name, claim number, date of injury, paid amount with 4850 benefits, paid amount without 4850 benefits, future liability, total incurred with 4850 benefits, total incurred without 4850 benefits and vouchers, and any excess insurance or subrogation recoveries;
  - iii. as of June 30, September 30, December 31, and March 31, a listing of all open and closed claims with a total incurred value in excess of \$250,000 to be run by fiscal year. The report should include the employee name, claim number, date of injury, paid amount with 4850 benefits, paid amount without 4850 benefits, future liability, total incurred with 4850 benefits, total incurred without 4850 benefits, and vouchers, and any excess insurance or subrogation recoveries;
  - iv. a listing of any administrative penalties paid during the quarter with the responsible party noted for each penalty paid. Consultant shall issue a check payable to City for reimbursement of any administrative penalties during the quarter which were the responsibility of Consultant. The check and report shall be submitted to City within thirty (30) calendar days of the quarters ending June 30, September 30, December 31, and March 31.
- C. provide the following reports to City annually as of June 30, in addition to the regular monthly and quarterly reports:
- i. a listing of subrogation claims showing the employees' name, claim number, date of injury, paid amount with 4850 benefits, paid amount without 4850 benefits, future liability, total incurred with 4850 benefits, total incurred without 4850 benefits, total incurred without 4850 and vouchers, and any excess or subrogation recoveries;

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

- D. provide other special reports required by 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 Consultant on behalf of City. If new programming is required in order to provide such reports. Consultant will pay, at its own expense, up to \$10,000 per year, for new or special programming costs; if the new data programming exceeds the sum of \$10,000 in any one (1) year, Consultant will request and obtain the approval of City for such programming prior to incurring those costs, and, if that approval is obtained, the City will pay the data programming costs that exceed \$10,000.

8. Online Interface: Consultant shall provide an online interface with its database, accessible from the City's computers for use by City. Such data will be put in a format that will permit City to make print copies of data on its printers. If City, under Consultant's guidance, is not able to maintain an online interface with data maintained by Consultant, Consultant shall be required to provide a copy of all data processed during the past week to City's office each Friday in a disk media format which is transferable and useable with City's computers.
9. Consultant shall develop or otherwise acquire systems for its existing computer system, as necessary and at its expense, in order to report claims in the manner required by the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA).

## EXHIBIT C

### COMPENSATION

1. Consultant shall be compensated as follows:

The contract price for the period of July 1, 2012, through June 30, 2013, shall be \$258,759. The contract price shall be adjusted upward at the beginning of each contract year and shall be effective for the twelve-month period beginning in July and ending at the end of the following June. Effective each July 1, the base contract price will be increased by 3%. This contract shall be in effect until June 30, 2017. The fees are broken down as follow:

7/1/12-6/30/13	\$258,759
7/1/13-6/30/14	\$266,522
7/1/14-6/30/15	\$274,518
7/1/15-6/30/16	\$282,753
7/1/16-6/30/17	\$291,236

#### Services included in the Flat Annual Fee

- Claim Administration
- Claim Review and other Client meetings/training
- Claim System – no per user charges
- Data Management
- Account Management
- Banking
- Standard Claim Reporting
- Custom AIMS “dashboard”
- Web Site Access (on-line) Unlimited
- Detailed Stewardship Reports/Presentations
- Training Costs
- MMSEA Reporting

Data Conversion/Implementation Fee: \$10,000.00\*

\*One time, at implementation, only fee, direct pass through, “not to exceed”, fee to cover the costs of the implementation and conversion of claims data from a previous administrator. Actual fee may be lower.

During the term of the Agreement, Consultant shall submit a billing for services to City on a monthly basis, which billing shall be one-twelfth (1/12<sup>th</sup>) of the total contract price for the respective contract year. The City shall pay Consultant monthly, after receipt of Consultant’s billing, for services rendered one-twelfth (1/12<sup>th</sup>) of the total contract price for the respective contract year.

The contract price shall be adjusted upward at the beginning of each subsequent contract year and shall be effective for the twelve-month period beginning in July and ending at the end of the following June. The increase effective each July 1 shall be 3%.

Consultant shall have the right at any time during the contract to ask City for a increase in the contract price if the caseloads are substantially increased due to government intervention or a sudden catastrophic incident resulting in more the fifty (50) claims filed from such single event.

Medical Cost Containment services associated with this Agreement will be charged an amount as follows:

Bill Review – Fees Guaranteed For The Term Of This Agreement

Standard Official Medical Fee Schedule	6% of savings
Preferred Provider Organization (PPO)	17% of savings below fee schedule for the following: <ul style="list-style-type: none"><li>• Interplan</li><li>• ClarisPointe</li><li>• PPO Next</li></ul> 25% of savings below fee schedule for the following: <ul style="list-style-type: none"><li>• First Health</li><li>• Anthem/Blue Cross</li></ul>
Inpatient Hospital Bills	7% of savings, maximum fee \$2,500
Outpatient Facility Bills	7% of savings, maximum fee \$2,500
Negotiated Bills	10% of savings, maximum fee \$2,500
Medical Legal Bills	No Charge
Duplicate Bills	No Charge
Re-evaluation/Provider Inquiries	No Charge
Expert Testimony in Defense of Reviews	No Charge

EDI (Electronic Data Interface)

With Claims System	No Charge
Mandatory State Reporting	No Charge

Utilization Review and Nurse Case Management Services

Utilization Review	\$85.00 per UR referral (includes unlimited treatment requests per referral)
Peer Review	\$200.00 (or \$250 if UR Nurse not used) per Peer Review (includes unlimited treatment request per referral)
Telephonic Case Management	\$85.00 per hour, Early Intervention (per City's direction) - \$200.00 for first 90 days from date of notice of injury
Field Nurse Case Management	\$95.00 per hour (plus mileage, tolls and parking)

It is hereby mutually understood by City and Consultant that this Agreement and the fee generated for service stated above is all-inclusive. There will be no additional payments made to Consultant for additional services, supplies, etc., other than as set forth in this Agreement. Telephonic and Field Nurse Case Management referrals require prior approval of City.

2. The above fee arrangement shall include all services included in this Agreement except for payments made by Consultant on City's behalf for medical, disability, or other benefits, and allocated loss expense.

Allocated Loss Expense shall mean all Workers' Compensation Appeals Board or court costs, fees, and expenses; fees for service of process; fees to attorneys; fees of independent adjusters or attorneys for investigation or adjustment of claims for AOE/COE investigations not performed by Consultant's workers' compensation claims personnel; the cost of employing experts for the purpose of preparing maps, photographs, diagrams, chemical or physical questions; the cost of copies of transcripts of testimony of coroner's inquests or private records; the cost of depositions and court reporters or recorded statements; fees for bill review, Utilization Review and Case Management services, and any

similar costs or expenses properly chargeable to the defense of a particular claim or to the protection of the subrogation rights of City; provided, however, that all of the above services performed by claims employees of Consultant shall not be considered allocated loss expenses except in the following circumstance: If City is informed by Consultant that an AOE/COE investigation is necessary, and City requests, in writing, that Consultant perform that investigation, Consultant employees can perform the investigation and the costs of that investigation shall be considered as allocated loss expenses. However, if City does not request the AOE/COE investigation be performed by Consultant's employees, such investigation shall be referred by Consultant to an independent adjuster.