

**DRAFT CONSULTANT SERVICES AGREEMENT BETWEEN THE CITY OF
SUNNYVALE AND LWP CLAIMS SOLUTIONS, INC. FOR WORKERS'
COMPENSATION THIRD PARTY CLAIMS ADMINISTRATOR SERVICES**

THIS AGREEMENT, dated _____, is by and between the CITY OF SUNNYVALE ("CITY"), a California chartered municipal corporation, and LWP CLAIMS SOLUTIONS, INC. ("CONSULTANT") a California corporation.

WHEREAS, CITY is in need of specialize service in relation to Workers' Compensation Third Party Claims Administrator Services; and

WHEREAS, CITY advertised a Request for Proposals (RFP) F25-052 on August 27, 2024 for Workers' Compensation Third Party Claims Administrator Services; and

WHEREAS, CITY accepted CONSULTANT's proposal submitted on September 27, 2024; and

WHEREAS, in reliance upon CONSULTANT's representations regarding its qualifications, CITY finds that CONSULTANT possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services by CONSULTANT

CONSULTANT shall provide services in accordance with Exhibit "A" entitled "Scope of Work". All exhibits, including all associated attachments, are attached hereto and incorporated herein by reference. CONSULTANT shall determine the method, details and means of performing the services.

2. Time for Performance

The term of this Agreement shall be five (5) years starting from July 1st, 2025, unless otherwise terminated in accordance with Section 17 below. CONSULTANT shall deliver the agreed upon services to CITY as specified in Exhibit "A". Extensions for two (2) additional one-year period may be granted by the City Manager as an amendment in accordance with Section 18 below.

3. Duties of CITY

CITY shall supply to CONSULTANT any documents or information available to CITY and required by CONSULTANT for performance of the services. Any materials provided shall be returned to CITY upon completion of the work.

4. Compensation

CITY agrees to pay CONSULTANT as full compensation for the services rendered pursuant to this Agreement, the amounts set forth in Exhibit "B". Total compensation shall

not exceed two million, four hundred thirty one thousand, and six hundred twenty dollars (\$2,431,620).

CONSULTANT shall submit invoices to CITY no more frequently than monthly for services provided to date. All invoices, including detailed backup, shall be sent to City of Sunnyvale, attention Accounts Payable, P.O. Box 3707, Sunnyvale, CA 94088-3707 or accountspayable@sunnyvale.ca.gov. Payment shall be made within thirty (30) days upon receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

5. Wage Rates

CONSULTANT shall comply with the City's the minimum wage set forth in Section 3.80.040 of the Sunnyvale Municipal Code.

6. Ownership of Documents

CITY shall have full and complete access to CONSULTANT's working papers, drawings and other documents during progress of the work. All documents of any description prepared by CONSULTANT shall become the property of the CITY at the completion of the project and upon payment in full to the CONSULTANT. CONSULTANT may retain a copy of all materials produced pursuant to this Agreement.

7. Conflict of Interest

CONSULTANT shall avoid all conflicts of interest, or appearance of conflict, in performing the services and agrees to immediately notify CITY of any facts that may give rise to a conflict of interest. CONSULTANT is aware of the prohibition that no officer of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement, CONSULTANT shall not accept employment or an obligation which is inconsistent or incompatible with CONSULTANT'S obligations under this Agreement.

CONSULTANT'S duties and services under this agreement shall not include preparing or assisting the CITY with any portion of CITY'S preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with the CITY. The CITY shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. CONSULTANT participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. CONSULTANT shall cooperate with CITY to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by contractor pursuant to this agreement.

Pursuant to CITY's Conflict of Interest Code, Council Policy 7.3.7, CITY has determined that, depending on the position, certain individuals performing services under this Agreement may be required to file a Statement of Economic Interest (Form 700), which can be found at www.fppc.ca.gov. If applicable, to facilitate electronic submittal of Form 700, CONSULTANT shall send the following information to

cityclerk@sunnyvale.ca.gov: 1) first and last name(s) of CONSULTANT's employee(s); 2) email address(es) of CONSULTANT's employee(s); 3) date when CONSULTANT's employee(s) will begin work under this contract; and 4) (if known) date when CONSULTANT's employee(s) will cease work under this contract.

Government Code Section 91013 provides that any person who files a statement after its deadline shall be liable in the amount of \$10 per day, up to a maximum of \$100, in addition to any administrative penalty (up to the statutory maximum, currently \$5,000) imposed by the Fair Political Practices Commission (FPPC). If any of CONSULTANT's employee(s) is required to submit Form 700, and CITY does not receive CONSULTANT's Form 700, then CITY is required to refer this matter to the FPPC or other appropriate enforcement agency.

8. Confidential Information

CONSULTANT shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONSULTANT may become aware in the performance of its services.

9. Compliance with Laws

A. CONSULTANT shall not discriminate against, or engage in the harassment of, any City employee or volunteer or any employee of CONSULTANT or applicant for employment because of an individual's race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, veteran or military status, or any other protected characteristic in violation of federal or state law. This prohibition shall apply to all of CONSULTANT's employment practices and to all of CONSULTANT's activities as a provider of services to the City.

B. CONSULTANT shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

10. Independent Contractor

CONSULTANT is acting as an independent contractor in furnishing the services or materials and performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT. CONSULTANT is responsible for paying all required state and federal taxes.

11. Hold Harmless/Indemnification

To the fullest extent permitted by law, CONSULTANT shall hold harmless, defend

at its own expense, and indemnify the City and its officers, officials, employees, agents, and volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees, arising from all acts or omissions of CONSULTANT or its officers, agents, or employees in rendering services under this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from the City's sole negligence or willful acts. The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this agreement. CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this agreement.

12. Insurance

The City requires CONSULTANT to maintain insurance requirements on the City's electronic insurance verification system. CONSULTANT shall procure and maintain, at its own expense, during the life of this Agreement, policies of insurance as specified in Exhibit "C" attached and incorporated herein by reference and shall provide all certificates and endorsements as specified in Exhibit "C" electronically for approval by the City Risk Manager prior to CONSULTANT (or subcontractor) commencing any work under this Agreement

13. CITY Representative

Jen Martel, Risk Manager, as the City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement ("CITY representative"). All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

14. CONSULTANT Representative

Judy Adlam, President & CEO shall represent CONSULTANT in all matters pertaining to the services and materials to be rendered under this Agreement ("CONSULTANT representative"). All requirements of CONSULTANT pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the CONSULTANT representative.

15. Notices

All notices required by this Agreement, other than invoices for payment which shall be sent directly to Accounts Payable, shall be in writing, and sent by first class with postage prepaid, or sent by commercial courier, to address below.

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by email, to accomplish timely communication. Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three business days after mailing.

To CITY:	Tina Murphy, Director
	Department of Human Resource
	CITY OF SUNNYVALE
	P. O. Box 3707

Sunnyvale, CA 94088-3707

To CONSULTANT: Judy Adlam, President & CEO
LWP Claims Solutions, Inc.
35 Miller Ave #214
Mill Valley, CA 94941

16. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

17. Termination

- A. If CONSULTANT defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be compensated in proportion to the percentage of satisfactory services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONSULTANT shall present CITY with any work product completed at that point in time.
- B. Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONSULTANT shall present CITY with any work product completed at that point in time.
- C. If CITY fails to pay CONSULTANT, CONSULTANT at its option may terminate this Agreement if the failure is not remedied by CITY within (30) days after written notification of failure to pay.

18. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced in writing as an amendment to this Agreement signed by all parties. If the amendment is signed electronically, the digital signatures must comply with the requirements of California Government Code Section 16.5.

19. Governing Law, Jurisdiction and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions will be exclusively vested in a state court in the County of Santa Clara. The parties agree

that subject matter and personal jurisdiction are proper in state court in the County of Santa Clara, and waive all venue objections.

20. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF SUNNYVALE ("CITY")

LWP CLAIMS SOLUTIONS, INC.
("CONSULTANT")

By _____
City Manager

By _____

Name and Title

ATTEST:

By _____
City Clerk

By _____

Name and Title

APPROVED AS TO FORM:

By _____
City Attorney

Exhibit A

SCOPE OF WORK

The City of Sunnyvale (City) is seeking competitive proposals from qualified third-party administrators (TPA) for administration of the City's self-insured workers' compensation (WC) claims. The City seeks service providers with experience in public entity workers' back to work, assist with lost time calculations and injury reporting, and maintain strong compensation self-insurance who promote a proactive approach to manage and administer benefits in accordance with California State laws and statutes with a focus on quality care. The City is looking for a TPA that will reduce the cost and duration of workers' compensation claims, process claims in a timely and professional manner, pursue subrogation, help return injured employees communications with the injured worker and the City.

The City is requesting for bundled services, including claims administration, bill review, utilization review, and nurse case management services. Proposers may expand on the information requested and/or provide other related information.

The contract will require the selected TPA operates under the general direction of the City and consult with City personnel in developing effective procedures and practices to successfully administer the City's self-insured program for workers' compensation. It will also require the claims administrator to meet all legal requirements of the State of California Department of Industrial Relations, Division of Workers' Compensation including the California Labor Code, rules and regulations of self-insurance, and the California Administrative Code. In addition, the claims administrator must comply with conditions of the City's excess contracts, the City's performance standards, and the City's labor contract provisions. The City currently uses a medical provider network (MPN), Harbor Health Systems; however, the City would consider alternative networks.

Workers' Compensation Insurance Program

The City currently maintains a self-insured retention of \$500,000 and excess coverage with statutory limits. The City purchases excess workers' compensation coverage from the Public Risk Innovation, Solutions, and Management (PRISM).

The City's third-party claims administrator (TPA) will assume a quasi-fiduciary role with its disbursements of public funds to pay legitimate workers' compensation bills as required by law. The City currently contracts with a third-party administrator for bundled claims administration services.

A. Account Management

A claims account manager must be assigned to the City. This individual will play an essential role in the successful administration of this program that includes overall responsibility of the following key components of the program.

1. Service agreement administration.
2. Trouble shooting and providing effective solutions to resolve issues or problems with the service agreement and/or services.
3. Identify key outcome-based measurements that are tracked and deliver program improvements and cost reduction results.

4. Monitor claim trends and audit claim handling procedures to ensure a high level of customer service and best in class claim service deliverables.
5. Host (quarterly) claim reviews for the City, with participation of the claim examiner(s) and as needed, defense attorneys and nurse case managers. Report on the general state of the program since the last meeting and on any particular cases of interest to the City.
6. Host an annual meeting to present service performance metrics, benchmarking, and claim trending/loss analysis reports to City executive staff.
7. Prepare, file, and maintain all information and reports as required by the State of California, Department of Industrial Relations, Office of Self-Insurance Plans (OSIP).
8. Arrange for and supervise all necessary investigations to determine eligibility for compensation benefits and liability of negligent third parties.
9. Comply with PRISM's current claims administration guidelines.
10. Establish procedures to support the payment of all benefits and allocated expenses together with appropriate documentation necessary to reconcile a trust fund checking account.
11. Sponsor and pay for a membership in the nationwide Index System on the City's behalf; submit all claims to the Index System as regular practice.
12. Provide (at no cost to the City) informational pamphlets in appropriate languages to employees as required by the State of California relative to their workers' compensation benefits

B. Claims Administration Requirements and Expectations

TPA must perform all services required to supervise and administer a self-insured WC program for the City, and to act as the City's representative in matters relating to the City's obligations under the WC laws of the State of California.

1. Process all claims, including but not limited to investigation, reserving and payment, filing reports, negotiating, and settling claims for amounts pre-approved by the City.
2. Provide City with an acknowledgement notice and TPA claim number within 24 hours from receipt of initial notice of claim.
3. Complete initial 3-point contact (City, claimant, and medical provider) within 24 hours of receipt of a claim for all claims.
4. Initial investigation will be completed within 3 business days from the date of receipt of the claim and if needed, further investigation completed within 14 days or as soon as all the facts of the case can be reasonably gathered, and within WC laws of the state of California.
5. Initial plan of action must be clearly documented in the claim file within 3 days from receipt of the claim and updated every 30 days thereafter.
6. All questions or inquiries by the City or claimants should be responded to within one business day; either by phone or email.

7. TPA must keep the City informed and involved in all accepted cases prior to sending acceptance letters to employees.
8. Initial estimate of reserves established within 3 days of receipt of claim. Claim examiners must document the basis for each reserve calculation.
9. Reserve increases of \$10,000 or more on any one claim must be communicated to and discussed with the City.
10. TPA's notes should include but are not limited to, comments regarding exposure, disposition plan for claim closure, financial transactions, supervisor's notes, and any other relevant claim information.
11. Written status reports will be provided to the City in cases where the incurred value of the claim increases by \$10,000 or more, and/or any time upon the request of the City.
12. A comprehensive status report will be provided to the City at any time any claim exceeds a total incurred value of \$50,000.
13. Prior to delaying a claim or issuing a denial of compensability of any claim, the claim examiner must discuss the case with the City for approval.
14. TPA must provide copies to the City of all correspondence sent to employees on the same day the original is sent to the employee.
15. TPA must notify the City within 24 hours, when any previously closed claim is reopened and provide the rationale for reopening.
16. TPA must notify the City within 24 hours anytime there are changes to the claimant's work restrictions and at the time of any permanent work restrictions.
17. Temporary Modified Work Assignments (TMWA) must be documented in the claim file and should include the medical diagnosis, work restrictions and estimated duration of disability. City administers the Return-to-Work Program and TPA shall coordinate TMWA's with the City.
18. Documented follow-up to the treating physician(s) is required no later than every thirty (30) days prior to maximum medical improvement (MMI) status. Ongoing disability will be documented through ongoing medical reports.
19. Claim examiner will notify the City of any legal or administrative actions that affect City claims including appeals, pre-notification of depositions, pretrial or workers' compensation board hearings.
20. City will have final approval for all outside case management services utilized, including but not limited to defense attorneys, nurse case managers, vocational experts, and investigative agencies.
21. City must pre-approve the pursuit of any third-party action subrogation claim.
22. City requires pre-authorization on all assignments of investigation or sub-rosa.

23. Review, compute, and pay all informal ratings, findings and awards up to \$5,000. Approval by the City required above \$5,000. The City retains all settlement authority
24. Arrange for informal disability ratings whenever possible to avoid unnecessary litigation.
25. Pay any and all penalties due in accordance with the California Labor Code. Such penalties shall be paid by the claims administrator with liability for the action determined by the record unless such penalties were incurred as a result of the City's action or inaction.
26. On all settlements, including 0% PD with future medical, a settlement authorization request must first be submitted to the City Risk Manager for approval.
27. Represent the City at workers' compensation hearings and attend City Council closed session meetings, upon City request, when requesting settlement authority above Risk Manager's authority (at no additional cost to the City).
28. Notify the excess carrier of potential claims as provided by the carrier's service agreement terms.
29. Monitor and collect workers' compensation recoveries due the City.
30. Review medical provider bills for appropriateness of fees charged utilizing the California Official Medical Fee Schedule.
31. A smooth integration and administration of existing Medical Provider Network program.
32. All claim records and claim files shall be the property of the City. TPA shall be responsible for providing claim data to the City upon request for data from the TPA's administrative data system at the administrator's expense.
33. City must have access 24 hours a day, seven days a week to electronically view the progression of any City claims and related claim data. The City or its designated representative must be authorized to visit the TPA's processing or storage premises and have access to all data, including but not limited to paper documents, electronic documents and any other type that relates to payments or non-payments made by the TPA and charged to the City.
 - a. Include in your response any costs associated with this access or any fees charged related to storage, copying, or transferring any data to the City.
34. Provide all printed workers' compensation forms which the City may require, i.e., Employer's First Report of Injury, medical authorization form, benefit letters, delay/denial letters, etc.
35. The City maintains a workers' compensation claims trust checking account. The TPA shall be responsible for payments of benefits from this account.
36. Litigation Management
 - a. Refer litigated cases to attorneys approved by the City Risk Manager for the purpose of defending the City's interest before the Workers' Compensation Appeals Board and courts of law. The City reserves the right to select counsel.

- b. TPA will ensure claim examiners are available to give authority whether in person, remote or by phone during hearings.
- c. Within three (3) business days of referral of the case to defense counsel, a letter will be directed to the attorney outlining the case status and what is needed from a defense standpoint within a specific time frame.
- d. Within thirty (30) days after receipt of the case, defense should provide written opinion as to compensability, value and settlement, defense strategy and an estimate of the legal fees to handle the case.
- e. TPA will review each legal bill for accuracy and obtain City approval prior to issuing payment for all legal bills.

37. Nurse Case Management

- a. Nurse case manager's action plans and notes will be documented in the claim file, and as appropriate NCM's will participate in claim reviews or when consultation with the NCM is requested by the City.

C. Claim Staffing and Claim Handling Expectations

A dedicated claims team must be provided. Claim examiners must have at least 5 years of technical claim adjusting experience within the California jurisdiction and experience with public safety 4850 benefits.

- 1. The TPA shall ensure each claim examiner handling the City's claims will receive continuing education training each year. TPA shall annually certify this in writing.
- 2. Identify proposed staff members who would be assigned to the City and submit statements or resumes detailing their qualifications and experience with municipalities.
- 3. Provide your recommended staffing model and rational given the City's claim volume.
- 4. Claim Service Instructions
 - a. A customized claims service instructions agreement is required that includes claim handling best practices and any specific service requirements of the City.

D. Risk Management Information System (RMIS)

The TPA's RMIS must have the following abilities:

- 1. Internet based claim system with access 24 hours a day, 7 days a week to view claim examiner and supervisor notes, generate loss runs or other pre-scheduled or ad hoc loss management/claim reports.
- 2. Ability to export claim data into various Microsoft products, i.e., word, excel, power point.
- 3. Provide RMIS technical support for questions, problems, or development of customized reporting.
- 4. The City's Risk Management division is 100% paperless and TPA shall conform to these same requirements.

5. Import all prior loss data dated before July 1, 2025 into a single database.
6. Provide scheduled loss reports to be sent electronically to the City. Timing of reports will be directed by the City. Reports may include, but not limited to:
 - a. Detailed listing of all open and closed claims.
 - b. Summaries of all open and closed claims.
 - c. Listing of first aid only claims.
 - d. Claims cost detail.
 - e. Claims by department.
 - f. Claim trending.
 - g. Financial reconciliation ledger.
 - h. OSHA reports.
7. Customized reports may include, but not be limited to; job titles, injury types, loss causation, lost workdays, modified workdays, use of MPN or other medical clinics, and managed care reports that track cost containment activities and any fees charged for these activities (i.e., bill review, utilization review, etc.).
8. Quality control program to ensure data integrity and claimant confidentiality. Any RMIS problems will be resolved within 24 hours or less. If additional time is required, TPA shall notify the City within 24 hours.
9. Image system to scan all documents received pertaining to the case.
10. All costs associated with the purchase, installation, data transfer, and training will be the responsibility of TPA. TPA shall provide user training and product support for any new system for the length of the contract.

E. Ancillary and Member Services

1. TPA shall provide the City with information regarding statutes, proposed changes to statutes, and changes to the rules and regulations affecting the City and its responsibility to its excess coverage pool. The TPA shall assist the City in recommending and developing policies and procedures in areas such as pre-employment physicals, work restrictions, and disability retirement, as required by the City.
2. Training
 - a. TPA shall provide special on-site training services annually to personnel from the City to ensure that the employees within the City who process workers' compensation claims are effectively carrying out the procedures required for a successful program.
3. OSHA 300 Log
 - a. TPA shall maintain all loss information as required for the Occupational Safety and Health Administration ("OSHA") 300 Log and Summary of Occupational Injuries and Illnesses. The TPA shall prepare and submit a complete OSHA 300 log for the City on or before January 30 of each year.
4. MMSEA Section 111 reporting
 - a. TPA shall maintain compliance with MMSEA Section 111 reporting requirements. Disclose any fees associated with this service, including the names of any third party used for this reporting.

- b. Secured system that may include, but is not limited to: security audits, intrusion prevention and intrusion detection systems, secure communications of any claimant's personal information or personal health information (i.e., monitoring of email and internet traffic, encrypted email, access restricted by user ID and password, or other similar security methods).

F. Funding Workers' Compensation Claims

1. Ability to adhere to the City's workers' compensation trust fund program and process, as described below:
2. The City has a trust fund checking account to cover payments and reimbursements applicable to the self-insured workers' compensation program. Deposits shall be made to the account as required to ensure that funds are available for payment of claims for settlement, medical, legal, and other claim related payments.
3. Checks shall be protected with state-of-the-art security features. TPA shall not draw on the trust fund checking account for any purpose other than adjustment of claims and payment of allocated loss expenses. Once each month, TPA shall provide the City with a detailed accounting of all workers' compensation benefits and allocated loss expenses paid from the fund. The detailed accounting shall include the date and check number of all benefit and allocated loss payments and shall also include appropriate supporting documentation for allocated loss expense payments. A monthly check register summary shall be provided to Risk Management. TPA is responsible for erroneous payments made from the account by their error. The amount of any such erroneous payments made from the account shall be deducted from administrative fee payments. TPA shall develop, implement, and maintain security procedures to ensure safeguard of funds in the account and the bank checks. Such procedures shall be approved by the City.

G. Loss Data

1. Claim loss data will be provided in a separate e-mail upon request of a prospective TPA. This loss data can be used to estimate future claim frequency and types of claims.
2. Any claim data submitted as part of the RFP process is for informational purposes only. The City shall not be responsible for the complete accuracy of said data.

Client Transition Plan

Following is a proposed transition plan for the City. LWP uses this process to ensure that each of the key areas of transition; Claims, Contacts, Banking, Data and Reporting are tracked and completed in a timely manner. Tasks are prioritized and tracked as the intake occurs in order to allow a firm handle on expectations and success.



Summary Transition Status	% Complete	Tasks Remaining by Party	% Complete by Party
	0%	Client	12/12
		Prior TPA	17/17
		LWP	32/32
			0%
			0%
			0%

Claim Transition	Due Date	Modified Date	Responsible Party	Date Complete	Notes
Make decision to change services to LWP Claims Solutions	2/15/2025		Client	/ /	
Notice to current Third Party Administrator	2/17/2025		Client	/ /	
Client will provide LWP with a management contact	2/19/2025		Client	/ /	
Make contact with Prior TPA to make initial plans for transition and get IT contact information	2/24/2025		LWP - VP	/ /	
Prior TPA provide a list of paper files on Premises (if any)	3/6/2025		Prior TPA	/ /	
Prior TPA provide a loss run with open accepted claims including employee addresses for mailing of pharmacy cards	3/9/2025		Prior TPA	/ /	
Contact shipping company to make arrangements to claim file pick up and delivery (if paper files exist)	3/18/2025		LWP	/ /	
LWP arranges for files on premises to be picked up	3/18/2025		LWP	/ /	
Prior TPA creates list of any employees receiving compensation benefits	6/11/2024		Prior TPA	/ /	
Prior TPA creates a list of any claims coming up for hearing or with hot issues	6/11/2024		Prior TPA	/ /	
Cut off date for All Medical and Expense payments by Prior TPA	6/24/2024		Prior TPA	/ /	
Cut off Date for prior TPA to add notes to the files	6/24/2024		Prior TPA	/ /	
Prior TPA provide printed POA reports	6/25/2024		Prior TPA	/ /	
Prior TPA to send Transition letters on all open claims to all contacts on claim.	6/25/2024		Prior TPA	/ /	
Prior TPA pays any employee compensation in advance (through 1/15/2024)	6/22/2024		Prior TPA	/ /	
Prior TPA provide complete electronic loss run to include all claims	6/22/2024		Prior TPA	/ /	
LWP goes "live" handling claims	7/1/2024		LWP	/ /	
Prior TPA to forward all unworked mail	ongoing		Prior TPA	/ /	
LWP arranges for closed files to be placed in storage or another facility designated by client	8/30/2024		LWP	/ /	

Claims Staff Activities	Due Date	Modified Date	Responsible Party	Date Complete	Notes
Make decision to change services to LWP Claims Solutions	2/15/2025		Client	/ /	
Provide Key contacts and Contact Information	2/19/2025		Client	/ /	
Meet with client to discuss Implementation- issues include handling guidelines, client's vendor contacts, organizational structure, claim kit	3/1/2025		LWP & Client	/ /	
Finalize Contract	4/1/2025		LWP & Client	/ /	
Finalize Claim Kit Documents	4/1/2025		LWP	/ /	
Meet with Key Partners- Defense counsel, Investigations; Utilization Review; and other Key Service Providers .	4/6/2025		LWP & Client	/ /	
Client send notice to all employees of change of administrator	6/17/2024		Client	/ /	
Create Client System Access	6/17/2024		LWP	/ /	
LWP goes "live" handling claims	7/1/2024		LWP	/ /	
Initial Claim Review & postImplementation meeting	9/15/2024		LWP	/ /	

Banking Activities	Due Date	Modified Date	Responsible Party	Date Complete	Notes
Type of Program and account will dictate transition plan.					
LWP will contact Client to decide on banking arrangement. If a separate bank account is needed LWP will generate & circulate bank signature cards.	3/2/2025		LWP - Centralized Services	/ /	
Test Checks sent to bank for verification	3/17/2025		LWP- IT	/ /	
Verify test checks are satisfactory	4/1/2025		LWP & Client	/ /	
Special Fund Process / Work Flow Finalized	4/1/2025		LWP & Client	/ /	
Initiate trust deposit	6/26/2024		LWP & Client	/ /	
Trust account is funded	7/1/2024		LWP - CST	/ /	
LWP goes "live" handling claims	7/1/2024		LWP	/ /	

Client Transition Plan



Following is a proposed transition plan for the City. LWP uses this process to ensure that each of the key areas of transition; Claims, Contacts, Banking, Data and Reporting are tracked and completed in a timely manner. Tasks are prioritized and tracked as the intake occurs in order to allow a firm handle on expectations and success.

Summary Transition Status	% Complete	Tasks Remaining by Party	% Complete by Party
	0%	Client	12/12
		Prior TPA	17/17
		LWP	32/32
			0%

Data Intake	Due Date	Modified Date	Responsible Party	Date Complete	Notes
Make contact with Prior TPA's IT Director to obtain file layout and agree on time line for delivery.	3/1/2025		LWP- IT Director	/ /	
Ensure that organizational structure is entered in Origami per client specifications	3/6/2025		LWP- Centralized Services	/ /	
File layout and test file received by LWP; Preliminary Image & total claim count received; also: § Standard and Detailed Loss Runs broken out by Loss Category for each Line of Business valued as of each data extract sent (preferred excel) § Record counts, financial totals, control totals	3/9/2025		Prior TPA	/ /	
Begin developing data & image conversion file	3/15/2025		LWP - IT	/ /	
Data balance the test file to verify conversion is successful	3/20/2025		LWP - IT	/ /	
Image conversion check complete	3/20/2025		LWP - IT	/ /	
Last day bills sent to bill review	6/16/2024		Prior TPA	/ /	
Last day any transactions are made in current systems: Includes Adjuster Notes	6/24/2024		Prior TPA	/ /	
Final bill review data transmitted to LWP	6/24/2024		Prior TPA	/ /	
Final data conversion files received by LWP to include: § Standard and Detailed Loss Runs broken out by Loss Category for each Line of Business valued as of each data extract sent (preferred excel) § Record counts, financial totals, control totals	6/27/2024		Prior TPA	/ /	
Any Bill, EOB, Correspondence, etc Images received by LWP	6/27/2024		Prior TPA	/ /	
LWP goes "live" handling claims	7/1/2024		LWP		
Notes, Data and Images in LWP system	7/3/2024		LWP - IT	/ /	
Final data conversion	7/3/2024		LWP - IT	/ /	
Final data balancing complete	7/3/2024		LWP - IT	/ /	

Reporting	Due Date	Modified Date	Responsible Party	Date Complete	Notes
Meet with client to discuss reporting needs	3/1/2025		LWP - IT	/ /	
Arrange for monthly loss, bi-weekly management report and banking reports to be sent	6/16/2024		LWP - Centralized Services	/ /	
Arrange for Online Access for client	6/16/2024		LWP - CST	/ /	
LWP goes "live" handling claims	7/1/2024		LWP		

Exhibit B Compensation Schedule

One-Time Startup Fees

One-Time Startup Fees. The City will pay Consultant the following fees, if any, for the applicable services related to the initial start up prior to servicing claims:

\$ 8,000.00

Please see detailed pricing options in the attached Scope of Work and below

Payment for Cost Plus Rate

For Claims Administration, the City will pay the Consultant the firm fixed Cost Plus Rate per month for the applicable term to fully staff the claims team based on the number of persons and monthly rate of each position type as set forth in the following tables:

Firm Fixed Cost Plus Rate Per Month for the Initial Term (January 1, 2025 – July 1, 2030)

Amended Term - 7/1/25 - 7/1/30

Position Title	Firm Fixed Number of Persons	Firm Fixed Monthly Rate	Firm Fixed Monthly Amount
Account/Program Manager	\$_____	\$_____	\$_____
Claims Manager	\$_____	\$_____	\$_____
Claims Supervisor	\$_____	\$_____	\$_____
Senior Claims Examiner	\$_____	\$_____	\$_____
Claims Examiner	\$_____	\$_____	\$_____
Claims Representative	\$_____	\$_____	\$_____
Firm Fixed Cost Plus Rate Per Month for the Initial Term Monthly fee for first policy period of 13 months, Thereafter annual increase of 3% will be added to chosen option			\$ <u>36,666.67</u> Option 1

Firm Fixed Cost Plus Rate Per Month for the First Renewal Option Term (July 1, 2030 - June 30, 2031)

Position Title	Firm Fixed Number of Persons	Firm Fixed Monthly Rate	Firm Fixed Monthly Amount
Account/Program Manager	\$_____	\$_____	\$_____
Claims Manager	\$_____	\$_____	\$_____
Claims Supervisor	\$_____	\$_____	\$_____
Senior Claims Examiner	\$_____	\$_____	\$_____
Claims Examiner	\$_____	\$_____	\$_____
Claims Representative	\$_____	\$_____	\$_____
Firm Fixed Cost Plus Rate Per Month for the First Option Term.			\$ <u>42,506.72</u> Option 1

Firm Fixed Cost Plus Rate Per Month for the Second Renewal Option Term (July 1, 2031, - June 30, 2032)

Position Title	Firm Fixed Number of Persons	Firm Fixed Monthly Rate	Firm Fixed Monthly Amount
Account/Program Manager	\$_____	\$_____	\$_____
Claims Manager	\$_____	\$_____	\$_____
Claims Supervisor	\$_____	\$_____	\$_____
Senior Claims Examiner	\$_____	\$_____	\$_____
Claims Examiner	\$_____	\$_____	\$_____
Claims Representative	\$_____	\$_____	\$_____
Firm Fixed Cost Plus Rate Per Month for the Second Option Term.			\$ <u>43,781.92</u> Option 1

Proposed Pricing

Claims Administration - Life of Contract Claims Administration and Managed Care

Option 1

Period 1 - July 1, 2025 - 6/30/2026	\$440,000
Period 2 - July 1, 2026 - 6/30/2027	\$453,200
Period 3 - July 1, 2027 - 6/30/2028	\$466,796
Period 4 - July 1, 2028 - 6/30/2029	\$480,800
Period 5 - July 1, 2029 - 6/30/2030	\$495,224
Period 6 - July 1, 2030 - 6/30/2031	\$510,081
Period 7 - July 1, 2031 - 6/30/2032	\$525,383

Services billed monthly at 1/12 of annual cost

Services Included in Claims Administration Fee

Claims Administration	Designated Account Manager
Claim Review Meetings	Litigation Management
Reporting to Reinsurer	Swat Team Claim Intake

Data Conversion

One Time Fee	\$8,000
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System Access Fee

On-Line System Access	Up to 4 users Included (\$250 per user thereafter)
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Program Administration

Annual Administration Fee	\$10,000
Bank Charges (one Account)	Included
Storage Fees	Included
On-Line 5020 Reporting	Included
Loss Reports	Included
Trust Accounting	Included
Preparation and filing of 1099's	Included
Preparation of SIP reports	Included
FROI/SROI Reporting	Included
Medicare Reporting	Included
Ebills received from Clearinghouse	Included
<i>Ebill processing and responses will be the responsibility of the Bill Review partner selected by the City if the City does not use LWP Bill Review Services</i>	

Bill Review

	Fee	
Standard Medical Bill Review Fee Schedule Reductions	\$9.00 per bill plus PPO Reduction	
Inpatient or outpatient hospital or surgery center	\$300 per bill plus PPO Reduction	
PPO Reduction	24% of Reduction below Fee Schedule	27%
	Anthem Only	
Bills not subject to Fee Schedule	24% of Reduction	

Managed Care Programs

Case Management

Telephonic Case Management	\$104 per hour
Field Case Management	\$110 per hour + incidentals (including mileage, phone, tolls, parking, etc.)

Utilization Review

Adjuster Review	No Charge
Tier 1 - Nurse Review	\$120 Flat Fee
<i>Includes 3 medical request in a single review, set up, phone calls to physician, email notices to adjuster and letters to all parties including network providers. Fee applies to reviews approved by nurse or escalated to physician.</i>	
Tier 2 - Physician Review	\$235 plus nurse charge
<i>Includes 3 medical request in a single review.</i>	
Pharmacy Review	\$385 plus nurse charge
<i>Includes unlimited medical request in a single review.</i>	

Medical Provider Network Access (LWP Network)

PPO fee for savings below fee schedule and negotiations	24%
<i>There is no separate charge for medical provider access to LWP's proprietary network. Percentage of savings below fee schedule is the only charge.</i>	

Specialized Network Access

(bill review charges do not apply)

Durable Medical Goods	\$5 per bill network access fee
Expedited Diagnostic Testing	\$5 per bill network access fee
Physical Therapy Network	\$5 per bill network access fee
Pharmacy Benefit Network	\$5 per bill network access fee

These charges apply only if LWP's programs are utilized.

Other Services

Fee

Investigation

Field Investigation	\$88 per hour
SIU related work	\$98 per hour

Indexing

Index and OFAC Reporting	\$24.00 per claim pricing reviewed annually
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Subrogation

Subrogation	15% of gross recovery
<i>Fee shall not apply to cases where file is referred to subrogation attorney for handling, and shall apply only to cases where recovery is negotiated by LWP staff. Fee shall still apply to cases where counsel is employed ONLY to draft releases, but where LWP did all negotiations.</i>	

LWP makes every effort not to change pricing. Pricing guarantee for 18 months. Price subject to increase thereafter with advance notice.

Exhibit C INSURANCE REQUIREMENTS

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Consultant, their agents, representatives, or employees.

Minimum Scope and Limits of Insurance. Consultant shall maintain limits not less than:

1. **Commercial General Liability:** coverage written on an occurrence basis with limits not less than \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury, personal injury, and property damage. ISO Occurrence Form shall be at least as broad as CG 0001.
2. **Automobile Liability:** coverage with a combined single limit of not less than \$1,000,000 per occurrence applying to all owned, non-owned, or hired vehicles used in conjunction with this Agreement for bodily injury and property damage. ISO Form shall be at least as broad as CA 0001.
3. **Workers' Compensation:** Statutory Limits and **Employer's Liability:** \$1,000,000 per accident for bodily injury or disease.

Industry Specific Coverages. If checked below, the following insurance is also required:

☒ **Professional Liability / Errors and Omissions Liability** coverage with limits not less than \$5,000,000 per claim.

☒ **Valuable Papers and Electronic Data Processing** with limits not less than \$10,000 each.

☒ **Cyber & Tech Liability** coverage with limits not less than of \$5,000,000 per occurrence or claim.

☒ **Commercial Crime coverage** with limits not less than \$2,000,000 per occurrence to include employee and non-employee dishonesty and theft, forgery, fraud, disappearance and destruction of money and securities.

☐ Coverage must include third party premises endorsement.]

Deductibles, Self-Insured Retentions and Other Coverages:

Any deductibles or self-insured retentions must be declared and reviewed by the City of Sunnyvale, Risk Manager. The Consultant shall guarantee payment of any losses and related investigations, claim administration and defense expenses within the deductible or self-insured retention. Policies containing any self-insured retention provision shall provide, or be endorsed to provide, that the SIR may be satisfied by either the Named Insured or the City.

The aforementioned insurance requirements can be met through any combination of self-insured, primary, and excess/umbrella policies that fulfill the stipulated coverage as cited above.

Other Insurance Provisions:

1. During the term of the Agreement, the City of Sunnyvale, its officers, officials, employees, agents, and volunteers are to be covered as an additional insured in the Consultant's

commercial general liability policy (and if industry specific coverage is checked above, valuable papers, electronic data processing, and cyber liability policies) with respect to liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City of Sunnyvale, its officers, officials, employees, agents, or volunteers.

Additional Insured Endorsement for ongoing operations at least as broad as ISO CG 20 10 Scheduled, or automatic CG 20 38 and completed operations shall be at least as broad as ISO CG 20 37 scheduled or automatic ISO CG 20 40.

2. During the term of the Agreement, the Consultant's Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Sunnyvale.
3. For all Architects, Engineers, and Design Professionals - If Industry Specific Coverage box is check above and if the Consultant's Professional Liability/Errors and Omissions coverage is written on a claims made basis:
 - a. The Retroactive Date must be shown and must be before the date of the Agreement or the beginning of contract work.
 - b. Insurance must be maintained and evidence of insurance must be provided *for at least three (3) years after completion of the contract of work.*
 - c. If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the Agreement effective date, the Consultant must purchase "extended reporting" coverage for a minimum of *three (3) years after completion of contract work.*
4. For any claims related to this agreement, the Consultant's insurance shall be primary. Any insurance or self-insurance maintained by the City of Sunnyvale, its officers, officials, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not contribute with it and shall be at least as broad as ISO CG 20 01 04 13.
5. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City of Sunnyvale, its officers, officials, employees, agents, or volunteers.
6. The Consultant's 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.
7. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by email to riskmanagement@sunnyvale.ca.gov, return receipt requested, has been given to the City of Sunnyvale.

8. Any umbrella or excess Insurance Liability policies shall be true “following form” of the underlying policy coverage, terms, conditions, and provisions and shall meet all of the insurance requirements stated in this document, including the additional insured, SIR, and primary and non-contributory insurance requirements for the benefit of City (if agreed to in a written contract or agreement) until all coverage carried by or available to the Consultant’s primary and excess liability policies are exhausted and before the City’s own Insurance or self-insurance shall be called upon to contribute to a loss.
9. The policy limits of coverage shall be made available to the full limits of the policy. The minimum limits stated above shall not serve to reduce the Consultant’s policy limits of coverage. Therefore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured and also available to the Additional Insured, whichever is greater.

Acceptability of Insurers:

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than Superior or Excellent, and who are authorized to do business and in good standing in California unless otherwise acceptable to the City of Sunnyvale’s Risk Manager.

Verification of Coverage:

City utilizes an electronic insurance verification system to track and verify all insurance related documents. City is no longer accepting insurance documents by mail and will only accept electronic insurance documents. City will email the Consultant requesting proof of insurance for this Agreement through an electronic insurance verification system, which includes instructions on how to upload insurance documents electronically. Consultant shall furnish the City with an electronic Certificate of Insurance effecting the coverage required. The certificates are to be signed by a person authorized by that insurer to bind coverage on its behalf and name City of Sunnyvale, Attn: Risk Management, 456 W. Olive Ave, Sunnyvale, CA 94088 as the certificate holder. All certificates are to be received and approved by the City, Risk Manager prior to commencement of work.

The Consultant shall provide certificate(s) evidencing renewals of all insurance required herein prior to the expiration date of any such insurance. Consultant shall submit insurance certificates, reflecting the policy renewals through the City’s electronic insurance verification system. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Subcontractors

Consultant shall require all sub-contractors to procure and maintain insurance policies subject to these requirements. Failure of Consultant to verify existence of subcontractor’s insurance shall not relieve Consultant from any claim arising from subcontractors work on behalf of Consultant.