

**DRAFT CONSULTANT SERVICES AGREEMENT BETWEEN THE CITY OF SUNNYVALE  
AND KEENAN & ASSOCIATES FOR WORKER'S COMPENSATION CLAIMS  
ADMINISTRATION SERVICES**

THIS AGREEMENT, dated \_\_\_\_\_, is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and KEENAN & ASSOCIATES ("CONSULTANT").

WHEREAS, CITY is in need of specialized services in relation to workers' compensation services; and

WHEREAS, CONSULTANT possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Contract Documents

The complete Contract consists of the following documents: Request for Proposal No. F18-289, consisting of a Notice Inviting Proposals, Instructions to Proposers, Specifications, Terms and Conditions, and Scope of Work relating to Claims Administration Services (Exhibit "A"). These documents are all incorporated by reference. The documents comprising the complete contract are collectively referred to as the Contract Documents.

Any and all obligations of the CITY and the CONSULTANT are fully set forth and described therein.

All of the above documents are intended to cooperate so that any work called for in one and not mentioned in the other or vice versa is to be executed the same as if mentioned in all documents.

2. Time for Performance

The term of this Agreement shall be three (3) year from the execution date, unless otherwise terminated. CONSULTANT shall deliver the agreed upon services to CITY as specified in Exhibit "A". Extensions to the agreement may be granted by the City Manager upon a showing of good cause.

3. Duties of CITY

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

4. Compensation

CITY agrees to pay CONSULTANT at the rates shown in Exhibit "C". Total compensation shall not exceed One Million Three Hundred Thirteen Thousand Twenty Three and No/100 Dollars (\$1,313,023). CONSULTANT shall submit invoices to CITY no more

frequently than monthly for services provided to date. Payment shall be made within thirty (30) days upon receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

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. Payment shall be made within thirty (30) days upon receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

5. 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.

6. 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.

7. 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.

8. 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, religion, color, sex, gender identity, sexual orientation (including heterosexuality, homosexuality and bisexuality), ethnic or national origin, ancestry, citizenship status, uniformed service member status, marital status, family relationship, pregnancy, age, cancer or HIV/AIDS-related medical condition, genetic characteristics, and physical or mental disability (whether perceived or actual). 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.

9. 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.

10. Hold Harmless/Indemnification

To the extent permitted by law (including, without limitation, California Civil Code section 2782.8), CONSULTANT agrees to indemnify, defend and hold harmless CITY, its officers and employees from any and all claims, demands, actions, causes of action, losses, damages, liabilities, known or unknown, and all costs and expenses, including reasonable attorneys' fees in connection with any injury or damage to persons or property to the extent arising out of any negligence, recklessness or willful misconduct of CONSULTANT, its officers, employees, agents, contractor, subcontractors or any officer, agent or employee thereof in relation to CONSULTANT's performance under this Agreement. In no event shall the cost to defend charged to the design professional exceed the design professional's proportionate percentage of fault. However, notwithstanding the previous sentence, in the event one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, the design professional shall meet and confer with other parties regarding unpaid defense costs. Such defense and indemnification shall not apply in any instance of and to the extent caused by the sole negligence, recklessness or willful misconduct of CITY, its officers, employees, agents or representatives.

11. Insurance

CONSULTANT shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "C" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "C."

12. CITY Representative

Tina Murphy, Director of Human Resources, as the City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

13. CONSULTANT Representative

Kyle McKibbin, Account Executive, shall represent CONSULTANT in all matters pertaining to the services and materials to be rendered under this Agreement; all requirements of CONSULTANT pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the CONSULTANT representative.

14. 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 or fax, 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:                    Scott Mann, Risk Manager  
                                 Human Resources Department  
                                 CITY OF SUNNYVALE  
                                 P. O. Box 3707  
                                 Sunnyvale, CA 94088-3707

To CONSULTANT: Kyle McKibbin, Account Executive  
                                 Keenan & Associates  
                                 1111 Broadway, Suite 2000  
                                 Oakland, CA 94607

15.    Assignment

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

16.    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.

17.    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 signed by all parties.

18. 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.

19. 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.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By \_\_\_\_\_  
City Clerk

By \_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

KEENAN & ASSOCIATES ("CONSULTANT")

By \_\_\_\_\_  
City Attorney

By \_\_\_\_\_  
\_\_\_\_\_  
Name and Title

By \_\_\_\_\_  
\_\_\_\_\_  
Name and Title

## Exhibit A - SCOPE OF WORK

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Following are details of the methods and approach that Keenan will use to meet the City's Scope of Work requirements.

### CLAIMS ADMINISTRATION SERVICES

***A. Determine liability for claimed injuries and illnesses on a timely basis and in accordance with the California Labor Code;***

Keenan understands and will comply with this requirement. Please refer to **Appendix 5** of the proposal for Keenan's Standards & Accountabilities.

***B. Determine eligibility for and authorize payment of medical and indemnity benefits on a timely basis;***

Keenan understands and will comply with this requirement. Please refer to **Appendix 5** of the proposal for Keenan's Standards & Accountabilities.

***C. Review, compute, and, after approval by the City, pay all informal ratings, findings and awards, and settlements;***

Keenan ensures compliance standards with the Department of Industrial Relations utilizing a multitude of programs for effective claims management and best practices.

Keenan has established strict timelines, in accordance with the rules and regulations, for the administration of benefits, medical payments and issuance of all notices, timely and accurate payment of TD and PD, timely and appropriate claim decisions, through resolution of the claims. Our Standards & Accountabilities (included as an appendix in the proposal) are closely monitored and measured through regular supervisor claim audits, corporate technical audits, corporate operational audits as well as various external and state audits. Adherence to all client mandated special instructions and internal protocol is also tied into annual performance appraisals.

Our current practice is to have an open discussion with our clients prior to any claim function task related to referrals. Significant changes in medical status and reserves increases over specific amounts. Denials are discussed with our clients prior to issuance, as well as settlement of claims, legal referrals, attorney selection, rehabilitation services, IMEs and case management. We believe in open communication and joint claims partnership.

***D. Arrange for informal disability ratings whenever possible to avoid unnecessary litigation;***

Keenan understands and can comply with this requirement.

***E. 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;***

Keenan & Associates takes a very proactive approach to penalty avoidance in every facet of workers' compensation claims administration, from the file clerks to the claims assistants, to the examiners and up through management. This is done through Management Accountability Reports, Standards & Accountabilities and the use of Penalty Prevention Techniques for tracking time sensitive mail and timely benefit payments. We also conduct corporate training for Penalty Prevention for all new-hires and existing staff. Monthly reports are sent to the claims manager for further tracking and identification of trends and training needs.

Penalties which are incurred as a result of error or processing delays by Keenan & Associates are reimbursed to the City, and we will adhere to your request of as soon as practical or within five (5) days of assessment.

Keenan & Associates will provide detailed documentation to the City regarding the timeline of events which lead to the resulting penalty, should any dispute arise

***F. Establish files containing medical and factual information on each reported claim, together with complete accounting records and maintain in accordance with statutory time requirements;***

We maintain a complete electronic file on behalf of the City. Electronic records include the DWC-1, 5020 Form, Doctors' First Report of Occupational Injury, medical reports, medical and other invoices, all payment records, Explanation of Reviews (EORs), all correspondence, claim notes and benefit notices, all legal correspondence, liens and all WCAB filings including settlement documents.

In addition, the following is maintained in the electronic file:

- All activity, including telephone conversations or personal meetings and diary reviews, are documented to reflect the date, individuals involved, content of discussion, and plan of action;
- Specific direction on the investigation and handling of all indemnity cases clearly evidenced within the file are established within two (2) working days from the receipt of the initial report;
- The factual basis for acceptance or denial of compensability clearly documented;

- Scanned images of all incoming correspondence.
- Additionally, all delayed claims are required to be on a regular supervisor or manager diary to ensure appropriate and timely action is taken throughout the investigation period.

Please refer to **Appendix 5** of the proposal.

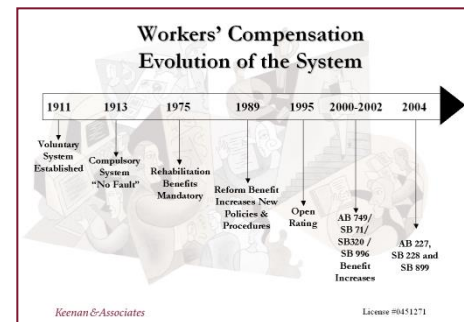
***G. Prepare, file, and maintain all information and reports as required by the State of California, Department of Self-Insurance;***

Keenan will comply with this requirement. Please refer to **Appendix 5** of the proposal.

***H. Provide the City with information and recommendations for implementation strategies for changes or proposed changes in statutes, rules and regulations affecting the City under the California Labor Code for workers' compensation;***

We offer a wide variety of training modules **at no charge** and can customize training to fit your individual needs. Common training modules include:

- Understanding the Work Comp process
- Managing your Medical Provider Network (MPN)
- SB 899
- Early Return-to-Work
- Designing an Effective First Aid Program
- Workers' Compensation 101 (The Basics)
- Fraud Prevention
- Legislative Changes/Updates
- ADA/FEHA
- Accident Investigation



Keenan is electronically linked to key legislative sites on the Internet and are able to retrieve up-to-the-minute status reports on all pending legislation, so we can report any significant developments to our clients and claims teams. If you need information on a specific bill, we can provide it almost instantly. We look to mitigate additional costs associated with legislative changes affecting your program.

Our Legal Department maintains dedicated personnel who regularly track both pending and newly enacted legislation to provide updates to our clients in a timely manner. Communication of legislative issues is provided by *Briefings*, Webinars and onsite meetings. Additionally, all of Keenan's service team personnel are briefed on current legislative issues and potential changes to legislation and regulations. As critical legislation is enacted, Keenan will provide the City with comprehensive resources to ensure you receive the information needed to keep abreast of the changes.



We regularly distribute Compliance Advisories designed to inform clients of news and legislation that may impact them. During the past three years, Keenan has conducted many client seminars and educational programs, provided at no cost to our clients.

***I. Review with the City the program's progress, including identification of problem areas and recommended solutions and attend quarterly meetings required by the City relative to the workers' compensation program;***

Communication is critical between the City personnel and Keenan team. The Keenan team has two major components; the claims team and the account management team. The City will usually hear from the claims team at least daily for the three-point contact on new claims, diary review and general discussion about action as the claims progress or when an urgent matter arises. The form of communication is up to the City it can be telephonic, e-mails or a combination of both.

The City will receive an e-mail from the claims team weekly regarding payment of temporary disability. The claims team will provide a list of the employees who are off work or who have temporary work restrictions that are not being accommodated. This helps prevent over payments of salary continuation to employees and saves the City personnel time in dealing with overpayments of temporary disability when an employee has returned to work.

Your assigned Risk Management Analyst from the account management team will work with you to identify your current programs and what opportunities there are to improve existing programs or implement new programs and policies. Some of the topics the claims analyst can assist you with and the benefits of these programs:

- **Return to work/modified duty program** – The implementation of this program extends into savings in temporary disability costs, salary continuation, and substitute costs. Temporary accommodations foster an environment of employee morale and maintain a sense of connectedness with the City thus decreasing the likelihood of litigation.
- **Claims reporting practices** – Assist in developing workflow and procedures for investigating and obtaining claim information. Training is provided to frontline personnel and management on policies for reporting and how to use the information collected during the investigation process to “red flag” a claim
- **Current claims management best practices** – conducting quarterly file reviews with your third party claims administrator and setting clear communication guidelines helps the City manage the overall process saving the City employees' time and will remove redundancy in what is communicated.
- **Risk management practices** – Identify trending in workers' compensation claims to assist in training recommendations and program suggestions. Analyze claim data for lost time, temporary disability costs, litigation rates, occupational

trends, etc. to help the City better manage their workers' compensation program and their injured employees.

After reviewing the City's programs and specific needs, we identify components of the City's programs that need critical attention, and those that will have the biggest impact on the City's costs and make recommendations accordingly.

The City's effort is required to assist with this evaluation as well as ongoing support from City personnel with respect to the ongoing claims program, for issues such as:

- Claims reporting – ongoing
- Facilitation with Early Return to Work programs put in place
- Coordination of witness statements
- File reviews at least quarterly where Keenan presents information at the City's offices or another location deemed appropriate by the City.

***J. Arrange for and supervise all necessary investigations to determine eligibility for compensation benefits and liability of negligent third parties;***

The most important claim handling function in controlling litigation is prompt contact with the injured employee. If we explain benefits and assure that prompt and proper medical care will be provided, questions are resolved and an immediate rapport is established with the employee. The California workers' compensation Institute's recent litigation study points to the fact that injured workers who seek an attorney do so often times because of the failure of the administrator to properly contact the injured employee and explain the complicated benefit system.

**Fraud Prevention**

Every indemnity claim has an ISO (Index System) search and EDEX (Electronic Data Exchange System) search to review opportunities for potentially fraudulent claims, apportionment and if additional investigation is needed.

Keenan is a member of the Employers' Fraud Task Force and is the first and only third party administrator to hold membership in the National Insurance Crime Bureau. Keenan has had four cases in the past three years that were successfully prosecuted with restitution ordered in excess of \$135,000.

***K. Establish procedures to support the payment of all benefits and allocated expenses together with appropriate documentation necessary to reconcile a trust fund checking account provided by the City;***

Keenan's examiner, in partnership with the claims assistant, is responsible for reconciliation of all benefits and payments made off the claim file. This is done through

various system security workflow and strict approval processes. Additionally, balances are performed by audits of the manual payment cards against the claims system payment history. Payments require examiner approval every 8 weeks. Balances are performed again at the time of settlement via usage of the Balance Sheet Form, which also required supervisory approval prior to any final settlement payment issuance. Additionally, management must audit and sign all checks over \$5,000.

***L. 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;***

Keenan's policy and procedure is to index all open indemnity claims at the time of set up, and as long as the file remains open to re-index annually. All indexing is performed automatically through our claims system at both of these pre-determined intervals and is sent electronically to ISO. All matches are returned within 24 hours electronically and automatically uploaded into our claims system for the examiner to review. These matches are documented directly into the claim notes through this electronic procedure.

Having all indexing performed automatically with immediate delivery to the examiner allows our staff to focus their attention on management of the claims process and is just one example of the 'bells and whistles' of our iVOS claims system as a claims tool for the examiner.

ISO maintains records up to one year, and will automatically return a match to all subscribers for any industry claim filed within the one year period. Re-indexing at one year re-files the claim with ISO so that we are notified of all subsequent claims. Through Keenan's claim system, iVOS, all indemnity claims are indexed at the time of claim set up and re-indexed automatically every nine months until the file is closed.

There are no charges for this service and no fees are charged to the claim file.

***M. 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;***

All informational packets are available through P&C Bridge as well as on our Web site. We will provide all necessary documents for the City and your employees.

Our online Claims Kit includes:

- MPN User Guide
- Briefing- WC Notices updated for 2009
- Legislative Summary
- Posting Notice
- New Hire Pamphlet
- DWC-1 Claim Form
- Personal Physician Request Form

- Notice of Potential Eligibility (DWC-1 Attachment)
- MPN Employee Notification form

***N. Refer litigated cases to attorneys approved by the City for the purpose of defending the City's interest before the Workers' Compensation Appeals Board and courts of law;***

Keenan will communicate with the City regularly to review new legal files, status of serious legal cases, and all claims that are scheduled for formal disposition. We find that by communicating properly with our clients via regular review meetings, superior work product results. In some litigated cases, the examiner is able to manage the litigation through conclusion. In these cases the examiner works with the applicant's attorney for timely resolution.

Functions on litigated claims which cannot be handled by Keenan & Associates' staff will be referred to defense firm approved by the City. Additionally, the City will have access to our PRIDE program (Partnership for the Review and Integration of Defense Expenses) where all defense attorneys are California Workers' Compensation specialists and have agreed to negotiate hourly rates.

***O. Attend, where indicated, trials, hearings, arbitrations, rehabilitation hearings and any and all legal proceedings;***

Keenan will ensure that the City is represented at all proceedings before the WCAB. Where defense counsel is representing the City, defense counsel will attend on behalf of the City. In all other cases the examiner is prepared to make all appearances.

***P. Produce computer generated reports as specified by the City;***

Keenan will comply with this requirement as indicated in the proposal. Refer to **Appendix 7** of the proposal.

***Q. Coordinate Medicare and Medicaid Set Aside agreements in compliance with Section 111 of the MMSEA including required reporting.***

## **MEDICARE SERVICES**

Section 111 of the Medicare, Medicaid and the State Children's Health Insurance Program (SCHIP) Extension Act of 2007 (MMSEA) became effective July 1, 2009. This law requires all self-insured employers and insurance companies to electronically report claims data to the Centers for Medicare (CMS). Keenan is fully prepared to submit all claims data directly to CMS from our claims system, iVOS. There are no additional charges for these services.

***R. Comply with the CSAC-EIA claims administration guidelines, amended October 4, 2013.***

Keenan will comply with this requirement, as we do for other clients.

***S. Attend quarterly workers' compensation file reviews with the City's Risk Management staff and City's executive level staff.***

Keenan will comply with this requirement, as we do for our other clients.

***T. Provide claims administration documentation that demonstrates your firm's claims closure history.***

Due to our aggressive approach to claim resolution, we have been able to achieve a longstanding closing ratio well over the industry standard of 100% closing ratio. Our results over the last 5 years exemplifies Keenan's outstanding efforts.

2017/18	107.9%
2016/17	102.9%
2015/16	101.3%
2014/15	102.7%
2013/14	102.8%

Keenan takes a proactive approach to claim resolution and we employ strategies that include a positive relationship with the injured worker throughout the life of the claim. When it comes time to approach settlement, our examiners have well-established relationships with injured workers that include trust and respect. Our examiners are successful in early resolution of claims that focuses on Compromise and Releases, where appropriate.

***U. Provide a proposed TPA Transition Plan and implementation timetable for the period October 1, 2018 to December 31, 2018.***

Please see attached document in email.

***V. Be prepared to add ancillary services in the future through Contract Addendum to include, but not be limited to:***

- a. Medical Provider Network / Managed Care Services***
- b. Company Nurse Services***
- c. Loss Control Services***
- d. Utilization Review Services***
- e. Nurse Case Management***
- f. Bill Review***
- g. Opioid Management Program***
- h. Pharmaceutical Cost Containment Program***
- i. Other services as may be offered throughout the life of the contract***

**MANAGED CARE SERVICES**

In addition to claims administration, Keenan is proud to present the City with our Integrated Managed Care Solution, PRIME®, a division of Keenan & Associates.

PRIME® was recently named Managed Care Provider Team of the Year by Business Insurance (March 2018 U.S. Insurance Awards). Our workers' compensation team implemented the STOP (Saving The Opiate Patient) program under our managed care protocols to help injured workers avoid addiction to opioid pain medication and facilitate an earlier return to work. In one year, the STOP program reduced narcotics utilization by 21% and lowered our clients' pharmacy expenses by more than \$5 million.

Keenan's PRIME® program provides access to networks and provider discounts unattainable elsewhere:

- In-patient hospitalization discounts average 81%
- Out-patient discounts average 82%
- PRIME® delivers 33 cents of net savings for every Workers' Compensation medical dollar billed
- Workers' Compensation Pharmacy network delivers an average of 10% savings on prescriptions annually
- Save The Opiate Patient (STOP) program – designed to help deter and prevent opiate addiction of injured employees and assist clients in controlling the cost of prescription drugs. Over the past three years, Keenan's pharmacy spend has been reduced from \$8M to \$3.5M.

Keenan employs experienced Nurse Case Managers (NCM) in the utilization process. This ensures that employees receive proper care in compliance with MTUS (Medical

Treatment Utilization Schedule) guidelines to avoid over treatment. Your Risk Management Claims Analyst will proactively meet with your front line providers to ensure their complete understanding and compliance with evidence based guidelines and the expectations of the City.

An essential part of our process is the UR Quick Treat Protocols allows the City and Keenan to adhere to criteria for immediate treatment of injured employees without the delay and cost of the utilization review process. Should the City have its own Utilization Review protocols, we would adhere to them, thus only charge for necessary and actual utilization review services performed which results in greater savings to the City, faster return to work, reduced incidents of litigation, abuse, and re-injury ultimately resulting in increased productivity from employees.

If a request for medical treatment does not meet the Quick Treat protocols, the request is sent to Utilization Review. The Utilization Review team adheres closely to the UR timelines as defined by California Labor code. The average UR turnaround time is 3 days.

### **PRIME® Rx**

The latest enhancement to the PRIME® Managed Care program is a joint venture with Express Scripts called PRIME® Rx. Express Scripts is among the largest fully integrated Pharmacy Benefit Manager (PBM) independent of pharmaceutical manufacturer or retail pharmacy ownership in the United States and has one of the most comprehensive networks. Well-known chain pharmacies such as Rite Aid, Wal-Mart, Kmart, Vons, Safeway, Price/Costco, Medicine Shoppe, Albertsons/ Sav-On and Target, plus thousands of independently owned and operated retail pharmacies are accessed.

To best meet the needs of our clients, PRIME® Rx is a tailored program utilizing electronic interfaces with network pharmacies and our claims system to provide on line “first fill” capabilities, as well as mail service benefits for long term therapy. This no-risk program guarantees that prescriptions will not be billed under workers’ compensation if they are not compatible with the claim.

PRIME® Rx has developed a proprietary pharmacy tool, Saving the Opiate Patient (STOP), designed to help deter opiate addiction in the injured worker and assist clients in controlling the costs of prescription drugs. A Board Certified Anesthesiologist and Pain Management Specialist engages with the Primary Treating Physician to discuss medication treatment regimens outside of acceptable treatment guidelines followed by their Peers. This additional resource improves outcomes to our clients by:

- Targeting physicians who prescribe large dosages of opiates
- Identifying claimants receiving opiates from more than one source
- Identifying physicians who prescribe sleep medication for extended periods of time



Performing outreach by the Pharmacist – 381 behavioral changes last year. As mentioned above, your Risk Management Claims Analyst will provide training to the City regarding this program. You will be provided with PRIME® Rx temporary cards so that injured employees have no delay in obtaining their first fill. As mentioned above, she will work with your frontline providers to ensure the program effectiveness is maximized.

### **MEDICAL PROVIDER NETWORK (MPN)**

PRIME has partnered with Harbor Health Systems to develop customized, outcome based proprietary MPN networks:

- PRIME Advantage Powered by Harbor Health Systems
- PRIME Plus Powered by Harbor Health Systems.

### **Value for our Clients**

The MPN program provides a solution to clients with the following key values:

- Our MPN program puts the focus on quality - finding and working with the best providers.
- Curing the patient more effectively and efficiently is the key to changing the cost curve of workers' compensation.
- Top doctors have the following impact on claims:
  - Faster recovery and better clinical outcomes that drive down lost time (TTD) and back fill expenses so costly to the City.
  - Results lead to better outcomes through the adoption of treatment protocols and less incentive for litigation.
  - Reductions in medical errors that can lead to costly recovery times and repeat surgeries.

### **Impact on Clients' Workers' Compensation**

Our focus on quality care drives improvements in the client's total workers' compensation program. The improvements in outcomes have the following impact on your bottom line:

### **CLINICAL PROGRAMS INTEGRATED WITH CASE MANAGEMENT**

PRIME has partnered with One Call Care Management. Better clinical insight drives proactive, injury-specific care recommendations by leveraging our comprehensive clinical programs and analytics for healthier outcomes. This allows our clients to



experience real savings with pre-negotiated rates and early intervention resulting in injured workers' ability to return to optimal health sooner.

### **Clinical Programs at a Glance**

- **Extensive Panel of Clinical Experts** – One Call has 200 US licensed nursing, physical medicine and dental professionals on staff engaged in all aspects of the claims management cycle, ensuring we deliver appropriate care with the best and highest quality network providers.
- **Dental Plan of Treatment Clinical Review** – Review of all recommended plans of treatment to ensure only related and appropriate treatment is authorized; resulting in over \$10 million dollars of clinical savings annually.
- **Outpatient Rehab Gold Standard Review** – Collaborative peer-to-peer Gold Standard Reviews are conducted by licensed clinicians that focus on job-specific functional treatment to achieve non-contentious resolution.
- **Functional Capacity Evaluation Review** – Every FCE is reviewed with a completed cover sheet summary as well as quality assurance of testing and results to ensure accuracy and appropriateness of recommendations.
- **Proactive Wound Care Management Program** – Proactive Wound Management Program with integrated high-level nurse review of wounds with red flags triggered to promote wound healing and prevent costly complications, which can result in hospitalizations 2-3 times per year for unmanaged cases and cost \$40,000 or more per hospitalization (Rehabilitative Nursing Volume 37, No.1, Jan, 2012)
- **High Risk Program** – Applies clinical review at the start of care and identifies high risk claims with red-flag escalation to payor.
- **EMG/NCS Quality Oversight with Billing & Coding Management** – Review of EMG test and bill to ensure appropriate billing and medical usefulness of exam. Also includes network management-provider education, review of reports for new providers, and collaboration with contracting as needed.
- **Diagnostic Image Management and Rereads** – In crush or laceration injuries where nerve damage is suspected, EMG or NCS testing must not be performed until 17 days after the date of injury, or it can lead to inaccurate results. One Call applies clinical guidelines to our scheduling to ensure appropriate timing of testing and services.

- **LIFE Assessments** – A holistic approach to complex claims assessing the injured worker's lifestyle, independence, functionality and environment leading to recommendations that drive the best solutions for optimal outcomes.

Keenan & Associates' Loss Control Services comprise a special blend of knowledge and expertise that can only be acquired by specialization. Our Loss Control Services personnel are specialists trained to identify and analyze loss exposure factors, develop necessary loss controls, recommend appropriate remedial actions and provide necessary services, including employee training, to help reduce the frequency and severity of your workers' compensation claims.

- **Benchmark Reports:** Compares member's claims history to the overall pool claims history.
- **Risk Improvement Action Plans:** Used for identifying target loss control areas, developing and implementing loss control techniques, measuring results and assisting member districts in their efforts to reduce workers' compensation claims frequency and severity.
- **Risk Management:** Information is distributed regarding prudent and practical risk management, loss control and claims administration solutions tailored specifically to the needs of the City
- **On-line Safety Training:** Keenan SafePersonnel is an online safety training and tracking system designed specifically for City employees.

***W. Provide Departmental Training in Workers' Compensation as part of City's overall cost containment and claims reduction strategy.***

We are an integrated provider of all services necessary to control your workers' compensation costs. Our staffing model is designed and structured to communicate both internally and externally as an integrated team focusing on loss containment strategies. We specifically designed the Risk Management Analyst position, assigned to all workers' compensation TPA clients, to analyze claims data and create cost effective solutions for our clients. Additionally, the Risk Management Analyst provides in person Workers' Compensation trainings.

## EXHIBIT B – FEES SCHEDULE

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### A. CLAIMS ADMINISTRATION - UNBUNDLED

Year 1: \$419,950

Year 2: \$432,548

Year 3: \$445,525

Option Year 4: \$458,890

Option Year 5: \$472,657

#### **If Claims Inventory Exceeds 330**

The fee of \$419,950 is based on taking over 318 indemnity claims and all new claims filed within the first contract year. In the event the take-over indemnity inventory exceeds 300, each take-over indemnity claim over 330 will be billed at \$1500 per file. We will reconcile the take-over inventory within 60 days of the effective date of the contract.

The fee increase for the following years will be based on fee after reconciliation.

#### **If Claims Inventory is Fewer Than 250**

In the event, there are fewer than 250 take-over indemnity claims, we will reduce the fee by 3%. We will reconcile the take-over inventory within 60 days of the effective date of the contract. We will also include a take-over report which will identify reserves and claims status within 60 days at no charge from date of intake.

Annual fee increase for years two and three will be capped at 3% respectively, and option of a fourth and fifth year will not exceed 3.5%.

### I. OPERATIONAL CLAIMS ADMINISTRATION FEE

Annual \$5,000 administration operational fee. The administration fee includes excess reporting and recovery, fraud reporting, trust account management, legislation update, quarterly file reviews, bill review savings reports, State Reporting, (FROI / SROI).

This fee also includes a dedicated Workers' Compensation Claims Analyst who will assist the City of Sunnyvale in training and program development to reduce their Workers' Compensation costs

Keenan's service team will also partner with you to resolve any unexpected challenges or crisis that may occur. When these types of situations arise, we have an

organization with the breadth and expertise to meet these challenges promptly and efficiently.

## **II. PERFORMANCE BASED CONTRACT**

We recommend a Performance Based Contract which will be based on the number of open pending claims to be determined once the transfer is complete.

The number of open indemnity claims will be based on claims with dates of injury prior to January 1<sup>st</sup>, 2019. The number of indemnity claims will be agreed to by the City of Sunnyvale and Keenan.

Keenan will be awarded a performance bonus of \$20,000 if we close 20% of open indemnity inventory within the first calendar year. We will complete reconciliation within 60 days after close of the first calendar year.

Unbundled costs for Electronic Data Interface with other vendors are outlined below.

### **IT/RMIS Fees:**

<b>Service</b>	<b>Description</b>	<b>Fees</b>
<b>Custom Software Development</b> <b>(Per Client Request)</b>	Any software development, including, but not limited to: creating system features; creating data extracts; creating interfaces	\$140 per hour
<b>Data Onboarding</b>	Loading data from a non-Keenan claim system	\$10,000 per engagement (additional time and expense hours may be applied for complex onboarding.)
<b>Data Services</b> <b>(Per Client Request)</b>	Any technical services including, but not limited to: data updates; data analysis; one-time data feeds	\$140.00 per hour
<b>Manual Data Manipulation</b> <b>(Per Client Request)</b>	Updating data that cannot be accomplished programmatically. For example, updating coding such as WCIRB and ISO. Retrospective updates to a custom field.	\$50 per hour
<b>Annual Maintenance of Data Feed</b>	Maintaining Data Feed	\$5,000 per year

Service	Description	Fees
Custom Data Feeds to Third Parties	Data feeds such as third party RMIS vendors, Bill Review Company, Utilization Review Organization, etc.	\$140 per hours (Development and set-up: minimum \$1,500 set up plus five hours at \$140 per hour)
Exit Data Services	Claim transactions, notes, images in standard format	\$10,000 at Exit (customization work @ \$140 per hour)
Scanning (IRIS) Set-up	One-time fee set-up	\$15,000 per engagement

## **B. CLAIMS ADMINISTRATION – BUNDLED**

Year 1: \$389,420

Year 2: \$399,150

Year 3: \$411,125

Option Year 4: \$423,458

Option Year 5: \$436,162

## **I. PERFORMANCE BASED CONTRACT**

We recommend a Performance Based Contract which will be based on the number of open pending claims to be determined once the transfer is complete.

The number of open indemnity claims will be based on claims with dates of injury prior to January 1<sup>st</sup>, 2019. The number of indemnity claims will be agreed to by the City of Sunnyvale and Keenan.

Keenan will be awarded a performance bonus of \$20,000 if we close 20% of open indemnity inventory within the first calendar year. We will complete reconciliation within 60 days after close of the first calendar year.

## **II. OPERATIONAL CLAIMS ADMINISTRATION FEE**

Annual \$5,000 administration operational fee. The administration fee includes excess reporting and recovery, fraud reporting, trust account management, legislation update, quarterly file reviews, bill review savings reports, State Reporting, (FROI / SROI).

This fee also includes a dedicated Workers' Compensation Claims Analyst who will assist the City of Sunnyvale in training and program development to reduce their Workers' Compensation costs.

Keenan's service team will also partner with you to resolve any unexpected challenges or crisis that may occur. When these types of situations arise, we have an organization with the breadth and expertise to meet these challenges and promptly and efficiently.

PRIME administration fee is waived, all other managed care and investigation fees are included beginning on the next page.

**Exhibit C**  
**INSURANCE REQUIREMENTS FOR CONSULTANTS**

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Consultant shall procure and maintain for the duration of the contract 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, his agents, representatives, or employees.

Minimum Scope and Limits of Insurance. Consultant shall maintain limits no less than:

1. **Commercial General Liability**: \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage. ISO Occurrence Form CG 0001 or equivalent is required.
2. **Automobile Liability**: \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.
3. **Workers' Compensation** Statutory Limits and **Employer's Liability**: \$1,000,000 per accident for bodily injury or disease.
4. **Errors and Omissions** Liability Insurance appropriate to the Consultant's Profession: \$1,000,000 per occurrence.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared and approved by the City of Sunnyvale. The consultant shall guarantee payment of any losses and related investigations, claim administration and defense expenses within the deductible or self-insured retention.

Other Insurance Provisions

The **general liability** policy shall contain, or be endorsed to contain, the following provisions:

1. The City of Sunnyvale, its officials, employees, agents and volunteers are to be covered as additional insureds with respects 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; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City of Sunnyvale, its officers, employees, agents or volunteers.
2. For any claims related to this project, 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.
3. 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.

4. 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.
5. 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 certified mail, return receipt requested, has been given to the City of Sunnyvale.

#### Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of not less than A:VII, unless otherwise acceptable to the City of Sunnyvale.

#### Verification of Coverage

Consultant shall furnish the City of Sunnyvale with original a 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. All certificates are to be received and approved by the City of Sunnyvale prior to commencement of work.