

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____ 2018, between the CITY OF STOCKTON, a municipal corporation ("City"), and Athens Administrators whose address is 2552 Stanwell Dr. Concord, CA 94520 and telephone number is 866-482-3535.

RECITALS

A. Consultant is qualified to and experienced in facilitating collaboration, teamwork and strategic planning efforts for the purposes specified in this Agreement.

B. City finds it necessary and advisable to use the services of the Consultant for the purposes provided in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions in this Agreement, City and Consultant agree as follows:

1. **Consultant's Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in **Exhibit A.** Consultant shall provide said services at that time, place and in the manner specified in **Exhibit A** and **Exhibit D.**

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A. Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement. City shall furnish to Consultant only the facilities and equipment listed in Exhibit A. according to the terms and conditions set forth in Exhibit A.

3. **Term.** The term shall be for the period of five (5) years, commencing on October 1, 2018 and terminating on October 1, 2023, unless terminated sooner as provided in this Agreement.

4. **Compensation.** City shall pay Consultant for services rendered pursuant to this Agreement as described more particularly in **Exhibit A** and **Exhibit C.** The payments shall be made on a monthly basis upon receipt and approval of Consultant's invoice. Total compensation for Claim Administration Services shall not exceed \$3,526,115.00. Fees for Managed Care Services allocated to the individual claim file and other related services are set forth in Exhibit C and are subject to prior written approval from the City.

a. Invoices submitted by Consultant to City must contain a brief description of work performed, time used and City reference number. Payment shall be made within thirty (30) days of receipt of Consultant's invoice and approved by City.

b. Upon completion of work and acceptance by City, Consultant shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Consultant fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

5. **Sufficiency of Consultant's Work.** All services, reports, claims administration work product of Consultant shall be adequate and sufficient to meet the purposes for which they are prepared.

6. **Ownership of Work.** All reports, claim files, plan review comments, work product, and all other documents completed or partially completed by Consultant in the performance of this Agreement shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Consultant agrees to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Consultant shall replace them at its own expense. Consultant shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

7. **Changes.** City may request changes in the scope of services to be provided by Consultant. Any changes and related fees shall be mutually agreed upon between the parties and subject to a written amendment to this Agreement.

8. **Consultant's Status.** In performing the obligations set forth in this Agreement, Consultant shall have the status of an independent contractor and Consultant shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Consultant are its agents and employees and are not agents or employees of City.

9. **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Consultant. The Agreement shall then be deemed terminated and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the work actually completed at the time the notice of termination is received.

10. **Non-Assignability.** The Consultant shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Consultant shall be solely responsible for reimbursing subcontractors.

11. **Indemnity and Hold Harmless.** To the fullest extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify the City of Stockton, its officers, 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 contract; excluding, however, such liability, claims, losses, damages, or expenses arising from the City of Stockton's sole negligence or willful acts. The duty to defend and the duty to indemnify are separate and distinct obligations. The indemnification obligations of this section shall survive the termination of this agreement.

12. **Insurance.** During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached **Exhibit B** and shall otherwise comply with the other provisions of **Exhibit B.**

13. **Notices.** All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

Consultant: ATHENS ADMINISTRATORS	City: City Manager
JODI ELLINGTON	City of Stockton
P.O. BOX 696	425 N. El Dorado Street
CONCORD, CA 94522	Stockton, CA 95202

14. **Conformance to Applicable Laws.** Consultant shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Consultant shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

15. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Consultant's engaging in any operation or activity set forth in this Agreement, Consultant shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Consultant covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement.

16. **Records and Audits.** Consultant shall maintain all records regarding this Agreement and the services performed for a period of three years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit.

17. **Confidentiality.** Consultant shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

18. **Conflicts of Interest.** Consultant covenants that other than this Agreement, Consultant has no financial interest with any official, employee or other representative of the City. Consultant and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Consultant's services under this Agreement. If such an interest arises, Consultant will immediately notify the City.

19. **Waiver.** In the event either City or Consultant at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation.

20. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the federal District Court of California, Eastern District, Sacramento Division.

21. **No Personal Liability.** No official or employee of City shall be personally liable to Consultant in the event of any default or breach by the City or for any amount due Consultant.

22. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.

23. **Scope of Agreement.** This writing constitutes the entire Agreement between the parties. Any modification to the Agreement shall be in writing and signed by both parties.

THIS AGREEMENT executed the date and year first above written.

CITY OF STOCKTON

CONSULTANT

Kurt O. Wilson, City Manager

By: 

Jodi Ellington, Chief Financial Officer

ATTEST:

[If Consultant is a corporation signature(s) must comply with Corporations Code §313.]

Bret Hunter, City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A SCOPE OF WORK

The Consultant shall provide claim administration services for the City as described:

Caseload

The Consultant shall ensure that all Claims Examiners will have reasonable caseloads taking into account the type of claims and the level of service requirements. The Consultant shall maintain optimum levels for each class of Claim Examiner.

Claim File Documentation

The Consultant shall clearly document all claims activity, including correspondence, plans of action, referrals, reserve rationale, claim status reviews, medical and legal referrals, emails, and approvals in the computer notepad. A copy of all written documentation, notices, letters, reports, etc. shall be maintained in the claim file as electronic attachments.

Coverage

The Consultant shall verify coverage for each claim and document in the claim notes. If applicable, The Consultant shall exercise due diligence in joining applicable co-defendants and document all activity to verify coverage and join co-defendants in the computer notepad.

Forms and Attachments

The Consultant shall include a copy of required forms, including the City's Report of Injury, DWC Form 1, benefit notices, awards, settlement documents, medical reports, panel requests, UR referrals, investigative reports and legal correspondence in each file. The DWC Form shall be sent if the City fails to provide one to the injured worker.

Claim File Set Up

Upon receipt of the City's Report of Occupational Injury or Illness or Application for Adjudication of Claim, The Consultant shall set up an individual claim file within three business days. Preparation of the claim file shall include entering each new claim into the computer system and establishing a claim number.

Diary Review

The Consultant shall ensure that all claim files have a future diary review determined by the type of claim. Active indemnity claims shall be reviewed every 30 to 60 calendar days for active claims and at least every 180 calendar days for claims that have settled but are open for the employee's future medical care. Supervisory reviews are performed every 90 calendar days for active indemnity claims and annually for future medical claims.

The City Contact

The Consultant shall contact the City within 48 hours of notice of claim. The Consultant shall confirm the details and facts of the claims, collect additional information, determine work status, identify witnesses, and provide initial information back to the City. If the DWC Form 1 was not provided to the injured worker, the examiner shall confirm that this form shall be provided or provide the form directly to the injured worker. The City contact shall be documented in the claim file notes. Phone calls shall be returned within one business day. All correspondence from the City shall be responded to within five business days of receipt.

Employee Contact

The Consultant shall, in all non-litigated, lost time or disputed cases, telephone or personal contact shall be established with the injured employee within two business days of receipt of notice of claim. This contact shall be to discuss the benefits, the options available to the claimant should they disagree with the benefit decision and encourage the claimant to contact the adjuster once they receive their benefit notices, should they have any questions. Such contact shall continue as often as necessary, but at least monthly while the injured worker is off work and not represented. Such contact with the employee shall be clearly documented in the computer notepad.

The Consultant shall confer with and assist injured employees in resolving problems that arise from injury or illness claims. Return phone calls to employees shall be accomplished within one business day.

All correspondence from employees shall be responded to within five business days of receipt. Upon claim resolution, the Consultant shall contact unrepresented claimants to discuss the resolution of their claim and address any remaining issues.

Reserves

The Consultant shall establish appropriate reserves within three business days based on the information available. Reserve rationale should be documented in the claim file.

Reserves shall be established based on the facts of the claim and should reflect the ultimate probable cost of the claim. All reserve categories shall be reviewed on a regular basis but not less than at least every 90 calendar days. Such detailed reviews shall be clearly documented in the computer notepad. Any changes to reserves shall include an explanation for the change.

Medical Management

The Consultant shall contact the treating doctor's office within three business days of notice of all new claims to obtain medical status and discuss return to full or modified work. The Consultant shall maintain contact with treating physicians to ensure that the injured worker receives proper medical treatment and is returned to full or modified employment at the earliest possible date. The results of this contact shall be clearly documented in the computer notepads.

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

The Consultant shall ensure that medical bills are reduced to the Official Medical Fee Schedule (OMFS) and recommended rates established by the Administrative Director of Workers' Compensation.

The Consultant shall make referrals for utilization review (UR) and/or professional managed care services on an as-needed basis to injured employees in compliance with UR approved guidelines.

Telephonic and field nurse case management shall be assigned when appropriate and with the approval of the City. Results shall be closely monitored and task assignments shall be made to control unnecessary costs.

Medical Provider Networks shall be utilized when established by the City. Prescription Benefits Programs shall be utilized when approved by the City.

Medical Payments

The Consultant shall review Medical bills for accuracy, approve for payment on the appropriate claim file, and pay within time limits established by Labor

Code Section 4603.2. If all or part of the bill is being disputed, The Consultant shall notify the medical provider, on the appropriate form letter, within time limits established by Labor Code Section 4603.2.

Plan of Action

The Consultant shall include a current plan of action in the file notes. The plan of action on new claims shall be developed within fourteen calendar days of initial claim set-up. Such plan of action shall be clearly stated including the reasoning, strategy, and course of action(s) for the plan. The plan of action shall be updated every 90 calendar days for active indemnity claims and every 180 days for future medical claims.

Future Medical Claims

Claims that remain open to monitor future medical care only shall continue to be monitored for appropriate medical treatment and potential settlement. Claims shall be reviewed every 180 days. The claim notes shall include settlement information, an outline of future medical care, potential excess reporting, and reserve rationale.

The Consultant shall evaluate the claim at least annually to determine a reasonable amount for settlement of future medical benefits and any remaining benefits due.

Investigation

All indemnity claims shall be reported to the Index Bureau. ISO results shall be reviewed for prior injuries, potential co-defendants, and possible fraud.

The Consultant shall immediately investigate when red flags are identified. The scope of the investigation shall be determined by facts and information obtained. Outside investigative firms shall be used for statements and factual investigations. Authorization for investigation shall be obtained from the City or client, and all activities shall be clearly documented in the computer notepads.

Fraudulent Claims

The Consultant shall ensure that any claim with suspected fraudulent activity shall be referred to Contractors' special investigation process for further investigation and potential referral to the District Attorney.

Compensability

The Consultant shall ensure that the compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination shall be made and documented in the file within fourteen calendar days from the City's date of knowledge of the claim. Delay of benefit notices shall be mailed in compliance with the Division of Industrial Relations' guidelines. Copies of benefit notices shall be maintained in the applicable claim file.

Provision of Benefits

The Consultant shall provide all compensation and medical benefits in a timely manner and in compliance with the statutory requirements of the state regulations. Benefits shall be computed and paid to injured employees based upon earnings information and authorized disability periods.

Initial Indemnity Payment

The Consultant shall ensure that the initial indemnity payment or voucher shall be issued and mailed to the injured employee along with a properly completed DWC notice within fourteen calendar days of knowledge of the first day of disability. Copies of benefit notices shall be maintained in the applicable claim file.

Self-imposed penalties must be entered by a Claims Supervisor.

Subsequent Indemnity Payments

All indemnity payments or vouchers subsequent to the first payment shall be verified and paid every two weeks. Copies of benefit notices issued with subsequent benefits shall be maintained in the applicable claim file.

Self-imposed penalties must be entered by a Claims Supervisor.

Return to Work

The Consultant shall provide assistance to the City in establishing a modified work program that is appropriate for injured employees while recovering and prior to their return to regular duties.

The Consultant shall consult with the City on a regular basis in those cases where the injury residuals might involve work restrictions and/or retirement potential. This contact shall be documented in each claim file.

The Consultant shall notify the City immediately upon receipt of an employee's permanent work restrictions so that the City can determine the availability of permanent modified or alternative work. Notification shall clearly be documented in the computer notepad.

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

Transportation Expense

The Consultant shall ensure transportation reimbursement shall be reviewed for accuracy, approved for payment, and paid within five working days of the receipt of the claim for reimbursement. Advance travel expense payments shall be mailed to the injured employee at least ten working days prior to the anticipated date of travel.

Permanent Disability

The Consultant shall provide information and assistance to injured employees in completing the necessary forms to obtain a permanent disability evaluation or rating. The Consultant shall contact each employee with potential permanent disability, discuss the level of permanent disability and address any questions or concerns. The Consultant shall determine the nature and extent of permanent disability and arrange for an informal disability rating whenever possible to avoid Workers' Compensation Appeals Board (WCAB) litigation. Athens shall take advantage of any apportionment potential to prior claims, disabilities, and impairments. The Consultant shall advise the City of potential credits and increases to permanent disability benefits should the City accommodate permanent/alternative work for at least twelve months.

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

Litigated Cases

The Consultant shall evaluate the legal aspect of all immediately. All assignments to defense counsel shall be appropriate and done with the City's authorization and

consent. When defense counsel is not necessary, the Consultant shall work closely with the applicant's attorney in informal disposition of litigated cases.

Litigation direction shall remain with the Consultant when appropriate and cost effective. The Consultant shall prepare clear and concise litigation referrals to outside counsel outlining the issues of the claim and duties that shall be handled by defense counsel which shall not be clerical in nature. Defense counsel shall clearly outline a written plan to defend the litigated issues and provide a written initial analysis and periodic written updates timely. The City shall be alerted to the need for an outside counsel as soon as possible, and shall be kept informed as to outside counsel's progress.

In conjunction with the City, The Contractor shall monitor the outside counsel's progress and shall audit all defense counsel's bills before payment is authorized. The Consultant shall confirm the defendant is properly named on all legal documents.

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

The manager, supervisor, or the examiner shall attend WCAB hearings, court appearances, and meetings with defense counsel as necessary and as requested to do so.

Settlements

The Consultant shall seek settlement authority from the City. All requests for settlement authority shall include a written claim summary, estimate of permanent disability, and the defense counsel's comments and recommendations, if any.

Every settlement must consider appropriate use of a Medicare Set Aside (MSA) with documentation to support the decision to either proceed with an MSA. The Consultant shall identify an approved vendor for development of MSA analysis and documents.

Every settlement shall be discussed with the City prior to negotiations to discuss any questions or concerns.

Subrogation

The Consultant shall promptly initiate investigation of issues identified as material to potential litigation and subrogation recovery. In all cases where a third party is responsible for the injury to the employee, the Consultant shall request authority from the City to pursue subrogation. When subrogation is to be pursued, the third party shall be contacted within ten business days of identification, with notification

of the City's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental agency, a claim shall be filed with the governing board within six months of the injury or notice of injury. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the City shall be entitled.

If the injured worker brings a civil action against the party responsible for the injury, the Consultant shall consult with the City about the value of the subrogation claim and other considerations. Upon authorization from the City, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action within the applicable Statute of Limitations.

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

All subrogation pursuit or waiver shall be discussed with the City prior to a final decision so that we can address any questions or concerns.

Vocational Rehabilitation/Supplemental Job Displacement Benefits (SJDB)

In accordance with all applicable California Labor Code and Regulation requirements, The Consultant shall:

- A. Determine the Qualified Injured Worker/ Non-Qualified Injured Worker status;
- B. Advise the injured worker of his/her right to rehabilitation benefits/SJDB;
- C. Provide appropriate vocational rehabilitation benefits/SJDB;
- D. Control rehabilitation/SJDB costs;
- E. Attempt to secure the prompt conclusion of vocational I rehabilitation benefits/SJDB; and
- F. Provide notification to the City should work restrictions require permanent or modified, alternative accommodations.

Excess Insurance

The Consultant shall ensure cases that have the potential to exceed the self-insured retention shall be timely reported in accordance with the reporting criteria established by the excess carrier's policies.

Excess Reimbursement/Subrogation Recovery

The Consultant shall be responsible for collecting reimbursements and recoveries from the excess carrier and appropriate third party on a quarterly basis. A copy of the request to the excess carrier shall be maintained in the claim file.

Overpayments

The Consultant shall attempt recovery of overpayments on all files. Attempted recovery shall be documented in the claims file. Credit may be taken when allowed from future benefits.

Award Payment

The Consultant shall maintain that payments on awards shall be issued within 20 calendar days following receipt of the appropriate document. Payment shall be made sooner if necessary to ensure payment is made within twenty calendar days of the WCAB approval date. Late payments shall include the self-imposed increase and appropriate interest in accordance with the Labor Code.

Penalties and Self-Imposed Increases

Late payment of all benefits must include the self-imposed increase in accordance with California law. Athens shall provide the City with a quarterly listing of any administrative penalties/increases. The report shall designate the party responsible for the penalty/increase. If the penalty/increase was the responsibility of Athens, Athens shall issue a check payable to the City for reimbursement of the penalties/increases.

Case Closure

The Consultant shall close all cases within sixty calendar days of the final financial transaction or final correspondence to the injured worker as required by law.

Claims Reporting

The Consultant shall assist in the preparation of all reports that are now, or shall be required by the State of California or other government agencies. Athens shall also assist in the preparation of all reports or databases required by statistical database organizations as requested by the City. Costs associated with custom data programming may be reimbursed by the City with prior approval of the City.

Claim Supervision

Consultant claim supervisors shall regularly review the work product of the claims examiners. The Supervisor shall review all new claims within the first thirty days of receipt from any source. Active indemnity claims shall be reviewed by the supervisor no less often than every 90 days. Such reviews shall include directions, recommendations and/or appropriate feedback and clearly documented in the computer notepad.

The supervisor shall review medical only claims open beyond ninety calendar days from the date of entry for potential closure or conversion to indemnity claim status.

Exhibit B:
Insurance Requirements for Professional Services

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 hereunder by the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the **general aggregate limit shall be twice** the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. ***(Not required if consultant provides written verification it has no employees)***
4. **Professional Liability (Errors and Omissions)** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, \$2,000,000 aggregate. (If Claims-made, see below.)

If the Consultant maintains higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to coverage for the higher limits maintained by the consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

Athens Administration

The City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are to be covered as additional insureds on the CGL policy and AL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (**at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms** if later revisions used).

Primary Coverage

For any claims related to this contract, the **Consultant's insurance coverage shall be endorsed as primary** insurance as respects the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers shall be excess of the Consultant's insurance and shall not contribute with it. The City of Stockton does not accept endorsements limiting the Consultant's insurance coverage to the sole negligence of the Named Insured.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City of Stockton.**

Waiver of Subrogation

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII if admitted to do business in the State of California; if not admitted to do business in the State of California, insurance is to be placed with insurers with a current A.M. Best's rating of no less than A+:X.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. If Claims Made policy form is used, a three (3) year discovery and reporting tail period of coverage is required after completion of work.

Verification of Coverage

Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. Failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time, for any reason or no reason.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its Declarations Page and Endorsement Page for each of the required policies.

Certificate Holder Address

Proper address for mailing certificates, endorsements and notices shall be:

- o City of Stockton
- o Attention: Risk Services
- o 425 N El Dorado Street
- o Stockton, CA 95202

City of Stockton Risk Services Phone: 209-937-5037

City of Stockton Risk Services Fax: 209-937-8558

Maintenance of Insurance

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

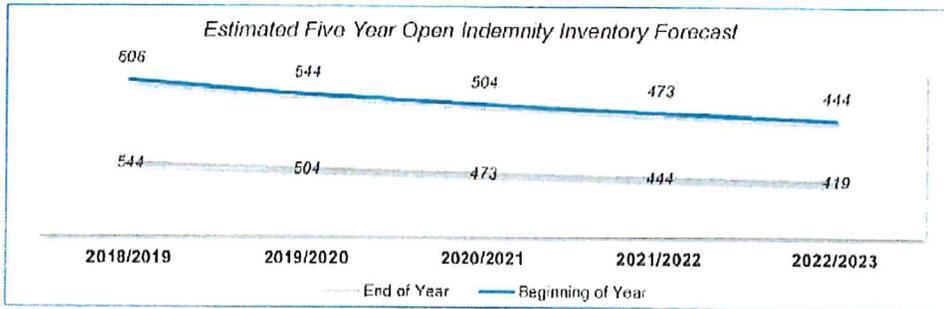
EXHIBIT C
FEE SCHEDULE

Program Year 1	\$664,160
Program Year 2	\$684,085
Program Year 3	\$704,607
Program Year 4	\$725,745
Program Year 5	\$747,518
TOTAL 5 YEAR TERM	\$3,526,115

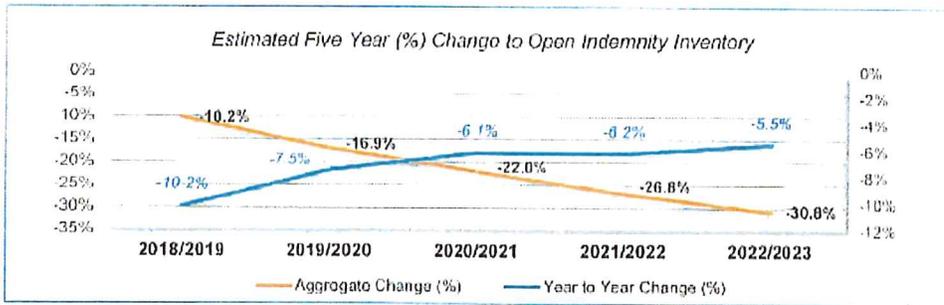
The following exhibits provide detailed pricing for life of contract and managed care services

CITY OF STOCKTON

Five Year Indemnity Inventory Forecast Based on Athens' Historical Closing Results



Our inventory model forecasts that total open indemnity inventory should decline by 30.8% or 187 indemnity claims over the next five program years. This assumes that year to year new indemnity occurrences remain consistent with the historical average that has been presented which is approximately 128 medical only and 123 indemnity claims per year.



Based on our historical companywide closing performance we anticipate that we would be able to deliver an immediate positive impact on the inventory of the program. Our estimate is that indemnity inventory would decline by 10% by the end of year one. Ultimately, we project that the indemnity inventory for the program would decline year after year – resulting in a net aggregate decline of 30.8% after {5} years. This would deliver significant cost savings in total claim costs for the City's overall workers' compensation program.

3/29/2018



CITY OF STOCKTON

Pricing Proposal - Other Related Services

Prepared by: Athens Administrators

OTHER RELATED SERVICES	
Investigations	Typically, \$95 Per Hour
Pharmacy Benefits Management (PBM)	Included
Pharmacy Drug Review	\$125 Per Hour
Central Index Bureau & First and Subsequent Report of Incident Reporting	\$18 Per
Claim Reporting	Included
Predictive Modeling	Included
Subrogation Recovery	15% of Gross Recovery
MPN (Blue Cross)	\$4 Per Bill
Nurse Triage (optional service, if call to nurse does not result in a claim then charge = \$0)	\$150 Per Claim

3/29/2018



CITY OF STOCKTON

Pricing Proposal - Claim Administration Services
Prepared by: Athens Administrators

PRICING OPTION 1 - FLAT ANNUAL FEE			FLAT ANNUAL FEE
Program Year 1	10/1/2018	9/30/2019	\$664,160
Program Year 2	10/1/2019	9/30/2020	\$684,085
Program Year 3	10/1/2020	9/30/2021	\$704,607
TOTAL THREE YEAR COST			\$2,052,851

Optional Years			FLAT ANNUAL FEE
Program Year 4	10/1/2021	9/30/2022	\$725,745
Program Year 5	10/1/2022	9/30/2023	\$747,518
ADDITIONAL TWO YEAR COST			\$1,473,263

POSITION	STAFFING
Supervisor	1 Designated
Senior Claim Examiner	2 Dedicated
Future Medical Claim Examiner	1 Dedicated
Assistant Claim Examiner	2 Dedicated

PRICING NOTES

1) Pricing contemplates Athens Administrators providing both claim administration and managed care services.		
2) Pricing assumes new claim volume of:	Indemnity	123
	Medical Only	128
3) Pricing contemplates the takeover of the following open historical claims.	Indemnity	266
	Medical Only	31
	Future Medical	340
4) Athens will agree to evaluate the lowering of fees when claim inventory goes below 500 open claims		

ADDITIONAL SERVICES

Annual Administration Fee	\$5,000
Administration -includes mgmt. of (1) bank account, addtl. accounts at \$400 per month	Included
Data Management	Included
Account Management	Included
Claim Reporting (web, fax, telephonic)	Included
Dash Board Risk Management Web Site	Included
RMIS Web Site Access	Included
Annual Stewardship Report	Included
Electronic Delivery of Monthly Loss Runs	Included

CITY OF STOCKTON

Pricing Proposal - Managed Care Services

*Prepared by: Athens Administrators***MEDICAL BILL REVIEW ***

Medical Fee Schedule Reduction (OMFS) <i>(Includes: Medical, Pharmacy and Supplies)</i>	\$8.50	Per Bill
Hospital In and Out Patient Fee Schedule Reductions	\$350.00	Per Bill
PPO Network & Specialty Bill Negotiations	23.00%	of Savings
Duplicate Bills		

UTILIZATION REVIEW, CASE MANAGEMENT AND PHYSICIAN REVIEW ***Utilization Review*

<i>Concurrent, Prospective and Retrospective review</i>	\$105 Flat Fee
UR appeals: Peer to Peer	\$300 Per Hour
Authorization Only	\$25 Flat Rate

Case Management

<i>Telephonic Nurse Case Management</i>	\$100 Per Hour
Field Case Management	\$120 + Travel and Mileage
Catastrophic Case Management	\$140 + Travel and Mileage

Peer Review

<i>Physician Peer Review</i>	\$300 Flat Fee
Records Review	\$250 Per Hour

* Bill review service fees shall not exceed \$15,475.00 per month without the written prior approval from the City

** Utilization review service fees shall not exceed \$7,225.00 per month without the written prior approval from the City

EXHIBIT D

PROJECT SCHEDULE

**(To be determined upon execution of contract with implementation date of
October 1, 2018)**