

Sedgwick Claims Management Services, Inc.

FIRST AMENDMENT TO AGREEMENT FOR SERVICES #7803

THIS FIRST AMENDMENT to the Agreement for Services #7803 made and entered into by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County"), and Sedgwick Claims Management Services, Inc., an Illinois corporation duly qualified to conduct business in the State of California, whose principal place of business is 8125 Sedgwick Way, Memphis, Tennessee 38125, and whose local address is 10690 White Rock Road, Rancho Cordova, California 95670 (hereinafter referred to as "Consultant").

RECITALS

WHEREAS, Consultant has been engaged by County to provide workers' compensation claims third-party administration (TPA) services including administration, investigation, adjustment, utilization review, bill review, and case management for tail claims for the Human Resources Department, Risk Management Division pursuant to Agreement for Services #7803, dated October 10, 2023, incorporated herein and made by reference a part hereof (hereinafter referred to as "Agreement");

WHEREAS, the parties hereto desire to amend the Agreement to increase the not-to-exceed compensation amount of the Agreement by \$110,000, and to include a new fee schedule for the period of November 1, 2024, through October 31, 2025, amending **ARTICLE III, Compensation for Services**, and adding **Exhibit B-1**;

WHEREAS, the parties hereto desire to fully-replace specific Articles to include updated County contract provisions;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants hereinafter contained, County and Consultant mutually agree to amend the terms of the Agreement in this First Amendment to Agreement for Services #7803 on the following terms and conditions:

- I. **ARTICLE III, Compensation for Services**, of the Agreement is amended in its entirety to read as follows:

ARTICLE III

Compensation for Services: For services provided herein, County agrees to pay Consultant \$9,166.67 for 8 months and \$9,166.66 for 4 months, in advance. Monthly cost after year one (1) to be determined in accordance with good faith negotiations described herein below.

For the purposes hereof, for the period beginning with the effective date of this Agreement and continuing until October 31, 2024, the billing rates shall be in accordance with Exhibit B, marked "Fee Schedule – 11/01/2023-10/31/2024," incorporated herein and made by reference a part hereof.

For the period of November 1, 2024 through October 31, 2025, the billing rates shall be in accordance with Exhibit B-1, marked "Fee Schedule – 11/01/2024-10/31/2025," incorporated herein and made by reference a part hereof.

In addition, the cost for Optional Services as outlined in Exhibit B-1, may be charged to the Trust Account.

Total amount of this Agreement, as amended, for each one (1) year term, inclusive of optional services, shall not exceed \$221,050.00.

The Parties shall negotiate the monthly fee for the following renewal year, in good faith at least sixty (60) days prior to the expiration of the then-current term. The Parties shall negotiate the monthly fee for the following renewal year of the Agreement based on the total number of open tail claims remaining.

II. The following Articles of the Agreement are fully replaced in their entirety to read as follows:

ARTICLE XIII

Default, Termination, and Cancellation:

- A. 1. Termination by Default: If either party becomes aware of an event of default, that party shall give written notice of said default to the party in default (notice) that shall state the following:
- a. The alleged default and the applicable Agreement provision, and
 - b. That the party in default has ten (10) days upon receiving the notice to cure the default (Time to Cure).

If the party in default does not cure the default within ten (10) days of the Time to Cure, then such party shall be in default and the party giving notice may terminate the Agreement by issuing a Notice of Termination. The party giving notice may extend the Time to Cure at their discretion. Any extension of Time to Cure must be in writing, prepared by the party in default for signature by the party giving notice, and must specify the reason(s) for the extension and the date in which the extension of Time to Cure expires.

2. If County terminates this Agreement, in whole or in part, for default:

- a. County reserves the right to procure the goods or services, or both, similar to those terminated, from other sources and Consultant shall be

liable to County for any excess costs for those goods or services. County may deduct from any payment due, or that may thereafter become due to Consultant, the excess costs to procure from an alternate source.

- b. County shall pay Consultant the sum due to Consultant under this Agreement prior to termination, unless the cost of completion to County exceeds the funds remaining in the Agreement. In which case the overage shall be deducted from any sum due Consultant under this Agreement and the balance, if any, shall be paid to Consultant upon demand.
- c. County may require Consultant to transfer title and deliver to County any completed work under the Agreement.

3. The following shall be events of default under this Agreement:

- a. Failure by either party to perform in a timely and satisfactory manner any or all of its obligations under this Agreement.
- b. A representation or warranty made by Consultant in this Agreement proves to have been false or misleading in any respect.
- c. Consultant fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, unless County agrees, in writing, to an extension of the time to perform before that time period expires.
- d. A violation of ARTICLE XIX, Conflict of Interest.

B. Bankruptcy: County may terminate this Agreement immediately in the case of bankruptcy, voluntary or involuntary, or insolvency of Consultant.

C. Ceasing Performance: County may terminate this Agreement immediately in the event Consultant ceases to operate as a business or otherwise becomes unable to substantially perform any term or condition of this Agreement.

D. Termination or Cancellation without Cause: County may terminate this Agreement, in whole or in part, for convenience upon thirty (30) calendar days' written Notice of Termination. If such termination is effected, County will pay for satisfactory services rendered before the effective date of termination, as set forth in the Notice of Termination provided to Consultant, and for any other services that County agrees, in writing, to be necessary for contract resolution. In no event, however, shall County be obligated to pay more than the total amount of the Agreement. Upon receipt of a Notice of Termination, Consultant shall promptly discontinue all services affected, as of the effective date of termination set forth in such Notice of Termination, unless the Notice directs otherwise.

Except as herein amended, all other parts and sections of Agreement for Services #7803 shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Agreement for Services #7803 on the dates indicated below.

--COUNTY OF EL DORADO--

By: Wendy Thomas

Dated: 10/15/2024

Board of Supervisors
"County"

Attest:
Kim Dawson
Clerk of the Board of Supervisors

By: [Signature]
Deputy Clerk

Dated: 10/15/2024

**--SEDGWICK CLAIMS MANAGEMENT
SERVICES, INC.--**

By: J. Edward Peel
J. Edward Peel
Vice President, Senior Corporate Counsel
"Consultant"

Dated: August 5, 2024

Sedgwick Claims Management Services, Inc.

Exhibit B-1

Fee Schedule - 11/01/2024 - 10/31/2025

Coverage line	Year 24/25
Workers Compensation Annual Flat Fee	\$110,000

Service	Rate
Medical bill review	
State fee scheduling/usual, customary and reasonable	\$9.00 per bill
Provider networks	
Enhanced savings	25% of savings
Preferred provider organization (PPO) networks/out of network services	25% of savings
Telephonic Clinical Services	
Telephonic case management:	\$99 per hour
Utilization Review & Peer Review	
Utilization review	\$145 per review
Service	
Physician advisor/peer review	\$250 per review
Physician review of records	\$275 per hour
Physician advisor appeal	\$350 per review
Complex pharmacy management	Pharmacy nurse management: \$115 per hour Physician and PharmD management: \$275 per hour
Field Case Management	

Medical field case management: Full field	\$99 per hour, plus direct expenses ⁽¹⁾ Urgent/Catastrophic case management: \$165 per hour ⁽¹⁾
Crisis Care RN	\$165 per hour ⁽¹⁾
Field Case Management Tasks:	
Field Case Management	\$99 per hour
Limited Assignment Task	\$105 per hour ⁽¹⁾
Specialty task services: Life Care Plan, Expert testimony, customized services	\$165 per hour

Definitions, terms and conditions

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

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

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

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations

- Cost of expert witnesses, accident reconstruction specialists, or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recording, etc.
- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, utilization review, case management, pre-certifications and medical necessity evaluations
- Cost of translation services
- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities
- Cost of outside assistance necessary to prepare or protect a client's subrogation right or Special Disability Trust Fund claim
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at the client's request or as required by law or rule of a federal, state or local agency

Terms and conditions

Quotation expiration: All pricing quoted is valid for a period of six months from submission unless a written extension is requested.

Payment terms: All recurring fees such as claims service, program management is billed monthly in advance, and information technology fees are billed annually in advance. All invoices are payable upon receipt.