

Date: April 20, 2022

RE: Western Orange County Self-Funded Workers' Compensation Agency Workers' Compensation Renewal, July 1, 2022 – June 30, 2023

Dear Western Orange County Self-Funded Workers' Compensation Agency,

Sedgwick Claims Management Services Inc. would like to thank you for the support and the trust you have placed in us to administer the Western Orange County Self-Funded Workers' Compensation Agency's Workers' Compensation claims. It has truly been our honor to serve the JPA.

I am pleased to present the enclosed renewal proposal. Highlights from the proposal include:

- One-year contract renewal for claim administration JPA administration services.
- Includes a 4% annual increase for 2022-2023 for Claim Administration and JPA fees and a 3% increase to Managed Care.

We appreciate the opportunity to continue our partnership and to serve Western Orange County Self-Funded Workers' Compensation Agency. Should any questions arise, please contact me directly at 951-342-5036 or by email at Ashley.Malady@Sedgwick.com.

Yours sincerely,

Ashley Malady

Ashley Malady, MAM, BSHA, SIP
Client Service Manager

Sedgwick Claims Management Services Inc.
8855 Haven Avenue
Rancho Cucamonga, CA 90730
Office: 951-342-5036
Email: Ashley.Malady@Sedgwick.com

Renewal Fee Proposal for Western Orange County SFA (WOC JPA)

Contract Term: 07/01/2022 through 06/30/2023

April 20, 2022

Claims Services

Sedgwick will provide claims handling at the following rate(s):

Claims Administration Annual Fee

Line of Business	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Workers' Compensation	\$252,956	\$263,074

Annual Fee: Sedgwick's Annual Fee quotation is a guaranteed flat annual fee and applies to claims administration services provided during the 12-month contract term. Any additional administration beyond the initial 12-month contract term will be subject to an additional negotiated flat annual fee or other mutually agreed upon rate structure. If there is a significant increase in claims volume, Sedgwick may propose additional charges. If client agrees to such additional charges, the fees will be adjusted accordingly. If client does not agree to such charges, Sedgwick will have the right to terminate services on 60 days' notice.

Services of the Account Executive, along with phone claim reviews, are provided at no additional charge.

JPA Annual Fee

Line of Business	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
JPA Administration	\$8,692	\$9,040

**Annual JPA Administration Fees are in addition to printing fees. Electronic agenda package fees are waived.*

Annual Fee: Sedgwick's Annual Fee quotation is a guaranteed flat annual fee and applies to JPA Administration services provided during the 12-month contract term. Any additional administration beyond the initial 12-month contract term will be subject to an additional negotiated flat annual fee or other mutually agreed upon rate structure. If there is a significant increase in JPA Administration services volume, Sedgwick may propose additional charges. If client agrees to such additional charges, the fees will be adjusted accordingly. If client does not agree to such charges, Sedgwick will have the right to terminate services on 60 days' notice.

Managed Care Annual Fee Cap

Line of Business	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Managed Care	\$113,644	\$117,053

**Annual fee cap applies to Per Bill Fee, PPO Network, Utilization Review, Physician Review and MPN. Case Management, Medicare Services and non-clinical authorizations are not included in the fee cap.*

Medical Bill Review

Workers' Compensation Claims

Detail	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Fee Per Bill	\$9.00 per Bill	\$9.30 per Bill
State EDI Reporting in Required States	Waived	Waived
California WellComp MPN Access*	\$48.00 per Claim, life of Contract	\$49.44 per Claim, life of Contract
Enhanced Audit Savings	23% of Savings	24% of Savings
PPO Network & Out of Network Savings	23% of Savings	24% of Savings

**California WellComp MPN rates include network savings achieved through the MPN network. PPO savings achieved outside the network are charged at the PPO percentage of savings rate.*

Case Management

Detail	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Virtual Case Management	\$99 per Hour	\$105 per Hour
Field Case Management	\$99 per Hour	\$105 per Hour

**Case Management rates are not included in the managed care annual fee cap.*

Utilization Review/Certification

Detail	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Non-Clinical Authorization	\$35.00 per Review	\$36.05 per Review
Procedure Rate	\$120.00 per Review	\$123.50 per Review
Physician Review (additional fee when applicable)	\$245.00 per Review	\$252.50 per Review
Appeal Reviews	\$245.00 per Review	\$252.50 per Review

**Medical Coordinator rates are not included in the managed care annual fee cap.*

Peer Review

Detail	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Physician Intervention Review (Pharmacy Review w/P2P)	\$275.00 per Hour	\$283.25 per Hour
Rush Fee	\$100.00	\$103.00

**Physician Intervention Reviews are not included in the managed care annual fee cap.*

Medicare Secondary Payer Services (MSA)

Detail	Expiring Rate 7/1/2021 through 6/30/2022	7/1/2022 through 6/30/2023
Mandatory CMS MMSEA Reporting	\$8.75 per Claim	\$9.01 per Claim
Standard MSA	\$2,950.00 per Referral	\$3,038.50 per Referral
Complex/Catastrophic MSA	\$3,500.00 per Referral	\$3,605.00 per Referral

Rush MSA Additional	\$525.00 per Referral	\$540.75 per Referral
MSA CMS Submission	\$525.00 per Referral	\$540.75 per Referral
Medical Cost Projections	\$1,750.00 per Referral	\$1,802.50 per Referral
Conditional Payment Request	\$250.00 per Referral	\$257.50 per Referral
Conditional Payment Dispute Resolution	\$500.00 per Inquiry	\$515.00 per Inquiry
Final Settlement Document Submission	\$155.00 per Referral	\$159.65 per Referral
Medicare / Medicaid Investigation	\$100.00 per Inquiry	\$103.00 per Inquiry
Social Security Investigation	\$100.00 per Inquiry	\$103.00 per Inquiry
Rated Age	\$25.00 per Referral	\$26.00 per Referral
Medical Cost Projection to MSA Conversion	\$1,200.00 per Referral	\$1,236.00 per Referral

Sedgwick's medical management services include a complete suite of all ancillary medical services, using multiple networks that address our clients' needs – including, but not limited to, pharmacy benefit management, diagnostics, durable medical equipment, transportation and translation, home health, physical therapy and independent medical exams. These services are subject to the bill review rates as quoted above, plus the applicable percentage of network savings achieved below the fee schedule or usual and customary charges.

General Fees, Services, Terms and Conditions

- Outside Activity/Field Investigations will be billed at time and expense.
- During the term of a multi-year contract, except for items for which pricing for each year is explicitly listed above, pricing for each year after the first full year will increase by the greater of 3% or the percentage increase as reported by the U.S. Department of Labor -Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>) for the Consumer Price Index for All Urban Consumers (CPL-U) for the U.S. City Average, All Items, covering the prior twelve-month period, valued as of the month ending two months prior (to allow time for reports to be published) to the anniversary date of the contract. For all contracts, pricing at the end of the contract term and each year thereafter will increase by such amount, provided that (i) both parties agree and enter into a renewal contract, or (ii) the parties continue with the existing contract on a month-to-month basis.
- Billing: Sedgwick will issue an electronic invoice monthly, via email. Payments shall be due and payable no later than thirty days from the invoice date.

- Pricing has been developed based on provided loss data. In the event that the loss data is erroneous or otherwise incorrect both parties agree to discuss an equitable adjustment of service fees.
- WOC JPA may request that the services Sedgwick performs be rendered in a particular or different way or additional services be provided, and Sedgwick will make all reasonable efforts to comply. If such request increases Sedgwick's cost of providing the services, Sedgwick shall be entitled to an equitable adjustment in its compensation.
- For WC Subrogation: Sedgwick's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 25% of recovery** (exclusive of attorney fees and expenses related to litigation as well as expenses, such as locate searches, skip traces, cost and origin reports, copy service, etc. or any agreed upon contingency fees). ** Sedgwick uses an external business partner to pursue third party WC claim recoveries.
- Claims and Allocated Loss Adjustment Expenses (ALAE) may be handled in two ways:
 - WOC JPA may elect to fund an account established and maintained by Sedgwick. In this case, WOC JPA will maintain and provide timely replenishment of funds to pay all Claims and ALAE and to avoid penalties and late payments. Sedgwick will electronically provide a monthly recap of all deposits as well as Claims and ALAE payments. WOC JPA will be responsible for bank fees with respect to the account.
 - WOC JPA may elect to maintain and fund a client-owned account from which Sedgwick will issue all Claim and ALAE payments. In this case, WOC JPA will provide Sedgwick with the facsimile signature of an officer, director, partner or employee of WOC JPA to print digitally on the checks. WOC JPA will be responsible for bank fees with respect to the account.
- Sedgwick's proposed fees will remain in effect for 90 days from the date of this proposal.
- This proposal contemplates that Sedgwick will be entering into a direct contract with WOC JPA. Should Sedgwick be required to contract with any other party, different terms may apply.

Allocated Loss Adjustment Expenses

Sedgwick will arrange for various services and other costs as agent for our client. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of expenses follows. Payments of ALAE is the responsibility of WOC JPA. Sedgwick's fees do not cover ALAE, and Sedgwick is under no obligation to pay ALAE with its own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding

- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- FROI/SROI Submission
- Services performed outside of our normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with Customer
- Any other extraordinary services performed by us at Customer's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of Customer.

Sedgwick may, but need not, elect to utilize its own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.