

AMENDMENT #5  
TO  
COUNTY OF VENTURA CONTRACT 7326  
WITH  
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.  
FOR  
THRID PARTY ADMINISTRATION SERVICES – WORKERS’ COMPENSATION

The County of Ventura (“County”) and Sedgwick Claims Management Services, Inc. (“Sedgwick”), hereby agree that the contract identified as Ventura County Contract No. 7326 (“Contract”) previously entered into by the parties is amended, effective July 1, 2022 as follows:

- 1) In accordance with paragraph 3, Term, of this Contract, the contract term is hereby extended from July 1, 2022 through June 30, 2023.
- 2) Effective as of July 1, 2022, Exhibit A of the Contract and the pricing set forth in the Contract, as subsequently amended, is hereby amended and restated in its entirety as set forth in Exhibit A attached hereto.
- 3) All other terms and conditions of this Contract remain the same.

[Signature page follows.]

Exhibit A

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

**Claims Services**

**Sedgwick will provide claims handling at the following staffing level:**

**Claims Administration Fee Option**

<b>Workers' Compensation</b>	<b>1 Year Extension 7/1/22 – 6/30/23 Annual Fee Current Staffing With Additional IAP</b>
<b>Claims Administration Annual Fee</b>	\$2,669,463
<b>Fire Senior Claims Examiner*</b>	\$224,000

*Flat Annual Fee: Current Staffing add IAP Claim Representative:*

*This staffing level takes into consideration the current claim count and required staffing level with the addition of a permanent IAP Claims Representative. This option would allow the addition of an IAP as a backup colleague at any given time without the delay of add to staff. It also allows the training from the ground up of this colleague as a County of Ventura examiner.*

*\*Pricing includes one senior claims examiner, as added through Amendment 1 of the original contract.*

<b>Staffing Position</b>	<b>Count</b>	<b>Proposed Rate</b>
Team Lead	2	\$2,893,463
Team Lead Asst	1	
Senior Claims Examiner	6	
Claims Adjuster	2	
Future Medical/Medical Only Examiner	2	
Fire – Senior Examiner	2	
IAP – Claims Representative	2	
Claims Assistant	2	
<b>TOTAL STAFFING</b>	<b>19</b>	

*Annual Fee: Sedgwick's Annual Fee quotation is a guaranteed flat fee and applies to claims administration services provided during the 1-year contract term. Any additional administration beyond the initial 1-year term will be subject to an additional negotiated fee or other mutually agreed upon rate structure. If there is a*

	Review	
<b>Physician Intervention Review (Pharmacy Review with Peer to Peer Contact)</b>	Per Hour	\$275.00
<b>Rush Fee</b>	Per Event	\$100.00

Medicare Secondary Payer Service (MSA)

<b>Detail</b>	<b>Unit</b>	<b>1 Year Extension 07/01/2022 – 06/30/2023</b>
<b>Mandatory CMS MMSEA Reporting (Claims Reported On or After Contract Commencement)</b>	Per Claim	\$8.75
<b>Standard MSA</b>	Per Referral	\$2,950.00
<b>Complex/Catastrophic MSA</b>	Per Referral	\$2,950.00
<b>Rush MSA Additional</b>	Per Referral	\$500.00
<b>MSA CMS Submission</b>	Waived	Waived
<b>Medical Cost Projections</b>	Per Referral	\$2,250.00
<b>Conditional Payment Request</b>	Per Inquiry	\$150.00
<b>Conditional Payment Dispute Resolution</b>	Per Hour	\$125.00
<b>Final Settlement Document Submission</b>	Per Referral	\$125.00
<b>Medicare / Medicaid Investigation</b>	Per Inquiry	\$50.00
<b>Medical Cost Projection to MSA Conversion</b>	Per Referral	\$1,200.00

Optional Managed Care Fees:

Case Management

<b>Detail</b>	<b>Unit</b>	<b>1 Year Extension 07/01/2022 – 06/30/2023</b>
<b>Telephonic Case Management</b>	Per Hour	\$105.00
<b>Field Case Management</b>	Per Hour	\$105 Plus Mileage (IRS Reimbursement Rate & Expenses)
<b>Pharmacy Benefit Management</b>	N/A	Included

- 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
- 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
- Services performed outside of Sedgwick's normal geographical regions
- 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 Sedgwick's own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.



# COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE  
**SEVET JOHNSON, PsyD**  
Interim County Executive Officer

**Mike Pettit**  
Assistant County Executive Officer

**Kaye Mand**  
County Chief Financial Officer

**Shawn Atin**  
Assistant County Executive Officer/  
Human Resources Director  
Labor Relations

June 21, 2022

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, California 93009

**Subject: Approval and Authorization for Purchasing Agent to: Sign an Amendment to the Contract with Sedgwick Claims Management Service, Inc., to Continue to Provide Third Party Administration of the County's Workers' Compensation Claims through June 30, 2023, at a Flat Rate of \$2,893,463; and to Reduce or Increase Staffing Through the Term of the Contract, Not to Exceed a Total Contract Value of \$3,400,000.**

## Recommendations:

It is recommended that your Board:

1. Approve and authorize the County of Ventura's Purchasing Agent, or designee, to sign the attached (Exhibit 1) proposed Amendment #5 to the contract with Sedgwick Claims Management Services, Inc. (Sedgwick) allowing their continued administration of the County's workers' compensation claims through June 30, 2023, among other modifications (see Exhibit 2) at a flat rate of \$2,893,463. This includes continued payment by the Ventura County Fire Protection District (VCFPD) of one of the Senior Claims Examiner positions for their dedicated Enhanced Work Comp. Claims Unit, at an annual cost of \$224,000.00.
2. Approve and authorize the County of Ventura's Purchasing Agent, or designee, to reduce or increase staffing costs on a monthly prorated basis (Exhibit 2), not to exceed a total contract value of \$3.4 million, so agencies can pursue potential Enhanced Workers' Compensation Units, like that already established/funded by the VCFPD, and/or in response to any extraordinary surge/reduction in claim volume, mostly likely associated with COVID-19.

**FISCAL/MANDATES IMPACTS:**

**Fund I300**

**County Executive Office, Division 1310 – CEO Workers Compensation ISF**

Mandatory: No  
 Source of Funding: Workers' Compensation ISF  
 Funding Match Required: None  
 Impact on Other Departments: None

<b>Summary of Revenues and Costs:</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Revenues:	\$0	\$0
Costs:		
Direct	\$0	\$2,669,463
Indirect-Dept	\$0	\$0
Indirect-County CAP	\$0	\$0
Total Cost	\$0	\$2,669,463
Operating Gain/Loss	\$0	\$0
Recovered Indirect Costs	\$0	\$0

Note: Sufficient appropriations exist within the FY 2022-23 budget.

**Fund S600**

**Fire Protection District, Division 2700 – Fire Protection District**

Mandatory: No  
 Source of Funding: Fire District  
 Funding Match Required: None  
 Impact on Other Departments: None

<b>Summary of Revenues and Costs:</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Revenues:	\$0	\$0
Costs:		
Direct	\$0	\$224,000
Indirect-Dept	\$0	\$0
Indirect-County CAP	\$0	\$0
Total Cost	\$0	\$224,000
Operating Gain/Loss	\$0	\$0
Recovered Indirect Costs	\$0	\$0

Note: Sufficient appropriations exist within the FY 2022-23 budget.

**Discussion:**

In April 2017, after a request for proposal, York Risk Services Group, Inc. (York) was selected as the third-party administrator for the County's self-insured workers' compensation program. Your Board authorized the Purchasing Agent to execute a three-year contract, with authority to extend the contract up to four times on an annual basis. In October 2018, your Board authorized additional staffing at York, including an additional Senior Claims Examiner dedicated to an Enhanced Workers' Compensation Claims Unit for and funded by the VCFPD. On September 4, 2019, York was purchased by Sedgwick. In July 2020, your Board authorized the Purchasing Agent, or designee, to change the contracts, naming Sedgwick as a successor-in-interest to York, and extending the term of the contract to June 30, 2022, at a decreased flat rate of \$2,583,449.

In July 2020, the County's claim inventory volume was at an all-time low of 1,795 open workers' compensation claims. Thus, the terms of the contract at that time reflected Sedgwick's ability to streamline the dedicated staff and to offer a reduced claims administration rate to the County. Since then, the COVID-19 pandemic has impacted the County's workers' compensation program in ways that were unexpected and unavoidable, resulting in Sedgwick receiving nearly 600 additional workers' compensation claims that were not originally contemplated in the staffing structure approved by your Board in July 2020.

Based upon the substantial surge in COVID-19 workers' compensation claims, Sedgwick dedicated additional resources to the County's account, including an additional Team Lead Assistant, a Senior Claims Examiner, an IAP-Claim Representative, and converted a partially dedicated Claims Assistant to be fully dedicated to the County of Ventura. Sedgwick estimates these additions to staff at a value of \$554,931, for which no cost was passed on to the County during the 23-month term of the existing contract.

The recommended terms for the contract extension were reached on May 25, 2022, with a proposed 12-month term of July 1, 2022, through June 30, 2023, at an increase of \$310,014 (12 percent). This includes the 3.5 positions Sedgwick added to address the increased claims volume under the existing contract, and the addition of one more IAP-Claims Representative to the newly proposed contract (see Exhibit 1). The proposed increase will be fully funded through the County's workers' compensation internal services fund and are anticipated not to have a measurable impact on rates charged to the agencies. This is because the annual average workers' compensation costs are estimated at \$23.6 million. Thus, the primary driver of the annual costs is the amount of benefits paid (i.e., medical, lost wages, permanent disability) within the individual claims, versus the cost to administer the claims.

The new staffing level preserves the Enhanced Workers' Compensation Claims Unit for the VCFPD, for which VCFPD funds one of the Senior Claims Examiners dedicated exclusively to administration of their claims. The Enhanced Workers' Compensation

Claims Unit for VCFPD has produced excellent results in returning employees to work, thus offsetting LC 4850 wage replacement cost and producing operationally significant light duty opportunities. The VCFPD has expressed an interest in continuing the program, as they have seen a 12 percent decrease in their average incurred claim value since the inception of the program, and they are committed to funding the additional position at an annual cost of \$224,000.00. The full-term cost of the contract is \$2,893,463.00 (including the Senior Examiner funded by the VCFPD), paid in monthly increments, with all other component prices, terms, and scope of work staying the same.

We believe the increase of \$310,014 fairly reflects Sedgwick's addition of 4.5 dedicated employees to the County's account, above the staffing structure approved by your Board in July 2020. The staffing structure approved in July 2020 reflected an all-time low number of County open workers' compensation claims of 1,795. However, since that time the County's claim inventory has expanded to 2,073 open claims. This expansion is due to factors such as surges in COVID-19 claims and the addition of nearly 700 new Health Care Agency employees from the affiliated clinics. We anticipate the current claim volume will likely be sustained at this level. Thus, the additional staffing is needed to keep claims volumes within an industry standard of approximately 130 claim files per examiner, to handle anticipated increased numbers of claims due to the increased County employee population, to address the existing impacts of COVID-19 claims received to date, and to acknowledge its uncertain impacts over the term of the new contract.

Additionally, the proposed contract provides annual rates for staffing by position that can be prorated (monthly) depending upon the time of addition or removal of any such position. It is requested, that your Board authorize allowance for modification of the contract within the stated term for removal or addition of staff up to a total contract value not to exceed \$3.4 million. This would allow agencies considering funding a dedicated Enhanced Workers' Compensation Unit, such as the one currently utilized/funded by the VCFPD, to do so at any time during the contract term, and gives the flexibility to increase or reduce staff if there is an extraordinary claims surge or significant reduction in claims inventory.

Based upon a number of factors facing the County's workers' compensation program, most significantly the current and uncertain impacts of COVID-19, we did not believe it was prudent this year to pursue an RFP for these administrative services. Additionally, the number of available vendors who provide the services needed to administer the County's workers' compensation program have declined in recent years, with many of them (i.e., York) being acquired by larger administrators such as Sedgwick. Instead, we recommend continuing our partnership with Sedgwick over this next year, while we evaluate the possible need for staffing modifications and/or an RFP. We will return to the Board in a year with the results of the evaluation and further recommendation regarding extension of the existing contract or pursuit of an RFP. In the interim, we will keep close

tabs on the existing claims inventory and will make appropriate adjustments to staffing based upon industry standards.

This Board letter has been reviewed by the County Executive Office, General Services Agency Procurement Services, the Auditor-Controller's Office, and County Counsel. If you have any questions regarding this item, please contact Catherine Laveau, Senior Deputy Executive Officer/Risk Management-Workers' Compensation & Disability Management, at (805) 662-6540 or Shawn Atin, Assistant County Executive Officer/Human Resources Director, at (805) 654-2561.

Respectfully,



Catherine Laveau  
Senior Deputy Executive Officer  
Risk Management/Workers' Compensation & Disability Management



Shawn Atin  
Assistant County Executive Officer/Human Resources Director



<sup>M.P.</sup> Sevet Johnson, PsyD  
Interim County Executive Officer

c: Jeffery S. Burgh, Auditor-Controller  
Tiffany N. North, County Counsel  
Mike Pettit, Assistant County Executive Officer  
Kaye Mand, Assistant County Executive Officer/Chief Financial Officer

Attachments:

- Exhibit 1 – Sedgwick Contract Amendment
- Exhibit 2 – Sedgwick Letter of June 1, 2022