

**SERIAL 06095 S WORKERS COMPENSATION CLAIMS THIRD PARTY
ADMINISTRATOR – RM**

DATE OF LAST REVISION: August 15, 2008 CONTRACT END DATE: December 31, 2009

CONTRACT PERIOD THROUGH DECEMBER 31, 2009

TO: All Departments
FROM: Department of Materials Management
SUBJECT: Contract for **WORKERS COMPENSATION CLAIMS THIRD PARTY
ADMINISTRATOR – RM**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **November 15, 2006 (eff. 1/01/07)**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SF/mm
Attach

Copy to: Clerk of the Board
Peter Crowley, Risk Management

(Please remove Serial 01142-RFP from your contract notebooks)

**INVITATION FOR BID FOR: WORKERS COMPENSATION CLAIMS THIRD PARTY
ADMINISTRATOR – RM (NIGP 96102)****1.0 INTENT:**

The intent of this solicitation is to provide a source for cost efficient, timely administration of Maricopa County's Workers' Compensation claims. This solicitation requests interested parties to respond by way of offering a response/bid which utilizes innovative "state of the art" approaches in processing claims utilizing methodology compliant with all applicable laws, regulations, etc., with emphasis on cost containment and timely processing. The resultant Agreement shall be awarded for a three (3) year period, with options for renewal. **To be eligible for award consideration, respondent shall currently have an established office in Maricopa County.** Administrator ("Claims Administrator" or "Contractor") shall be required to perform the tasks required at the direction of Maricopa County Risk Management. Most importantly, the Administrator shall treat each of our employees with respect, and deal with them and/or their families in a timely, cordial, and professional manner at all times.

2.0 SPECIFICATIONS:

Contractor shall provide the following services and shall comply fully, with each requirement, as stated below:

2.1 CLAIMS ADMINISTRATOR RESPONSIBILITIES

- 2.1.1 Claims Administrator shall administer workers' compensation claims in accordance with the laws, rules and regulations of the State of Arizona.
- 2.1.2 Claims Administrator shall work in conjunction with Maricopa County Risk Management.

2.2 GENERAL FILE CONTROL

- 2.2.1 Claims Administrator shall promptly return all phone calls from Maricopa County injured workers within 24 hours receipt of the call (excluding weekends and legal holidays).
- 2.2.2 Claims Administrator shall respond to written correspondence from Maricopa County workers within three working days of receipt of correspondence.
- 2.2.3 Claims Administrator shall review all active claims at a minimum of every 30 days. Open claims shall be maintained on a regular diary and the claim file shall be documented in a computer database. This documentation shall include the status of the claim, with an action plan outlining objectives to bring the claim to a successful conclusion. Claims Administrator's computer database shall be made accessible to the County.
- 2.2.4 Claims Administrator shall document all pertinent telephone conversations, discussions, correspondence and medical reports in the computer database on all claims.
- 2.2.5 Claims Administrator shall perform all necessary work required to effectively handle each claim. Claims Administrator shall not perform services (i.e. surveillance, nurse consulting) outside of their core business of adjusting workers' compensation claims.

- 2.2.6 Claims Administrator shall contact County Risk Management within three days of receipt of a Form 102 if a Form 101 has not been received. Claims are not to be denied based solely on the absence of a Form 101 without approval of Claims Coordinator or Claims Manager.
- 2.2.7 Claims Administrator shall work closely with County Risk Management, and the Employee's home department to pursue any opportunities to return injured employees to modified duty.
- 2.2.8 All claims (medical only and loss time) shall be documented in the computer notes regarding compensability.
- 2.2.9 Each physical file shall be maintained in an orderly and logical manner.

2.3 INVESTIGATION

- 2.3.1 Three-point contact within one working day of receipt of claims is mandatory on all loss time claims. Claims Administrator shall contact the Employee's home County department, the Employee and the Treating Physician and shall document the information received in the claim file and/or the computer notes.
- 2.3.2 Questionable claims shall be investigated to include, but not limited to, on site investigations; recorded statements of all parties involved; medical record reviews; and possibly Independent Medical Exams (IME). These investigations shall commence prior to issuance of any denial, time permitting.
- 2.3.3 Claims Administrator shall discuss the reasons of a denial with the injured worker and the assigned Maricopa County Risk Management contact.
- 2.3.4 All medical only claims involving work restrictions shall be handled the same as loss time claims as respects for diary, medical management and release to regular duty.
- 2.3.5 A report to the Index Bureau is required on initial set-up of all indemnity claims and repeated on the annual anniversary date while the claim remains open. Additionally, ICA prior claims shall be ordered at set up of indemnity claims.
- 2.3.6 All repetitive type injury claims, i.e., (CTS) shall be established as indemnity and shall be thoroughly investigated by the Claims Administrator to confirm compensability, prior to denial or acceptance.
- 2.3.7 All stress claims shall be established as indemnity and shall be thoroughly investigated by the Claims Administrator for compensability, prior to denial or acceptance.
- 2.3.8 All potential subrogation claims shall be established as indemnity and shall be thoroughly investigated by the Claims Administrator for recovery.
- 2.3.9 All requests for surveillance shall be pre-approved by Maricopa County Risk Management.

2.4 RESERVING

- 2.4.1 Reserves, including reserve worksheets, shall be reviewed at diary and reserve analysis shall be documented in the claim notes reflecting all reserve changes.
- 2.4.2 All reserve increases of \$50,000 or more shall be communicated and approved by Maricopa County Risk Management.

2.5 REPORTING

- 2.5.1 Claims Administrator shall fax to Maricopa County Risk Management a monthly report of all employees on an off-work status or modified duty status wherein the unit/department is unable to accommodate them. This report shall include a short summary as to why the employee continues on an off-work status; the date the employee was released to modified duty and, the attempts made to accommodate restrictions.
- 2.5.2 Claims Administrator shall submit status reports to Maricopa County Risk Management on all open claims with an incurred reserve of \$50,000 or more every 90 days.
- 2.5.3 Claims Administrator shall submit reports on all applicable claims to the County's excess insurance carriers at their request. Maricopa County Risk Management shall be copied on all correspondence directed to the excess carrier.
- 2.5.4 Claims Administrator shall provide the reports on an annual basis for the Industrial Commission of Arizona.
- 2.5.5 Claims Administrator shall provide various requested reports and information to Maricopa County Risk Management for completion of the Audit Report, Actuarial Report, Annual Report, Cost Allocation, etc.

2.6 CLAIMS MANAGEMENT

- 2.6.1 Claims Administrator shall notify the Maricopa County Risk Management of all releases to modified or regular assigned duty within 48 hours of their knowledge of release.
- 2.6.2 Claims Administrator shall provide all physicians a copy of the Essential Functions and Work/Physical/Social Environments of the employee's current position as soon as possible.
- 2.6.3 Claims Administrator shall contact all Loss of Earning Capacity (LEC) claimants at a minimum of once every twelve months. Activity checks should also be completed annually.
- 2.6.4 Claims Administrator shall review all death benefit claims at a minimum of once every 12 months. A widow/widower affidavit shall be submitted annually on all death claims. Claims Administrator shall also monitor all minors receiving benefits and require documentation of college attendance semi-annually for dependents receiving benefits after age 18. Claims Administrator shall contact Maricopa County Risk Management on any claims wherein the widow/widower has remarried; the dependent has ceased to attend college full time; or has achieved the age of 21.
- 2.6.5 Claims Administrator's computer system shall be compatible with the Risk Master (CSC) program, the database system used by Maricopa County Risk Management. All claim notes shall be available to Maricopa County Risk Management on the system within seven days of entry; or a download of information made available in a timely manner.
- 2.6.6 No assignments to outside Rehabilitation Vendors (rehab nurses and vocational counselors) shall be made without the approval of Maricopa County Risk Management.
- 2.6.7 No assignments to outside attorneys shall be made without the approval of Maricopa County Risk Management and the Maricopa County Attorney's Office.

2.6.8 An Annual Report of income shall be submitted annually on all LEC claims. All LEC claims shall be reviewed annually to determine any potential changes in the earning capacity, within the labor market. The Claims Administrator shall contact Maricopa County Risk Management with their findings and any potential cases involving rearrangement.

2.6.9 Claims Administrator shall review all Loss of Earning Capacity (LEC) claims for potential apportionment opportunities prior to issuing any notices. Claims Administrator shall contact Maricopa County Risk Management on any claims wherein the Special Fund has accepted apportionment.

2.7 SUBROGATION

2.7.1 Claims Administrator shall pursue every avenue necessary to recover funds and protect the lien rights of the County.

2.7.2 All claims shall be investigated for potential third party recovery. Once a third party has been identified, the Claims Administrator shall submit a status report to Maricopa County Risk Management advising of potential subrogation and recommending an approach to collection.

2.7.3 Claims Administrator shall copy Maricopa County Risk Management on all correspondence regarding notice of lien rights on all aspects of the third party recovery.

2.7.4 Claims Administrator shall submit a report to Maricopa County Risk Management on each claim closed without recovery on all claims identified as possible subrogation.

2.7.5 No claim shall be abandoned for subrogation recovery without the express approval of Maricopa County Risk Management.

2.7.6 All recovery checks shall be made payable to Maricopa County and mailed to the Maricopa County Risk Management Office.

2.7.7 Claims Administrator shall submit all requests for reduction in the lien or future credits to Maricopa County Risk Management.

2.8 COST CONTAINMENT

2.8.1 All medical bills shall be reviewed for processing within three working days at the lowest possible rate (Fee Schedule and any applicable cost containment programs).

2.8.2 Claims Administrator and Maricopa County Risk Management shall be responsible for providing the County with a comprehensive program designed to contain the medical costs. These services shall include, but are not limited to:

- Medical Bill Review
- Case Management/Rehabilitation Services
- Hospital Bill Auditing
- Prescription Management Services
- Annuity Costs
- A PPO Network. If Claims Administrator cannot arrange for a suitable PPO Network, Maricopa County Risk Management reserves the right to make those arrangements; and the Claims Administrator shall be required to work with that designated PPO organization.
- Billing payment program

2.8.3 If the Claims Administrator provides the PPO Network, the Claims Administrator shall make every effort possible to ensure quality workers' compensation health care services on a cost-effective basis. The Claims Administrator shall ensure the network provides sufficient staffing to ensure that employees have access to specialist and ancillary services as authorized by the County.

2.8.4 If the Claims Administrator provides the PPO Network, they shall ensure that the Network can fulfill all obligations specified herein. The Claims Administrator shall solicit the services of another PPO Network and shall be responsible for all costs, fees or resources necessary to complete the obligations of this Agreement, if the Network is unable to provide quality health care to County employees.

2.9 LITIGATION MANAGEMENT

2.9.1 All requests for defense counsel shall be pre-approved by Maricopa County Risk Management, prior to submittal to the Maricopa County Attorney's Office for assignment .

2.9.2 Maricopa County Risk Management shall be copied on all litigation correspondence.

2.9.3 File handling - Assignment of defense counsel does not eliminate the Claims Administrator's responsibility for prompt investigation, claim evaluation and disposition. Normal claims handling functions are not to be transferred to defense counsel subsequent to the initiation of litigation.

2.10 SETTLEMENT AUTHORITY

2.10.1 Claims Administrator has \$5,000 settlement authority. Request for settlement authority in excess of \$5,000 shall be in writing, accompanied by a written recommendation and status report and sent to Maricopa County Risk Management.

2.11 STRUCTURED SETTLEMENTS

2.11.1 Maricopa County Risk Management shall provide prior approval to the Claims Administrator to obtain annuity quotes from Structured Settlement Vendors developed through the County's procurement process. Claims Administrator shall only utilize those Vendors with whom the County has contracted. If any time during the Agreement, the County does not have such a current Structured Settlement contract, the Claims Administrator may be granted authority from Maricopa County Risk Management to solicit quotes from other qualified Structured Settlement Vendors.

2.11.2 Maricopa County Risk Management maintains the right to obtain structured settlements independent of the Claims Administrator.

2.11.3 Final approval of the recommended annuity quotes is at Maricopa County Risk Management's discretion.

2.12 CLAIM AUDIT

2.12.1 Maricopa County Risk Management shall conduct a Agreement Claim Review (audit) of the Claims Administration on an annual basis, as well as quarterly "mini-audits." An audit score of 90% or better is expected of the contractor.

2.13 MEETINGS

2.13.1 Quarterly claim review meetings shall be required on specific open claims selected by Maricopa County Risk Management.

- 2.13.2 Individual claims examiners shall attend all meetings as requested by the County.
- 2.13.3 Claims Administrator's staff shall meet with Maricopa County Risk Management at least once a year to discuss trends, recommend improvements, etc. These discussions should focus on statistics/trends noticed within individual departments and should be used as preliminary information for the annual reporting process. Meeting time, date and location shall be determined by the County.
- 2.13.4 Claims Administrator shall attend other meetings as required by the County.

2.14 FINANCE

- 2.14.1 Claims Administrator shall set up an account to be funded via wire transfer by Maricopa County Risk Management. The account shall begin with \$80,000 and be replenished via wire transfer by the amount of the check registers that the Claims Administrator provides on a weekly basis. At the end of the Agreement, the Claims Administrator shall close the account and refund the original \$80,000.
- 2.14.2 Claims Administrator shall fax the check register on Friday afternoons, when all of the checks have been issued for the week, to Maricopa County Risk Management. The check register is a listing of all TTD, TPD, medical, expense payments that the Claims Administrator has made in that week. The check register shall contain the check number, check amount, issue date, payment type (indemnity, medical, legal expense, etc.), the claim number, claimant name, loss date, payee, and a total of all checks issued in the week to be replenished by Maricopa County Risk Management.
- 2.14.3 Claims Administrator shall also send an electronic version in Microsoft Excel of the check register described in section 2.14.2 on Friday afternoons via e-mail to Maricopa County Risk Management.
- 2.14.4 On Monday mornings, Maricopa County Risk Management shall replenish the account via wire transfer by the amount of the check register that was provided by the Claim Administrator the previous Friday afternoon.
- 2.14.5 Claims Administrator shall do a reconciliation of the account on a monthly basis and provide the results to Maricopa County Risk Management.
- 2.14.6 Claims Administrator shall provide monthly invoices of their claims administration service fees with adequate back up documentation to Maricopa County Risk Management on a timely basis. The Claims Administrator shall also provide projections of claims administration service fees when requested for budgeting purposes.
- 2.14.7 Claims Administrator shall provide a monthly summary report to Maricopa County Risk Management that shows the total paid, total outstanding reserve balance and total incurred at the end of each month and the end of the fiscal year.
- 2.14.8 Claims Administrator shall provide reports for individual departments, as needed, for Maricopa County Risk Management.

2.15 Omitted

2.16 CLAIMS ADMINISTRATOR ROLE WITH MARICOPA COUNTY RISK MANAGEMENT

- 2.16.1 Claims Administrator shall report to Maricopa County Risk Management prior to increasing reserves to \$50,000 or more on all claims. These claims shall also require status reports every 90 days.

- 2.16.2 Claims Administrator shall obtain pre-approval from Maricopa County Risk Management on all requests for surveillance.
- 2.16.3 Claims Administrator shall obtain pre-approval from Maricopa County Risk Management and the Maricopa County Attorney's Office on all requests for assignments of Attorneys to a file.
- 2.16.4 Claims Administrator shall not make any assignment to outside Case Management, (Nurses, Vocational Counselors, etc) without prior approval of Maricopa County Risk Management.
- 2.16.5 Claims Administrator shall copy Maricopa County Risk Management on all reports submitted to Maricopa County's excess carrier.
- 2.16.6 Claims Administrator shall not make any outside investigation assignments without pre-approval from Maricopa County Risk Management. The Claims Administrator is expected to conduct all investigations.

2.17 CLAIMS ADMINISTRATOR STAFFING

- 2.17.1 Claims Administrator shall maintain the appropriate number and experience level of qualified workers' compensation personnel to adequately handle all claims on behalf of Maricopa County. Maricopa County shall have the right of pre-approval for all adjusters to be assigned to Maricopa County.
- 2.17.2 Staff shall be appropriately licensed through the Arizona Department of Insurance.
- 2.17.3 Lost time Examiner shall have a minimum of three years experience handling workers' compensation indemnity claims.
- 2.17.4 Loss time examiner caseload shall not exceed 160 (total over all claims-including supportive care, loss of earnings, and total permanent impairment claims).
- 2.17.5 If the Claims Administrator is unable to perform any functions of this Agreement to the satisfaction of the County, they shall be responsible for putting forth all resources necessary to fulfill the obligations stated within this Agreement. The Claims Administrator shall be responsible for any costs incurred by the County as a result of their failure to fulfill any obligation stated within this Agreement.
- 2.17.6 Claims Administrator is responsible for providing additional staff to assist County injured workers if assigned staff is unavailable due to training, annual leave, illness, or any extended absence.
- 2.17.7 Claims Administrator shall report its total employee turnover ratio for the periods July 1, 2001 through June 30, 2006, which shall not exceed 20% of the Claims Administrator's worker's compensation staff. Turnover ratio shall be stated on Attachment A, Pricing Page, where indicated.
- 2.17.8 Claims Administrator shall provide the average total workers' compensation claim caseload of both medical only and indemnity claims shall not exceed 200 per Examiner. Average total workers' compensation claim caseload shall be stated on Attachment A, Pricing Page, where indicated.

2.18 SYSTEM ACCESS/REPORTING

- 2.18.1 Monthly loss runs shall be sorted by fiscal year, location and department in a summary and detail format as required by Maricopa County Risk Management.

- 2.18.2 Loss Control/Safety Reports by cause, type of injury and body part injured shall be reported to Maricopa County Risk Management every three (3) months, without fail.
- 2.18.3 Financial summaries shall include check registers.
- 2.18.4 Individual case reports shall be provided (upon County request).
- 2.18.5 Contractor shall ensure Maricopa County Risk Management has *on-line* access to financial claims data and file notes, throughout the duration of subject contract.
- 2.18.6 Claims Administrator shall ensure download capabilities to Maricopa County Risk Management's Risk Master system..
- 2.18.7 Contractor shall provide information needed to prepare County annual status reports or actuarial reports as required by Maricopa County Risk Management.
- 2.18.8 Provide 1099 preparation and delivery to the proper agency.
- 2.18.9 Claims Administrator shall provide Maricopa County Risk Management quarterly reports in a format subject to final approval by Maricopa County. Those reports may include, but are not limited to, quarterly information by department and/or by division regarding detail of injury; frequency; days lost; trends, etc. Bidder/respondent shall provide a "generic" sample(s) of the quarterly reports which they are capable of providing. The "sample(s)" shall be identified as such, and attached to their bid.
- 2.18.10 Monthly loss reports from the Claim Administrator should be provided to Maricopa County Risk Management and include, but are not limited to, the following information, in summary format: Name of injured employee/claimant; Claim number, Date opened; dollars paid to Date; Reserves; Incurred; etc.
- 2.18.11 In the same format as item listed above, the Claims Administrator shall provide a summary report to Maricopa County Risk Management of all open and closed claims on a monthly basis.
- 2.18.12 Claims Administrator shall provide on annual basis reports as required by Maricopa County Risk Management for its actuaries.
- 2.18.13 Claims Administrator shall provide to Maricopa County Risk Management on a quarterly basis a list of all subrogation activity (by claim and dollars recovered).

2.19 SCOPE OF PRICING

- 2.19.1 The price per claim shall be for the *life of the file contract*. **There shall be no anniversary loss date, no re-bills, no reopen charges to the County. Average number of monthly new claims through the period January through May 2006: Medical 78 (potential 941 annually); Indemnity 13 (potential 152 annually).**
- 2.19.2 Claims Administrator costs incurred for initial "set-up" shall be inclusive within the processing fee per claim. The initial set-up shall include, but is not limited to, indexing through the Index Bureau, clerical/typing fees, initializing claim within the computer system, contact letter or any initial correspondence directed to the claimant, postage for such correspondence, etc.

2.19.3 *Maricopa County Risk Management shall pay the reasonable expenses for the data tape transfer. It is the responsibility of the Claims Administrator to coordinate with the previous Administrator in converting the data from the previous system and insuring the integrity of Maricopa County's worker's compensation claims history after the data conversion is complete.*

2.19.4 Maricopa County Risk Management shall be responsible for the expenses of the bill review/PPO network provider.

2.20 TAX:

No tax shall be levied against labor. Bid pricing to include all labor, overhead, tools and equipment used, profit, and any taxes that may be levied. It is the responsibility of the bidder to determine any and all taxes and include the same in bid price.

2.21 USAGE REPORT:

The Contractor shall furnish the County a quarterly usage report delineating the acquisition activity governed by the Contract. The format of the report shall be approved by the County and shall disclose the quantity and dollar value of each contract item by individual unit.

2.22 INVOICES AND PAYMENTS:

2.22.1 The Contractor shall submit two (2) legible copies of their detailed invoice before payment(s) can be made. At a minimum, the invoice shall provide the following information:

- 2.22.1.1 Company name, address and contact
- 2.22.1.2 County bill-to name and contact information
- 2.22.1.3 Contract Serial Number
- 2.22.1.4 County purchase order number
- 2.22.1.5 Invoice number and date
- 2.22.1.6 Payment terms
- 2.22.1.7 Date of service or delivery
- 2.22.1.8 Quantity (number of days or weeks)
- 2.22.1.9 Contract Item number(s)
- 2.22.1.10 Description of Purchase (product or services)
- 2.22.1.11 Pricing per unit of purchase
- 2.22.1.12 Freight (if applicable)
- 2.22.1.13 Extended price
- 2.22.1.14 Mileage w/rate (if applicable)
- 2.22.1.15 Arrival and completion time (if applicable)
- 2.22.1.16 Total Amount Due

2.22.2 Problems regarding billing or invoicing shall be directed to the using agency as listed on the Purchase Order.

Payment shall be made to the Contractor by Accounts Payable through the Maricopa County Vendor Express Payment Program. This is an Electronic Funds Transfer (EFT) process. After Award the Contractor shall fill out an EFT Enrollment form (to be provided by the Procurement Officer) or as located on the County Department of Finance

2.22.3 EFT payments to the routing and account numbers designated by the Contractor shall include the details on the specific invoices that the payment covers. The Contractor is required to discuss remittance delivery capabilities with their designated financial institution for access to those details.

2.23 DELIVERY:

It shall be the Contractor's responsibility to meet the proposed service delivery requirements. Maricopa County reserves the right to obtain services on the open market in the event the Contractor fails to make delivery and any price differential shall be charged against the Contractor.

3.0 SPECIAL TERMS & CONDITIONS:

3.1 CONTRACT TERM:

This Invitation for Bid is for awarding a firm, fixed price purchasing contract to cover a three (3) year period.

3.2 OPTION TO EXTEND:

The County may, at their option and with the approval of the Contractor, extend the period of this Contract up to a maximum of three (3), one (1) year options, (or at the County's sole discretion, extend the contract on a month to month bases for a maximum of six (6) months after expiration). The Contractor shall be notified in writing by the Materials Management Department of the County's intention to extend the contract period at least thirty (30) calendar days prior to the expiration of the original contract period.

3.3 PRICE ADJUSTMENTS:

Any requests for reasonable price adjustments shall be submitted sixty (60) days prior to the Contract expiration date. Requests for adjustment in cost of labor and/or materials shall be supported by appropriate documentation. If County agrees to the adjusted price terms, County shall issue written approval of the change. The reasonableness of the request shall be determined by comparing the request with the (Consumer Price Index) or by performing a market survey.

3.4 INDEMNIFICATION AND INSURANCE:

3.4.1 INDEMNIFICATION

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the negligent acts, errors, omissions or mistakes relating to the performance of this Contract. Contractor's duty to defend, indemnify and hold harmless County, its agents, representatives, officers, directors, officials, and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property, including loss of use resulting there from, caused by any negligent acts, errors, omissions or mistakes in the performance of this Contract including any person for whose acts, errors, omissions or mistakes Contractor may be legally liable.

The amount and type of insurance coverage requirements set forth herein shall in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the sole negligence of County.

3.5 INSURANCE REQUIREMENTS

Contractor, at Contractor's own expense, shall purchase and maintain the herein stipulated minimum insurance from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++6. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies, which are authorized to do business in the State of Arizona, provided that said insurance companies meet the approval of County. The form of any insurance policies and forms shall be acceptable to County.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of County, constitute a material breach of this Contract.

Contractor's insurance shall be primary insurance as respects County, and any insurance or self-insurance maintained by County shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect the County's right to coverage afforded under the insurance policies.

The insurance policies may provide coverage that contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to County under such policies. Contractor shall be solely responsible for the deductible and/or self-insured retention and County, at its option, may require Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

County reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. County shall not be obligated, however, to review such policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation, and Errors and Omissions, shall name County, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

The policies required hereunder, except Workers' Compensation, and Errors and Omissions, shall contain a waiver of transfer of rights of recovery (subrogation) against County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

Contractor is required to procure and maintain the following coverage(s), through the life of the contract:

3.5.1 Commercial General Liability:

Commercial General Liability insurance and, if necessary, Commercial Umbrella insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products/Completed Operations Aggregate, and \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage, and shall not contain any provision which would serve to limit third party action over claims. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

3.5.2 Automobile Liability:

Commercial/Business Automobile Liability insurance and, if necessary, Commercial Umbrella insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to any of the Contractor's owned, hired, and non-owned vehicles assigned to or used in performance of the Contractor's work or services under this Contract.

3.5.3 Workers' Compensation:

Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services under this Contract; and Employer's Liability insurance of not less than \$500,000 for each accident, \$500,000 disease for each employee, and \$500,000 disease policy limit.

Contractor waives all rights against County and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Workers' Compensation and Employer's Liability or commercial umbrella liability insurance obtained by Contractor pursuant to this Contract.

3.5.4 Certificates of Insurance.

3.5.4.1 Prior to commencing work or services under this Contract, Contractor shall furnish the County with certificates of insurance, or formal endorsements as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall identify this contract number and title.

3.5.4.2 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon 48 hours notice. **BY SIGNING THE AGREEMENT PAGE THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAILURE TO MEET THIS REQUIREMENT SHALL RESULT IN CANCELLATION OF CONTRACT.**

In the event any insurance policy (ies) required by this contract is (are) written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of **Contractor's** work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate shall be sent to **County** fifteen (15) days prior to the expiration date.

3.5.4.3 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

3.6 PROCUREMENT CARD ORDERING CAPABILITY:

It is the intent of Maricopa County to utilize a procurement card that may be used by the County from time to time, to place and make payment for orders under the Contract. Respondents without this capability may be considered non-responsive and not eligible for award consideration.

3.7 NO GUARANTEED QUANTITIES.

The Respondent understands and hereby acknowledges that the County makes no representations nor guarantees the Respondent any minimum or maximum number of units of service to be provided under this Contract

3.8 ORDERING AUTHORITY.

3.8.1 Respondents should understand that any request for purchase of materials or services shall be accompanied by a valid purchase order, issued by Materials Management, or by a Certified Agency Procurement Aid (CAPA).

3.8.2 Maricopa County departments, cities, other counties, schools and special districts, universities, nonprofit educational and public health institutions may also purchase from under this Contract at their discretion and/or other state and local agencies (Customers) may procure the products under this Contract by the issuance of a purchase order to the Respondent. Purchase orders shall cite the Contract number.

3.8.3 Contract award is in accordance with the Maricopa County Procurement Code. All requirements for the competitive award of this Contract have been met. A purchase order for the products is the only document necessary for Customers to purchase and for the Respondent to proceed with delivery of materials available under this Contract.

3.8.4 Any attempt to represent any product not specifically awarded under this Contract is a violation of the Contract. Any such action is subject to the legal and contractual remedies available to the County, inclusive of, but not limited to, Contract cancellation, suspension and/or debarment of the Respondent.

3.9 INQUIRIES AND NOTICES:

All inquiries concerning information herein shall be addressed to:

MARICOPA COUNTY
DEPARTMENT OF MATERIALS MANAGEMENT
ATTN: CONTRACT ADMINISTRATION
320 W. LINCOLN ST.
PHOENIX, AZ 85003

Administrative telephone inquiries shall be addressed to:

STAN FISHER, SENIOR PROCUREMENT OFFICER, 602-506-3274
(sfisher@mail.maricopa.gov)

Technical telephone inquiries shall be addressed to:

PETER CROWLEY, MANAGER, Maricopa County Risk Management, 602-506-8226
(pcrowley@mail.maricopa.gov)

Inquiries may be submitted by telephone but shall be followed up in writing. No oral communication is binding on Maricopa County.

3.10 EVALUATION CRITERIA.

3.10.1 The evaluation of Bids shall be based on, but shall not be limited to, the following:

3.10.1.1 Compliance with specifications, inclusion of required sample reports, and response to questions regarding personnel turnover ratio and claim caseload.

3.10.1.2 Price.

3.10.1.3 Determination of Responsibility.

3.11 SUBMISSION PRICE CLARITY.

For reasons of clarity all submissions of pricing (Attachment A) shall be priced in the same unit (size, volume, quantity, weight, etc.) as the bid specifications request. Submissions (bids) failing to comply with this requirement may be declared non-responsive.

3.12 INSTRUCTIONS FOR PREPARING AND SUBMITTING BIDS.

Respondents shall provide one (1) complete original hardcopy (labeled), and one (1) complete hardcopy copies and two (2) electronic copies, including pricing, on CD. Respondents are to identify their responses with the bid serial number, title and return address to Maricopa County, Department of Materials Management, 320 West Lincoln, Phoenix, Arizona 85003. **The owner, corporate official or partner who has been authorized to make such commitments shall sign bids.**

3.13 RESPONDENT REVIEW OF DOCUMENTS.

The Respondent shall review its Bid submission to assure the following requirements are met.

3.13.1 **Mandatory:** One (1) original hardcopy (labeled), one (1) hardcopy copies and one (1) electronic copy of pricing on a CD;

3.13.2 **Mandatory:** Attachment "A", Pricing;

3.13.3 **Mandatory:** Attachment "B", Agreement, signed; and

3.13.4 **Mandatory:** Attachment "C", References.

3.13.5 **Mandatory:** Sample reports as requested.

3.14 POST AWARD MEETING:

The successful Respondent(s) may be required to attend a post-award meeting with the Using Agency to discuss the terms and conditions of the Contract. This meeting shall be coordinated by the Procurement Officer of the Contract.

PINNACLE RISK MANAGEMENT, 7500 N DREAMY DRAW DR, STE 135, PHOENIX, AZ 85020

PRICING SHEET: NIGP CODE 9610201

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: YES NO

ACCEPT PROCUREMENT CARD: YES NO

REBATE (CASH OR CREDIT) FOR UTILIZING PROCUREMENT CARD: YES NO %
 REBATE (Payment shall be made within 48 hrs utilizing the Purchasing Card)

INTERNET ORDERING CAPABILITY: YES NO % DISCOUNT

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: YES NO

1.0 PRICING:

<u>TASK DESCRIPTION</u>	<u>FEE/COMPENSATION</u>			
	Year 1	Year 2	Year 3	
1.1 New Claim fee:	\$885.00	\$885.00	\$959.00	per Indemnity claim
1.2 New Claim fee:	\$138.00	\$150.00	\$150.00	per Medical Only claim
1.3 Runoff Claim fee:	\$0.00 per claim			
1.4 Administrative Costs per contract year:	\$15,000.00	\$15,000.00	\$15,000.00	per contract year
1.4 Labor rate outside scope of work. See maximum allowable per claim fees below:				
Attorney fees:	\$95.00/per hour maximum allowable			
Nurse fees:	\$75.00/per hour maximum allowable			
Vocational Rehabilitation fees:	\$66.00/per hour maximum allowable			
Investigation fees:	\$50.00/per hour maximum allowable			

As stated above, listed labor rates, for out of scope tasks, are listed as maximum allowable. Maricopa County Risk Management may, at their option, grant authority for higher rates, in special cases.

Mandatory Response Provide the requested information below:

A. Post the location of your established office in Maricopa County:

7500 N. Dreamy Draw Drive
 Suite #135
 Phoenix, AZ 85020

B. State the total employee turnover ratio, of your company, for the period July 1, 2001 through June 30, 2006 (shall not exceed 20%): 16%

C. State the average total workers' compensation claim caseload of both medical only and indemnity per examiner (shall not exceed 200 per examiner):

Indemnity average claim caseload average per examiner: 158

Medical only average claim caseload average per examiner: 195

PINNACLE RISK MANAGEMENT, 7500 N DREAMY DRAW DR, STE 135, PHOENIX, AZ 85020

CONTRACT EFFECTIVITY DATE 1/01/07

Terms: Net 30

Vendor Number: W000004643 X

Telephone Number: 480-367-2017

Fax Number: 480-367-2001

Contact Person: Teri Ceranski

E-mail Address: tceransk@pinnaclerisk.com

Company Web Site: www.pinnaclerisk.com

Certificates of Insurance Required

Contract Period: To cover the period ending **December 31, 2009.**