

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

520



FROM: Human Resources

SUBMITTAL DATE:
June 28, 2007

SUBJECT: Annual Renewal of Administrative Services Agreement with Sedgwick Claims Management Services, Inc.

RECOMMENDED MOTION: 1) Ratify and approve the attached Sixth Amendment of the Administrative Services Agreement with Sedgwick CMS, Inc. for the Short-Term Disability Program; 2) authorize the Chairperson to sign four (4) copies of the attached amendment; and 3) retain one (1) copy of the signed amendment and return three (3) copies to Human Resources for distribution.

BACKGROUND: On October 18, 2005, the Board approved an agreement with Voluntary Plan Administrators (VPA) to continue providing administrative services for the County's Self-Funded Short-Term Disability (STD) plan for an additional three year term, renewable each fiscal year for the second and third years. Sedgwick CMS acquired VPA as of July 15, 2006 and continued honoring the current contract with the County of Riverside. The Sixth Amendment is the final amendment under the terms of this contract with a rate increase capped at three percent and will provide administrative services from July 15, 2007 through July 14, 2008.

Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

JUN 28 2007
 BY *Lucy Furuta*
 COUNTY COUNSEL

Lucy Furuta

FINANCIAL DATA	Current F.Y. Total Cost:	\$227,768	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2007-08

SOURCE OF FUNDS: Short-Term Disability Internal Service Fund

Positions To Be Deleted Per A-30
Requires 4/5 Vote

C.E.O. RECOMMENDATION:

APPROVE

BY:

County Executive Office Signature

Steve P. Schubert

Dept Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 3.12 August 1, 2006 | District: | Agenda Number:

3.37

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

The County's STD program provides replacement income for eligible employees who are off work on an approved medical leave. Currently, the County provides this benefit to approximately 11,348 eligible employees, 6,732 are members of Laborer's International Employees of California, 4,100 are members of Services Employees International Union and 516 are members of Riverside Sheriff's Association Public Safety Unit.

Sedgwick CMS has continued to collaborate with the County to ensure quality customer service and efficient processes, while controlling the annual cost. As an example, in the current year we have successfully implemented administrative processes that incorporated the new benefit design the Board of Supervisors approved for LIUNA members.

The current year cost of \$225,096 is estimated to increase to \$227,768 annually for the 2007/08 Fiscal Year. The cost estimate for the 2007/08 Fiscal Year is based on the plan's current Year-to-Date utilization of services (annualized) and the new service fees. Administrative service fee increases are as follows:

	<u>Estimated Number</u>	<u>Current / Proposed</u>
New Claims filed	972 Annually	\$130.00 to \$133.90
Open Claims Maintenance	286 Monthly	\$26.00 to \$26.78
Plan Administration	Monthly	\$500.00 to \$515.00

The current rates charged under the Internal Service Fund are sufficient to cover the increase in fees.