

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

575



FORM APPROVED COUNTY COUNSEL
BY: Robert M. Pepper, Jr. DATE _____
Departmental Concurrence

FROM: Human Resources

SUBMITTAL DATE:
September 2, 2008

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

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

BACKGROUND: Sedgwick CMS, Inc. acquired Voluntary Plan Administrators (VPA) in May 2006. At that time, the County of Riverside had a current contract in place with VPA for administrative services for our self-funded Short-Term Disability Program. Sedgwick agreed to honor the terms and conditions stated in the VPA agreement for the remainder of the contract term. Attached is the new agreement with Sedgwick CMS, Inc. for administrative services for Fiscal Years 2008/09, 2009/10 and 2010/11.

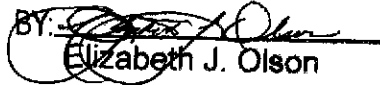


Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 249,008	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/09

SOURCE OF FUNDS: Short-Term Disability Internal Service Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: 
Elizabeth J. Olson

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 3.37 July 17, 2007 | **District:** | **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.32

The County's Short Term Disability (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 12,463 eligible employees, 7,333 are members of Laborer's International Union of North America (LIUNA), 4,619 are members of Services Employees International Union (SEIU) and 511 are members of Riverside Sheriffs' Association (RSA) Public Safety Unit.

The fiscal year cost for STD administration in 2007/08 was \$243,397.24 and for 2008/09 is estimated to be \$249,007.94, a 2% increase. This cost estimate is based on the plan's prior Year-to-Date utilization of services (annualized). For Fiscal Year 2008/09, a two percent increase has been negotiated and for fiscal years 2009/10 and 2010 /11, an additional three percent fee increase maximum has been guaranteed for the following services.

Administrative Services	FY 2007/08	Increase	FY 2008/09	Increase	FY 2009/10	Increase	FY 2010/11
New Claims Filed	\$133.90	2%	\$136.58	3%	\$140.68	3%	\$144.90
Monthly Open Claim Maintenance Fee	\$26.78	2%	\$27.32	3%	\$28.14	3%	\$28.98
Basic Monthly Plan Administration Fee	\$515.00	2%	\$525.30	3%	\$541.06	3%	\$557.29
Claim Appeals	\$463.50	2%	\$472.77	3%	\$486.95	3%	\$501.56

In addition to the administrative cost, an additional \$3.1 million is spent paying claims while an eligible employee is out on an approved medical leave of absence. Sedgwick CMS, Inc. has continued to collaborate with the County to ensure quality customer service and efficient processes, while controlling the annual cost. The new rates charged under the Internal Service Fund structure are sufficient to cover the increase in fees.