

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

855



**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
January 28, 2010

**SUBJECT:** Amended Administrative Services Agreement and Short-Term Disability Plan Document with Sedgwick Claims Management Services, Inc.

**RECOMMENDED MOTION:** That the Board of Superivsors 1) ratify and approve the amended Service Agreement terms with Sedgwick Claims Management Services for the period of July 1, 2009 through June 30, 2012 with an option to extend two (2) one year renewal terms (Attachment "A"); 2) ratify and approve the fee reduction for Administrative Services and Vendor fees (Attachment "A", Exhibit "B"); 3) ratify and approve the amended Short-Term Disability Plan Document, effective July 1, 2009 which eliminates the Riverside Superior Courts (Attachment "B"); 4) authorize the Chairperson to sign four (4) copies of the attached documents; and 5) retain one (1) copy of each signed document and return three (3) copies of each document to Human Resources for distribution.

**BACKGROUND:** On September 16, 2008, the Board approved Sedgwick Claims Management Services(CMS), Inc., as plan administrator for the County's Short-Term Disability (STD) program. Sedgwick CMS provides claims administration and benefit payments for the County's self-funded STD program.

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

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 230,073	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/10

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

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY: Karen L. Johnson  
Karen L. Johnson

**County Executive Office Signature**

- Consent
- Policy
- Consent
- Policy

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

**Prev. Agn. Ref.:** 9/16/2008; 3.32

**District:**

**Agenda Number:**

**3.35**

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

FORM APPROVED COUNTY COUNSEL  
BY: TAWNY V. LIEU  
DATE: 01/28/10  
Departmental Concurrence

**BACKGROUND (continued):**

The County's STD program provides replacement income for eligible members of Laborer's International Union of North America (LIUNA), members of Service Employees International Union (SEIU) and members of Riverside Sheriffs' Association (RSA) Public Safety Unit who are off work on an approved medical leave that is not work related.

Currently the County provides this benefit to approximately 11,854 eligible employees, 6,895 are members of Laborer's International Union of North America (LIUNA), 4,466 are members of Services Employees International Union (SEIU) and 493 are members of Riverside Sheriffs' Association (RSA) Public Safety Unit.

**Service Agreement**

The current Sedgwick CMS, Inc STD agreement is scheduled to expire on July 14, 2011. The current Service Agreement allows Sedgwick CMS to receive a 3% increase on all administrative fees in the 2009/2010 Fiscal Year and an additional 3% in the 2010/2011 Fiscal Year.

In light of the economic conditions, Human Resources has successfully negotiated a 10% rate reduction for fees charged to the plan during the 2009/2010 Fiscal Year. Thereafter fees will increase: 2% in 2010/11, 2% in 2011/12, 3% in 2012/13 and 3% in 2013/14 (Attachment A, Exhibit B). As a condition of the rate reduction the Service Agreement is being extended through July 14, 2012 with the option to renew the term for an additional two (2) one-year renewal periods beyond that.

**Plan Document**

Effective January 1, 2009 Superior Courts elected to discontinue their participation in the contract between the County and Sedgwick CMS for Short-Term Disability. The plan amendment therefore eliminates Class 3 in the plan document which covered all members employed by Superior Courts who are represented by SEIU and LIUNA (Attachment "B").

Human Resources will continue to monitor the plan and ensure the increase for 2012/13 and 2013/14 remains appropriate for the average market trend for Short-Term Disability plans. There is no direct cost to the County associated with the recommended action.

**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

**ATTACHMENT A**

**Service Agreement for Claims Administration**

- ◆ **Service Agreement**
- ◆ **HIPPA BAA Addendum**
- ◆ **Exhibit A – Service Program Overview**
- ◆ **Exhibit B – Service Fees**
- ◆ **Exhibit C – Call Center Service Schedule**
- ◆ **Exhibit D – Report Schedule**

## SERVICE AGREEMENT FOR CLAIMS ADMINISTRATION

This Agreement is entered into effective the 15th day of July, 2009, by and between Sedgwick Claims Management Services, Inc. ("Company") and County of Riverside, a political subdivision of the State of California ("Client").

### RECITALS

Client self-insures its short term disability ("STD") benefits for eligible employees and desires to have Company provide claims administration, customer service and reporting services as set forth below in connection with such self-insured STD program ("Program"). Company administers these services as defined on Exhibit A, attached hereto.

Company is willing to provide such services on the terms and conditions hereinafter stated.

### AGREEMENT

#### 1. Services to Be Performed by Company:

##### A. With regard to Claims Administration, Company shall:

- (1) During the term of this Agreement, review all claim and loss reports received from Client that are required to be reviewed under the Program ("Qualified Claim"), and process each such claim or loss report in accordance with applicable statutory and administrative regulations;
- (2) Conduct an investigation of each Qualified Claim to the extent deemed necessary by Company in the performance of its obligations hereunder;
- (3) Arrange for independent investigators, appraisers, or medical or other experts to the extent deemed necessary by Company in connection with processing any Qualified Claim;
- (4) Advise Client regarding the payment of benefits and expenses recommended to settle each Qualified Claim, if in the sole judgment of Company such payment would be prudent for Client or as Client specifically approves or directs such action in writing;
- (5) Submit daily electronic files detailing individual voucher information for approved claims includes current and adjustments;
- (6) Coordinates with County of Riverside Payroll Division when over or under payments have been made to recalculate and adjust records to reflect correct payment of benefits;
- (7) Maintain a file for each Qualified Claim which shall be the property of

Client and which shall be available for review by Client during normal business hours upon three (3) days prior written notice;

- (8) Notify excess or umbrella insurers, if applicable, of each Qualified Claim where the values may exceed Client's retention, providing such insurers with necessary information on the current status of those claims, unless relieved of this obligation by Client pursuant to paragraph 2A;
- (9) Assist Client's counsel, if requested, in preparing the defense of litigated cases arising out of Qualified Claims, negotiating settlements and pursuing subrogation or contribution actions;
- (10) Maintain a current estimate of the expected total cost of each Qualified Claim, which is based on facts known at the estimation date, but is not trended or actuarially developed;
- (11) Provide and coordinate Qualified Claim information to Client's Return to Work program including daily notification, diagnosis, and supporting documents as requested;
- (12) Provide email Employer Notification confirmations daily of all newly processed claims pending approval;
- (13) Collaborate with County of Riverside Workers Compensation Unit to coordinate appropriate benefit payments and determine if payment is payable under STD Program; and
- (14) Manage refund payments received from third party, subrogation or a voluntary payment from claimant by adjusting claim data and forwarding payment to Client

B. With regard to determining Eligibility, Company shall:

- (1) Retrieve bi-weekly eligibility file via County of Riverside Secure Website;
- (2) Load bi-weekly eligibility file to proprietary data management system; and
- (3) Provide bi-weekly error report to Client once eligibility file has loaded

C. With regard to Customer Service, Company shall:

Provide the call center services as set forth in the attached Call Center Service Schedule, Exhibit C.

D. With regard to Reports, Company shall:

Use a proprietary data management system to furnish to Client agreed upon loss and information reports. These reports shall contain information such as each Qualified Claim date, condensed claim description, payments made, estimated future costs and total expected costs of all Qualified Claims, as well as summary and other data deemed relevant by Company, but not IBNR (incurred but not reported) claims or actuarially developed loss values. Detailed descriptions of report package as set forth in the attached Report Schedule, Exhibit D.

**2. Obligations of Client:**

- A. Client shall provide Company in a timely manner with excess insurance or umbrella insurance information for the policy years necessary for proper notification of applicable Qualified Claims to such insurers by Company. Should Client fail to provide such information, Company shall be relieved of any obligation to provide any notification to any excess or umbrella insurer.
- B. Client shall pay to Company a service fee, which, in the initial term of this Agreement, shall be computed, and payable as shown in Exhibit B, attached hereto and made a part of this Agreement, plus applicable taxes, if any.
- C. It is expressly understood that Company shall not be required to advance its own funds to pay losses or allocated loss adjustment expenses for any Qualified Claim hereunder.
- D. Should Client fail to make timely payments of any service fees due Company or should Client in any other way breach a material term of this Agreement, Company shall then have the right to refuse to perform any further services. If Company elects to exercise its rights under this paragraph, in addition to all other legal or equitable remedies, Company will have the right to its full minimum fee, if any, as well as any other fees for which Company may be eligible, and may collect such fees from any loss fund that may be in Company's care, custody and control.
- E. Provide Company bi-weekly eligibility data via County of Riverside Secure Website.

**3. Term of Agreement and Termination:**

- A. The term of this Agreement shall be for the period commencing on July 15, 2009 and ending on July 14, 2012.
- B. The Client may extend the term of this Agreement for a period of two (2) one-year renewal periods by written notice to Company, ninety days prior to the expiration of the Agreement, of its intent to extend the Agreement. Upon receipt of such notice, Client and Company will enter into an addendum to this Agreement setting forth the service fees and other terms applicable to the option period.

- C. This Agreement may be terminated by either party at any time, provided that at least sixty (60) days prior written notice of the effective date of termination is given to the other party.
  - D. Company is providing services to Client on a life of contract basis. If requested by Client, Company will continue to process Client's Qualified Claims remaining open at the expiration or termination of this Agreement, if any, provided that Client shall continue to pay the predetermined administration fees and plan expenses. This provision shall not apply unless the additional fee for this service is agreed to in writing prior to the effective date of termination.
  - E. Upon expiration or termination of this Agreement, Company shall deliver, at Client's sole cost, the hard copy and imaged files that Company has maintained for Qualified Claims (but not including any computer hardware, firmware, software or other proprietary information of Company), except those Company has agreed in writing to continue to process or files that are owned by Insurer; provided, however, that Company or its agents, employees or attorneys shall continue to be entitled to inspect all such files and make copies or extracts there from. Imaged files shall be transferred to Client in the same electronic format. If Client does not agree to accept such files, they will be retained or destroyed at Company's option and Client shall have no recourse against Company for failure to retain them. Upon request and for the prevailing fees at the time of termination, Company will also provide its standard tape(s) containing the computer data for the Qualified Claim files stored on Company's computer system(s).
  - F. Causes for Immediate Termination of Agreement by Client. The following shall constitute cause for immediate termination of this Agreement by Client.
    - 1. Breach of Agreement and Failure to Cure
    - 2. Failure to Provide Services
    - 3. Loss of Licensing
    - 4. Loss of Insurance Coverage
    - 5. Bankruptcy or Receivership Filing, voluntary or involuntary
4. **Practice of Law:** It is understood and agreed that Company will not perform, and Client will not request performance of, any services, which may constitute the unauthorized practice of law.
5. **Network Security/Confidentiality:**
- A. If Client's access to the data management system requires a network connection (the "Network Connection") between Client's network and Company's network, Company and Client shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The parties agree, however, that each party is responsible for the security of its own network. Neither party shall be liable to the other for

unauthorized access to the Network Connection, so long as the accused party shall have taken reasonable and customary precautions to prevent such unauthorized access.

- B. Whether or not marked as such, and without regard to the media in which such records are stored, "Confidential Information" shall mean:
- (1) any business or technical information pertaining to the parties herein or to third parties, which is furnished, disclosed or made available by one party to the other, including, without limitation, specifications, prototypes, software, marketing plans, financial data and personnel statistics; and
  - (2) medical records, reports and information, as well as any other non-medical records, reports or information pertaining to claimants under the Program.
- C. The provisions of this section shall survive the expiration or termination of the Agreement.

6. **Confidentiality of Employee Data:** Company agrees to protect from unauthorized disclosure the names, other identifying information, and any other information relating to any employee of the Client ("Employee Data") receiving services under this Agreement or becomes known to the Company as a result of services performed under this Agreement. The Company shall not use such information other than carrying out the Company's obligations under this Agreement. The Company shall promptly transmit to the Client all requests for disclosure of Employee Data not emanating from the Client's employee. The Company shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the employee of the Client, any of the Employee Data to anyone other than the Client. For purposes of this paragraph, identity shall include, but not limited to; identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

7. **Compliance with Applicable Law; HIPAA; CMIA:**

- A. Company shall, at its sole cost and expense, comply with all County, State and Federal law now in force or which may hereafter be in force with regard to this Agreement.
- B. Company is subject to all relevant requirements contained in the following Acts and the laws and regulations promulgated subsequent thereto: (1) Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, enacted August 21, 1996; and (2) Confidentiality of Medical Information Act (CMIA), California Civil Code section 56 et seq. The Company hereto agrees to cooperate in accordance with the terms and intent of this Agreement for implementation of relevant law(s) and/or regulations(s) promulgated under HIPAA and CMIA. The Company further agrees that it shall be in compliance, and shall remain in compliance with the requirements of HIPAA and CMIA, and the laws and regulations promulgated subsequent hereto, as may be amended from



time to time.

- C. The Parties have executed a Business Associate Agreement as required by HIPAA. The Business Associate Agreement is attached hereto as Attachment "A" and made a part hereof.

**8. Indemnification:**

- A. Company shall indemnify, hold harmless and defend Client, its Board of Supervisors, directors, officers, employees and agents from any and all claims, actions, losses, damages, and/or liability resulting from or attributable to the negligent acts or omissions or willful misconduct of the Company and its directs, officers, employees and agent which arise from the Company's performance of its obligations under this Agreement, provided that such acts or omissions do not arise out of or relate to oral or written instructions, procedures or forms supplied by Client or to Client's internal management or adjustment of its claims, including but not limited to any of the following:
- (1) Any negligent acts or omissions or willful misconduct by Company in connection with the unauthorized disclosure of Employee Data as described in Section 7 above.
  - (2) Any negligent acts or omissions or willful misconduct by Company in connection with the unauthorized disclosure of protected health information (PHI) and/or electronic protected health information (ePHI) of any employee of the Client in contravention of HIPAA.
  - (3) Any negligent acts or omissions or willful misconduct by Company in connection with the unauthorized disclosure of medical information of any employee of the Client in contravention of CMIA.
  - (4) Company shall not be responsible for mistakes of judgment or other actions taken in good faith (including benefits erroneously paid) unless such error results directly from a negligent act or breach of contract.
- B. Client shall indemnify, hold harmless and defend Company, its directors, officers, employees and agents from any and all claims, actions, losses, damages, and/or liability resulting from or attributable to the negligent acts or omissions or willful misconduct of the Client and its directs, officers, employees and agents which arise from the Client's performance of its obligations under this Agreement, including, but not limited to, the following:
- (1) Any negligent acts or omissions or willful misconduct by Client in connection with its retention of the administration of a claim.
  - (2) Any negligent acts or omissions or willful misconduct by Client in

connection with any claim data added or modified by Client.

- C. In the event the Company and/or Client is found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under the Agreement, the Company and/or Client shall indemnify the other to the extent of its comparative fault.
- D. Each Party agrees to keep the other fully informed of any matter for which it is defending, holding harmless or indemnifying the other party. Each Party reserves the right to appoint its own counsel, at its own expense, regarding any matter defend hereunder and to approve any settlements of same.
- E. Notwithstanding the provisions set forth above, Client shall remain responsible for payment of claim benefits and related expenses and Sedgwick CMS's indemnification obligations under this Agreement shall not extend to defense or indemnification of Client against any claims or expenses that constitute payment of Client's claim benefits or expenses.
- F. The provision of this section shall survive the expiration or termination of this Agreement.

9. **Notices:** Any notice required to be given under this Agreement shall be sent in writing and either delivered personally or by United States mail at the addresses set forth below or at such other addresses as the parties may hereafter designate:

To Company: Sedgwick Claims Management Services, Inc.  
1100 Ridgeway Loop Road  
Memphis, TN 38120  
Attn: General Counsel

To Client: County of Riverside, Human Resources  
4080 Lemon Street, First Floor  
Riverside, CA 92502  
Attn: Benefits Manager

10. **Proprietary Rights:**

- A. **Proprietary Nature of Information:** Company and Client agree to treat all Qualified Claim patient information provided by either party as confidential. Company and Client shall maintain the confidentiality of all such information and shall make disclosures to third parties only upon the advance written consent of the Qualified Claim, or when allowed by applicable law. Company shall safeguard the confidentiality of Qualified Claim health records and treatment in accordance with all applicable state and federal laws, and regulations.
- B. **Use of Trademarks and Copyrights:** Company and Client each reserve the right to

control the use of its name, symbols, trademarks, other marks currently existing or later established. However, either party may use the other party's symbol, trademarks, or other marks with the prior written approval of the other party. Client shall be allowed to use Company's symbol, trademarks, or other marks for Client activities and trainings.

C. **Company Advertising:** Prior to listing or otherwise referencing Client in any promotional or advertising brochures, media announcements or other advertising or marketing material, including references, Company shall first obtain the prior written consent of the Client.

11. **Public Disclosure of Documents:** Notwithstanding any provisions contained in this Agreement, Company acknowledges and agrees that information, communications, and documents given by or to Client and meetings involving Client may be subject to disclosure under the public records and meetings laws and regulations of the State of California.

12. **Successors; Assignment:** This Agreement shall be binding upon and shall inure to the benefit of all transferees, assigns and successors in interest of any kind of the parties hereto, but no transfer or assignment may be made without the prior written permission of the other party. Any assignment in contravention of this paragraph shall constitute a material breach of this Agreement and shall be void.

13. **Entire Agreement and Modification or Amendment:** This Agreement and its attached exhibits, schedules and Business Associate Agreement represent the full and final understanding of Company and Client with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied, between Company and Client with respect to the subject matter of this Agreement. Client and Company pursuant to mutual written Amendments may modify this Agreement. Amendments shall require the formal approval of the Board of Supervisors for Riverside County to be effective, except as expressly provided herein.

Amendments that shall not require the formal approval of the Board of Supervisors to be effective may include, but shall not be limited to amendments to the policies and procedures, plan documents, and/or operations as required by new laws and regulations, or by a court of competent jurisdiction. Such amendments shall be effective upon the date of approval by County's Director of Human Resources.

14. **Venue:** All actions and proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the state and federal (if permitted by law and a party elects to file an action in federal court) courts located in the County of Riverside, State of California.

15. **Invalidity and Severability:** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

16. **Limitations of Severability:** In the event the removal of a provision rendered invalid or unenforceable or declared null and void had the effect of materially altering the obligations of either party in such manner as to cause serious financial hardship to such party, the party so affected shall have the right to terminate this Agreement upon providing thirty (30) days prior written notice to the other party.
17. **Time is of the Essence:** Time shall be of the essence of each and every term, obligation, and condition of this Agreement.
18. **Conflict of Interest:** The parties hereto and their respective employees or agents shall have no interest, and shall not acquire any interest, direct or indirect, which shall conflict in any manner or degree with the performance of services required under this Agreement.
19. **Applicable Law:** The terms and conditions of this Agreement shall be governed by the laws of the State of California without regard to conflicts of law principles.
20. **Force Majeure:** Neither party shall be liable to the other party or be deemed to have breached this Agreement for any failure or delay in the performance of all or any portion of its obligations under this Agreement if such failure or delay is due to any contingency beyond its reasonable control (a "force majeure"). Without limiting the generality of the foregoing, such contingency includes, but is not limited to, acts of God, fires, floods, pandemics, storms, earthquakes, riots, boycotts, strikes, lock-outs, acts of terror, wars and war operations, restraints of government, power or communication line failure or other circumstance beyond such party's reasonable control, or by reason of a judgment, ruling or order of any court or agency of competent jurisdiction or change of law or regulation subsequent to the execution of this Agreement. Both parties are obligated to provide reasonable back-up capability to avoid the potential interruptions described above. If a force majeure occurs, the party delayed or unable to perform shall give immediate notice to the other party.
21. **Headings:** Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.
22. **Relationship of Parties; Expenses:** The relationship between Company and Client is an independent contractor relationship. Neither Company nor its employee(s) and/or agent(s) shall be considered an employee, and/or agent(s) of Client. Client nor any employee(s) and/or agent(s) of Client shall be considered an employee and/or agent(s) of Company. None of the provisions of this Agreement shall be construed to create a relationship of agency, representation, joint venture, ownership, control or employment between the parties other than that of independent parties contracting for the purposes of effectuating this Agreement. Except as expressly set forth herein, each party shall bear all expenses it may occur in connection with the execution, delivery and performance of this Agreement.
23. **Waiver of Breach:** Failure of either party hereto to require the performance by the other party hereto of any obligation under this Agreement shall not affect its right subsequently

to require performance of that or any other obligation. Any waiver by any party hereto of any breach of any provision of this Agreement shall not be construed as a continuing waiver of any such provision or a waiver of any succeeding breach or modification of any other right under this Agreement.

24. **Subcontractor Disclosure:** Through contractual arrangements with subcontractors, Company provides a full range of medical management and investigative services to its clients, as well as structured settlements, Medicare set-aside, claim indexing services, imaging, auto-bill adjudication and extra-territorial claims administration services. Medical management services include, but are not limited to, bill review, network access, pharmacy benefits management, peer review, field case management, electro-medical devices, bone growth stimulators, orthotics, prosthetics, translation and interpretation, transportation, medical supplies, IV and respiratory therapy, and home health. Client recognizes and agrees that delivery of some of these services is being provided pursuant to separate agreements between subcontractors and Company. Invoices for these services will be paid as allocated expenses on individual claims, unless otherwise agreed between Client and Company. Notwithstanding the foregoing, Client agrees and understands that Client is obligated to make payment to the subcontractors either directly or by remitting such payment to Company, for any money due for subcontracted services that have been provided under this Agreement. Client acknowledges that Company receives a portion of charges for subcontracted services as reimbursement for cost of program management, administration, and technological and service enhancements. In no event will charges to Client exceed the amount indicated in the Agreement.
25. **Certification of Authority to execute this Agreement:** Company certifies that the individual signing herein has authority to execute this Agreement on behalf of Sedgwick CMS, Inc. and may legally bind Company to the terms and conditions of this Agreement, and any attachments hereto.

IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to execute this Agreement:

**ATTEST:**  
Clerk to the Board  
Kecia Harper-Ihem

**COUNTY OF RIVERSIDE:**

By \_\_\_\_\_  
Deputy

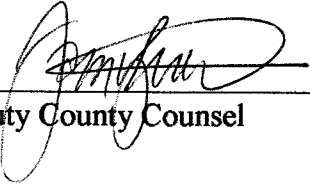
By \_\_\_\_\_  
Chairman, Board of Supervisors

Date \_\_\_\_\_

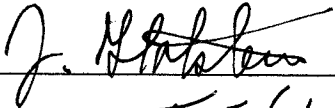
Date \_\_\_\_\_

Approved as to form and content:

Pamela J. Walls  
County Counsel

By  \_\_\_\_\_  
Deputy County Counsel

**CONTRACTOR:**  
**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

By  \_\_\_\_\_

Printed Name Jeff Galatstein

Title VP / Corp. Counsel

Date 12/2/09

**HIPAA Business Associate Agreement  
Addendum to Contract**

**Between the County of Riverside and  
Sedgwick Claims Management Services, Inc.**

This HIPAA Business Associate Agreement Addendum ("Addendum") supplements, and is made part of the Administrative Services Agreement (the "Underlying Agreement") between the County of Riverside ("County") and Sedgwick Claims Management Services, Inc. ("Contractor") as of the date of approval by both parties July 1, 2009.

RECITALS

WHEREAS, County and Contractor entered into the Underlying Agreement pursuant to which Contractor provides services to County, and in conjunction with the provision of such services certain Protected Health Information ("PHI") and/or certain electronic Protected Health Information (ePHI) may be made available to Contractor for the purposes of carrying out its obligations under the Underlying Agreement; and,

WHEREAS, the provisions of the Health Insurance Portability and Accountability Act, Pub. L. No. 104-161 of 1996 ("HIPAA"), more specifically the regulations found at Title 45, CFR, Parts 160 and 164 (the "Privacy Rule") and/or Part 162 (the "Security Rule"), as may be amended from time to time, which are applicable to the protection of any disclosure of PHI and/or ePHI pursuant to the Underlying Agreement; and

WHEREAS, County is Covered Entity, as defined in the Privacy Rule; and,

WHEREAS, Contractor, when a recipient of PHI and/or ePHI from County, is a Business Associate as defined in the Privacy Rule; and,

WHEREAS, the parties agree that any disclosure or use of PHI and/or ePHI be in compliance with the Privacy Rule, Security Rule, or other applicable law;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. Definitions. Unless otherwise provided in this Addendum, capitalized terms shall have the same meanings as set forth in the Privacy Rule and/or Security Rule, as may be amended from time to time.
2. Scope of Use and Disclosure by Contractor of County Disclosed PHI and/or ePHI
  - A. Contractor shall be permitted to use PHI and/or ePHI disclosed to it by the County:
    - (1) On behalf of the County, or to provide services to the County for the purposes contained herein, if such use or disclosure would not violate the Privacy Rule and/or Security Rule;

(2) As necessary to perform any and all of its obligations under the Underlying Agreement.

B. Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or authorized by this Addendum or required by law, Contractor may:

(1) Use the PHI and/or ePHI in its possession for its proper management and administration and to fulfill any legal obligations.

(2) Disclose the PHI and/or ePHI in its possession to a third party for the purpose of Contractor's proper management and administration or to fulfill any legal responsibilities of Contractor. Contractor may disclose PHI and/or ePHI as necessary for Contractor's operations only if:

(a) The disclosure is required by law; or

(b) Contractor obtains written assurances from any person or organization to which Contractor will disclose such PHI and/or ePHI that the person or organization will:

(i) Hold such PHI and/or ePHI in confidence and use or further disclose it only for the purpose of which Contractor disclosed it to the third party, or as required by law; and,

(ii) The third party will notify Contractor of any instances of which it becomes aware in which the confidentiality of the information has been breached.

(3) Aggregate the PHI and/or ePHI and/or aggregate the PHI and/or ePHI with that of other data for the purpose of providing County with data analyses related to the Underlying Agreement, or any other purpose, financial or otherwise, as requested by County.

(4) Not disclose PHI and/ or ePHI disclosed to Contractor by County not authorized by the Underlying Agreement or this Addendum without patient authorization or de-identification of the PHI and/or ePHI as authorized in writing by County.

(5) De-identify any and all PHI and/or ePHI of County received by Contractor under this Addendum provided that the de-identification conforms to the requirements of the Privacy Rule and/or Security Rule and does not preclude timely payment and/or claims processing and receipt.

C. Contractor agrees that it will neither use nor disclose PHI and/or ePHI it receives from County, nor from another business associate of County, except



as permitted or required by this Addendum, or as required by law, or as otherwise permitted by law.

- D. Notwithstanding the foregoing, in any instance where applicable state and/or federal laws and/or regulations are stricter in their requirements than the provisions of HIPAA and prohibit the disclosure of mental health, and/or substance abuse records, the applicable state and/or federal laws and/or regulations shall control the disclosure of records.

3. Obligations of County.

- A. County agrees that it will make its best efforts to promptly notify Contractor in writing of any restrictions on the use and disclosure of PHI and/or ePHI agreed to by County that may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- B. County agrees that it will make its best efforts to promptly notify Contractor in writing of any changes in, or revocation of, permission by any individual to use or disclose PHI and/or ePHI, if such changes or revocation may affect Contractor's ability to perform its obligations under the Underlying Agreement, or this Addendum.
- C. County agrees to make its best efforts to promptly notify Contractor in writing of any known limitation(s) in its notice of privacy practices to the extent that such limitation may affect Contractor's use or disclosure of PHI and/or ePHI.
- D. County shall request Contractor to use or disclose PHI and/or ePHI in any manner that would not be permissible under the Privacy Rule and/or Security Rule.
- E. County will obtain any authorizations necessary for the use or disclosure of PHI and/or ePHI, so that Contractor can perform its obligations under this Addendum and/or the Underlying Agreement.

4. Obligations of Contractor. In connection with its use of PHI and/or ePHI disclosed by County to Contractor, Contractor agrees to:

- A. Use or disclose PHI and/or ePHI only as permitted or required by this Addendum or as required by law.
- B. Use reasonable and appropriate safeguards to prevent use or disclosure of PHI and/or ePHI other than as provided for by this Addendum.
- C. To the extent practicable, mitigate any harmful effect that is known to Contractor of a use or disclosure of PHI and/or ePHI by Contractor in violation of this Addendum.
- D. Report to County any use or disclosure of PHI and/or ePHI not provided for by this Addendum of which Contractor becomes aware.

- E. Require sub-contractors or agents to whom Contractor provides PHI and/or ePHI to agree to the same restrictions and conditions that apply to Contractor pursuant to this Addendum.
  - F. Use appropriate administrative, technical and physical safeguards to prevent inappropriate use or disclosure of PHI and/or ePHI created or received for or from the County.
  - G. Obtain and maintain knowledge of the applicable laws and regulations related to HIPAA, as may be amended from time to time.
5. Access to PHI, Amendment and Disclosure Accounting. Contractor agrees to:
- A. Provide access, at the request of County, within five (5) days, to PHI in a Designated Record Set, to the County, or to an individual as directed by the County.
  - B. To make any amendment(s) to PHI in a Designated Record Set that the County directs or agrees to at the request of County or an Individual within sixty (60) days of the request of County.
  - C. To assist the County in meeting its disclosure accounting under HIPAA:
    - (1) Contractor agrees to document such disclosure of PHI and information related to such disclosures as would be required for the County to respond to a request by an Individual for an accounting of disclosures of PHI.
    - (2) Contract agrees to provide to County or an Individual, within sixty (60) days, information collected in accordance with this section to permit the County to respond to a request by an Individual for an accounting of disclosures of PHI.
    - (3) Contract shall have available for the County the information required by this section for the six (6) years preceding the County's request for information (except the Contractor need have no information for disclosures occurring before April 14, 2003).
  - D. Make available to the County, or to the Secretary of Health and Human Services, Contractor's internal practices, books and records relating to the use of and disclosure of PHI for purposes of determining Contractor's compliance with the Privacy Rule, subject to any applicable legal restrictions.
  - E. Within thirty (30) days of receiving a written request from County, make available any and all information necessary for County to make an accounting of disclosures of County PHI by Contractor.
  - F. Within thirty (30) days of receiving a written request from County, incorporate any amendments or corrections to the PHI in accordance with the Privacy Rule in the event that the PHI in Contractor's possession constitutes a Designated Record Set.

- G. Not make any disclosure of PHI that County would be prohibited from making.
6. Access to ePHI, Amendment and Disclosure Accounting. In the event contractor needs to create or have access to County ePHI, Contractor agrees to:
- A. Implement and maintain reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality of, the integrity of, the availability of, and authorized persons' accessibility to, County ePHI as applicable under the terms and conditions of the Underlying Agreement. The ePHI shall include that which the Contractor may create, receive, maintain, or transmit on behalf of the County.
  - B. Ensure that any agent, including a subcontractor, to who Contractor provides ePHI agrees to implement reasonable and appropriate safeguards.
  - C. Report to County any security incident of which Contractor becomes aware that concerns County ePHI.

7. Term and Termination.

- A. Term – this Addendum shall commence upon the Effective Date and terminate upon the termination of the Underlying Agreement, except as terminated by County as provided herein.
- B. Termination for Breach – County may terminate this Addendum, effective immediately, without cause, if County, in its sole discretion, determines that Contractor has breached a material provision of this Addendum. Alternatively, County may choose to provide Contractor with notice of the existence of an alleged material breach and afford Contractor with an opportunity to cure the alleged material breach. In the event Contractor fails to cure the breach to the satisfaction of County in a timely manner, County reserves the right to immediately terminate this Addendum.
- C. Effect of Termination – upon termination of this Addendum, for any reason, Contractor shall return or destroy all PHI and/or ePHI received from the County, or created or received by Contractor on behalf of County, and, in the event of destruction, Contractor shall certify such destruction, in writing, to County. This provision shall apply to all PHI and/or ePHI which is in possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the PHI and/or ePHI.
- D. Destruction not Feasible – in the event that Contractor determines that returning or destroying the PHI and/or ePHI is not feasible, Contractor shall provide written notification to County of the conditions which make such return or destruction not feasible. Upon determination by Contractor that return or destruction of PHI and/or ePHI is not feasible, Contractor shall extend the protections of this Addendum to such PHI and/or ePHI and limit further uses and disclosures of such PHI and/or ePHI to those purposes

which make the return or destruction not feasible, for so long as Contractor maintains such PHI and/or e-PHI.

8. Hold Harmless/Indemnification

Contractor shall indemnify and hold harmless all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability whatsoever, based or asserted upon any services of Contractor, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Addendum, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever including fines, penalties or any other costs and resulting from any reason whatsoever arising from the performance of Contractor, its officers, agents, employees, subcontractors, agents or representatives from this Addendum. Contractor shall defend, at its sole expense, all costs and fees including but not limited to attorney fees, cost of investigation, defense and settlements or awards all Agencies, Districts, Special Districts and Departments of the County, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Contractor, Contractor shall, at their sole cost, have the right to use counsel of their choice, subject to the approval of County, which shall not be unreasonably withheld, and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Contractor's indemnification to County as set forth herein. Contractor's obligation to defend, indemnify and hold harmless County shall be subject to County having given Contractor written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and reasonable assistance, at Contractor's expense, for the defense or settlement thereof. Contractor's obligation hereunder shall be satisfied when Contractor has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in the Underlying Agreement of this Addendum shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless the County herein from third party claims arising from the issues of this Addendum.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the Contractor from indemnifying the County to the fullest extent allowed by law.

In the event there is a conflict between this indemnification clause and an indemnification clause contained in the Underlying Agreement of this Addendum, this indemnification shall only apply to the subject issues included within this Addendum.

9. General Provisions.

- A. Amendment – the parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for County to comply with the Privacy Rule, Security Rule, and HIPAA generally.
- B. Survival – the respective rights and obligations of this Addendum shall survive the termination or expiration of this Addendum.
- C. Regulatory References – a reference in this Addendum to a section in the Privacy Rule and/or Security Rule means the section(s) as in effect or as amended.
- D. Conflicts – any ambiguity in this Addendum and the Underlying Agreement shall be resolved to permit County to comply with the Privacy Rule, Security Rule, and HIPAA generally.
- E. Interpretation of Addendum – this Addendum shall be construed to be a part of the Underlying Agreement as one document. The purpose is to supplement the Underlying Agreement to include the requirements of HIPAA.

**[The remainder of this page was intentionally left blank.]**

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as set forth below:

**ATTEST:**

Clerk of the Board  
Kecia Harper-Ihem

**COUNTY OF RIVERSIDE:**

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Chairman, Board of Supervisors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

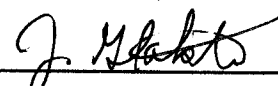
Approved as to form and content:

Pamela J. Walls  
County Counsel

By:  \_\_\_\_\_  
Deputy County Counsel

**CONTRACTOR:**

**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

By:  \_\_\_\_\_

Printed Name: Jeff Glatstein

Title: VP / Corp. Counsel

Date: 12/2/09

## EXHIBIT A

### SERVICE PROGRAM OVERVIEW

#### I. Introduction

Company provides the outlined services stated within this Agreement and administers the self-insured STD claims for Client.

Office Location: Calabasas, CA

Hours of Operations: Monday through Friday, 5:00 am to 5:00 pm (Pacific Time)

Toll-Free Phone Number: 800 845-7739

Website: [www.sedgwickcms.com/calabasas](http://www.sedgwickcms.com/calabasas)

Accounts to be Serviced: 268001- County

#### II. Account Manager

On behalf of Company, this service program will be coordinated by:

Jason Rubinstein  
Sedgwick Claims Management Services, Inc.  
24025 Park Sorrento, Suite 200  
Calabasas, CA 91302  
Telephone # 818-222-3026  
Fax # 800-495-9303

Each party reserves the right to change its designated representative during the term of the Agreement.

**EXHIBIT B**

**SERVICE FEES**

Client shall pay the following fees for services provided during the term of this Agreement:

**1. Per Claim Fees**

A. Client shall pay the following fees for claims received by Sedgwick CMS during the period beginning July 15, 2009 and ending July 14, 2010:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file ..... \$122.92 per file received by Sedgwick CMS

**MONTHLY OPEN CLAIM MAINTENANCE FEE**

Open STD claim maintenance fee per month ..... \$24.59 per claim

**BASIC MONTHLY PLAN ADMINISTRATION FEE**

Basic Monthly Plan Administration Fee ..... \$472.77

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

Handling an appeal from a claim determination ..... \$425.49 per appeal

B. Client shall pay the following fees for claims received by Sedgwick CMS during the period beginning July 15, 2010 and ending July 14, 2011:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file ..... \$125.38 per file received by Sedgwick CMS

**MONTHLY OPEN CLAIM MAINTENANCE FEE**

Open STD claim maintenance fee per month ..... \$25.08 per claim

**BASIC MONTHLY PLAN ADMINISTRATION FEE**

Basic Monthly Plan Administration Fee ..... \$482.23

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

Handling an appeal from a claim determination ..... \$434 per appeal

C. Client shall pay the following fees for claims received by Sedgwick CMS during the period beginning July 15, 2011 and ending July 14, 2012:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file ..... \$127.89 per file received by Sedgwick CMS

**MONTHLY OPEN CLAIM MAINTENANCE FEE**

Open STD claim maintenance fee per month ..... \$25.58 per claim



**BASIC MONTHLY PLAN ADMINISTRATION FEE**

Basic Monthly Plan Administration Fee ..... \$491.87

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

Handling an appeal from a claim determination..... \$442.68 per appeal

D. Client shall pay the following fees for claims received by Sedgwick CMS during the period beginning July 15, 2012 and ending July 14, 2013:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file ..... \$131.72 per file received by Sedgwick CMS

**MONTHLY OPEN CLAIM MAINTENANCE FEE**

Open STD claim maintenance fee per month.....\$26.35 per claim

**BASIC MONTHLY PLAN ADMINISTRATION FEE**

Basic Monthly Plan Administration Fee ..... \$506.63

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

Handling an appeal from a claim determination..... \$455.96 per appeal

E. Client shall pay the following fees for claims received by Sedgwick CMS during the period beginning July 15, 2013 and ending July 14, 2014:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file ..... \$135.68 per file received by Sedgwick CMS

**MONTHLY OPEN CLAIM MAINTENANCE FEE**

Open STD claim maintenance fee per month.....\$27.14 per claim

**BASIC MONTHLY PLAN ADMINISTRATION FEE**

Basic Monthly Plan Administration Fee ..... \$521.82

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

Handling an appeal from a claim determination..... \$469.64 per appeal

F. Client acknowledges that the per claim fees set forth in this section 1 are based on the assumption that Client will forward to Sedgwick CMS all claims arising under the Program within the applicable time period in a covered jurisdiction. In the event that Client does not forward to Sedgwick CMS all such claims, Sedgwick CMS may in its discretion adjust the per claim fees accordingly.

**2. Estimated Fees and Invoicing**

On the first day of the month prior to the first day of the first month of a contract year and the first of each month for the balance of the contract year, Company will send an invoice for one-

twelfth (1/12<sup>th</sup>) of the estimated contract year fee. Shortly after the expiration of the contract year, or upon termination, Company shall compare the installment amounts paid by Client to the actual fee due. Client shall pay any additional fee due, or Company shall reimburse Client for any overpayment, as the case may be.

Based on Client's Plan (YTD) statistics (annualized), the estimated fees for the period beginning July 15, 2009 and ending July 14, 2010 will be as follows:

Number of new STD claims received: 1100 x \$122.92	= \$135,212
Number of open STD claims: 3454 x \$24.59	= \$84,933.86
Basic Plan Administration Fee per month: 1 x 12 x \$472.77	= \$5,673.24
Number of Appeals: 10 x \$425.49	= <u>\$4,254.90</u>
<b>Total Estimated Fees</b>	<b>= \$230,074.00</b>

The same formula will be used to calculate the second and third year terms based on Client's Plan (YTD) statistics (annualized) at the rates outlined in Exhibit B, Section 1 "Per Claim Fees".

### **3. Payment Terms**

On the first day of each month, Company will send an invoice for one-twelfth (1/12) of the estimated contract yearly fee.

Monthly payment for the period beginning July 15, 2009 and ending July 14, 2010 will be as follows:  $\$230,074.00 / 12 = \$19,172.83$

Within ninety (90) days following the completion of each contract term, the Company will perform a fee reconciliation (true-up account) to determine the actual fee earned in accordance with the fee schedule. Company will either refund the excess estimated fee charged for prior contract term by issuing a credit to Client's account, or if Company is due additional fees, prepare an invoice with detail summary for the balance due.

Client acknowledges that all fees set forth in the Agreement are due and payable within thirty (30) days of the invoice. Any and all past due fees will incur interest at the rate of 1.5% per month, unless otherwise prohibited by law. Client acknowledges that in the event Company undertakes collection proceedings for any outstanding fees, then Client will reimburse Company for all costs associated with such collection action, including a reasonable attorney fee and court cost.

Claims open at contract termination will either be transferred to the new administrator or handled by Company for an additional annual fee.

All applicable state taxes will be added to the service fees in states where this is required.

All fees are contingent upon claim management from the JURIS system.

## **EXHIBIT C**

### **CALL CENTER SERVICE SCHEDULE**

1. Company will perform the following call center services:
  - A. Provide to the Client a toll free number owned by Company to be used by Client and its employees to access the Company telephonic claims intake center while providing customer service to claimant as defined in Exhibit A.
  - B. Generate Initial Claims Information Packet and appropriate notification letters approving or denying claim including general explanation of benefits, payment amounts, duration and general information.
  - C. Complete the appropriate form(s) as required by an applicable program or statute and provide a copies to all necessary parties via fax, mail, or electronically as agreed upon with Client.
  - D. Follow-up with Providers for additional information, Physician Statement, case management, or requesting medical records.
  - E. Follow-up with Client for additional employment information.
  - F. Notify claimant via letter or phone call to request additional information or follow-up on outstanding issue.

**EXHIBIT D**  
**REPORT SCHEDULE**

Company shall provide the following reports to Client:

1. Annual Disability Plan Performance Report
2. Quarterly Disability Trend Report
3. Monthly Claims Activity Report
4. Monthly Voucher (check) Register Report
5. Monthly Voucher (check) Refund Report
6. Bi-weekly Eligibility File Confirmation Report
7. Weekly Claims Status Report
8. Daily Voucher Files

**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

**ATTACHMENT B**

**Short-Term Disability Plan Document**

SHORT-TERM DISABILITY PROGRAM

# COUNTY OF RIVERSIDE

THIS PROGRAM ORIGINALLY BECAME EFFECTIVE ON JANUARY 1, 1986 AND HAS BEEN AMENDED AND COMPLETELY RESTATED, AS SET FORTH HEREIN, EFFECTIVE FOR DISABILITIES COMMENCING ON OR AFTER JULY 1, 2009.

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## GENERAL PROGRAM INFORMATION

**Employer Number:** 268  
**Program Number:** 268001  
**Employer:** County of Riverside

**Member means:**

A regular full-time or permanent part-time employee who is Actively At Work and is represented by an employee bargaining unit for whom the County of Riverside's Board of Supervisors has approved the Short-Term Disability Program benefits. For readability, within this document a Member is commonly referred to as "you" and "your."

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

**Class Definition:**

Class 1: All members represented by Services Employees International Union (SEIU) and Riverside Sheriffs' Association Public Safety Unit (RSP)

Class 2: All members represented by Laborer's International Employees of California (LIUNA)

## I. GENERAL TERMS AND DEFINITIONS

The following terms and definitions defined herein apply whenever the terms are used anywhere in this document. Defined terms are printed with initial capital letters throughout the entire document.

1. **Active Work or Actively at Work** – Performing your Regular or Customary Work for one full day at the County of Riverside.
2. **Claims Administrator** – Sedgwick CMS, a third party administrator hired by the County of Riverside to administer Program benefits to the Members.
3. **Daily Rate** – The amount of your weekly benefit payable under the terms of this Program, divided by seven (7).

4. **Disability or Disabled** - You are unable to perform your Regular or Customary Work due to any physical or mental illness or injury (including pregnancy), and you are under the regular and continuous care of a licensed Physician, and are not capable of being Actively At Work during the period of said Disability.
5. **Disability Benefit Period** - The continuous period of missed work due to a Disability, beginning with the first day of Disability and ending on the earliest of the day prior to: (a) you beginning work for another employer, (b) the conclusion of Transitional Work assignment, or (c) termination from the Program. Two (2) consecutive periods of Disability due to the same or related cause or conditions, which are separated by a period of not more than fourteen (14) days, shall be considered as one (1) Disability Benefit Period.
6. **Employer** - County of Riverside, Waste Resources Management District, Regional Parks & Open-Space District, Riverside County Flood Control and Water Conservation District, and each subsidiary or affiliate approved in writing by the County of Riverside Board of Supervisors.
7. **Hospital Confinement** - Any twenty-four (24) hour period of time, or any part thereof for which you are charged a full day's rate for room and board as a registered bed patient in a hospital, or in a nursing home as defined in subsection (i) of Section 1395X of Title 42 of the United States Code, or in a nursing home conducted by and for the adherents of any well recognized church or religious denomination for the purpose of providing facilities for the care and treatment of the sick who depend upon prayer or spiritual means for healing in the practice of such church or denomination.
8. **Medical Certification** - This form must be completed by the Physician and provided to the Claims Administrator as medical justification of your Disability.
9. **Medical Management Staff** - A licensed clinical professional who is responsible for medical review and determination of appropriate duration of leave or approval of Transitional Work assignment for you in conjunction with Short-Term Disability Benefits.
10. **Member** - A regular full time or permanent part-time employee who is Actively At Work and is represented by an employee bargaining unit for whom the County of Riverside's Board of Supervisors has approved the Short-Term Disability Program benefits. For readability, within this document a Member is commonly referred to as "you" and "your".
11. **Pay Period** - A continuous period of fourteen (14) days as established by the County of Riverside for the purposes of processing payroll.
12. **Physician** - Includes a licensed medical Physician, surgeon, optometrist, dentist, doctor of osteopathy, qualified licensed psychologist, accredited practitioner, chiropractor, or podiatrist who is duly licensed and acting within the scope of his or her practice; or a licensed midwife, licensed nurse-midwife or licensed nurse practitioner who may certify only to normal pregnancy and childbirth related disabilities; or a duly authorized medical officer of any facility of the United States Government; or a practitioner duly authorized and accredited by the Director of Employment Development Department.
13. **Program** - The County of Riverside Short-Term Disability Program.
14. **Program Sponsor** - The County of Riverside.
15. **Privacy Statement** - Sedgwick CMS Member notification outlining Sedgwick CMS's responsibilities regarding privacy and protection of personal health information.
16. **Regular or Customary Work** - Your usual Employer assigned duties, including requirements, specifications, methods, job, work, hours of work, manner and level of performance prior to the onset of the Disability.

17. **Regular Wages** – Weekly earnings based on your hourly rate on your last full day of Active Work times your normally scheduled hours. Regular Wages excludes differentials, special assignment pay, stand-by pay, on call pay, bilingual pay and expense reimbursements. Any change in your hourly rate, which is approved or becomes effective after the last full day of Active Work will have no effect on the amount of your benefits for the duration of the Disability Benefit Period.
18. **Release of Information Form** – Your authorization to a health care provider to release medical information for the purpose of establishing a claim for Short-Term Disability benefits.
19. **STD** – Abbreviation for Short-Term Disability Program.
20. **Surgical Clinic** – A clinic which is not part of and/or not operating under the license of a hospital, which is licensed by the Department of Health and Human Services (DHHS), and which provides treatment for patients who remain less than twenty-four (24) hours. A Surgical Clinic includes those ambulatory surgical centers approved by the Federal Medicare program, but does not include the offices of private Physicians in individual or group practice.
21. **Surgical Unit** - A unit located in or operating under the license of a hospital and providing treatment for patients who remain less than twenty-four (24) hours. A Surgical Unit does not include emergency room facilities.
22. **Transitional Work** – The temporary changes to a County of Riverside position approved by Medical Management and the Employer, including, but not limited to, job tasks, schedule, equipment or other conditions of employment, in an effort to accommodate temporary limitations or restrictions placed on you.
23. **Waiting Period** – The first seven (7) consecutive calendar days from the date the Disability commences, during which time you must be unable to perform your Regular or Customary Work due to the Disability and have no paid regular hours.

## II. WHO IS ELIGIBLE FOR COVERAGE?

To become eligible for coverage under this Program, you must be a Member. A "Member" is a regular full-time or permanent part-time employee who is Actively at Work and is represented by one of the following bargaining units:

- Registered Nurses
- Professional and Para-Professional
- Supporting Services
- Inspection & Technical, Trades, Crafts & Labor
- Public Safety
- Any group of employees specifically granted the Short-Term Disability Program benefit by the County of Riverside's Board of Supervisors

**Per-diem or TAP Employees are Not eligible for benefits under this Program.**

## III. WHEN DOES COVERAGE START?

Coverage begins on the first day you are actively at work for the Employer.

## IV. WHEN DOES COVERAGE END?

Your coverage shall cease upon the earliest of the following dates:



- A. The date you begin work at another employer. .
- B. The date you cease to be a Member or terminate employment. If you have an open approved claim prior to termination, benefits will continue for remaining approved period after the separation of employment.
- C. The date you commence full-time duty in the armed forces of any country.
- D. The date the Program terminates.
- E. The date you cease to be Actively at Work for your Employer on your Regular or Customary Work days because of (a) a temporary layoff or (b) a general work stoppage (including a strike or lockout) resulting from a labor dispute.
- F. The date you cease to be Actively at Work for your Employer on your Regular or Customary Work days for any other reason. However, your coverage may be continued (unless it ends under items A thru D above) during the following periods while you are absent from Active Work:
  - 1. While you are receiving full salary (including sick pay) from your Employer;
  - 2. During the period of time between the first day you are absent from work due to the Disability and the date you are actually eligible to receive Disability benefits (the benefit Waiting Period); and
  - 3. During a medical leave of absence approved by your Employer and scheduled to last for 84 days or less.
- G. The date of your death.
- H. The date you refuse to return to work when modification to job assignment are approved by the Medical Management Staff and Employer allowing you to return to employment under the Transitional Work Program.

**V. WHAT IS THE COST OF THE PROGRAM AND WHO PAYS FOR IT?**

Program contributions are paid by the Employer. The contribution amount is reported as part of your taxable income. Contributions are waived while you are on an approved absence without pay.

**VI. WHAT ARE THE BENEFITS?**

- A. **Date Benefits Begin**  
Benefits will commence on the earlier of the following:
  - The 8<sup>th</sup> day of your Disability; or
  - The 1<sup>st</sup> day of Hospital Confinement of a Disability lasting 8 or more days: or
  - The 1<sup>st</sup> day of treatment in Surgical Clinic or a Surgical Unit, requiring a stay of less than twenty-four (24) hours of a Disability lasting 8 or more days.

If you are continuously Disabled for more than twenty-one (21) days during any one Disability Benefit Period, any Waiting Period previously charged shall be waived.

- B. **Amount of Benefits**  
Short-Term Disability benefits are calculated and paid by using a Daily Rate.

How your Daily Rate is calculated:

- To find your weekly rate of earnings, your hourly pay rate is multiplied by the number of hours you are regularly scheduled to work per week, not to exceed 40 hours per week. If you do not have regular hours, your weekly rate of earnings on any date will be based on the average number of hours you worked during the preceding six (6) Pay Periods (or during your period of employment if less than 6 Pay Periods), not to exceed 40 hours per week
- This weekly rate is multiplied by the appropriate percent based on which class the Member is represented by. This establishes the weekly benefit amount.
- The weekly benefit amount is divided by seven to establish the Daily Rate.
- The Daily Rate is paid for each day you are Disabled and approved to receive a benefit from this Program, excluding any days applied to the Waiting Period.

**An Example:** A Member's hourly rate is \$10.37 per hour on the day prior to the Disability begin date. The Member is scheduled to work 40 hours per week and has worked this schedule in the six (6) Pay Periods immediately preceding the Pay Period in which the leave begins. The Member was hospitalized on the Disability begin date and has no Waiting Period. The Member has been continuously Disabled for 24 days. The Members benefits will be calculated as follows:

*Average Hours per Week Calculation:*

80 hours per Pay Period X 6 Pay Periods = 480 hours for 6 Pay Periods (12 weeks)  
 480 hours ÷ 12 weeks = 40 hours (average hours per week)

*Average Pay per Week Calculation:*

\$10.37 hourly rate X 40 hours = \$414.80 (average weekly pay)

*Determine Daily Rate:*

Class 1: \$414.80 (average weekly pay) X 55% = \$228.14 (weekly benefit amount)  
 \$228.14 ÷ 7 days = \$32.59 (Daily Rate)

Class 2: \$414.80 (average weekly pay) X 60% = \$248.88 (weekly benefit amount)  
 \$248.88 ÷ 7 days = \$35.55 (Daily Rate)

*Payment of Daily Rate:*

If the Disability was approved for 10 days, Member would receive a benefit of:

Class 1: \$32.59 X 10 days = \$325.90

Class 2: \$35.55 X 10 days = \$355.50

**C. Benefits for Less Than One Week**

During the Disability Benefit Period, you will receive the Daily Rate for each day benefits are payable within the Pay Period.

**D. Benefit Payment Method**

Benefit payments are placed on your County pay warrant, using the County's payroll process. Benefits payments are coordinated within the County's established pay warrant process deadlines. For benefits payments that apply to prior Pay Periods, payments will be made on the net possible pay warrant following benefit determination. You are encouraged to submit claim information as quickly as possible to prevent gaps in benefit payments.

**E. Duration of Benefit**

Your benefit payments shall continue until one of the following occurs:

1. You have exhausted the full fifty-two (52) weeks of benefits.
2. You have exhausted the approved Disability Benefit Period.
3. Determination by the Claims Administrator that a Disability no longer exists (i.e., recovery, no longer Disabled).

4. You refuse to undergo a medical examination or to furnish information within thirty (30) days following written notice by the Claims Administrator.
5. The date you are either no longer under the regular and continuous care and treatment of a licensed Physician, or refuse to follow the treatment plan recommended by your attending Physician.

**F. Maximum Benefit**

Class 1: The Program shall pay 55% of the member's salary up to a weekly maximum benefit of \$249.70.

Class 2: The Program shall pay 60% of the member's salary up to a weekly maximum benefit of \$461.54.

**G. Disqualification**

A Member will be disqualified from receiving benefits for:

1. Making a false statement; or
2. Failure to report a material fact; or
3. Failure to submit to an independent medical examination requested by the Claims Administrator. Such medical examinations may be requested by the Medical Management Staff, at the Program's expense, as often as may be deemed necessary, but not to exceed more often than one (1) examination in any thirty (30) day period; or
4. Attempting to commit or committing fraud against the Program.

Any Program benefit payments made prior to the discovery of a disqualification event listed above will be subject to the Right of Recovery section within this Plan Document.

**VII. WHAT ARE THE EXCLUSIONS AND LIMITATIONS?**

Benefits will not be paid under this Program for any Disability directly or indirectly due to or resulting from any one or more of the following:

- A. Claims not supported by a Medical Certification which states the medical facts within the authorized person's knowledge, authorized person's conclusion with respect to your Disability, and authorized person's opinion with respect to the probable duration of the illness or injury. An authorized person includes:
  1. A licensed Physician, surgeon, optometrist, dentist, osteopath, chiropractor, or podiatrist stating the medical facts within his or her knowledge, his or her conclusion with respect to your Disability
  2. Any duly authorized medical officer of a United States government Medical facility.
  3. A registrar of a county hospital when you are hospitalized or in a county hospital or hospitalized by said county hospital into another hospital.
  4. A state or local health officer who has issued a written order for you not to work because you are infected with, or suspected of being infected with, a communicable disease.
  5. Competent medical authority that has referred you or recommended your participation as a full-time resident of an approved substance abuse recovery program/home when the period does not exceed thirty (30) days.
- B. If you have a Physician certification that you need continuing resident services in an approved substance abuse recovery home, and in the absence of any other disabling condition, benefits while receiving treatment, while a full-time resident in an approved recovery program, will be paid for an additional period not to exceed sixty (60) days.
- C. If you are confined, pursuant to commitment or court order, or certification, in an institution, or other place, as a dipsomaniac, drug addict, or sexual psychopath.
- D. For any period of Disability for which benefits are paid or payable under any Unemployment Compensation Act of the United States or of any state.

- E. For any day for which you receive any sick leave benefits or any wages from the Program Sponsor, your union or employee association, or any other employer, which together with the Program benefits received from this Program, exceeds 100% of your Regular Wages.
- F. For any day of unemployment and/or disability benefit for which you receive wage replacement income, or are entitled to receive, benefits or cash payments under a workers' compensation or employer liability law of this state or any state. If such benefits or cash payments are less than the amount you would otherwise receive under this Program, your Program benefits will be reduced by these benefits or cash payments. Under workers' compensation benefits, any benefit payment or settlement received for permanent disability is excluded and will not limit or reduce the approved STD benefit.
- G. For an illness or injury caused by participation in a violent disorder, assault, felony or an illegal occupation.
- H. For an intentionally self-inflicted injury.
- I. For an illness or injury due to war or any act of war, declared or undeclared or insurrection except during any period of up to thirty (30) days while traveling overseas on company business.
- J. Any illness or injury for which you are not under the continuous care and treatment of a duly qualified Physician.
- K. If you are unable to perform your Regular or Customary Work, are not wholly Disabled, and you were offered alternative employment by your Employer that is of comparable status and compensation to your previous occupation and you declined the alternative employment offer.
- L. If you are incarcerated in any federal, state, or municipal penal institution, jail, medical facility, public or private hospital, or in any other place because of a criminal conviction of a federal, state, or municipal law or ordinance or commit a crime and are Disabled due to an illness or injury, caused by, or arising out of the commission of, arrest, investigation, or prosecution of any crime that results in a felony conviction.
- M. Unless or until the Claims Administrator has received objective Medical Certification in support of Disability, no benefits are payable. Such objective medical evidence includes, but is not limited to, data and records from your attending Physician, narrative reports, x-ray and other laboratory findings, and consulting Physician reports. This information is required at the initiation of your claim and periodically thereafter as reasonably requested by the Claims Administrator.
- N. When you are involuntarily terminated prior to becoming Disabled or at any time that you voluntarily terminate your employment with the Employer.
- O. When you engage in any employment with another employer..

#### VIII. WHEN SHOULD I FILE FOR BENEFITS?

You should initiate your claim for benefits as soon as you are hospitalized or if you believe your Disability will last eight (8) days or more. To avoid delay, you should file your claim as soon as possible, and within **120 days from the date of Disability** or as soon thereafter as reasonably possible and, in any case, no later than one year after the end of the 120 day period. Claims not filed within these time limits will be denied and no benefits will be paid. These time limits will not apply during any period when you lacked the legal capacity to file a claim.

#### X. HOW DO I FILE A CLAIM FOR BENEFITS?

In order to file a claim for benefits available under this Program, you must take these steps:

- A. If you are or will be hospitalized or absent from work for more than 5 work days, first call your Supervisor.
- B. Call the toll-free 800 number indicated on your Short-Term Disability I.D. Card.
- C. A Customer Service Representative at Sedgwick CMS will take all relevant information over the telephone. Sedgwick CMS will then send you written verification of the information you provided and require you to sign and return it to Sedgwick CMS verifying that the information is correct. You will also give Sedgwick CMS authorization to obtain records and information needed to determine your eligibility for benefits by completing and signing the Release of Information form.
- D. You will receive a copy of Sedgwick CMS Privacy Statement for your records.
- E. Have your Physician call Sedgwick CMS at the same time on the toll-free 800 number to verify your Disability. If your Physician is unable or unwilling to call Sedgwick CMS, you will be able to give them the Medical Certification form for them to complete.

The Program Sponsor or its authorized Claims Administrator shall have the right to (A) require supplemental forms from the Physician or those authorized to certify disabilities as often as deemed necessary, and (B) examine you while you are claiming benefits under this Program. This may be done when and as often as may be reasonably required during the period payments may be due under this Program. The Claims Administrator has the right to defer or suspend payment of benefits if you fail to attend an examination or fail to cooperate with the person conducting the examination.

Supplemental forms and/or extensions of Disability must be filed within thirty (30) days of date requested or your claim may be denied.

#### **X. HOW AND WHEN ARE PAYMENTS MADE?**

The Program Sponsor has streamlined payment of Short-Term Disability benefits providing you with one integrated check. On your regular pay dates, you will receive a pay warrant including your STD benefit payment and any Regular Wages or leave balance pay. This process insures that your STD payment will not exceed 100% of your pay.

- A. **Coordination of Benefits with Paid Time and Paid Leave Balances:**  
Your Short-Term Disability benefit will be coordinated with your leave balances and your paid work time (when performing Transitional Work) The total weekly payments from this Program and any paid time you receive will not exceed 100% of your Regular Wages.
- B. **Coordination of Benefits with your Workers Compensation Benefits:**  
Disabilities eligible for Worker's Compensation benefits will be deducted from Program benefits. Members will receive the difference in the Short-Term Disability benefit amount and the Workers' Compensation benefit amount when the Workers' Compensation benefit is less than the Short-Term Disability benefits. No payment will be made from this Program when the Workers' Compensation benefits are equal to or greater than the benefits payable under this Program.

#### **XI. IF YOUR CLAIM IS DENIED, WHAT CAN YOU DO ABOUT IT?**

If you disagree with the determination made on your claim, you have the right to request a thorough review of the decision. The appeal procedure is as follows:

- A. Within sixty (60) days of the date the initial determination written notice is mailed to you, you must file a written request for a review.

B. The review request should include any additional facts and documentation which will support your claim. For your assistance, you may:

1. Request a copy of the Program Document and all of the records pertaining to your claim;
2. Ask for further explanation of the pertinent Program provisions and the reason for the initial determination;

C. Your written request for a review must be mailed to the address below:

Benefits Review Committee  
Sedgwick CMS  
P.O. Box 9830  
Calabasas, CA 91372-0830

After receipt of your written review request, the Claims Administrator will present all of the relevant information to the Benefits Review Committee. The Benefits Review Committee will then review and reconsider your claim. After this review, and within sixty (60) days of your review request, the Benefits Review Committee will render a final written decision, which will be mailed to you.

## XII. GENERAL PROVISIONS

Right of Recovery When the amount paid by the Program exceeds the amount for which the Program is liable, the Program has the right to recover the excess amount. This amount shall be recovered directly from the Member to whom payment was made. In most cases, recovery will be made through payroll deductions. If the Member to whom the overpayment was made is deceased, the recovery may be taken from the Member's final pay warrant, if any, or it may be recovered from the Member's estate.

Program Sponsor Authority and Responsibilities The Program Sponsor shall have full authority to adopt rules and regulations for the administration of the Program and to interpret, alter, amend or revoke any rules and regulations so adopted. The Program Sponsor shall have full discretion to construe and interpret the terms and provisions of this Program and interpretation or construction shall be final and binding to all parties including, but not limited to, the Claims Administrator, and any Member or Member's beneficiary, except as otherwise provided by law. The Program Sponsor shall administer such terms, and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Program.

Claims Administrator Rights and Responsibilities The Claims Administrator shall have the right (A) to require supplemental forms from the health care provider or those authorized to certify Disabilities as often as deemed necessary, and (B) examine you while you are claiming payments under this benefit. This may be done when and as often as may be reasonably required during the period payment may be due under this Program. The Claims Administrator has the right to defer or suspend payment of benefits if you fail to attend an examination or fail to cooperate with the person conducting the examination.

Subpoena or Legal Action In the event Claims Administrator receives a request, Claims Administrator will notify Program Sponsor of such action immediately and will work together with Program Sponsor's Risk Management Division.

Clerical Errors Clerical errors of the Program do not deprive any eligible Member of coverage under this Program. In addition, these errors do not create or continue coverage that would otherwise be effective.

Transitional Work Program Each County of Riverside Memorandum of Understanding (MOU) will specify which bargaining groups are eligible to participate in the Transitional Work Program. The Transitional Work Program will coordinate a temporary change to your position once the attending physician establishes the work restrictions and the County Department approves the temporary modification. These temporary changes could include job tasks, schedule, equipment or other conditions of employment, allowing you to return to work earlier. This program

permits a coordination of STD benefit payments along with hours worked under the Transitional Work Program.

**COUNTY OF RIVERSIDE:**

By: \_\_\_\_\_  
Chairman, Board of Supervisors

Date: \_\_\_\_\_