

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

115



FROM: Human Resources Department

SUBMITTAL DATE:
June 3, 2014

SUBJECT: Addendum to the Service Agreement for Claims Administration with Sedgwick Claims Management Services for the period of July 15, 2014 through July 14, 2015 [District- All] [Total Cost - \$305,000] [SOURCE OF FUNDS - Short-Term Disability Internal Service Fund]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Addendum to the Service Agreement with Sedgwick Claims Management Services, to provide claims administration for the County's Short-Term Disability (STD) program, and extend the term of the agreement for the period of July 15, 2014 through July 14, 2015 (Attachment A);
2. Approve the service fees for administrative services and claims processing (Attachment A);
3. Authorize the Chairperson to sign four (4) copies of the attached documents; and
4. Retain one (1) copy of each signed document and return three (3) copies of each document to Human Resources for distribution.

Michael T. Stock
Asst. County Executive Officer/
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 305,000	\$	\$ 305,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	
SOURCE OF FUNDS: Short-Term Disability Internal Service Fund				Budget Adjustment: No	
				For Fiscal Year: 2014/15	

C.E.O. RECOMMENDATION:

APPROVE

BY: Samuel Wong 5/10/14
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Prev. Agn. Ref.: 04/23/2013, 3-39 | **District:** All | **Agenda Number:**

3-31

FORM APPROVED COUNTY COUNSEL
BY: Neal R. Kipnis DATE: 6/5/14
Neal R. KIPNIS

Departmental Conference

- A-30
- 4/5 Vote
- Positions Added
- Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Addendum to the Service Agreement for Claims Administration with Sedgwick Claims
Management Services for the period of July 15, 2014 through July 14, 2015 [District- All] [Total
Cost - \$305,000] [SOURCE OF FUNDS - Short-Term Disability Internal Service Fund]
DATE: June 3, 2014
PAGE: 2 of 2**

BACKGROUND:

Summary

Sedgwick 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 Public Safety Unit (PSU) who are approved for a non-industrial medical leave of absence.

Currently, the County provides this benefit to approximately 12,368 eligible employees, in which 7,173 are members of LIUNA, 4,642 are members of SEIU, and 553 are members of Riverside Sheriffs' Association PSU.

Impact on Residents and Businesses

There is no direct impact to residents or businesses.

Additional Fiscal Information

On September 11, 2012, the Board approved the administrative services and claims processing fees through FY 2012/13 with an option to renew the agreement for two additional years. At that time, Sedgwick agreed to waive the scheduled fee increase from 3% to 0% for FY 2012/13, with the condition that administration fees for the plan will increase 3% in FY 2013/14 and an additional 3% in FY 2014/15. Total projected fees for FY 2014/15 will be \$305,000.

There is no direct cost to the County for this recommendation. Administration Fees for the STD plan were calculated into the STD internal service rates. The STD rates are charged to departments and were approved by the Board on January 28, 2014, Agenda Item 3-41.

Contract History and Price Reasonableness

Since July 2006, Sedgwick and the County of Riverside have maintained a strategic and positive business relationship to provide STD benefits to County eligible members of LIUNA, SEIU, and PSU. The collaboration ensures continued quality service and efficient processes, while controlling overall cost to the County.

FY 2014/15 service fees are listed in the Addendum (Attachment A). Human Resources will continue to monitor the STD plan to ensure fees remain appropriate for the average market trend for STD plans.

ATTACHMENTS:

- A. Addendum to Service Agreement for Claims Administration

ATTACHMENT A

Addendum to Service Agreement for Claims Administration

ADDENDUM TO SERVICE AGREEMENT FOR CLAIMS ADMINISTRATION

This Addendum to the Service Agreement for Claims Administration (“Addendum”) is made and entered into by and between the County of Riverside, a political subdivision of the State of California, (“Client”) and Sedgwick Claims Management Services, Inc., an Illinois corporation, (“Sedgwick”).

WHEREAS, the parties have previously entered into the Service Agreement for Claims Administration with an effective date of July 15, 2012 (“Agreement”); and,

WHEREAS, Section 3.B. of the Agreement allows the parties through an Addendum to renew the Agreement setting forth the service fees and other terms applicable to the renewal period.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Renewal of Agreement. At Section 3.A of the Agreement, the following sentence is added:

“This Agreement shall be extended for one additional year, commencing July 15, 2014 and ending July 14, 2015.”

- 2. Service Fees. As set forth in Exhibit B (Service Fees) of the Agreement, the parties agree that Client shall pay the following fees for claims received by Sedgwick during the period beginning July 15, 2014 and ending July 14, 2015:

FEE PER NEW CLAIM FILE RECEIVED

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

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 per month

ADDITIONAL FEE FOR HANDLING CLAIM APPEALS

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

- 3. Effective Date. Notwithstanding the date of execution, this Addendum shall be effective as of July 15, 2014.

- 4. Full Force and Effect. Except as otherwise added, deleted, or modified by this Addendum, all terms and conditions of the Agreement shall remain in full force and effect.

- 5. Signatory Authority. Each party certifies that the individual signing below has the authority to

execute this Addendum on behalf of such party, and may legally bind such party to the terms and conditions of this Addendum.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the dates shown below.

ATTEST:
Clerk to the Board
Kecia Harper-Ihem

COUNTY OF RIVERSIDE:

By _____
Deputy


By _____
Chairman, Board of Supervisors

Date _____

Date _____

Approved as to form:

Pamela J. Walls
County Counsel

By 
Deputy County Counsel

CONTRACTOR:
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.,
AN ILLINOIS CORPORATION

By  _____

Printed Name Jeff Goldstein

Title Corp. Counsel

Date 20 May 2014