

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

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**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
April 9, 2013

**SUBJECT:** 2013 Addendum to the Sedgwick Administrative Service Agreement

**RECOMMENDED MOTION:** That the Board of Supervisors 1) approve the Addendum to the Sedgwick Administrative Service Agreement, 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, 2013 through July 14, 2014 (Attachment A); 2) approve the fee schedule for Administrative Services and Vendor fees (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.

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

*Barbara A. Olivier*

Barbara A. Olivier  
Asst. County Executive Officer/Human Resources Director

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 257,437	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/14

<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**

*Ivan M. Chand*  
BY: Ivan M. Chand 4/10/2013

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Ashley, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: April 23, 2013  
xc: H.R.

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

Prev. Agn. Ref.: 09/11/2012, 3.24 | District: All | Agenda Number:

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FORM APPROVED COUNTY COUNSEL  
BY: *Tawny V. Lieu* DATE: 4/9/13  
Departmental Concurrence

Consent  Policy   
Consent  Policy

Dept's Recomm.:  
Per Exec. Ofc.:

**BACKGROUND (continued):**

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 11,936 eligible employees, in which 6,957 are members of LIUNA, 4,432 are members of SEIU, and 547 are members of Riverside Sheriffs' Association PSU.

**Addendum to Service Agreement**

On September 11, 2012, the Board approved the administrative services and vendor fees through FY 2013/14 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 fiscal year fees for the administration of the plan will increase 3% in FY 2013/14 and 3% in FY 2014/15.

Human Resources has since re-evaluated the fee increase and finds it appropriate for the current market trend. FY 2013/14 service fees are listed in the Addendum (Attachment A). Human Resources will continue to monitor the STD plan and ensure the increase for FY 2014/15 remains appropriate for the average market trend for STD plans.

**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, 2013 and ending July 14, 2014."

- 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, 2013 and ending July 14, 2014:

**FEE PER NEW CLAIM FILE RECEIVED**

Processing a new STD claim file .....\$131.73 per file received by Sedgwick

**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 per month

**ADDITIONAL FEE FOR HANDLING CLAIM APPEALS**

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

- 3. Effective Date. Notwithstanding the date of execution, this Addendum shall be effective as of July 15, 2013.
- 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

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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

By [Signature]  
Deputy

Date APR 23 2013

**COUNTY OF RIVERSIDE:**

By [Signature]  
Chairman, Board of Supervisors  
**JOHN J. BENOIT**

Date APR 23 2013

Approved as to form:

Pamela J. Walls  
County Counsel

By [Signature]  
Deputy County Counsel

**CONTRACTOR:**

**SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.,  
AN ILLINOIS CORPORATION**

By [Signature]

Printed Name Jeff Glatstein

Title Corp. Counsel

Date 19 March 2013