



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
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DAVID E. JANSSEN
Chief Administrative Officer

October 31, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF CONTRACT FOR MEDICAL MALPRACTICE AND HOSPITAL
LIABILITY CLAIM ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT
SERVICES
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached contract with Octagon Risk Services, Inc. to provide claim administration and legal defense management services for the County of Los Angeles' medical malpractice and hospital liability self-insurance program for a term of three years with a provision for four, one-year renewal options.
2. Authorize the Chief Administrative Officer, or his designee, to approve and execute all renewal options, extensions, and change notices pursuant to the provisions of the contract.
3. Instruct the Auditor-Controller to make payment for services, as appropriate, under this contract, as authorized and validated by the Chief Administrative Officer, from the appropriate General, Special or Enterprise Fund.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommendation is to replace the existing contract expiring on December 31, 2006. Since 1975, the County has utilized a third party administrator (TPA) to provide claim administration and legal defense management services for its medical malpractice and hospital liability self-insurance program. This contract will

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

continue TPA services to the Chief Administrative Office (CAO) and to the Departments of Coroner, County Counsel, Fire, Health Services, Mental Health and Sheriff.

Implementation of Strategic Plan Goals

This contract is consistent with the County's Strategic Plan Goal 4, Fiscal Responsibility, and will assist the County manage its financial resources.

FISCAL IMPACT/FINANCING

Funding is included in the Fiscal Year 2006-2007 Adopted Budget. The projected first year cost is \$2,798,000.

In accordance with County policy, the contract contains a COLA provision whereby the CAO may increase the contractor's compensation during the option years, capped at the lesser of the general salary movement percentage for County employees or the Consumer Price Index for Urban Consumers (CPI-U).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 20, 2005, your Board instructed the CAO to facilitate the creation of a working committee with representatives from the Departments of Health Services, Coroner, Mental Health, Sheriff, Fire, and County Counsel, to develop program performance and requirement language and to develop a Request for Proposals (RFP) for the solicitation of medical malpractice and hospital liability and legal defense management (medical malpractice) services.

The CAO, in collaboration with the working committee, developed a number of RFP requirements to improve and strengthen the contractor's medical malpractice claim adjusting services. The enhanced requirements included:

- Revised contract rates from an hourly billing rate to a flat fee billing rate to align the contract's pricing structure with insurance industry standard billing methods.
- Excluded employment practice liability claim administration services from the statement of work to better focus the contractor's services solely on medical malpractice claims.
- Increased medical malpractice TPA participation in roundtable meetings to facilitate fact evaluation and assist in the development of medical and legal

theories, litigation strategy, potential risk management issues, and possible corrective action.

- Inserted provisions for performance and financial incentives based on annual TPA performance audits.

The term of the contract is for three years and includes a provision whereby the CAO may annually extend the contract for up to four one-year option periods. The extension options will be based upon the contractor's compliance with the contract terms and the CAO's determination as to the contract's continued cost-effectiveness.

The terms and conditions of the contract have been approved as to form by County Counsel. The contract contains all required Board, CAO and County Counsel provisions, including the County's Child Support Compliance Program, Consideration of GAIN/GROW Participants, Contractor Non-responsibility and Debarment, Contractor Employee Jury Service and Safely Surrendered Baby Law.

This is not a Proposition A contract and, therefore, not subject to the Living Wage Program (*Los Angeles County Code Chapter 2.201*).

CONTRACTING PROCESS

On April 20, 2006, the CAO released an RFP for Medical Malpractice and Hospital Liability Claim Administration and Legal Defense Management Services. The RFP was posted on the County's "Doing Business With Us" website, advertisements placed in the *Los Angeles Times*, *The Daily News*, *La Opinion* and *The Lynwood Journal* newspapers, and notice of the RFP's release was directly sent to 45 vendors.

On May 10, 2006, a mandatory Proposer's Conference was held and attended by ten potential proposers. Questions and answers from the Proposer's Conference were released as an RFP addendum and posted on the County's website.

Two proposals were received by the June 8, 2006 submission deadline from Octagon Risk Services, Inc. and Cambridge Integrated Services Group, Inc. Both proposals met the RFP minimum requirements and were evaluated. The evaluation committee consisted of representatives from the Departments of County Counsel, Health Services, Sheriff and the CAO, as well as a representative from the CAO's Risk Management Advisory Committee.

The Honorable Board of Supervisors
October 31, 2006
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After a thorough and comprehensive evaluation process, based strictly on the RFP's criteria, Octagon Risk Services, Inc., the incumbent TPA, was determined to have the highest ranked, and most responsive and responsible proposal.

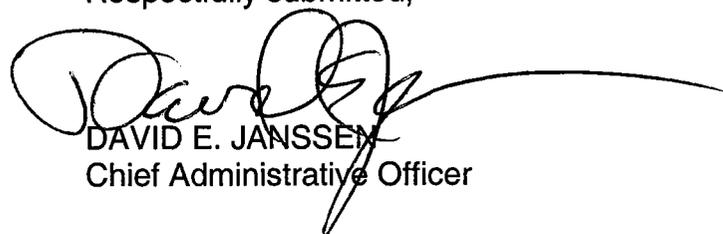
IMPACT ON CURRENT SERVICES

Approval of this contract will ensure uninterrupted continuation of claim administration and legal defense management services for the County's medical malpractice self-insurance program, and the Departments of Coroner, County Counsel, Fire, Health Services and Sheriff.

CONCLUSION

Upon approval by your Board, please return two signed originals of the contract and one stamped adopted copy of the letter to the CAO Risk Management Branch.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:RAA
DU:KR:cr

Attachment

- c: Executive Officer, Board of Supervisors
- Auditor-Controller
- County Counsel
- Department of Health Services
- Department of Coroner
- Fire Department
- Department of Mental Health
- Sheriff's Department

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE



CONTRACT
FOR
MEDICAL MALPRACTICE, HOSPITAL LIABILITY
CLAIMS ADMINISTRATION AND LEGAL DEFENSE
MANAGEMENT SERVICES
WITH
OCTAGON RISK SERVICES, INC.

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**CONTRACT FOR MEDICAL MALPRACTICE, HOSPITAL LIABILITY CLAIMS
ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT SERVICES**

This Contract and Exhibits made and entered into this _____ day of _____, 200__, by and between the County of Los Angeles, hereinafter referred to as County, and Octagon Risk Services, a Sedgwick CMS Company, hereinafter referred to as Contractor.

RECITALS

WHEREAS, the County desires to contract for medical malpractice, hospital liability and employment related liability claims administration and legal defense management services; and

WHEREAS, the Contractor is a private firm specializing in providing such Services and possesses the competence, expertise, and personnel necessary to provide such services described hereunder; and

WHEREAS, such Contract is authorized pursuant to California Government Code §31000.8 and subject to the provisions of the Los Angeles County Charter;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H and I are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract and then to the Exhibits according to the following priority:

- EXHIBIT A - Statement of Work
- EXHIBIT B - Pricing Schedule
- EXHIBIT C - Contractor's EEO Certification
- EXHIBIT D - County's Administration
- EXHIBIT E - Contractor's Administration
- EXHIBIT F - Employee Acknowledgement & Confidentiality Agreements
- EXHIBIT G - Jury Service Ordinance
- EXHIBIT H - Safely Surrendered Baby Law
- EXHIBIT I - Contractor's Obligation as a "Business Associate" Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA)

This Contract and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Section 8.4 (Change Notices and Amendments) and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1 Board of Supervisors:** The Board of Supervisors of the County of Los Angeles.
- 2.2 Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of *Exhibit A - Statement of Work*.
- 2.3 Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by *Exhibit A - Statement of Work*.
- 2.4 Contract Year:** The first contract year begins the date the contract term begins and continues for the following twelve 12 months. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.
- 2.5 County's Contract Administrator:** The County's Contract Administrator (CCA) is the Chief of Liability Claims in the Chief Administrative Office. The CCA is the designated agent of the County for the purposes of administering the County's self-insured Medical Malpractice and Hospital Liability Claims Administration and legal Defense Management Services program and has the responsibility to manage the operations under this Contract.
- 2.6 Day(s):** Calendar day(s) unless otherwise specified.
- 2.7 Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.

3.0 WORK

- 3.1** Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the *Exhibit A - Statement of Work*.
- 3.2** If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

4.0 TERM OF CONTRACT

- 4.1** The term of this Contract shall be three (3) years commencing January 1, 2007, upon execution by County's Board of Supervisors, unless sooner terminated or extended, in whole or in part, as provided in this Contract.

- 4.2 The County shall have the sole option to extend this Contract term for up to four (4) additional one-year periods for a maximum total Contract term of seven (7) years. Each such option and extension shall be exercised at the sole discretion of the Chief Administrative Officer.
- 4.3 The Contractor shall notify the Chief Administrative Office (CAO) when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the CAO at the address herein provided in *Exhibit D - County's Administration*.
- 4.4 In the event of expiration of the term of this Contract or termination prior to the expiration of the term of this Contract, the Contractor shall fully cooperate with County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

5.0 CONTRACT SUM

- 5.1 Contractor shall be paid as set forth in *Exhibit B - Pricing Schedule*.
- 5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval.
- 5.3 The Contractor shall maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract. Upon occurrence of this event, the Contractor shall send written notification to the CAO at the address herein provided in *Exhibit D - County's Administration*.

5.4 No Payment for Services Provided Following Expiration/Termination of Contract

The Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. Should the Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from the Contractor. This provision shall survive the expiration or other termination of this Contract.

5.5 Invoices and Payments

- 5.5.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in *Exhibit A - Statement of Work* and elsewhere hereunder. The Contractor shall prepare invoices, which shall include the charges owed to the Contractor

by the County under the terms of this Contract. The Contractor's payments shall be as provided in *Exhibit B - Pricing Schedule*, and the Contractor shall be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment shall be due to the Contractor for that work.

5.5.2 The Contractor's invoices shall be priced in accordance with *Exhibit B - Pricing Schedule*.

5.5.3 The Contractor's invoices shall contain the information set forth in *Exhibit A - Statement of Work* describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.

5.5.4 The Contractor shall submit the monthly invoices to the County by the 15th calendar day of the month following the month of service.

5.5.5 All invoices under this Contract shall be submitted in two (2) copies to the following address:

County Contract Administrator
Risk Management Branch
Chief Administrative Office
3333 Wilshire Blvd., Suite 820
Los Angeles, CA 90010

5.5.6 **County Approval of Invoices.** All invoices submitted by the Contractor for payment must have the written approval of the County's Project Manager prior to any payment thereof. In no event shall the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, and in no instance will such approval take more than two (2) weeks from receipt of properly prepared invoices by the County.

5.6 Cost of Living Adjustments (COLA's)

The contract (hourly, daily, monthly, etc.) amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the CAO as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries; no cost of living adjustments will be granted.

6.0 ADMINISTRATION OF CONTRACT – COUNTY

The person(s) responsible for County administration of the contract are designated in *Exhibit D - County's Administration*. The County shall notify the Contractor in writing of any change in the names or addresses shown.

6.1 County's Contract Administrator (CCA)

Responsibilities of the CCA include:

- ensuring that the objectives of this Contract are met;
- monitoring the Contractor's performance in the daily operation of the contract;
- making changes in the terms and conditions of this Contract in accordance with Section 8.4 (Change Notices and Amendments);
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements; and
- not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever.

7.0 ADMINISTRATION OF CONTRACT – CONTRACTOR

7.1 Contractor's Project Manager

7.1.1 The Contractor's Project Manager is designated in *Exhibit E - Contractor's Administration*. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Project Manager.

7.1.2 The Contractor's Project Manager shall be responsible for the Contractor's day-to-day activities as related to this Contract and shall coordinate with the CCA on a regular basis.

7.1.3 The Contractor's Project Manager must have five (5) years of experience.

7.2 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's claims staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Project Manager.

7.3 Contractor's Staff Identification

7.3.1 Contractor shall provide all staff assigned to this Contract with a photo identification badge in accordance with County specifications. Specifications may change at the discretion of the County and Contractor will be provided new specifications as required. The format and content of the badge is subject to the County's approval prior to the Contractor

implementing the use of the badge. The Contractor's staff, while on duty or when entering a County facility or its grounds, shall prominently display the photo identification badge on the upper part of the body.

- 7.3.2 The Contractor shall notify the County within one business day when staff is terminated from working under this Contract. The Contractor is responsible to retrieve and immediately destroy the staff's County photo identification badge at the time of removal from the County Contract.
- 7.3.3 If County requests the removal of the Contractor's staff, the Contractor is responsible to retrieve and immediately destroy the Contractor's staff's County photo identification badge at the time of removal from working on the Contract.

7.4 Background and Security Investigations

- 7.4.1 At any time prior to or during term of this Contract, the County may require that all Contractor's staff performing work under this Contract undergo and pass, to the satisfaction of County, a background investigation, as a condition of beginning and continuing to work under this Contract. County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation.
- 7.4.2 County may request that the Contractor's staff be immediately removed from working on the County Contract at any time during the term of this Contract. County will not provide to the Contractor or to the Contractor's staff any information obtained through the County conducted background clearance.
- 7.4.3 County may immediately, at the sole discretion of the County, deny or terminate facility access to the Contractor's staff who do not pass such investigation(s) to the satisfaction of the County whose background or conduct is incompatible with County facility access.
- 7.4.4 Disqualification, if any, of the Contractor's staff, pursuant to this Section 7.4, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.5 Confidentiality

- 7.5.1 The Contractor shall maintain the confidentiality of all records obtained from the County under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality.
- 7.5.2 The Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.

7.5.3 The Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the provisions of *Exhibit F1 - Contractor Employee Acknowledgment and Confidentiality Agreement*.

7.5.4 The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the provisions of *Exhibit F2 - Contractor Non-Employee Acknowledgment and Confidentiality Agreement*.

8.0 STANDARD TERMS AND CONDITIONS

8.1 ASSIGNMENT AND DELEGATION

8.1.1 Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which Contractor may have against County.

8.1.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

8.1.3 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.2 AUTHORIZATION WARRANTY

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.3 BUDGET REDUCTIONS

In the event that County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, Contractor shall continue to provide all of the services set forth in this Contract.

8.4 CHANGE NOTICES AND AMENDMENTS

8.4.1 The County reserves the right to initiate Change Notices that **do not affect** the scope, term, Contract Sum or payments. All such changes shall be accomplished with an executed Change Notice signed by the Contractor and by the CCA.

8.4.2 For any change which affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and by the County's Board of Supervisors.

8.4.3 The County's Board of Supervisors or Chief Administrative Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Administrative Officer. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by the Chief Administrative Officer or designee.

8.4.4 The Chief Administrative Officer or designee may, at his/her sole discretion, authorize extensions of time as defined in Paragraph 4.0 - Term of Contract. The Contractor agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the Contractor and by the Chief Administrative Officer or designee.

8.5 COMPLAINTS

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.5.1 Within thirty (30) business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

- 8.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.
- 8.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days for County approval.
- 8.5.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.
- 8.5.5 The Contractor shall preliminarily investigate all complaints and notify the CCA of the status of the investigation within five (5) business days of receiving the complaint.
- 8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.7 Copies of all written responses shall be sent to the CCA within three (3) business days of mailing to the complainant.

8.6 COMPLIANCE WITH APPLICABLE LAW

- 8.6.1 The Contractor shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.6.2 The Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of the Contractor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with *Exhibit C - Contractor's EEO Certification*.

8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

- 8.8.1 **Jury Service Program:**
This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as

codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as *Exhibit G* and incorporated by reference into and made a part of this Contract.

8.8.2 Written Employee Jury Service Policy.

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this Sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.
3. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this Sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 CONFLICT OF INTEREST

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- 8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Subsection shall be a material breach of this Contract.

8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS

- 8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

- 8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

8.12.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so,

the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 Subcontractors of Contractor

These terms shall also apply to Subcontractors of County Contractors.

8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

8.16 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS

8.16.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the

Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

- 8.16.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

8.17 EMPLOYMENT ELIGIBILITY VERIFICATION

8.17.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.17.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.18 FACSIMILE REPRESENTATIONS

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Change Notices and Amendments prepared pursuant to Section 8.4 (Change Notices and Amendments), and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices and Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.19 FAIR LABOR STANDARDS

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 GOVERNING LAW, JURISDICTION, AND VENUE

This Contract shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.21 INDEPENDENT CONTRACTOR STATUS

8.21.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.21.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.21.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.

8.21.4 The Contractor shall adhere to the provisions stated in Section 7.5 (Confidentiality).

8.22 INDEMNIFICATION

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Contract.

8.23 GENERAL INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the County and during the term of this Contract, the Contractor shall provide and maintain, and shall require all of its Subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by

the County. Such coverage shall be provided and maintained at the Contractor's own expense.

8.23.1 Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered, prior to commencing services under this Contract, to:

Chief, Risk Management Operations
Chief Administrative Office
3333 Wilshire Blvd., Suite 820
Los Angeles, CA 90010

Such certificates or other evidence shall:

- Specifically identify this Contract;
- Clearly evidence all coverages required in this Contract;
- Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;
- Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Contract; and
- Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.23.2 Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII unless otherwise approved by the County.

8.23.3 Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to Contractor, the County may deduct from sums due to Contractor any premium costs advanced by the County for such insurance.

8.23.4 Notification of Incidents, Claims or Suits: Contractor shall report to the County:

- Any accident or incident relating to services performed under this Contract which involves injury or property damage which may result

in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence.

- Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Contract.
- Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County “Non-employee Injury Report” to the CCA.
- Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to the Contractor under the terms of this Contract.

8.23.5 Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to the County, Contractor shall pay full compensation for all costs incurred by County.

8.23.6 Insurance Coverage Requirements for Subcontractors: The Contractor shall ensure any and all Subcontractors performing services under this Contract meet the insurance requirements of this Contract by either:

- The Contractor providing evidence of insurance covering the activities of Subcontractors, or
- The Contractor providing evidence submitted by Subcontractors evidencing that Subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of Subcontractor insurance coverage at any time.

8.24 INSURANCE COVERAGE REQUIREMENTS

8.24.1 General Liability insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate:	\$4 million
Products/Completed Operations Aggregate:	\$2 million
Personal and Advertising Injury:	\$2 million
Each Occurrence:	\$2 million

8.24.2 Automobile Liability written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all “owned”, “hired” and “non-owned” vehicles, or coverage for “any auto”.

8.24.3 Workers’ Compensation and Employers’ Liability insurance providing workers’ compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which the Contractor is responsible. If the Contractor’s employees will be engaged in maritime employment, coverage shall provide workers’ compensation benefits as required by the U.S. Longshore and Harbor

Workers' Compensation Act, Jones Act or any other federal law for which the Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

8.24.4 Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$2 million per occurrence and \$4 million aggregate. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Contract.

8.24.5 Crime Coverage: Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Contract, and naming the County as loss payee:

Employee Dishonesty:	\$5 million
Forgery or Alteration:	\$5 million
Theft, Disappearance and Destruction:	\$5 million
Computer Fraud:	\$5 million

8.25 MOST FAVORED PUBLIC ENTITY

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

8.26 NONDISCRIMINATION AND AFFIRMATIVE ACTION

8.26.1 Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

8.26.2 Contractor shall certify to, and comply with, the provisions of *Exhibit C - Contractor's EEO Certification*.

8.26.3 Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and

regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- 8.26.4 Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 8.26.5 Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.26.6 Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Section 8.26 when so requested by the County.
- 8.26.7 If the County finds that any provisions of this Section 8.26 have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.
- 8.26.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.27 NON EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Contract shall not restrict the CAO from acquiring similar, equal or like goods and/or services from other entities or sources.

8.28 NOTICE OF DELAYS

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) day, give

notice thereof, including all relevant information with respect thereto, to the other party.

8.29 NOTICE OF DISPUTES

The Contractor shall bring to the attention of the CCA any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the CCA is not able to resolve the dispute, the Chief Administrative Officer, or designee shall resolve it.

8.30 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

The Contractor shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.31 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in *Exhibit H* of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

8.32 NOTICES

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in *Exhibit D - County's Administration* and *Exhibit E - Contractor's Administration*. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Chief Administrative Officer shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.33 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.34 PUBLIC RECORDS ACT

8.34.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's

documents, books, and accounting records pursuant to Section 8.37 (Record Retention and Inspection/Audit Settlement), of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.34.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.35 PUBLICITY

8.35.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Project Director. The County shall not unreasonably withhold written consent.

8.35.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Section 8.35 shall apply.

8.36 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Contract. The Contractor agrees that the County, or its authorized representatives,

shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.36.1 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.36.2 Failure on the part of the Contractor to comply with any of the provisions of this Section 8.36 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.36.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by County to Contractor, then the difference shall be either: a) repaid by Contractor to County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by County to Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

8.37 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.38 SUBCONTRACTING

8.38.1 The requirements of this Contract may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt

by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

- 8.38.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:
- A description of the work to be performed by the Subcontractor;
 - A draft copy of the proposed subcontract; and
 - Other pertinent information and/or certifications requested by the County.
- 8.38.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the Contractor employees.
- 8.38.4 The Contractor shall remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.
- 8.38.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its Subcontractors of this County right.
- 8.38.6 The CCA is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees.
- 8.38.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.38.8 The Contractor shall obtain certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County from each approved Subcontractor. The Contractor shall ensure delivery of all such documents, before any Subcontractor employee may perform any work hereunder, to:

Chief, Risk Management Operations
Chief Administrative Office
3333 Wilshire Blvd., Suite 820
Los Angeles, CA 90010

8.39 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in Section 8.14 (Contractor's Warranty of Adherence to County's Child Support Compliance Program), shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar

days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Section 8.41 (Termination for Default) and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.40 TERMINATION FOR CONVENIENCE

8.40.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after notice is sent.

8.40.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Contract on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.40.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract shall be maintained by the Contractor in accordance with Section 8.36 (Record Retention & Inspection/Audit Settlement).

8.41 TERMINATION FOR DEFAULT

8.41.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Contract Administrator:

- Contractor has materially breached this Contract; or
- Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
- Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.41.2 In the event that the County terminates this Contract in whole or in part as provided in Subsection 8.41.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this Subsection.

- 8.41.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Subsection 8.41.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this Subsection 8.41.3, the terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) at any tier.
- 8.41.4 If, after County has given notice of termination under the provisions of this Section 8.41, it is determined by County that Contractor was not in default under the provisions of this Section 8.41, or that the default was excusable under the provisions of Subsection 8.41.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 8.40 (Termination for Convenience).
- 8.41.5 In the event the County terminates this Contract in its entirety due to the Contractor's default as provided in Subsection 8.41.1, the Contractor and the County agree that the County will have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred due to delays in procuring such services. Therefore, the Contractor and the County agree that the County shall, at its sole option and in lieu of the provisions of Subsection 8.41.2, be entitled to liquidated damages from the Contractor, pursuant to California Civil Code Section 1671, in the amount of Five Thousand Dollars (\$5,000) as equitable compensation to the County for such actual damages. This amount of liquidated damages shall be either paid by the Contractor to the County by cash payment upon demand or, at the sole discretion of the Chief Administrative Officer, or designee, deducted from any amounts due to the Contractor by the County, whether under this Contract or otherwise.

These liquidated damages shall be in addition to any credits, which the County is otherwise entitled to under this Contract, and the Contractor's payment of these liquidated damages shall not in any way change, or affect the provisions of Section 8.22 (Indemnification).

8.41.6 The rights and remedies of the County provided in this Section 8.41 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.42 TERMINATION FOR IMPROPER CONSIDERATION

8.42.1 The County may, by written notice to Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to Contractor's performance pursuant to this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.42.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

8.42.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

8.43 TERMINATION FOR INSOLVENCY

8.43.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.43.2 The rights and remedies of the County provided in this Section 8.43 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.44 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with

the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

8.45 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Contract, County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. County shall notify Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.46 VALIDITY

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

8.47 WAIVER

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this Section 8.48 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.48 WARRANTY AGAINST CONTINGENT FEES

8.48.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.48.2 For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.49 CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT OF 1996 (HIPAA)

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under this

Contract, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in *Exhibit I* in order to provide those services. The County and the Contractor therefore agree to the terms of *Exhibit I - Contractor's Obligations As a "Business Associate" Under Health Insurance Portability & Accountability Act of 1996 (HIPAA)*.

8.50 LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM

8.50.1 This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

8.50.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

8.50.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

8.50.4 If the Contractor has obtained County certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply if the Contractor is no longer eligible for certification as a result in a change of their status and the Contractor failed to notify the State and the County's Office of Affirmative Action Compliance of this information.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Mayor of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

COUNTY OF LOS ANGELES

OCTAGON RISK SERVICES, INC.

By _____
Mayor, Board of Supervisors

By _____
Name

PRESIDENT
Title

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By _____

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By James M. Auello
Principal Deputy County Counsel

STATEMENT OF WORK

PRICING SCHEDULE

CONTRACTOR'S EEO CERTIFICATION

 Contractor Name

 Address

 Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- | | | |
|--|------------------------------|-----------------------------|
| 1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. The Contractor periodically conducts a self analysis or utilization analysis of its work force. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

 Authorized Official's Printed Name and Title

 Authorized Official's Signature

 Date

COUNTY'S ADMINISTRATION

CONTRACT NO. _____

COUNTY CONTRACT ADMINISTRATOR:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

NOTICES TO THE COUNTY SHALL BE SENT TO:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

CONTRACTOR'S ADMINISTRATION

CONTRACTOR'S NAME: _____

CONTRACT NO: _____

CONTRACTOR'S PROJECT MANAGER:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

Notices to Contractor shall be sent to the following:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-Mail Address: _____

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name: _____ Contract No. _____

Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name: _____ Contract No. _____

Non-Employee Name: _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

POSITION: _____

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies.

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, section 4.4.0 or a successor provision; or

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

6. A purchase card pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-2810 or a successor provision; or
 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section A-0300 or a successor provision; or
 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section PP-1100 or a successor provision.
- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if the lesser number is a recognized industry standard as determined by the chief administrative officer or the contractor has a long-standing practice that defines a full-time schedule as less than 40 hours per week.

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable.

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service.

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract.

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

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1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor.

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 1. Has ten or fewer employees during the contract period; and,
 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

“Dominant in its field of operation” means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

“Affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

SAFELY SURRENDERED BABY LAW

Posters and Fact Sheets are available in English and Spanish for printing purposes at the following website:

www.babysafela.org

Safely Surrendered *Baby Law*



*Babies can be safely surrendered
to staff at any hospital or fire station in Los Angeles County*

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



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Safely Surrendered Baby Law



Babies can be safely surrendered to staff at any hospital or fire station in Los Angeles County

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a baby, let her know there are other options. For three days (72 hours) after birth, a baby can be surrendered to staff at any hospital or fire station in Los Angeles County.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a business reply envelope and can be sent in at a later time.

What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

What happens to the parent or surrendering adult?

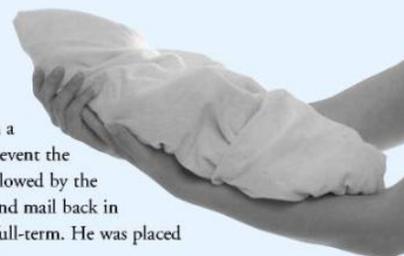
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



AGREEMENT
CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER THE
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to, or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("the Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 ("together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree as follows:

1.0 DEFINITIONS

- 1.1 "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.
- 1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.4 "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.503, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information, whether oral or recorded in any form or medium, that (i) relates to the

past, present, or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

- 1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 "Services" has the same meaning as in the body of this Agreement.
- 1.9 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations.
- 1.10 Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

2.0 OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sub-sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
- (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Business Associate:

- (a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
- (b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Non-Permitted Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors, but is not specifically permitted by this Agreement, and effective as of April 20, 2005, shall report to Covered Entity each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Covered Entity's HIPAA Privacy Officer within forty-eight (48) hours from the time the Business Associate becomes aware of the Non-Permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief HIPAA Privacy Officer, County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple St., Suite 410
Los Angeles, CA 90012
(213) 974-2164

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.
- 2.5. Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a “designated record set” as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Business Associate agrees to maintain documentation of the information required to provide an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528, and to make this information available to Covered Entity upon Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for accounting of disclosures. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform its Services if such Disclosures are for either payment or health care operations purposes, or both. Additionally, such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures that were made prior to the compliance date of the Privacy Rule, April 14, 2003) and shall be provided for as long as Business Associate maintains the Protected Health Information.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Sub-section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Sub-section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3.0 OBLIGATION OF COVERED ENTITY

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or
 - (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Paragraph and cure is not possible; or

(c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

(a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5.0 MISCELLANEOUS

5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Agreement.

5.3 Relationship to Agreement Provisions. In the event that a provision of this Paragraph is contrary to any other provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of the Agreement.

5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.

5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.

5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

Effective: 4/30/05

**EXHIBIT A
STATEMENT OF WORK**

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Attachments

- A Definitions of Terms
- B Current Audit for Evaluating Selected Claim Files
- C Contract Discrepancy Report
- D County of Los Angeles Case Reserve Policy
- E Notification Letter Required Format
- F Periodic Payment Program Guidelines
- G Legal Defense Management Reports
- H County's Priority Rating System
- I The Risk Management Information System (RMIS)
- J Contractor Reports
- K County's Agreement for Professional Legal Services
- L Performance Requirements Summary

STATEMENT OF WORK**1.0 OVERVIEW**

The following overview summarizes the involvement of the Third Party Administrator (TPA) in the incident, claim and lawsuit management process. The overview is followed by a more detailed description of the key services to be provided by the Contractor. This overview is only a brief summary and does not include all County requirements. For Definitions of Terms see, *Attachment A*.

Contractor will use the County's Risk Management Information System (RMIS), and provide necessary equipment upgrades, system security and daily system data maintenance.

OVERVIEW OF THE INCIDENT/CLAIMS/LAWSUIT MANAGEMENT PROCESS**RECEIPT OF EVENT NOTIFICATION (INCIDENT REPORT)**

(Written report, telephone report, fax report or online report)

1. Screening by TPA within 24 hours of receipt to determine possible or potential liability to County:
 - a. Enter information into database, if applicable.
 - b. Determine if event is an "incident only" or warrants opening of Allegation File
 - If no Allegation File is set up, then:
 - a. File paperwork
 - If an Allegation File is set up, then:
 - a. Initiate an investigation within 24 hours
 - b. Notify appropriate Department Liaison, involved Department Facility Liaison, County Counsel, and County Contract Administrator
 - c. Initiate a thorough investigation to determine facts and liability, and begin Timeline
 - d. Request Department/facility review and secure medical records, reports, equipment, and all other pertinent data
 - e. Review medical records and summarize events in a timeline fashion (CaseMap or other County approved software)
 - f. Inspect location of incident (photograph where required)
 - g. Conduct preliminary interviews of pertinent witnesses
 - h. Prepare and distribute reports
 - i. Establish and maintain reserves and determine the responsibility of the appropriate Departments with their apportioned percentage of liability
2. Define initial medical/legal and risk management issues and assess County liability, then:
 - a. **If little or no potential liability**, wait for claim or close file if claim/lawsuit is not filed within required statutory period.
 - b. **If potential liability determined**, and a claim is filed, attempt settlement according to approved guidelines, or, if no settlement, continue the development.

OVERVIEW OF THE INCIDENT/CLAIMS/LAWSUIT MANAGEMENT PROCESS

RECEIPT OF A CLAIM

(If a claim is the first notice of incident received, open an Allegation File and complete steps as outlined under *Receipt of Event Notification/Incident Report above.*)

1. Update database information
2. Evaluate department/facility review
3. Continue thorough investigation of incident
4. Identify possible co-defendants, insurance policies, third-party contracts, and affiliation agreements impacting resolution of Allegation File
5. Secure in-house medical/legal review
6. Prepare and distribute reports
7. Process County response to claim within required statutory period:
 - Settle claim according to approved guidelines and close file;
 - or**
 - Deny claim on merits, or as untimely, etc.
 - a. Review and accept or deny Applications for Late Claim as appropriate.
 - b. Assign Defense Panel Member to oppose Petition for Relief.
8. If Summons and Complaint not filed within the required statutory period, close file.

SERVICE OF THE SUMMONS AND COMPLAINT

(If a Summons and Complaint is the first notice of incident received, open an Allegation File and complete all steps as outlined under *Receipt of Event Notification/Incident Report and Receipt of Verified Claims, above.*)

1. Assign Defense Panel Member
 2. Provide defense counsel with investigation reports, Timeline, medical records, recommendations, etc.
 3. Consider cross-complaint, and tender demand for defense and indemnification, where appropriate
 4. Enter legal data into the database
 5. Prepare and distribute reports
 6. Schedule, attend and present at Round Table meetings
 7. Review and monitor Case Evaluation and Plan (CEP) and status reports
 8. Update and refine initial risk management and medical/legal liability issues
 9. Identify cases which could involve subrogation and notify the County
 10. Make recommendations to Department concerning risk management, and conduct training
 11. Attend, participate, and monitor legal proceedings including trial and appearances
 12. Negotiate and recommend settlements according to approved guidelines
- **If settlement recommended**, then:
- a. Notify the department (and if applicable, the facility) of amount and factors for settlement
 - b. Submit required reports, documents, and concurrences on settlement for County approval
 - c. Negotiate any liens and make payment, if appropriate
 - d. Review structured settlements and court orders, pay annuity premiums, provide continuing review of annuity payments, compliance with conditions, and issuance of supplemental payments, where applicable
 - e. Make all settlement payments after obtaining all required approvals
 - f. Make all final payments for defense legal and expense costs
 - g. Coordinate final documents and close file.

OVERVIEW OF THE INCIDENT/CLAIMS/LAWSUIT MANAGEMENT PROCESS		
→ <u>If trial</u> , then:		
a. Monitor Proceedings		
b. Discuss with and advise defense counsel regarding witness preparation, consultant retention, etc.		
c. Continue investigation, where necessary		
d. Negotiate settlement, if appropriate		
<u>If defense verdict or dismissal</u> , then close file unless appeal filed.	<u>If plaintiff verdict</u> , then determine if payment or appeal.	<u>If payment</u> , complete documents and close File.
→ <u>If appeal</u> , then:		
a. Refer file to appellate counsel		
b. Update database		
c. Prepare and distribute CMRs, LMUs and other reports		
d. Monitor and pay legal and expense costs		
If appeal <u>results in original verdict upheld</u> , follow action for file closure, if not further appealed.	<u>If appeal results in remand for new trial</u> , follow trial procedures.	

2.0 **KEY TPA SERVICES**

The required TPA services will support many important County risk management activities. Activities undertaken by County staff and services provided by the TPA are necessarily inter-related, and at times may appear or actually overlap in scope, but the functions of both parties share the common purpose of supporting the County's effort to identify and manage its liability exposure.

For this reason, the key TPA services listed below are organized under a number of general categories including:

- Incident, Claim, Lawsuit Administration
- Scope of Investigation
- Communication with County Counsel
- Litigation Management
- Settlement Process and TPA Authority
- Mandatory Reporting
- Information Management
- Education and Risk Management Programs
- Administrative Services

Specific TPA services may fall into more than one category (e.g., collection of incident report data is an integral part of both the Incident, Claim, Lawsuit Administration and Information Management functions).

3.0 **INCIDENT, CLAIM, LAWSUIT ADMINISTRATION**

Upon receipt of any oral or written incident report, claim, or a lawsuit, Contractor shall take all appropriate action to protect the County's interest. Contractor will provide administration services for all new incidents, claims, and lawsuits, and for any outstanding claims and lawsuits transferred to Contractor. Contractor will provide these services in accordance with County Claims Administration Policies, as stated herein and as provided by the County's Contract Administrator (CCA) and County Counsel. In addition, Contractor will incorporate these administration services into Contractor's Incident, Claim and Lawsuit Procedure Manual.

The ultimate resolution of the underlying incident, claim, or lawsuit in most cases anticipates that the Department completes a Corrective Action Plan. Although the Corrective Action Plan is to be completed and performed by the Departments, the Contractor's services provided through incident, claim, and lawsuit administration should support the Department's effort, and provide assistance through Contractor's skill, experience, and dedication to the discovery and presentation of accurate facts and theories of liability.

Contractor's responsibility for these administration services may be divided broadly into three categories: 1) Administration of Incident/Event Notifications; 2) Administration of Claim Filings; and 3) Administration of Lawsuits.

3.1 **Administration of Incident / Event Notifications:**

Individual County personnel, departments, or facilities may report the happening of an incident or event, which in the considered opinion of Contractor, is of sufficient importance to warrant an early investigation because of possible or potential future liability to the County.

The Department of Health Services (DHS) will implement a department-wide system, "Patient Safety Net" (PSN), for online incident reporting by DHS staff. Within twenty-four (24) hours of Contractor's receipt of such a notification, whether oral or written, Contractor will screen and review each incident/event for purposes of determining: 1) whether the event should be handled as an "incident only", indicating that in the opinion of Contractor, there is little, remote, or no potential liability against the County; or 2) whether an *Allegation File* should be opened.

If, in the opinion of Contractor, the nature of the incident/event or the severity of injury is such that it is reasonable to assume a claim and/or lawsuit might be filed against the County, or the incident/event raises issues of risk management, or liability which Contractor believes of sufficient importance to the County, Contractor will, within forty-eight (48) hours of Contractor's receipt of an oral or written notification of an incident/event, open an Allegation File for purposes of administering, managing, and auditing all matters pertinent and relevant to that incident/event. Within twenty-four (24) hours of opening of the Allegation File, Contractor will commence a prompt and thorough investigation within the parameters outlined below in Paragraph 4.0, "Scope of Investigations on Open Allegation Files".

- 3.1.1 Contractor will be required to prepare a *Case Management Report (CMR)* upon opening of an Allegation File, and periodically, thereafter, as more fully described in Subparagraph 8.1.1.
- 3.1.2 If Contractor determines that the event does not warrant the opening of an Allegation File, Contractor will insure that, at a minimum, all appropriate event data is entered into the County's RMIS data base, as set forth in Subparagraph 3.5.

3.2 **Administration of Claim Filings:**

The filing of a claim, which, with few exceptions, is a condition precedent to the filing of a lawsuit against the County. Unless otherwise stated, all references in this Request for Proposal to a "claim" shall mean the legal document otherwise known as a governmental tort claim.

Contractor will, within twenty-four (24) hours of receipt of a claim, open an Allegation File, if one has not been previously opened, for purposes of administering, managing, and auditing all matters pertinent and relevant to the incident/event forming the basis of the claim. In addition, if an investigation has not been previously initiated, Contractor will conduct an immediate investigation, within the parameters outlined below in Paragraph 4.0, "Scope of Investigations on Open Allegation Files", or, if an investigation has previously been initiated, review the previously initiated investigation to determine if further investigation is warranted.

- 3.2.1 **Response to Claims** - In addition to Contractor's investigation of the facts upon which the claim is based, Contractor shall, on County's behalf, take the following action where appropriate:
 - 3.2.1.1 For each claim not submitted in accordance with the legal statutory filing requirements of Government Code §§910 and 910.2, Contractor shall, on County's behalf, notify the claimant or third-party, in accordance with the requirements of §910.8, of the specific insufficiency. Contractor shall deny, in accordance with the provisions of §§913 and 915.4, all claims in which claimant or third party has failed to remedy the noted insufficiencies.
 - 3.2.1.2 Deny, in accordance with the provision of §911.3, as untimely, all claims that have not been filed within the time required by statute.
 - 3.2.1.3 Deny, in accordance with the provisions of §§913 and 915.4, all claims on or before the date a denial is required or permitted by law, if in the exercise of reasonably prudent judgment and after a review of all pertinent information, there is no basis of liability against the County or its employees.
 - 3.2.1.4 Reject, in accordance with the provisions of §§911.6, 911.8, and 915.4, all *Applications for Leave to Present Late Claim*.

Where, in the opinion of Contractor, an Application meets the requirements for acceptance under Government Code §§911.4 and 911.6, Contractor shall advise and obtain the County Counsel's written approval to accept a late claim.

3.2.1.5 Forward *Petitions for Relief* from the requirements of Government Code §§911.4 and 911.6 to a member of the Legal Defense Panel, as directed by County. Contractor will assist defense counsel in opposing the petitions filed.

3.2.1.6 In order to reduce legal defense costs, where, in the exercise of reasonably prudent judgment, and after a review of all pertinent information, Contractor concludes that a sufficient basis of liability exists against the County or its employees, Contractor will negotiate a settlement of the claim, within the parameters outlined below in Paragraph 7.0, "Settlement Process and TPA Authority".

3.2.2 **Notifications Pursuant to Code of Civil Procedure Section 364:**

Where a plaintiff is required to give 90-days notice of intention to commence legal action based on professional negligence of a health care provider, and such 90-days notice is the first notice to Contractor of the occurrence of the incident/event, Contractor will, within twenty-four (24) hours of receipt of such notice, open an Allegation File for purposes of administering, managing, and auditing all matters pertinent and relevant to the incident/event forming the basis of the 90-days notice. In addition, Contractor will conduct an immediate investigation, within the parameters outlined below in Paragraph 4.0, "Scope of Investigations on Open Allegation Files".

Contractor will review the contents of the 90-days notice to determine the extent to which the 90-days notice constitutes a claim, and if so, determining the appropriate action within the parameters outlined in this Subparagraph 3.2.

3.3 **Administration of Lawsuits**

Contractor will, within twenty-four (24) hours of receipt of a lawsuit, open an Allegation File, if one has not been previously opened, for purposes of administering, managing, and auditing all matters pertinent and relevant to the incident/event forming the basis of the lawsuit. In addition, if an investigation has not been previously initiated, Contractor will conduct an immediate investigation, within the parameters outlined below in Paragraph 4.0, "Scope of Investigations on Open Allegation Files", or, if an investigation has previously been initiated, review the previously initiated investigation to determine if further investigation is warranted. Contractor will also be required to manage and monitor the litigation (See Paragraph 6.0, "Litigation Management").

3.4 **Reserves**

Contractor will establish, update, and maintain adequate Allegation File reserves (indemnity and expenses), and will set initial reserves within ten (10) working

days after the date the Allegation File is set-up by Contractor. County believes that the reserves should be based upon an accurate assessment of the facts, as known and determined by Contractor.

3.4.1 Contractor will review and update reserves on open Allegation Files as warranted, based on allegation developments, but not less than every ninety (90) days. Contractor will include the necessary management controls to insure review and maintenance of Allegation File reserves including reporting and data collection.

3.4.2 Contractor's Allegation File reserve policy will comply with the provisions of *Attachment D – County of Los Angeles Case Reserve Policy*.

3.4.3 Contractor may, at any time, be required to provide to the CCA or County Counsel the basis and supporting data upon which the Contractor has determined the amount of the reserve.

3.5 **Entering Incident, Claim, Lawsuit Administration Information Reports Into RMIS** - County will implement a Countywide Risk Management Information System (RMIS) that includes online incident reporting by County staff. DHS will implement a department-wide system, "Patient Safety Net" (PSN), for online incident reporting by DHS staff.

3.5.1 Not all County staff will have access to RMIS. Therefore, Contractor must be able to receive incident reports also by phone, fax and mail, and to purge incident reports to comply with legal retention requirements.

3.5.2 Contractor also must input into County's RMIS all incident reports that Contractor receives not already entered into RMIS by County staff.

3.5.3 Contractor will be required to input all pertinent claim/lawsuit data into RMIS.

3.5.4 Contractor will be required to insure that the information in RMIS on incidents/claims/lawsuits is consistently current and accurate.

3.6 Contractor will notify County when Allegation Files are closed. Such notices will include the disposition of the incident, claim, and lawsuit, including date of dismissal (if any), amount of settlement (if applicable), and the current status of any companion Allegation Files. If applicable, a conformed copy of the dismissal should be included.

3.7 **Reimbursement**

Contractor will take all necessary actions, including timely notification, to assist the County in recovering reimbursement for County liability through third-party subrogation, reinsurance, apportionment, and/or contributions on cases involving shared liability.

3.7.1 Contractor will monitor all incidents, claims, and lawsuits for potential subrogation recoveries; prepare correspondence to effect collection or, at

the request of the County, refer subrogation claims information to County Counsel for subrogation recovery assignment. Contractor will provide necessary information and assistance to legal counsel assigned the subrogation claim.

- 3.8 **Incident, Claims, Lawsuit Procedures Manual** - Within three (3) months following contract award, Contractor shall submit and maintain an operations manual of procedures to the County for evaluation. The operations manual is subject to amendment and approval by County, and should include, but not be limited to, the following information:
- 3.8.1 Contractor's philosophy, policies and procedures to be followed in handling incidents, claims, and lawsuits;
 - 3.8.2 Procedures for receiving and reporting incidents, claims, and lawsuits between Contractor and County;
 - 3.8.3 Procedures and standards that Contractor will use to review and approve legal defense fees, and allocated expenses, including auditing of billings;
 - 3.8.4 Procedures for documenting, monitoring, and auditing financial transactions;
 - 3.8.5 Procedures regulating the completion and submission of required reports to the County;
 - 3.8.6 Procedures for submitting recommendations requesting settlement authority from the CCA and County Counsel;
 - 3.8.7 Procedures for administration and management of Trust Fund, including requesting replenishment to the Bank Account; and
 - 3.8.8 Procedures for identifying, quantifying, and incorporating risk management issues and training into the administration of incidents/claims/lawsuits.
 - 3.8.9 The Contractor's procedure manual should cover all areas of responsibility. The Contractor should also include for each responsibility and/or task, a description of the subject, and the procedure(s) to be followed, which should incorporate, at a minimum, the activities, communication, and reporting obligations related to the topic.
 - 3.8.10 Contractor's Procedure Manual will be provided to the CCA, and County Counsel, and be utilized by Contractor's claims staff handling County claims.
 - 3.8.11 Contractor will periodically review procedures and practices with the CCA or his/her designee to insure that the services provided are in compliance with the County's requirements and sound claims administration practices. Contractor will implement improvements as needed to

increase productivity and enhance the quality and the performance of claims administration services.

- 3.9 Contractor will communicate timely and effectively with the County and, if applicable, Legal Defense Panel Member(s), concerning all actions planned or taken.

4.0 SCOPE OF INVESTIGATIONS ON OPEN ALLEGATION FILES

The purpose of Contractor's investigation on an open Allegation File will be to determine the facts, ascertain the medical and legal theories upon which liability might be imposed, collect and preserve evidence, discover the existence of possible co-defendants, identify risk management issues, and develop a defense strategy. Investigations are only one of many tools to be utilized by Contractor to continually search for an accurate understanding of all the circumstances surrounding an event, to enable the Contractor to assess and communicate to others the level of exposure to the County.

- 4.1 Contractor's investigation will be prompt, thorough, and consistent with the severity of the injury and value potential of the loss. The CCA, County Counsel, and Department Liaison should be advised of the result of the investigation and the Contractor's recommendation for the action to be taken.
- 4.2 Contractor will request, secure, and review department/facility's internal investigation reports and other relevant documents including, but not limited to facility medical records, and policies and procedures. In the event Contractor is unsuccessful in securing facility medical records or other necessary documents within fifteen (15) days of initial request through the facility's usual process, Contractor will notify the Department's Liaison and send a copy of the notification to the CCA and County Counsel.
- 4.3 Where applicable, Contractor will request and obtain a review by Contractor's medical/legal consultant to analyze the medical procedures utilized, the medical services provided, and the medical outcome to identify and assess all possible legal theories of liability.
- 4.4 Contractor will conduct other required investigation activities including, but not limited to, obtaining witness statements, conducting an on-scene inspection, securing equipment, taking films and photographs, identifying relevant department/facility policies and procedures, and, where applicable, securing police reports.
- 4.5 **Hold Harmless Agreements** - Contractor's investigation will include the identification and evaluation of potential hold harmless, defense and indemnification agreements, including policies of insurance, executed by and between the County and third parties, or to the benefit of the County. Contractor will contact the appropriate Department and Department Facility staff and obtain and review relevant agreements, as well as other related information, including, but not limited to, medical records, payroll records, and employment records.

- 4.6 Contractor will assess the appropriateness and reasonableness of the claimed damages, including an evaluation of the physical injuries, medical treatment, both past and future, and claims for lost earnings.
- 4.7 Contractor will determine the existence of all Medicare, Medi-Cal, and other medical liens paid, or pending, on behalf of the injured party, and will determine the existence and amount of all medical bills.
- 4.8 Contractor will investigate, where necessary and appropriate, questionable claims to assist in the adjustment and litigation of cases and in the proper referral of suspected fraudulent cases to law enforcement authorities.
- 4.9 Contractor's investigation will take into consideration the facts and medical/legal issues related to the liability of the County, and assess them for the purpose of providing County-specific topical and educational services to the County as specified in Paragraph 11.0, "Education and Risk Management Programs."
- 4.10 **Preservation of Evidence and Reporting:** Contractor will develop, within its discretion, policies and procedures for memorializing and reporting all facts, evidence, findings, conclusions, and theories developed by Contractor as part of Contractor's investigations on any Allegation File. However, at a minimum, Contractor will be required to provide County Counsel, County Department Liaisons, and Defense Panel Member(s) a comprehensive, succinct, written chronology (Timeline) in *CaseMap*, or other technologically comparable software approved by County Counsel, that reflects the facts as known and determined to be accurate by Contractor, and which can be e-mailed as requested.
- 4.11 Contractor's investigation should be completed within ninety (90) days of the opening of the Allegation File, and the County Department Liaison and the Department Facility Liaison where the incident/event occurred, as well as County Counsel, will be advised of Contractor's findings, recommendations, and the actions to be taken.
- 5.0 **COMMUNICATION WITH COUNTY COUNSEL** - Unless otherwise specified, in communications with County Counsel:
- 5.1 **Litigation Management Update** - Contractor will provide a "Litigation Management Update" (LMU) to County Counsel, in an approved format (See *Attachment G*), in those instances where required by this Contract, and at the request of County Counsel.

The LMU will be the preferred method of written communication with County Counsel in all instances where written communication with County Counsel is not otherwise specified. The LMU shall contain, but not be limited to, the following data fields: patient's name; claimant's name; the department and/or facility involved; the type of claim; the date of injury; the court case number; claim filing information; court appearance dates; the court and name of judge; indemnity, fees, costs, and recommendation for settlement, if any; and a narrative setting forth a brief and accurate summary of facts, a brief explanation of the Contractor's recommendations, requests for assistance or advice, etc.

- 5.2 Contractor shall ensure that copies of incident reports, if available, accompany contractor's initial correspondence to County Counsel.

6.0 LITIGATION MANAGEMENT

Designated Legal Defense Panel Members, under the general supervision of County Counsel, provide legal services for all County liability claims and lawsuits within the Medical Malpractice and Hospital Liability Claims Administration, and Legal Defense Management Services program. County Counsel is responsible for administering these agreements.

Contractor is to manage and monitor all litigation, and report on the performance of the County's defense attorneys in all open Allegation Files. Contractor shall have day to day responsibility for supervising Legal Defense Panel Member(s) in accordance with County Counsel guidelines. As directed by County Counsel, and within the County's contract requirements, Contractor's litigation management responsibilities include the following:

- 6.1 Contractor will assign lawsuits in a timely manner to a Legal Defense Panel Member based on the Contractor's assessment of complexity of the facts of the individual case and the particular expertise and availability of defense counsel. These assignments will be distributed to the Defense Panel as equally as possible. Contractor will notify County Counsel of the assignment within five (5) business days. County Counsel retains the right to assign or reassign the case to any Defense Panel Member or any other law firm of County's choice, at any time.
- 6.1.1 Upon County Counsel's request, Contractor will assist County Counsel in evaluating the qualifications and performance of attorneys and firms currently on the Panel.
- 6.2 Contractor will make every effort to identify the proper parties to the lawsuit, whether or not the parties have been named and/or served. In consultation with Defense Panel Member(s) and County Counsel, where necessary, Contractor will determine the extent to which County is required to provide a defense and to indemnify any named party pursuant to a hold harmless agreement. Contractor will be under a continuing obligation to review or initiate an investigation to determine the existence of any hold harmless agreements applicable to any party.
- 6.2.1 Where County's obligation to indemnify or defend a party or parties is questionable or uncertain, Contractor will obtain County Counsel's advice to determine if:
- A. A Reservation of Rights letter is warranted; or
 - B. An acknowledgment to indemnify and defend the other party is warranted; or
 - C. A denial of indemnification and legal defense is warranted.
- 6.3 Contractor will determine the extent to which County is owed defense and indemnification by a third party and/or other party defendant, and, if so,

Contractor will make demand and tender the defense of the lawsuit to that third party and/or other party defendant.

- 6.4 Contractor, in consultation with Defense Panel Member(s), will determine if a cross-complaint should be filed against possible third party defendants, whether or not yet named in the lawsuit, and make a recommendation to County Counsel. No cross-complaint shall be filed without prior written authorization from County Counsel.
- 6.5 Contractor will, upon assignment of a lawsuit to Defense Panel Member(s), provide all Allegation File information, documents, and other assistance to Defense Panel Member necessary for the defense of litigated Allegation Files. This includes the Timeline initiated by Contractor (see Subparagraph 4.10), as well as, where applicable, Contractor's medical/legal consultant's reports and evaluations.
- 6.6 After service of a Summons and Complaint and assignment of an Allegation File to Defense Panel Member, Contractor will insure that copies of any and all future reports/evaluations prepared by Contractor's medical/legal consultants are forwarded to the CCA, County Counsel and Department Liaisons.
- 6.7 Contractor shall forward all medical reports and correspondence from applicant or applicant's attorney to County's defense attorney within five (5) calendar days from the date of receipt.
- 6.8 Contractor shall respond to defense attorney's correspondence within two (2) weeks, or sooner if the correspondence is urgent in nature, e.g. necessitated by an upcoming court appearance date.
- 6.9 **Roundtable Meetings**

Approximately six (6) months after assignment of an Allegation File to a Defense Panel member, a Roundtable Meeting, chaired by County Counsel, will be held at the Department Facility. The purpose of the Roundtable Meeting is to assist in the development of an accurate evaluation of the facts, the medical and legal theories, litigation strategy, potential risk management issues, and possible corrective action. Roundtables are only one of many tools to be utilized by Contractor to continually search for an accurate understanding of all the circumstances surrounding an event, to enable Contractor to assess and communicate to others the level of exposure to the County.

Contractor will meet with the CCA, County Counsel and Department Liaison at least twice yearly for purposes of Contractor advising County of those assigned Allegation Files which, based on the time of assignment and the anticipated status of discovery of facts, are candidates for a Roundtable Meeting. This "pre-Roundtable Meeting" will also serve as a file review meeting, and Contractor will be prepared to give a brief summary of each Allegation File. The Department Liaisons will make available for the Roundtable Meeting Department staff, including doctors, nurses, technicians, and risk managers to assist in a complete examination of the event underlying the lawsuit. Contractor will be encouraged

to make recommendations as to those County personnel whom Contractor and Defense Panel Member believe might contribute to this information exchange process. Based on this pre-Roundtable Meeting, County will determine which Allegation Files should be Roundtabled, and County will provide Contractor with a date for each. Contractor will be required to give notice to the CCA, County Counsel, Department Liaisons, Department Facility Liaisons, and others as directed by County Counsel of each Roundtable Meeting as scheduled by County.

Each Roundtable Meeting is to include County Counsel, Department Liaison, assigned Defense Panel Member(s), involved Contractor staff, and, where applicable, Contractor's medical/legal consultant(s). The County will provide those designated County personnel and staff, as determined by County and/or recommended by Contractor, who might contribute to this information exchange process. Subsequent Roundtable Meetings may be scheduled as needed or as requested depending on the complexity of the case, the status of discovery, and the need to develop additional facts. County Counsel will be the final authority of the scheduling of Roundtable Meetings.

Contractor's staff who attend these Roundtable meetings will be asked to present a medical/legal analysis of the event, and will participate as part of the team to find the best resolution of the Allegation File for the County.

Contractor will be required to arrange and participate in pre-Roundtable conference calls for the purposes of identifying appropriate responsible parties to be invited to the Roundtable meeting and to ensure the preparedness of Defense Counsel. This pre-Roundtable conference call will be scheduled at least 6 weeks in advance of the planned roundtable date.

6.9.1 Prior to Roundtable Meetings Contractor will:

- A. Talk to Defense Panel Member(s) to determine the current status of the lawsuit, and request that a Defense Counsel Evaluation (DCE) be prepared setting forth the facts and the legal and medical theories of liability.
- B. Insure that copies of all pertinent medical records, film studies, photographs, and other appropriate documentary evidence will be available at the Roundtable Meeting.
- C. Advise Legal Defense Panel Member(s) to provide an updated Timeline that supports the facts, contentions, legal analysis, conclusions, and, where applicable, the factors for settlement contained in the Defense Panel Member's DCE. Timelines will be prepared by Contractor and Legal Defense Panel Member(s) using *CaseMap*, or other technologically comparable software approved by County Counsel. For *CaseMap* format see website (see www.casesoft.com/casemap.shtml.)

- D. Prepare a Litigation Management Update (LMU) (see Subparagraph 5.1) setting forth the current status of the case.
- E. For DHS only, Contractor will be required to send written notices of the Roundtable meeting to identified and agreed upon attendees. Contractor will be required to use last known address information for those attendees who are no longer employees. Such notices shall be sent out no later than 5 weeks before the date of the scheduled Roundtable meeting.
- 6.10 On each Allegation File, Contractor will be responsible to prepare, obtain, review, and provide to County, each Report described in Paragraph 8.0, "Mandatory Reporting", as well as those other reports described and provided for elsewhere in this RFP.
- 6.11 Contractor will attend, participate in, and monitor all trials and other court appearances generally attended by adjusters (MSCs, OSCs).
- 6.12 **Court Appearance by County Counsel:** In those instances where County Counsel is ordered to appear in Court, Contractor will be required to do the following:
- 6.12.1 Contractor will notify County Counsel of the date of the appearance within seventy-two (72) hours of Contractor being aware of the court order, and Contractor will brief County Counsel on the facts and circumstances of the matter for the purpose of identifying and anticipating the problems and issues to be addressed at the scheduled court appearance;
- 6.12.2 Contractor's Claims Manager or Contract Manager shall be present in court on the date ordered, unless otherwise excused by County Counsel;
- 6.12.3 Contractor will confer with Defense Panel Member regarding the court ordered appearance, and insure that the lawyer that is assigned to try the case will also be present, unless otherwise excused by County Counsel.
- 6.13 **Legal Fees and Allocated Expenses:** Under the general supervision and instruction of County Counsel, Contractor has the specific responsibility for monitoring, auditing, and approving Legal Defense Fees and Allocated Expenses.
- 6.13.1 Contractor will prepare and provide a *Legal Defense Cost Containment Plan* (LDCCP), which includes procedures and standards for monitoring and auditing monthly/quarterly billings for appropriateness, accuracy and consistency. Such plan will be submitted to the CCA and County Counsel for approval. The Contractor's LDCCP must include the following monthly billings information:
- The services provided,
 - The name of the person or law firm providing the services,
 - The date and length of time services were provided,

- The Allegation File name and file number,
- Billing rates, and
- Hours worked.

6.13.2 Notwithstanding Contractor's LDCCP, whenever legal fees on an Allegation File reach or exceed \$25,000, Contractor will immediately forward to County Counsel a LMU [see Subparagraph 5.1] specifying the precise date the fees reached \$25,000. The LMU will also contain Contractor's analysis of anticipated future legal fees and an estimation of whether and/or when future legal fees will reach or exceed \$50,000. Thereafter, Contractor will meet with County Counsel to discuss the fees and issues of the case.

6.13.3 Notwithstanding Contractor's LDCCP, Contractor will meet with County Counsel on a quarterly basis (Fee Status Meeting) to discuss all Allegation Files in which the legal fees have exceeded \$50,000. Contractor's Contract Manager and Claims Manager will be in attendance, and will provide documentation necessary to justify the fees and their relationship to the issues of the case, LMU, Case Status Report, record of payment history, and a defense cost analysis.

6.14 Contractor will provide a LMU to County Counsel for each Allegation File scheduled for mediation/arbitration within twenty-four (24) hours of Contractor's knowledge that:

6.14.1 An Allegation File is being considered for mediation/arbitration; or

6.14.2 An Allegation File is scheduled to be mediated/arbitrated; or

6.14.3 The selection of a mediator/arbitrator is being considered; or

6.14.4 A settlement or proposed settlement has been reached or negotiated (see Subparagraph 7.2.2).

6.15 **Settlement Negotiations:** Unless otherwise instructed by County Counsel, Contractor will supervise, conduct, monitor and/or participate in settlement negotiations, or participate in settlement negotiations with the Defense Panel Member(s).

6.15.1 Within five (5) days of receipt, Contractor will advise County Counsel of all oral or written demands to settle a lawsuit in an amount exceeding \$100,000. Notice to the County Counsel shall be made in accordance with the requirements more fully described in Subparagraph 8.1.3, below.

6.16 **Writs and Appeals:** Any appeal or petition for other review requires the approval of County Counsel. Contractor will submit, in writing, all requests to appeal or petition for other review on any litigated matter. Contractor will clearly state reason(s) supporting the recommended action. County Counsel will advise Contractor whether the Writ should be filed, and by which member of the Legal Defense Panel.

7.0 SETTLEMENT PROCESS AND TPA AUTHORITY

The County may not be bound to a settlement except as provided for by the County's Board of Supervisors pursuant to certain statutory restrictions. County Counsel shall have final authority, prior to submission of a settlement to the County's Claims Board and Board of Supervisors, on all settlement matters, including the amount of settlement, all terms and conditions within the settlement, and, regardless of department or facility concurrence, the basis for and/or the expression of the factors of settlement. Contractor will insure that when appropriate, plaintiff(s) are provided with a fair offer of settlement prior to trial.

- 7.1 **Settlements Within Contractor's Authority** - Contractor will be delegated and have the authority to settle any claim or lawsuit in an amount not to exceed \$20,000 per incident. The County reserves the right to increase or decrease the settlement authority limits in the negotiated contract at any time.

Contractor will advise the County on a monthly basis, or as requested, of all settlements made by Contractor under this authority.

Contractor will also provide to the CCA, County Counsel, Department Liaison, and Department Facility Liaison, in support of each settlement made by Contractor under this authority, the following applicable information:

- 7.1.1 A statement of the facts and the legal and medical theories of liability, including each reason/factor upon which the settlement was based;
- 7.1.2 A statement that the facts and the legal and medical theories of liability upon which the settlement is based are accurate and appropriate;
- 7.1.3 A statement that Contractor discussed the settlement with the Department Liaison and/or involved Department Facility Liaison, and obtained the Department Liaison's and/or involved Department Facility Liaison's concurrence in the reasons/factors for settlement;
- A. Contractor may, where in the judgment of the Contractor's Contract Manager it is in the best interest of the County, settle any matter up to \$3,000.00 utilizing "Economic" as a Factor for Settlement, without otherwise seeking concurrence as set for the in this sub-paragraph 7.1.3.
- 7.1.4 Where applicable, Legal Defense Panel Member's evaluation (Defense Counsel Evaluation [DCE]) of the facts and the legal and medical theories of liability, including each reason/factor upon which settlement was based;
- 7.1.5 An updated Timeline prepared by Legal Defense Panel Member, or, where applicable, by Contractor, using *CaseMap*, or other technologically comparable software approved by County Counsel; and

- 7.1.6 Contractor's medical/legal consultant's evaluations of the medical theories of liability, including the consultant's review of each reason/factor upon which settlement is recommended.
- 7.2 **Recommended Settlements Exceeding Contractor's Authority** - Contractor will have authority to negotiate and thereafter recommend, but may not bind the County to, a proposed settlement in excess of Contractor's maximum authority of \$20,000 per incident. Contractor's authority to negotiate and recommend a proposed settlement in excess of Contractor's maximum authority of \$20,000 per incident will be subject to the following:
- 7.2.1 Prior to entering into any settlement discussions in excess of Contractor's maximum authority of \$20,000 per incident, Contractor will notify the CCA, County Counsel, Department Liaison, and/or the Department Facility Liaison of Contractor's intent to negotiate a proposed settlement, and the factors upon which the liability of the County is based.
- 7.2.2 Within twenty-four (24) hours after negotiating a proposed settlement, or as soon as practical, Contractor will send a "Notification of Settlement", in an approved format (see *Attachment J- Contractor Reports*), to the CCA, County Counsel, Department Liaison, and Department Facility Liaison by fax, or, when RMIS is operational, by E-mail.
- 7.2.3 The "Notification of Settlement" will contain the terms and conditions of the proposed settlement, a statement of the reasons/factors upon which the proposed settlement is based, a statement that the facts and the legal and medical theories of liability upon which the settlement is based are accurate and appropriate, a statement that Contractor has discussed the facts and medical theories of liability with the Department Liaison and Department Facility Liaison, and a statement that Contractor has obtained the Department Liaison's, and/or Department Facility Liaison's concurrence in the reasons/factors for settlement.
- 7.2.4 When there are multiple County departments involved in the same settlement, Contractor will evaluate the case and provide, to County Counsel, the CCA, and involved County Department Liaisons, recommendations as to each department's respective share of liability. When necessary to resolve a conflict between departments, the Chief Administrative Officer, or designee, will make a final determination as to apportionment of liability.
- 7.2.5 Contractor will forward a formal "**Settlement Authority Letter**", in an approved format, to the CCA, County Counsel, Department Liaison, and the involved Department Facility Liaison within thirty (30) business days of the date the terms of the proposed settlement were accepted by plaintiff/claimant.
- 7.2.6 In addition to the "Settlement Authority Letter", Contractor will also provide, in support of Contractor's request for a proposed settlement, the following applicable documents:

- A. Defense Panel Member's evaluation (DCE) of the facts and the legal and medical theories of liability, including each reason/factor upon which settlement is recommended;
 - B. An updated Timeline prepared by Legal Defense Panel Member(s) using *CaseMap*, or other comparable County approved software.
 - C. Contractor's medical/legal consultant's evaluations of the medical theories of liability, including the consultant's concurrence in each reason/factor upon which settlement is recommended, where applicable;
 - D. A statement that the facts and the legal and medical theories of liability upon which the settlement is based are accurate and appropriate;
 - E. A draft Claims Board Memorandum or Quarterly Summary Report;
 - F. Other documents County may request as necessary to evaluate Contractor's recommendations for settlement.
- 7.2.7 All proposed settlements above Contractor's maximum authority, up to and including \$100,000, will be subject to approval by County Counsel and the CCA. When the proposed settlement is for an amount over \$100,000, the settlement will be subject to approval by County Counsel, and approval by the County's Claims Board, and Board of Supervisors.
- 7.2.8 The County may approve or deny the proposed settlement, approve the proposed settlement in a sum or manner other than requested, or instruct that the matter proceed to trial.
- 7.2.9 The County may direct Contractor, or the Legal Defense Panel Member to whom the Allegation File is assigned, to accomplish additional tasks and re-submit a revised settlement proposal.
- 7.3 **Liens and Incumbrances:** Contractor will be responsible for verifying and reporting to the County the existence of all liens and incumbrances against a settlement or proposed settlement of a litigated matter, and asserting all appropriate defenses to any such liens and incumbrances. Contractor will be authorized to negotiate such liens and incumbrances, and will be responsible for protecting the County's interests by insuring that all such liens and incumbrances are satisfied, or will be satisfied, either by plaintiff/claimant, outside third parties, compromise and release by the lien holder, or by the stated terms and conditions of the settlement or proposed settlement.
- 7.4 **Future Medical Care:** Whenever the terms and conditions of a proposed settlement involving DHS include the provision of free future medical care to claimant/plaintiff, such free future medical care will be limited to care and treatment necessary to and arising from the specific injuries upon which the claim/lawsuit is based. In addition, such free future medical care will be limited to

care and treatment at a County of Los Angeles-owned-and-operated medical facility.

7.5 **Structured Settlements:** Contractor will insure that all structured settlements offered as part of a negotiated settlement are offered in relation to a fixed dollar amount. Under the general supervision of the CCA, Contractor will:

7.5.1 Arrange and purchase annuity policies for payment of structured settlements in accordance with County established guidelines (see *Attachment F - Periodic Payment Program Guidelines*). The annuity premium will be considered a settlement cost to be paid from the bank account (see Paragraph 9.0, "Financial and Related Administrative Services Management").

7.5.2 Aggressively monitor, handle payments, and report semi-annually on the remaining 59 County self-funded annuities written in the early 1980s, per County established guidelines (see *Attachment F - Periodic Payment Program Guidelines*).

7.6 Nothing in this ***Settlement Process and TPA Authority*** Paragraph will preclude Contractor from negotiating and securing a proposed settlement with plaintiff/plaintiff's counsel or claimant prior to the matter being assigned to a Legal Defense Panel Member, provided that Contractor follows the procedures outlined above and/or as approved by County Counsel.

8.0 **MANDATORY REPORTING** - Contractor will be responsible for preparing, obtaining, reviewing, and providing the following mandatory reports:

8.1 **Contractor's Mandatory Reports:** Contractor will be responsible for preparing and submitting to designated County personnel, the following mandatory reports:

8.1.1 **Case Management Report (CMR):** A "Case Management Report" (CMR) will be prepared by Contractor on every open Allegation File, whether opened in response to an incident, a claim, or a lawsuit. The CMR will be prepared in accordance with a standardized format approved by County (see *Attachment J – Contractor Reports*).

The CMR will serve as a summary of all significant case activity and developments, and will include, but not be limited to, the following information: name of injured party or claimant; date of incident; a brief and accurate summary of the facts; nature of injury; amount of damages claimed; current status of the investigation; case number, where applicable; and amount of settlement demand, where applicable.

Contractor will submit a CMR to the CCA, County Counsel, and Department Liaison within thirty (30) days after opening of an Allegation File. An updated CMR will be provided every ninety (90) days thereafter on all open Allegation Files. Subject to ongoing approval by the CCA, issuance of an LMU will satisfy the requirement to issue a CMR.

- 8.1.2 **Court Appearance Calendar (CAC):** On a weekly basis, Contractor will be required to provide to the CCA and County Counsel a "Court Appearance Calendar" (CAC), indicating those cases in trial, trailing, or otherwise set on the Court's calendar for a Mandatory Settlement Conference, Order to Show Cause, or Trial for the upcoming week. The CAC will indicate the Court where the matter is set, and will identify those Allegation Files that were dismissed, or had the trial date vacated or continued. For each Allegation File where the trial date was vacated or continued, Contractor will include Defense Panel Member's explanation for the vacating or continuance (see *Attachment J – Contractor Reports*).
- 8.1.3 **Demands for Settlement in Excess of \$100,000:** Within five (5) days of receipt, Contractor will advise the CCA and County Counsel of all oral or written demands to settle a lawsuit in an amount exceeding \$100,000. Contractor will notify County Counsel in an approved format (see *Attachment J – Contractor Reports*), and on **pink paper**. Contractor will respond to and answer each of the questions contained in the approved format, and will provide County Counsel with Contractor's recommendations. A current and updated LMU must also be provided with Contractor's notification of settlement in excess of \$100,000.
- 8.1.4 **Ad Hoc Reports** - Contractor will be required to provide such other reports on an ad hoc basis. Ad hoc reports are those reports generated at the request of the CCA, County Counsel, or Department Liaison on a one-time, informal and improvised basis. These reports generally arise in response to inquiries from the Board of Supervisors or events of such significance that information is needed on an expedited basis.
- 8.1.5 Contractor will prepare and submit reports as required by State Business and Professions Code 801.1 et. seq., including but not limited to the State of California Healing Arts Board, Board of Registered Nursing, and Hearing Aid Dispensers Examining Committee (see *Attachment J - Contractor Reports*), as well as other reports as required by law.
- 8.2 **Monitoring of Legal Defense Panel Reports** - For each Allegation File assigned to Legal Defense Panel Members, Contractor will obtain and evaluate the following reports that are prepared by the Legal Defense Panel members, in a format as required by County Counsel.
- 8.2.1 **Case Evaluation and Plan (CEP)** - Within thirty (30) calendar days after an Allegation File has been assigned to a Legal Defense Panel Member, the Legal Defense Panel Member is required to submit to County Counsel a "Case Evaluation and Plan" (CEP). The CEP is a confidential and independent evaluation of the Allegation File and serves as a basis for controlling litigation costs and documenting the County's legal position, strategy, and status. It is based on the Legal Defense Panel Member's evaluation of the pleadings, discovery, reports, other documents; examination of physical evidence (if any); and review of any other matters as deemed appropriate and necessary.

- A. Contractor will review the CEP completed by Legal Defense Panel Member(s), to determine if the CEP is complete, and in the format as required by County Counsel.
- 1) When the Contractor determines the CEP is incomplete, or is not in the correct format, Contractor will return the CEP to the Legal Defense Panel Member with a statement of its deficiencies. A copy of Contractor's rejection statement to Defense Panel Member will be sent to County Counsel.
 - 2) Contractor will send a notice to the Legal Defense Panel Members, with a copy to County Counsel, when the CEP reports are not received timely.
- B. Contractor will submit to County Counsel, the CCA, and the involved County Department Liaisons, a completed and reviewed Case Evaluation and Plan (CEP) within five (5) business days after receipt of a complete and final CEP from the Legal Defense Panel Member, but in no event longer than ninety (90) calendar days after the assignment of the Allegation File to a Legal Defense Panel Member.
- County Counsel will, following receipt of the CEP from Contractor, approve or request changes to the CEP.
- C. Contractor will have authority to approve, and, thereafter, will approve and submit to County Counsel, all new or amended CEPs where the CEP has projected Allocated Legal Fees less than \$50,000, and the indemnity reserve is less than \$500,000.
- D. Contractor will send all new or amended CEPs with Contractor's recommendations to the CCA and County Counsel for final approval when:
- 1) The CEP or Amended CEP has projected Allocated Legal Fees that are equal to or greater than \$50,000; or
 - 2) The CEP or Amended CEP has an indemnity reserve equal to or greater than \$500,000; or
 - 3) Contractor and the Legal Defense Panel Member cannot agree on a CEP in which the indemnity reserve is expected to be \$500,000 or more, or for which the projected Allocated Legal Fees are expected to total \$50,000 or more.
- E. Contractor's recommendations to County Counsel for approval of a CEP will include supporting documentation of the recommendation as follows:
- 1) A list of each type of current, open and closed, Allegation Files that are similar to, or identical to the referenced case;

- a. The dollar amount representing the average attorney fees and costs expended in each type of Allegation File listed;
 - b. The dollar amount representing the average settlement value for each type of Allegation File listed; and
- 2) A paragraph identifying and explaining the types of allegations, average dollar amounts, and factors utilized by Contractor to make its recommendation regarding the referenced CEP or Case Status Report.
- F. Contractor will monitor the investigation, expenditures and defense of the litigation to insure that the assigned Legal Defense Panel Member adheres to the Case Evaluation and Plan (CEP).

8.2.2 Updated Case Evaluation and Plan (CEP) and Initial Cost Estimate:

- A. Contractor will work with Legal Defense Panel Member(s) to insure that the CEP or the Initial Cost Estimate (see *Attachment J – Contractor Reports*) are updated whenever substantial changes occur. Contractor will evaluate the accuracy and necessity of proposed updates.
- B. Contractor will monitor and report on the actual percentage of the total Initial Cost Estimate expended to date. Contractor will notify County Counsel in writing within one (1) workday after Contractor learns that a Legal Defense Panel Member has expended:
- 1) fifty percent (50%) of the initial cost estimate,
 - 2) seventy-five percent (75%) of the initial cost estimate, and
 - 3) when a Legal Defense Panel Member exceeds the initial cost estimate without County Counsel's prior written authorization.

8.2.3 Case Status Reports and Status Update Reports - A Case Status Report is a summary of all significant actions and developments in the case(s) since the submission of the CEP and Status Update Reports will summarize all significant actions and developments in the allegation since the CEP or last status report, as applicable.

- A. Contractor will obtain and provide Case Status Reports, and Status Update Reports to the CCA, County Counsel and Department Liaisons at a determined reporting frequency consistent with the **County's Priority Rating System**, (see *Attachment J – Contractor Reports*), or as designated by County Counsel.
- B. Contractor will review and insure that Legal Defense Panel Members' Case Status Reports and Status Update Reports are provided in the format consistent with *Attachment J – Contractor Reports*, or as approved by County Counsel.

- C. For Case Status Reports and Status Update Reports forwarded to County Counsel for approval where projected legal defense fees have, for the first time, exceeded \$50,000, Contractor will include a transmittal that contains the following information:
- 1) A list of each type of open Allegation File that is similar to, or identical to the referenced Allegation File;
 - a. The dollar amount representing the average attorney fees and costs expended in each type of Allegation File listed;
 - b. The dollar amount representing the average settlement for each type of Allegation File listed; and
 - 2) A paragraph identifying and explaining the types of Allegation Files, average dollar amounts, and factors utilized by Contractor to make their recommendation regarding the referenced Case Status Report or Status Update Report.
- 8.2.4 **Trial Reports** - Prior to trial, Contractor will obtain from the Legal Defense Panel Member, and, thereafter, provide to the CCA, County Counsel, Department Liaison, and the involved Department Facility Liaison the following reports:
- A. A **Trial Notification Report** will be faxed to County Counsel five (5) business days prior to trial. At a minimum, the Trial Notification Report will consist of: one or two paragraphs setting forth a concise and accurate statement of the facts; a statement of the principal theories of liability; and any other information as may be required by County Counsel.
 - B. A **Daily Trial Status Report** will be faxed daily to County Counsel once the trial begins. The Daily Trial Status Report will be a summary of each day's developments in the proceeding, and will include additional information as may be required by County Counsel.
 - C. As soon as Contractor is informed that a judgment, verdict, or other award has been rendered, Contractor will immediately give County Counsel verbal notice. Thereafter, a **Trial Verdict Report** will be faxed to County Counsel one (1) business day after the judgment, verdict, or other award has been rendered. The Trial Verdict Report will be limited to two (2) pages and will include all information that may be required by County Counsel.
- 8.2.5 **Appellate Reports** - For each appellate case, Contractor will obtain and provide the following reports from the Legal Defense Panel Member to County Counsel:
- A. Appellate Report will be provided fifteen (15) calendar days prior to filing of an opening Appellate Brief or Responding Brief and include information required by County Counsel.

- B. Appellate Oral Argument Report will be provided three weeks prior to oral argument and will include information required by County Counsel.
- C. Appellate Report will include but not be limited to the following topics:
 - Background Facts
 - Issues on Appeal
 - Procedural Status
 - Settlement Overtures

9.0 **FINANCIAL AND RELATED ADMINISTRATIVE SERVICES MANAGEMENT**

Contractor shall provide a full range of financial and related administrative services to insure that all funds entrusted to the Contractor are managed in accordance with generally recognized accounting practices and County fiscal requirements. Contractor also shall provide necessary support in development of the County's liability claims administration budget. This includes but will not be limited to the following:

- 9.1 **Bank Account** - The County shall establish a checking account at a bank of County's choice to exclusively pay for authorized indemnity, legal defense fees, and Allocated Expenses associated with Allegation Files assigned to Contractor.

Contractor shall comply with all banking regulations and requirements, including the completion of all applicable bank documents and signature cards. Contractor shall be responsible for ordering and issuing payment for check stock, deposit slips, and endorsement stamps. The format of all check stock deposit slips and endorsement stamps must comply with bank and County rules and regulations. All funds and transactions will also be governed according to bank and County rules and regulations, or instructions issued by the CCA. At the County's option, the account may be audited at any time with five (5) days prior written notice by the CCA or authorized County representatives.

- 9.1.1 **Disbursements** - Contractor shall be responsible for issuing all payments for legal defense fees and Allocated Expenses, and indemnity on settlements or judgments authorized by the County.

A. Contractor shall immediately report to the CCA any alleged, suspected or known incident involving any forged checks, forged endorsements, or counterfeit items. Contractor shall be liable for any loss to the County resulting from the Contractor's failing to report such an incident within 48 hours upon discovery of such incident.

B. Contractor is prohibited from issuing any payments relating to Contractor's fees from the Bank Account.

- 9.1.2 **Replenishment** - Contractor will periodically submit an invoice requesting funds from the County to issue payments on Allegation Files. The invoice will be sent to the CCA with a listing of the payments for which replenishment is being requested. Upon approval by the CCA,

replenishment payment will be issued by the County within ten (10) business days. The replenishment invoice must include an itemization of:

- A. The Allegation File name/payee,
- B. Docket/claim number,
- C. Type and amount of payment,
- D. Budget unit,
- E. Total of funds request, and
- F. Back-up documentation such as, judgment order, Board approval memo, concurrence form, and invoices from law firms and vendors.

9.1.3 **Month End Accounting Report** - Contractor shall complete a monthly reconciliation and submit it to the CCA no later than fourteen (14) calendar days after receipt of each month's bank statement. The reconciliation shall include the following information:

- A. Bank statement for the month that itemizes account's transactions and bank charges.
- B. Reconciliation statement reconciling Contractor's fund balance with bank's statement.
- C. Copy of all checks issued for the month including all stop payments, voided and stale-dated checks.
- D. Monthly account summary providing number of checks issued, gross and net amount issued, total replenishment amount requested, and any adjustment or correction of prior transactions.
- E. A detailed listing of payments issued during the month identifying Allegation File, amount paid, date and type of payment, payee and date of occurrence, categorized by fund account.

9.2 **County Audits of TPA Financials and Performance** - Contractor's staff shall cooperate fully with all County audits. Financial, performance and related audits may be performed by the CCA or its designee, and by the CAO or designee, and may be conducted by outside auditing services at County's sole direction. Such audits shall be scheduled at a frequency determined by County. The County reserves the right to update the scope of work and audit measurements as necessary to meet requirements of legal changes affecting claims handling.

10.0 **INFORMATION MANAGEMENT**

Contractor shall maintain program information necessary to meet the requirements of this contract. The majority of the needed information will be available through the use of County's Risk Management Information System (RMIS). Contractor shall use RMIS for the risk management and claims administration information management services required under this contract. See *Attachment I - The Risk Management Information System*, which describes the system requirements.

- 10.1 **Equipment** - Contractor has installed a full T1 link between the Contractor and the County for the RMIS connection. Contractor shall maintain and/or upgrade the required PC configurations, software and hardware, to keep up with industry standards and to maintain compatibility with RMIS. The upgrade of hardware and/or software will be as determined by the County or the Contractor.
- 10.2 **System Security** - RMIS equipment will be housed at Contractor's facility. Contractor will provide access to County for necessary installation and repair of RMIS equipment. The Contractor shall also meet any additional security measures as required by the County. The Contractor's security measures must be approved by the County.
- 10.3 **System Data Maintenance** - Contractor shall, on a daily basis, accurately input, update, and maintain all data fields on RMIS for all cases administered by Contractor. Contractor shall provide a Local Area Network (LAN) that will be required to be connected to County's Wide Area Network (WAN) via a dedicated frame relay line. All costs associated with the transition to and implementation of RMIS shall be the responsibility of Contractor. Contractor shall be responsible for system security as required by County.
- 10.4 **RMIS Training** - County shall furnish necessary RMIS system instructional material and security information, and shall provide initial RMIS system training to Contractor's staff. Follow-up training will be provided by County to Contractor's key information system staff. These key information system staff will provide training as needed to insure Contractor's staff is proficient in the use and security of the RMIS system and the Contractor's LAN. Contractor's trained staff shall be available during County business hours to:
- 10.4.1 Attend County provided RMIS meetings and update training sessions;
- 10.4.2 Process ad hoc report requests from the CCA, County Counsel, or Department Liaison;
- 10.4.3 Run regular reports and distribute them timely to County departments/staff as directed by the CCA.
- 10.5 **RMIS Maintenance, Repair, and Replacement** - County shall provide maintenance, repair and/or replacement of RMIS equipment. Contractor shall be responsible for damage to RMIS system equipment, other than that caused by normal wear and tear, as determined by the County. Contractor shall maintain insurance for the full replacement value of RMIS equipment as specified in *Appendix A, Subparagraph 8.23, "General Insurance Requirements."*

11.0 **EDUCATION AND RISK MANAGEMENT PROGRAMS**

- 11.1 **Education for County Staff** - Contractor shall initiate and maintain ongoing educational programs, furnish seminars and training sessions for the benefit of County personnel concerning incidents, claims, and lawsuits, and risk control issues, participate in County Risk Control Committees when requested by the CCA, and submit risk management information to the CCA and Department

Liaison to enable implementation of practical and effective programs to reduce County's future liability costs.

11.1.1 Contractor will provide an education/training/resource component to promote the prevention, reporting and management of adverse events to include:

- A. Assisting in evaluating incident, claims, and lawsuit data to identify statistical trends discovered through ongoing Contractor investigations, Roundtable Meetings, and department/facility interaction;
- B. Discussing Contractor's evaluations with Department Liaisons, and incorporating the results of these discussions into ongoing educational presentations.
- C. Providing in-service education to new and existing staff on demonstrated high risk or problem prone areas that are specific to the needs of individual County facilities. This would include presentation at new employee and contract employee orientation regarding liability, and the claims handling process. Topics will primarily center on exposure to liability, and include, but not be limited to:
 - 1) Medical negligence, MICRA, confidentiality, documentation, incident reporting, informed consent;
 - 2) Civil rights violations;
 - 3) Dangerous conditions of public property; and
 - 4) The impact of statutes, including statutes of limitations, new laws, and regulatory bodies.
- D. Providing online educational resources. Contractor should provide written materials, resources and web-links regarding risk management to County Department Liaisons.
- E. Providing consultation to Department Liaisons to recommend development of needed policy, procedures or processes in order to prevent, mitigate, or respond to adverse events.

11.1.2 Contractor shall keep a record of the training sessions provided and provide a monthly report to the County (see *Attachment J – Contractor Reports*).

11.2 **Continuing Education for TPA Staff** Contractor will be expected to provide ongoing claims administration training to Contractor's staff to insure its staff are knowledgeable concerning relevant developments in liability risk management and industry claims administration practices.

In-service education capabilities should be specifically outlined by contractors with special attention to incident evaluation, new employee orientation, establishment and adjustment of reserves, claims investigation, and other significant program issues.

12.0 RESPONSIBILITIES - CONTRACTOR

Contractor's services shall be provided by professional staff having work experience and expertise that includes, but is not limited to, the following areas: California public entity law; California Governmental Tort Liability; the California Medical Injury Compensation and Reform Act (MICRA) and its impact on medical malpractice litigation; statutory rules and regulations concerning medical teaching institutions; California Evidence Code Section 1157; and the negotiation and resolution of Medi-Cal and Medicare liens; and structured settlements.

12.1 Contractor's Contract Manager

12.1.1 Contractor shall provide a full-time Contract Manager or designated alternate. The Contract Manager shall have full authority to act for the Contractor on all matters relating to the daily operation of the Contract.

12.1.2 Contract Manager will have a minimum of five (5) years medical malpractice/hospital liability claims work experience, five (5) years public entity medical malpractice/hospital liability claims experience, five (5) years of documented management experience.

12.2 Claims Manager

12.2.1 Contractor shall provide a full-time Claims Manager. The Claims Manager shall be exclusively dedicated to the daily administration and supervision of contractor's activities under this contract.

12.2.2 The Claims Manager shall have will have a minimum of five (5) years medical malpractice/hospital liability claims work experience, with a minimum of five (5) years public entity medical malpractice/hospital liability claims work experience.

12.3 Contractor's Claims Staff

Contractor shall provide claims staff dedicated solely to administer and manage incidents, claims, and lawsuits filed against the County. To avoid any potential conflict of interest, these staff shall not administer or manage any incidents, claims, or lawsuits on behalf of any client other than the County. Failure to comply with this requirement shall constitute a material breach of contract upon which County may immediately terminate or suspend this agreement.

Contractor's staff shall include supervising claims specialist(s), claims specialists, and medical/legal consultant(s) who meet the minimum requirement listed below. Contractor's staff assignments are to be based on the best practices recommendations of Supervising Claims Specialist and Claims Specialist, which

may include specialized or innovative caseloads such as a “fast track” unit for smaller cases.

12.3.1 **Supervising Claims Specialist(s)**

- A. The Supervising Claims Specialist(s) shall have a minimum of five (5) years medical malpractice/hospital liability claims experience.
- B. The Supervising Claims Specialist(s) shall have the additional responsibility to review and approve all Allegation File reserves and settlements within Contractor’s authority, and oversee the administration and legal defense management efforts of Claims Specialist under their supervision.

12.1.3 **Claims Specialists**

- A. Claims Specialists shall have a minimum of five (5) years medical malpractice/hospital liability claims work experience or three (3) years public entity liability claims work experience.
- B. Claims Specialists will administer incidents and claims and manage legal defense of lawsuits. Claims Specialists will attend settlement conferences and meetings as directed by the Claims Supervisor.

12.1.4 **Medical/Legal Consultant(s)**

- A. Medical/Legal Consultant(s) shall have a minimum of five (5) years medical malpractice/hospital liability claims consultation experience.
- B. Medical/Legal Consultant(s) will perform medical/legal reviews to assess the medical procedures utilized, the medical services provided, and the medical outcome to assist Contractor in the timely identification and assessment of potential County liability. Such Medical/Legal Consultant(s) may be an independent contractor.

12.4 **Contractor's Support Staff**

Contractor shall provide sufficient qualified and experienced clerical and other support personnel to insure:

12.4.1 **Daily Pick-up and Delivery Services to DHS Facilities** - Daily pick-up and deliveries between the Contractor and DHS facilities. Deliveries will be made Monday through Friday, between 8:00 a.m. and 5:00 p.m., to 12 facilities that are located throughout Los Angeles County (See Subparagraph 13.6);

12.4.2 Proper matching and distribution of mail to appropriate claims personnel within twenty-four (24) hours of receipt;

12.4.3 Completion of processing and mailing of correspondence, forms, and legal notices within forty-eight (48) hours of assignment or receipt;

12.4.4 Accurate and complete entry of incident reports not entered into RMIS by the County. Such entries are to be entered within twenty-four (24) hours after receipt by Contractor; and

12.4.5 Provision of notice of Roundtable Meetings.

Support staff shall not be assigned duties of the Contract Manager, Claims Manager, Supervising Claims Specialist, or Claims Specialist, as identified herein and in the Contractor's Incident/Claims/Lawsuit Procedure Manual.

12.5 Contractor Employee Acceptability

County shall have the right to approve Contractor's recommendations for professional staff positions. The Contractor shall remove, at the CCA's request, any employee or subcontractor providing services to the County under this Contract. The Contractor shall not subcontract with any personnel for performance of services hereunder unless the provisions in Sub-paragraph 8.39 of the Contract are met.

12.6 Contractor Office and Hours of Operation

12.6.1 Contractor shall maintain an office with a telephone in the company's name where Contractor conducts business. The office shall be staffed at a minimum during the hours of 8:00 a.m. to 5:00 p.m. (Pacific Time), Monday through Friday, excluding County holidays, by at least one employee who can respond to inquiries and complaints which may be received about the Contractor's performance of the Contract. In any case, Contractor shall maintain days and hours of operation and staffing sufficient to complete all services in a time manner.

12.6.2 Emergency Notifications

Contractor shall have one (1) claims staff who is accessible twenty-four (24) hours a day, to the CCA and/or other County staff, for emergency claims consultation and immediate reporting of severe injury incidents. The Contract Manager or the Claims Manager shall be immediately available to the designated claims staff for consultation.

13.0 RESPONSIBILITIES - COUNTY

13.1 County's Contract Administrator (CCA)

The CCA shall be the Chief of Liability Claims in the Chief Administrative Office, or his duly authorized designee. Except as otherwise stated herein, the CCA shall:

13.1.1 Have full authority to monitor the Contractor's performance in the daily operation of this contract.

13.1.2 Provide direction to the Contractor in areas relating to policy, information, and procedural requirements.

- 13.1.3 In the event of a dispute between the CCA and Contractor regarding substantive questions of policy and procedures, the CCA's interpretation shall prevail including without limitation, interpretation of Federal, State and local laws, civil procedures, legal process, court rules and administrative regulations.
- 13.1.4 The County will inform the Contractor of the name, address, and telephone number of the CCA, in writing, at the time this contract is awarded, and at any time, thereafter, a change of CCA is made.
- 13.1.5 Not be authorized to make any changes in the standard Terms and Conditions of the contract or to obligate the County in any way whatsoever.
- 13.1.6 Meet at least quarterly with the Contractor's Program Manager(s) to review contract performance issues and other items of concern to the County's program. At the option of CCA, meetings may be scheduled monthly.
- 13.1.7 Except as otherwise provided herein, all work performed by Contractor under this contract shall be subject to approval by the CCA.
- 13.2 **County Counsel Liaison** -County Counsel retains final authority on all legal matters. In addition, the County Counsel Liaison shall have responsibility for the overall management of legal defense services, which shall include, but not be limited to, the addition or deletion of Legal Defense Panel members, the assignment of litigation to the defense panel, review and approval of litigation strategy, Legal Defense Panel firms' billings, and advice on legal issues as may be requested, by Contractor.
- The CCA will seek input from County Counsel Liaison on Contractor's performance.
- 13.3 **Quality Assurance Evaluator (QAE)** - The County will designate one (1) or more persons who will act as a Quality Assurance Evaluator(s) for the County on all services, requirements, and deliverables pertinent to the contract and monitor the Contractor's performance using procedures that may be necessary to ascertain that the Contractor is in compliance with this Contract. The County will inform the Contractor of the name, address, and telephone number of the QAE, in writing, at the time this Contract is awarded, and at any time, thereafter, a change of QAE is made.
- The QAE and the CCA may be the same person. The QAE is not authorized to make any changes in the terms and conditions of this Contract or to obligate the County in any way whatsoever.
- 13.4 **Department Liaisons** - One or more persons will be designated by each County department to work with the CCA, Quality Assurance Evaluator and Contractor. There are approximately thirty (30) Departmental Liaisons who will be responsible for:

- 13.5.1 Insuring required department documents are provided to Contractor;
 - 13.5.2 Discussing allegations, incidents, and lawsuits with Contractor as needed, including attending Roundtable Meetings;
 - 13.5.3 Providing concurrence of the factors of settlement for settlements for their department; and
 - 13.5.4 Providing input to the CCA on Contractor's performance.
- 13.6 **Department Facility Liaisons** - DHS has twelve (12) separate and distinct health care facilities. They are as follows:
- 1. LAC+USC Medical Center, 1200 N. State St., L.A. CA 90033
 - 2. Harbor/UCLA Medical Center, 1000 W. Carson St., Torrance, CA 90509
 - 3. Olive View/UCLA Medical Center, 14445 Olive View Dr., Sylmar, CA 91342
 - 4. King/Drew Medical Center, 12021 S. Wilmington, L.A. CA 90059
 - 5. High Desert Health System, 44900 N. 69th St., Lancaster, CA 93536
 - 6. Rancho Los Amigos National Rehabilitation Center, 7601 E. Imperial Highway, Downey, CA 90242
 - 7. Hubert H. Humphrey Comprehensive Health Center, 5850 S. Main St., L.A., CA 90003
 - 8. H. Claude Hudson Comprehensive Health Center, 2829 S. Grand Ave., L.A., CA 90007
 - 9. Edward R. Roybal Comprehensive Health Center, 254 S. Fetterly Ave., L.A., CA 90022
 - 10. Long Beach Comprehensive Health Center, 1333 Chestnut Ave., Long Beach, CA 90813
 - 11. El Monte Comprehensive Health Center, 10953 Ramona Blvd., El Monte, CA 91731
 - 12. Mid Valley Comprehensive Health Center, 7515 Van Nuys, CA 91405

One or more persons will be designated as a Department Facility Liaison by each of the above facilities to work with CCA, QAE, and Contractor. The Department Facility Liaison will be responsible for:

- 13.6.1 Insuring required department documents are provided to Contractor;

- 13.6.2 Discussing allegations, incidents, and lawsuits with Contractor as needed, including attending Round Table Meetings;
- 13.6.3 Providing concurrence of the factors of settlement for settlements for their facility; and
- 13.6.4 Providing input to the CCA on Contractor’s performance.
- 13.6.5 The DHS Department Liaison will have final authority for all matters pertaining to DHS’ facilities. Any problems or conflicts arising between the Contractor and the Department Facility should be referred to the DHS Department Liaison.

14.0 COUNTY FURNISHED ITEMS

- 14.1 The CCA shall arrange for the release of all Allegation Files and other documents for pick-up by Contractor prior to December 31, 2006.
- 14.2 The CCA will provide without cost to Contractor, orientation to the County liability claims administration program for key Contractor personnel prior to the start date of the contract. Contractor shall not be reimbursed for any expenses during orientation.

In addition, the CCA will provide without cost to Contractor, initial technical assistance to Contractor after the contract is awarded to insure a smooth transition.

15.0 CONTRACTOR FURNISHED ITEMS

Contractor shall provide all staff, facilities, materials, and equipment necessary to provide services required under this contract, except as stated in Paragraph 14.0, “County Furnished Items.”

- 15.1 Contractor shall provide training materials, supplies, and support equipment necessary to perform all services required by this Statement of Work and adhere to all requirements imposed on the Contractor by the contract, except as provided by County under Paragraph 14.0, “County Furnished Items.” The Contractor shall also provide other office-related items such as personal computers, printers and monitors, fax machines, photocopy machines, video tape players (VHS) and monitors, and other program-related items, as required by the County, due to program changes.
- 15.2 Contractor shall provide adequate workspace including RMIS access and e-mail, telephone service, and free parking for one County monitor, as necessary for required program auditing or monitoring.
- 15.3 Contractor shall provide **CaseMap**, or other technologically comparable software approved by County Counsel, for the Claims Manager, each Supervising Claims Specialist and each Claims Specialist. The software is to be used by Contractor’s Claims staff to initiate Timelines on all incidents investigated by

Contractor, and to enable Contractor's staff to e-mail Timelines to Defense Panel member if/when the Allegation File is assigned to a Defense Panel member. Defense Panel Members currently are using **CaseMap** (see www.casesoft.com/casemap.shtml.)

- 15.4 **Claims Administration Procedure Manual** - Within 90 days of contract award, Contractor will provide a draft "Claim Administration Procedure Manual," describing policies and procedures for the administration of County cases, detailing approval limits, responsibilities, reporting requirements, review of legal services billing, etc. Such manual shall be provided to and utilized by Contractor claims staff handling County claims and to the CCA.

15.5 **Business Continuity Plan**

Within six (6) months of contract award, Contractor will provide a written Business Continuity Plan describing a structured and integrated process that ensures uninterrupted provision of critical services related to this Contract following an event which could interrupt these business operations. The plan shall include, but not be limited to, the following:

1. A description of critical services and business processes.
2. Contractor policies and procedures to assure continued business operations following an event.
3. Address, computer, telephone, facsimile, key contact and all other critical information concerning alternative business processes and/or location(s) following an event.

Contractor shall provide the CCA with annual plan updates on the annual anniversary of the Contract.

This plan is subject to the County's review. The CCA shall not be required to identify, nor notify Contractor of, deficiencies in the Contractor's Business Continuity Plan. The County shall neither assume responsibility nor liability for the Contractor's Business Continuity Plan.

16.0 **CONTRACTOR REPORTS**

Reports programmed into County's RMIS will be generated and provided by e-mail to RMIS system users by County's RMIS service provider. Contractor shall provide other periodic reports required by the CCA and the Chief Administrative Officer or his designee to enable analysis and monitoring of incidents, claims, frequency, severity, funding/department, cause, fiscal status, law firm activity, location, claim activity trends, lawsuit settlements, allocated costs, reserve aging, litigation defense activity, legal fees and costs, and disposition of suits. Reports that Contractor will provide are shown in *Attachment J - Contractor Reports*.

17.0 **ADMINISTRATIVE SERVICES**

- 17.1 **Physical Security** - Contractor shall be responsible for safeguarding all County property provided for the Contractor's use. At the close of each workday, cases, files, supplies, equipment and computer access shall be secured.

- 17.2 **Employee Records** - Contractor shall keep current and accurate records of all its employees providing services under this contract. Such records shall include a "Contractor Employee Acknowledgment and Confidentiality Agreement" (see *Exhibit F1, of the Contract*), date of employment, current address, phone number, current salary and required licensing background pertinent to the provision of this contract.
- 17.3 **Record Retention** - All allegations and Allegation Files will be retained for a minimum of five (5) years beyond the date they are closed. No allegations or Allegation Files may be destroyed without the CCA's approval and the Contractor will be responsible for storage of all retained files during the term of this contract at Contractor's cost.
- 17.4 **Other County Contractors and Vendors** - The County has relationships with a number of private agencies in business to provide services related to the management of claims, such as structured settlement brokers and legal defense firms. Contractor shall use only those companies approved for use by the County and shall utilize a rotational system for making these assignments, unless otherwise instructed by the CCA or County Counsel.
- 17.5 **E-Mail** - Contractor shall maintain the capacity to send and receive e-mail for, at a minimum, each administrator, supervisor and claims staff member. Contractor shall comply with the CCA specified e-mail protocol dealing with content and confidentiality when using e-mail for County information.
- 17.6 **Delivery to CCA, County Counsel, and DHS Liaison** - Daily pick-up and delivery of mail between the CCA, County Counsel, DHS Liaison and Contractor.

18.0 **CONTRACTOR'S QUALITY CONTROL**

The contractor shall establish and maintain a Quality Control Plan to assure that the requirements of the contract are met. The plan shall be provided to and approved by the CCA before services under this Agreement are implemented. The Plan shall be effective on the implementation date and will be updated and re-submitted for CCA's approval as changes occur. The plan shall include, but not be limited to, the following:

- 18.1 The method for ensuring the services, deliverables, and requirements defined in the contract are being provided at or above the level of quality agreed upon by the County and Contractor.
- 18.2 The method for identifying and preventing deficiencies in the quality of service before the level of performance becomes unacceptable.
- 18.3 The methods for assuring and verifying that the minimum requirements for claims personnel are met as stated in Paragraph 12.3, "Contractor's Claims Staff."
- 18.4 A record of all inspections conducted by Contractor, the corrective action taken, the time a problem is first identified, a clear description of the problem, and the time elapsed between identification and completed corrective action, shall be provided to the CCA upon request.

- 18.5 The method for continuing to provide services to the County in the event of a strike or other labor action of Contractor's employees.

19.0 COUNTY'S QUALITY ASSURANCE

The CAO or designee will evaluate Contractor's performance under this Contract, to insure contract compliance and achievement of performance standards. Such evaluation will include assessing Contractor's compliance with all contract terms.

As part of the County's quality assurance for this contract, the County currently uses an outside claim auditing service to review the Contractor's services. A copy of the audit evaluation for selected Allegation Files is included in *Attachment B*. Currently these audits occur bi-annually and involve a detailed review of approximately 50 Allegation Files. This, however, is subject to change at the County's discretion.

19.1 County Quality Assurance Monitoring Plan

The monitoring of the Contractor's compliance to the requirements outlined in the Contract may be performed through the use of either or both the County staff and an independent, outside auditor.

At the sole discretion of the County, a variety of methods may be used to evaluate the Contractor's performance, including but not limited to:

- 19.1.1 Monthly inspection of files, databases, logs, reports and other information.
- 19.1.2 A comprehensive and complete audit conducted bi-annually beginning the first year of this Contract.
- 19.1.3 Inspecting the appropriate employment documentation to verify that Claims Examiners meet the minimum qualifications and experience.
- 19.1.4 Complaints received by County Risk Management Branch.
- 19.1.5 Monitoring the timeliness of responses from the Contractor against the time a request for work or service is made by the County.
- 19.1.6 Staff/user complaints.
- 19.1.7 Sampling of claims, records, reports, and logs.
- 19.1.8 Direct observation of work.
- 19.1.9 Other methods deemed by the County to be appropriate for the evaluation of the Contractor.

The County shall monitor the Contractor's performance under this Contract. The County's procedure may include but not necessarily be limited to those specified in *Attachment L - Performance Requirements Summary*. All monitoring

observations shall be recorded. Significant deviation from performance standards may result in Contract termination.

- 19.2 **Notice of Contract Discrepancy** - Verbal or written notification of a Contract discrepancy will be made to the Contract Manager or designee as soon as possible whenever a Contract discrepancy is identified. The Contract Manager shall resolve the problem within a time period agreed upon by the COUNTY and CONTRACTOR.

19.2.1 The CCA will determine whether a formal "Contract Discrepancy Report" (see *Attachment C*) shall be issued.

19.2.2 If a Contract Discrepancy Report is issued, it will either be hand delivered or sent by certified mail to Contract Manager, who will sign for receipt.

19.2.3 Upon receipt of this document, Contractor is required to respond, via phone call and in writing, to the CCA, within five (5) workdays, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted within ten (10) business days.

- 19.3 **Fraud Investigation** – The CCA or its agent will evaluate the internal controls established by the Contractor to protect against fraudulent activity, incorrect or improper claims processing, inappropriate settlement and/or disbursement, and any other illegal activity related to the services provided under this agreement.

- 19.4 **Reported Deficiencies**

19.4.1 When deficiencies in performance standards are noted by the County, a Program Deficiency Report shall be issued to the Contractor. The Contractor shall respond in writing to the CCA within five working days. Contractor's response shall include:

- A. Acknowledging the reported discrepancies or presenting any contrary evidence, and
- B. Present a program for their immediate correction.

19.4.2 The CCA shall evaluate the Contractor's explanation and determine what further action, if any, should be taken. Failure on the part of the Contractor to perform at any acceptable level shall constitute grounds for reducing amount of payments to Contractor or termination of contract.

- 19.5 **Performance Evaluation Meetings** - The Contractor and the CCA shall meet during the term of the contract at regularly scheduled intervals as determined by the County. The purpose of such meetings shall be to review Contractor's performance and the County's monitoring function, and to discuss methods and plans to maintain or improve effectiveness of services provided to the County under this contract.

20.0 PAYMENT AND ADJUSTMENTS TO PAYMENTS

20.1 Payment

20.1.1 Base Monthly

The County shall pay the Contractor on a fee basis as set forth in the Payment Schedule. Payment for assumption and administration of all take-over claims is included in this fee. The County will not make and Contractor is not entitled to any additional payment for the assumption or administration of any take-over claim.

20.1.2 Monthly Invoice and Adjustment to Monthly Invoices

The Contractor shall invoice the County monthly in arrears for fees due for the billing period. The invoices shall clearly reflect and provide reasonable detail, as determined by the County, of the service provided.

The County will adjust the invoice as follows and pay the invoice within 60 days of receipt:

- A. The County may reduce the monthly invoice for assessments of adjustments to payments for which the County has notified the Contractor pursuant to Subparagraphs 20.2.2 and 20.2.3.
- B. The County shall increase or reduce the monthly invoice pursuant to the provisions of Subparagraphs 21.1, 21.2 and 21.3.
- C. The County may increase or reduce the monthly invoice pursuant to Subparagraphs 21.4, 21.5, 21.6, 21.7, 21.8, 21.9, 21.10 and 21.11 provided the County has notified the Contractor of its intention to increase or reduce pursuant to these Subparagraphs at any time prior to receipt of the monthly invoice.

20.1.3 The total fees paid will be reduced for overpayments, fines, penalties and other costs incurred due to the Contractor's failure to comply with any term or condition of this Contract as further set forth in Subparagraph 20.2, "Adjustments to Payments to Contractor."

20.1.4 The total fees paid will be reduced or increased pursuant to Subparagraph 21.1 through 21.11.

20.1.5 The County's payment is subject to adjustment following audit as set forth in Subparagraph 22.0.

20.2 Adjustments to Payments to Contractor

The Contractor shall reimburse the County for any overpayment, fine, penalty or other cost incurred due to the Contractor's failure to comply with State of California statutes, codes, regulations, or any term or condition of this Contract.

20.2.1 Such failure in includes, but is not limited to, the following:

- A. Late payment or nonpayment of any benefit to any applicant or medical provider resulting in penalty or attorney fees.
- B. Overpayment of any benefit owed to any applicant, any lien claimant, or other party in a case due to Contractor's failure to comply with the performance standard set forth in this Statement of Work.
- C. Excessive payment of any benefit to any applicant, lien claimant, or other party in a case due to Contractor's failure to comply with the performance standard set forth in this Statement of Work.
- D. Fines and/or administrative penalties assessed against the County due to the Contractor's failure to comply with the performance standard set forth in this Statement of Work.

20.2.2 Notice of Assessment of Adjustments to Payments

The County shall give notice to the Contractor of any assessment of adjustments to payments pursuant to Subparagraph 20.2. The Contractor shall have 60 calendar days to respond in writing to the notice. If the Contractor does not respond to the notice within 60 days, the Contractor shall lose its right to dispute the assessment. The response shall include, but not be limited to, the following:

- A. Evidence that a penalty was not incurred or an overpayment or excessive cost was not made.
- B. Evidence that the Contractor's act(s) and/or omission(s) did not cause the penalty, overpayment, or excess cost.
- C. Evidence that Contractor obtained prior written approval from an authorized County official.

20.2.3 Second Level Dispute Resolution Process

If, after receipt of Contractor's response to County's notice of assessment of adjustment to payments, the County and Contractor are in disagreement, a second-level dispute resolution process will be conducted. The CCA or his/her appointed designee and an appropriate Contractor designee shall review the evidence and resolve the dispute. The second level dispute resolution process shall be completed within 60 calendar days.

At the end of the second-level dispute resolution process, County shall be entitled to reduce Contractor's monthly invoices for assessments of adjustments to payments.

21.0 PERFORMANCE INCENTIVES

21.1 At sole discretion of the County, mutually beneficial performance and financial incentives shall be applied as follows:

<u>Performance Index (%)</u>	<u>Incentive Payment (%)</u>
Less than 75%	Base Fee minus 4.5%
75% - 79%	Base Fee minus 1.5%
80% - 89%	Revenue neutral
90% - 94%	Base Fee plus 1.5%
95% - or over	Base Fee plus 3.0%

21.2 The performance index shall be determined by random-sample audits commencing no later than the end of the second contract year and conducted at least annually thereafter by County Quality Assurance Evaluators for compliance with standards set forth in *Attachment L - Performance Requirements Summary*. The CCA may update the areas to be audited and the factors to be considered in determining the performance index.

21.3 Any increase or decrease under Subparagraph 21.1 shall be calculated using the Base Fee at the time audited work was performed by the Contractor. Payment can be made by lump sum within 60 days after the County submits the final audit results, or by equal monthly installments over a one-year period commencing within the same 60-day period.

21.4 Fee Reduction for Failure to Meet Staffing Levels

If Contractor staffing levels do not meet the requirements of Paragraph 12.0, County shall reduce Contractor's monthly invoice by \$7,000 for each aggregate 30 calendar days a position is vacant.

21.5 Fee Reduction for Failure to Develop and Implement Procedure Manual and Business Continuity Plan

If the Claims Administration Procedure Manual and the Business Continuity Plan, as per Paragraph 15.0, and the Quality Control Plan, as per Paragraph 18.0, are not developed and actively implemented and integrated into the County claims unit within the specified number of days from contract inception date, payments shall be reduced to Base Fee less 5% until these requirements are met.

22.0 ADJUSTMENT TO PAYMENTS FOLLOWING AUDIT

If, at any time during the term of this Contract or five years after the expiration or termination of this Contract, authorized representatives of the County conduct an audit of Contractor regarding the services provided to County hereunder and if as a result of such audit it is determined that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference, at the CCA's option, shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) credited against any future payments hereunder to Contractor.

If as a result of such audit it is determined that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid to Contractor by County provided that in no event shall County's maximum obligation exceed the amount appropriated by the Board of Supervisors.

23. CONTRACTOR'S HOURLY RATE SERVICES

The following Contractor provided services are to be provided at the request of the CCA or designee. Such services will be paid for at an Hourly Rate as allowed in Section 5.0 (Contract Sum), of the contract.

23.1 Ad Hoc Reports: When County requests Contractor to provide reports that cannot be generated from County's RMIS, and are not required under Paragraph 16.0, "Contractor Reports," reports will be provided and paid as an Hourly Rate Service.

24.0 PROJECT START-UP SUPPORT TEAM

To assist the new TPA on the County's procedures, policies, and requirements, a start-up support team will be created. The start-up support team will be comprised of members from the CAO, County Counsel, and various Departments to work closely with the TPA for several months. The team will work on-site with the TPA in an effort to ensure their success in managing this program.

PAYMENT SCHEDULE

County shall pay Contractor the following annual fee:

	ANNUAL	MONTHLY
YEAR 1	\$ YEAR ONE	(YEAR 1) / 12
YEAR 2 ^A	[(CPI-W)(\$YEAR ONE)] + \$YEAR ONE	(YEAR2) / 12
YEAR 3 ^A	[(CPI-W)(YEAR 2)] + (YEAR 2)	(YEAR3) / 12
YEAR 4 ^A	[(CPI-W)(YEAR 3)] + (YEAR 3)	(YEAR4) / 12
YEAR 5 ^A	[(CPI-W)(YEAR 4)] + (YEAR 4)	(YEAR5) / 12

^A The Contract yearly amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Administrative Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries; no cost of living adjustments will be granted.

DEFINITIONS OF TERMS

Ad Hoc Report: Those reports generated at the request of the County Contract Administrator, County Counsel, or Department Liaison on a one-time, informal and improvised basis. These reports generally arise in response to inquiries from the Board of Supervisors or events of such significance that information is needed on an expedited basis.

Allegation: An assertion, claim declaration or statement of a party to an incident(s) which merits investigation, administration, and/or management by Contractor, as determined by the contractor, or County.

Allegation File: A document repository which may include but is not limited to incident reports, claims and lawsuits, established by Contractor for investigation, administration, management, and audit of an allegation.

Allegation File Receipt Date: The date the contractor receives a claim or lawsuit, or an incident report that indicates County liability, which merits opening an Allegation File.

Allocated Expenses: All expenses including legal defense fees and excluding contractor services fees incurred in connection with the investigation, adjustment, settlement negotiations or defense of claims or lawsuits. These include, but are not limited to, process service, expert/witness fees, surveillance, consultant fees, appraisal fees, forensic services, jury and court costs, record copying fees, court reporter fees, transcription costs and other costs necessary to effectively defend the County, and any other expenses specifically authorized by the County. "Allocated Expenses" are not included in the fee paid to the Contractor.

Analysis and Plan: Supports the contentions, legal analysis, conclusions, and reasons for the legal defense panel member's recommendations.

Bank Account: A checking account, established by Contractor, at a bank of County's choice, to exclusively pay for authorized indemnity, legal defense fees, and Allocated Expenses associated with allegations assigned to Contractor.

Claim: A document submitted by a third-party in accordance with statutory requirements, and alleging personal injury, bodily injury, property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Claims Specialist: An employee of Contractor who manages Allegation Files arising from incidents, claims, and lawsuits and coordinates the legal defense of lawsuits. Claims Specialists attend settlement conferences and meetings and generally oversee the Allegation File.

Commercial Annuity: A contract purchased from an insurance company that provides deferred payments to a recipient.

Companion Allegation File(s): An Allegation File for a separate County Department/facility which arises from the same incident, series of incidents, claim, or lawsuit as another Allegation File.

Concurrence: An agreement to or union in an action or settlement.

Contract Start Date: The date that the Contractor begins work (the start of the basic terms of the contract).

Contract Year: The first contract year begins the date contract term begins and continues for the following twelve (12) months. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.

STATEMENT OF WORK

Corrective Action Plan: The Corrective Action Plan is the County Department's response to an incident, claim, or lawsuit, which addresses the root-cause of the occurrence of the event, and implements solutions designed to prevent the reoccurrence of a same or similar incident.

County Contract Administrator: The County's Contract Administrator (CCA) is the Chief of Risk Management Operations in the Los Angeles County's Chief Administrative Office, or his duly authorized designee. The CCA is the designated agent of the County for the purposes of administering the County's self-insured ***Medical Malpractice and Hospital Liability Claims Administration and Legal Defense Management Services program.***

County Fiscal Year: A twelve (12) month period beginning July 1, and ending the following June 30.

Damage(s): Claimed compensation or indemnity resulting from the loss of, detriment or injury to a person, property or rights.

Defense Counsel Evaluation: An allegation evaluation done by the assigned Legal Defense Panel Member, of the pleadings, discovery, reports, other documents.

Early Investigation: Contractor-initiated activity resulting from the decision to set up an Allegation File or the immediate recognition of extraordinary allegation circumstances. Such activities shall include, but not be limited to, immediate contact with those employees, witnesses, and individuals having any involvement in, or knowledge about, an incident.

Factor of Settlement: The specific act or omission, breach of a duty of care, or statutory violation, committed by County, its officers, employees, or agents within the course and scope of their employment, and which is alleged to be a cause of claimant's / plaintiff's injuries.

Hold Harmless Agreement: A contractual agreement between the County, and vendors, subcontractors, or other third parties, which specifically addresses responsibility for and allocation of responsibility, including, but not limited to, defense and indemnification.

Incident: An occurrence in which a third-party(s) alleges to, or may have sustained personal injury, bodily injury, property damage or other losses arising from or connected with acts or omissions of the County, its employees, officers or agents, or any dangerous condition of County property as defined in Government Code Section 830, et seq.

Incident Report/ Event Notification: A written or telephonic report from the County to the contractor regarding an incident.

Investigation: The process of determining the facts, determining liability, and obtaining and preserving evidence.

Lawsuit: A legal action filed with a civil court by a third-party(s) in accordance with statutory requirements, and alleging personal injury, bodily injury, property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Legal Defense Fees: Fees charged by legal defense firms for legal services provided on County assigned claims and lawsuits.

Legal Defense Panel: A panel of legal defense firms that have contracted with the County to provide legal representation services.

Litigation Management: Litigation management by a third party administrator is the process of investigating, managing, monitoring, resolving, and reporting on all litigated Allegation Files, which includes the supervision of County's Legal Defense Panel Members with attention to the reduction of litigation costs (See Part B, Section 6, "Litigation Management").

STATEMENT OF WORK

Quality Assurance Evaluator (QAE): The Quality Assurance Evaluator is a County employee designated as an agent for the County responsible for monitoring the Contractor's performance, approving payments, advising and training third party administrator staff in County systems and other County procedures.

Quality Assurance Monitoring Plan (QAMP): The County may use a variety of methods to evaluate the Contractor's performance. The methods that may be used are identified, but are not limited to those included in Exhibit A, Paragraph 19.0. Also see *Attachment B - Current Audit Form for Evaluating Selected Claim Files*.

Quality Control Plan: All measures taken by the Contractor to assure that the quality of an end product or service will meet the contract requirements regarding timeliness, accuracy, completeness, consistency, and conformity.

Random Sample: A sampling method where each service output has an equal chance of being selected.

Reserve: Realistic estimate of the final amount that will be paid on an Allegation File, excluding contractor fees. The County's practice is to encumber funds on an annual basis for losses expected to be paid during the fiscal year. The final amount represents the most accurate professional assessment of an allegation outcome given current knowledge of the facts of the allegation and of applicable law. There are two types of reserve estimates set on every Allegation File, Indemnity and Expense. (See Exhibit A, Paragraph 3.4)

- Indemnity Reserve: The best estimate of the amount that finally will be paid by the County to compensate claimants and/or plaintiffs for damages, including their attorney's fees and costs.
- Expense Reserve: The best estimate of Allocated Expenses, including fees and other costs that will be paid by the County to defense attorneys and other parties to defend Allegation Files

Risk Management Information System (RMIS): County's risk management and claims administration information management system with ad hoc reporting capabilities, which supports contractor and County claims administration, financial, statistical and loss prevention functions.

Round Table Meetings: Meetings chaired by County Counsel to discuss issues related to specific Allegation Files, to reach consensus on the litigation strategy, and which includes participation by Contractor, Legal Defense Panel members, County Department representatives, and facility personnel.

Severe Injury: Injury sustained by a third-party(s) that could result in significant indemnity and legal costs to the County. Such injury includes but is not limited to brain damage, spinal cord injury, total or partial loss of a limb, loss or impairment of sensory or reproduction organs, burns, substantial disfigurement and death.

Structured Settlement: Any settlement in which a portion of the payment or payments to the plaintiff is deferred to the future.

Tail Claim: An open claim or a legitimately and properly closed claim which subsequently must be re-opened for a period of some time for adjusting services. Costs of assuming tail claims are included in Fixed Rate.

Task Rate Services: Contractor provided services as required in Exhibit A, "Statement of Work". Contractor will be paid a set Task Rate for the time needed to provide these services.

Timeline: A comprehensive, succinct, written chronology which sets forth the facts of the case as they occur. Timelines are initiated by Contractor using **CaseMap**, or other technologically comparable software approved by County Counsel, and are updated by Legal Defense Panel member(s).

User Complaint Report: The report submitted by an individual or group of individuals to record discrepancies or problems with the Contractor's performance. The Contractor may be required to respond to a User Complaint Report and may be part of a Contract Discrepancy Report.

CURRENT AUDIT FOR EVALUATING SELECTED CLAIM FILES

Date: _____ TPA: _____

FILE NO: _____ ADJUSTER NAME: _____

TYPE OF FILE: _____ DEPT/FACILITY: _____

STATUS: _____

CLOSING VALUE (or TOTAL INCURRED, if OPEN): _____

OCCURRENCE DATE: _____ FILED: _____ RECEIVED: _____

Scoring Summary by Category

	Yes	No	N/A	Max Possible	Score
1. Timely and Accurate File Creation	0	0	0	0	0%
2. File Management	0	0	0	0	0%
3. Investigation	0	0	0	0	0%
4. Determination of Liability/Coverage	0	0	0	0	0%
5. Evaluation of Damages	0	0	0	0	0%
6. Statute of Limitations	0	0	0	0	0%
7. Litigation Management	0	0	0	0	0%
8. Settlement, Use of Authority	0	0	0	0	0%

Overall File Score:

0	0	0	0	0%
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General Comments

1. Timely and Accurate File Creation

Measurement (YES, NO, N/A) Weight

Notification and Set up

1.1	If file was created from an incident report mailed, delivered, phoned, or faxed to the administrator, was a claim file created and investigation initiated within 24 business hours?		1
1.2	If file was not created until a "verified claim" or lawsuit was filed, but the administrator had received an incident report on the circumstances previously, was there documentation in the file outlining the reasons for not having created a file immediately and initiating the investigation (such as an indication of non-jurisdiction, no liability or damage)?		1
1.3	If file was not created until a "verified claim" or lawsuit was filed, was the claim file created and investigation initiated within the first 24 business hours?		1

Coding and Data Input

1.4	Does the data entered into RMIS match the details of the loss as identified in the initial investigation (or as corrected if later investigation determines the initial information was incorrect)?		2
1.5	Are the adjusters notes current and the diary up to date?		2

Initial Contacts

1.6	Was there contact with the involved department risk management coordinator within 24 business hours to obtain, or arrange to obtain, any necessary statements or other investigative information?		3
1.7	If liability was initially deemed "probable to clear" was claimant contacted within 48 hours regardless of whether a claim was filed?		2
1.8	If a verified claim was filed was claimant or attorney contacted by telephone within 48 hours?		2
1.9	If created from a lawsuit, was initial telephone contact made with plaintiff attorney within 48 hours?		1

Initial File Documentation

1.10	Was the initial file activity undertaken by the adjuster documented either in file notes or in the first detailed reports, to include indication of what activity was initiated within 24 business hours?		1
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2. File Management

(YES, NO, N/A)

Communication and Reporting

2.1	Is there clear documentation in the claims file that the claim was initially formally acknowledged and reported to COLA in a fully documented and organized reporting format (whether by mail or by computer) within 30 calendar days, as is the industry standard?		2
2.2	Were all periodic contractually required status reports diaried and submitted to keep the County advised of the file?		2
2.3	Does the reporting accurately describe the facts of the claim as determined from the investigation as to liability, damages, and steps toward resolution?		3
2.4	Within 60 days of receipt of a lawsuit, did adjuster send an initial report to County Counsel?		2
2.5	Was a financial status report completed when the indemnity reserves were greater than \$100,000 and/or when the case with indemnity reserve greater than \$50,000 is listed on the trial calendar?		2

Risk Management Information System (RMIS) Data Input

2.6	Does the file reflect current claim information has been updated in the RMIS system?		3
2.7	Is the data in the RMIS financial section current?		3
2.8	If the claim is closed, does RMIS reflect the claim closure?		1

Diaries

2.90	Are any activities, that were identified for follow-up or for further investigation, documented by diary entries and completion?		2
2.10	Were activities diaried for follow-up or further investigation completed within 30 calendar days, or the reason for non-completion explained in the file?		1

Adjuster Supervision

2.11	Is there documented evidence in the file of supervisor performing required review of file, reserves, settlement, and adjuster plan of action review?		2
2.12	Is there documentation in the claims file that recommendations provided by the supervisor were acted on by the adjuster within 2 weeks?		3

File Documentation and Plan of Action

2.13	Is there documented evidence in the file of a specific plan of action for resolving the claim?		2
2.14	Is there documentation in the file than the plan of action has been followed, reviewed, and revised as required but not less than every 90 days?		1

Invoice and Payment Processing

2.15	Are external invoices paid within 2 weeks of receipt by TPA?		2
2.16	For all payments issued on this file, does a documented payment request exist, which was approved by a supervisor?		3
2.17	Is vendor information input into RMIS complete to issue payments and 1099's?		1
2.18	Except for cases involving minor's, is there documentation in the file that the indemnity payment was made within 30 days of receipt of approval to pay from the County?		1

3. Investigation

Measurement Weight
(YES, NO, N/A)

3.1	If a very serious loss (ie. cost greater than \$50,000 or death or disability) is immediately reported to the claim administrator while the loss is still occurring, or while evidence or witnesses may still be at the scene, was an adjuster immediately dispatched to investigate and secure evidence at the scene?		3
3.2	Were involved employees or supervisors contacted in person, by phone, by e-mail or by fax within 24 business hours from the department contact in order to obtain detailed information about the claim, or to obtain or arrange to obtain a detailed statement?		3
3.3	Was a detailed departmental report requested within one week?		2
3.4	If the department's internal report is not received within 3 weeks of the initial request, has the adjuster followed up by phone for the needed report?		1
3.5	Was claimant's statement obtained within 48 hours, or is there clear documentation from the adjuster explaining why no statement was taken (i.e. claimant refused, claimant's attorney refused, or taking a statement would clearly result in a claim being filed)		3
3.6	Is the file documented that the witnesses identified were contacted within 3 weeks for their statements if the adjuster determined that such statements were necessary and had outlined that in the plan of action?		3
3.7	Was the physical evidence involved in the incident obtained and preserved?		3
3.8	Is there documentation in the file that the adjuster obtained and/or reviewed evidence produced by investigation in order to accurately determine liability?		2
3.9	Is there documentation in the file that within 90 business days the adjuster completed fact gathering and performed an analysis of the facts to determine probable cause and liability for incident?		3
3.10	In the case of fatality, was the autopsy (if applicable) and death certificate obtained?		3
Medical Malpractice			
3.11	Was claimant's entire medical file sequestered and reviewed?		2
3.12	Is the file documented with a timeline of the event?		1
3.13	If the medical situation involved in the claim is complex and unfamiliar to the adjuster, does the file reflect, either in its contents, reporting or file notes that medical literature or other documentation was reviewed so that the adjuster understands the medical circumstances?		2
3.14	If the claim involved mishandling by nursing staff, pharmacy or other department, did the adjuster determine whether the physician's instructions were clearly understood and followed?		3
3.15	Did the adjuster's investigation indicate the claimant received, recognized, and responded to the "informed consent"?		2
3.16	Is there documentation in the file that the claimant signed a release or other document acknowledging "informed consent"?		2
Automobile and General Liability			
3.17	If the damages exceed \$5,000, was the location/property diagramed and/or photographed?		1
3.18	Was claimant's automobile or other insurance information documented?		1
3.19	Was a police or fire report prepared, and if so, was a copy obtained and placed in the file?		1
3.20	Was ownership of any damaged property verified?		1

4. Determination of Liability/Coverage

Measurement (YES, NO, N/A) Weight

Coverage Determination

4.1	Did the adjuster obtain information to demonstrate that the County or County personnel were involved in the incident?		1
4.2	Did the adjuster perform a documented investigation of all parties involved in this incident?		2
4.3	When other parties are identified, is there documentation in the file that the adjuster attempted to contact the involved parties within 72 business hours before mailing any letter?		2
4.4	If other liability insurance was involved, was it properly identified by insured, policy number, and policy limits?		1
4.5	If the claim was tendered to another insurer or entity, was the notification of tender mailed within 10 business days after the other party was identified?		2
4.6	Has the adjuster documented the follow-up of tender every 10 business days for response and did the adjuster refer claim to the appropriate agency to protect any statute of limitations?		1
4.7	If the County was not involved, was the claim immediately denied?		2
4.8	Did the adjuster document the file whether any "certificates of insurance", "additional insured," hold harmless and indemnification agreements or other contractual factors applied?		1

Subrogation Determination

4.9	If there is damage to County property caused by another party, has a written subrogation notice been sent within one week of identification of the adverse party or insurer?		1
4.10	If subrogation notice has been sent, has there been response within 30 days, or follow-up every 10 business days in absence of such response?		1
4.11	Has adjuster evaluated and documented possible recovery and referred matter to appropriate agency to protect the County's interest? (referred to outside counsel, County Counsel, or Auditor-Controller)		2
4.12	Is the file documented with the adjuster's subrogation plan of action and has the supervisor approved the plan?		3
4.13	Were any subrogation claims paid by owner's insurer verified as accurate?		1

Liability Determination - All Claims

4.14	Did the adjuster perform a documented analysis of the extent of the County's negligence?		2
4.15	Did the adjuster perform a documented analysis and document the root causes of the loss?		2
4.16	Did the adjuster perform a documented analysis of the comparative negligence of other parties to the loss?		2
4.17	Was there a documented analysis performed to determine if any other parties contributed to the liability for the loss?		1
4.18	If a product was involved, was the product defect identified, and the manufacturer placed on notice?		2
4.19	Did the adjuster conduct a documented analysis of all defenses and immunities?		2
4.20	Through a documented investigation process was liability determined prior to the end of the statutory period for denial of a verified claim?		2
4.21	Was a documented analysis conducted to confirm the incident was the sole source of the injury or damage?		2

Liability Determination - Medical Malpractice

4.22	Did the adjuster perform a documented analysis to determine if the incident was caused by "negligence per se" or was incident caused by an "error in judgment" ?		1
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5. Evaluation of Damages

Measurement
(YES, NO, N/A) Weight***Injury Evaluation***

5.1	Did the adjuster conduct a documented analysis to determine the causes of loss within 72 hours of notification of incident?		2
5.2	Did the adjuster conduct a documented analysis of the impact of preexisting damage or injury?		2
5.3	Did the adjuster conduct a documented analysis of the nature/extent of injury or damage?		2
5.4	Did the adjuster review the medical information with an "expert witness" who can testify on behalf of the principal?		2
5.5	Did the adjuster document the factors considered for selection of the experts? (academic qualifications, personality, track record at trial, defense counsel approval)?		2
5.6	If injuries are alleged or known to have occurred, has adjuster met personally with claimant (either directly or through claimant's attorney)?		3
5.7	Does the file contain a medical authorization form signed by claimant to obtain information from treating physician(s)?		1
5.8	If applicable, did the adjuster perform a documented evaluation to determine the usage of an IME?		2
5.9	Is the nature of the injury, extent of disability, and prognosis clearly explained in the file and documented by the adjuster?		2
5.10	Did the adjuster perform a documented analysis of the economic damages claimed by the claimant?		3
5.11	Did the adjuster perform a documented analysis of all applicable statutes and available defenses that may apply?		1

Damage Evaluation

5.12	If damage involves a vehicle, was an appraisal of the damage assigned within 2 business days of receipt of the claim?		1
5.13	Did the appraisal include photographic evidence and a documented "agreed price" of the actual cash value (ACV) of the damage?		1
5.14	If applicable, does the documentation exist in the file that the adjuster assessed any offset to the damages that occurred? (ie. Salvage, depreciation or betterment)		2
5.15	If damage is non-vehicular in nature, is the damage completely described and documented as to type, cause, ownership, and extent of damage?		2
5.16	Is the non-vehicular damage accurately estimated (appraised) and photographed, with an "agreed price" reached for the ACV of the damage?		2

Cross Reference to Other Files

5.17	Based on the investigation by the adjuster of prior accidents or injuries, has the adjuster documented consideration of referral for potential fraud?		2
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Reserve Determination and Management

5.18	Has adjuster conducted documented analysis of all damages claimed?		2
5.19	Has the adjuster conducted a documented analysis of the exposure to future medical care?		2
5.20	Does the documentation exist to verify that cost offsets such as contribution from a joint-tortfeasor, salvage or other monetary recovery considered in setting the reserves are calculated in the setting of the reserves?		1
5.21	Has the adjuster provided a documented analysis to support the initial reserve?		2
5.22	Has the adjuster performed a documented analysis of the legal cost and expenses of the claim, independent of the defense attorney's evaluation?		2
5.23	If the file has periodic payments, has the adjuster provided a documented analysis of the reserves to avoid future reserve adjustments?		2
5.24	Did the adjuster perform a documented reserve analysis with each submitted status report?		1
5.25	Was the reserve that was active prior to settlement of the claim within 10-15% of that final settlement figure (unless reserve was set prior to litigation with a defense verdict)?		1

6. Statute of Limitations

Measurement (YES, NO, N/A) Weight

6.1	If the verified claim was not filed within 6 months of date of incident, did the adjuster provide detailed documentation for establishing a file?		1
6.2	Was a documented liability analysis performed by adjuster prior to the statutory denial being issued?		2
6.3	If a claim was filed late, was a documented analysis performed outlining whether a "late claim appeal" would be successful before the claim was denied as "late"?		3
6.4	Was a "statutory denial" (including "late notice" denial) properly issued?		2

7. Loss Control

Measurement (YES, NO, N/A) Weight

7.1	Does documentation exist in the file to verify the initial adjuster investigation was provided to the departmental loss prevention contact?		2
7.2	Once the total reserve exceeded \$100,000 does documentation exist in the file that the department was notified of the need to draft a corrective action plan?		3
7.3	Once there was a determination of the need for a corrective action plan did the adjuster provide the department contact with a root cause analysis of the events leading to the claim?		3
7.4	When the adjuster performed a documented analysis of root causes of the loss were recommendations made to the department contact to avoid further losses?		2

8. Litigation Management

Measurement Weight
(YES, NO, N/A)

Litigation Assessment

8.1	If suit has not been filed, has adjuster provided a documented analysis within 30 calendar days whether this is a case for settlement or denial?		3
8.2	Is there correspondence to the claimant in the file explaining the reasons for denial?		4
8.3	If denial was "statutory" but there is probable liability, did the adjuster provide a plan of action to avoid litigation?		4
8.4	Is there file documentation indicating that a Roundtable was conducted within 6 months of assignment to defense counsel?		3
8.5	If file began as a lawsuit was a documented analysis performed and forwarded to County Counsel evaluating the decision to defend?		3
8.6	Has the departments position concerning settlement and/ or litigation been documented in the file?		3
8.7	Did the adjuster document the recommendations for discovery?		3
8.8	If the case is being appealed, has the adjuster provided detailed documentation of the issues of appeal and our attorney's response?		3
8.9	Has the adjuster performed a documented analysis of the cost of litigation versus the value of the file (Cost Benefit Analysis) and provided recommendations with each status report? (every 90 days)		3
8.10	If referral to defense counsel was made did the adjuster provide a documented analysis with case recommendations to the defense counsel?		4
8.11	Is there file documentation indicating the adjuster obtained, evaluated and approved defense counsel timeline?		3

Assignment of Counsel

8.12	If a referral to defense counsel was made did the adjuster provide a documented analysis with case recommendations to defense counsel at time of referral?		4
8.13	Was assignment made to defense counsel within 5 days of receipt of lawsuit by TPA?		3

Panel Attorney Correspondence

8.14	Did the adjuster provide to the defense attorney a documented analysis of the potential liability?		4
8.15	Has the adjuster performed a documented analysis of the use of a form of early resolution such as mediation or ADR?		3
8.16	Does documentation exist that the County was notified when total expenses reached 50% and 75% of the initial CEP cost estimate?		4
8.17	Does documentation exist in the file that the adjuster obtained and evaluated the required reports from defense counsel?		3
8.18	Does documentation exist in the file that defense counsel requested authorization from adjuster at the time of critical trial decisions, settlement and at the time of any variance of the CEP?		3

CEP Development and Maintenance

8.19	Did the adjuster perform a documented review and approval of the defense panel CEP within 60 days of panel assignment?		4
8.20	Was the approved CEP submitted to County Counsel and appropriate department within 90 days of assignment to defense counsel?		4
8.21	The file reflects that the adjuster conducted an analysis and provided a detailed explanation of all costs in excess of the defense counsel's CEP.		3
8.22	In the event the panel attorney costs exceeded the CEP budget, does a corrective action plan exist, approved by County Counsel, to modify the CEP or bring litigation costs within the approved CEP budget?		3
8.23	Does documentation exist in the file that the adjuster monitored and interceded with CEP deviations?		4
8.24	Does documentation exist that the supervisor reviewed and approved the initial CEP and all CEP modifications?		4

Bill Review

8.25	File documentation indicates the adjuster is reviewing and approving all legal expenses prior to payment.		4
8.26	Does documentation exist in the file to verify that legal bills were reviewed, at a minimum, every 90 days?		3

Litigation Evaluation and Assessment Process

8.27	In the event this file is a closed litigated file, was a litigation evaluation and assessment analysis initiated within 30 days of case closure?		3
8.28	Upon completion of the litigation evaluation and assessment analysis, does a documented summary of findings report exist in the file, with specific recommendations?		4
8.29	Does the documentation exist that the supervisor reviewed and approved the initial litigation and assessment analysis and any subsequent modifications to the analysis?		4

9. Settlement, Use of Authority

Measurement Weight
(YES, NO, N/A)

9.1	When the evidence in the file documents there is no liability or damages was the claim denied within 14 business days, with a detailed summary outlining reasons for denial?		2
9.2	Did a supervisor review and approve the documented evaluation of the factors for settlement?		3
9.3	Does the file notes document the adjuster's activities to settle the case?		3
9.4	Is there documentation in the file that the adjuster advised the department of settlement options and request for settlement concurrence or authority to settle?		3
9.5	Does the request for settlement authority include a detailed evaluation of the County liability, including liability of other parties?		1
9.6	Does the documentation exist that the supervisor reviewed and approved the request for settlement authority?		2
9.7	Does the file contain documentation of all settlement approvals, including County Claims Board approvals for settlement.		3
9.8	Was closing case/settlement report reviewed and approved by a supervisor?		2
9.9	If the claim has been settled, has the adjuster obtained a release of liability from the third party?		1
9.10	If the claim involves a minor, does the file reflect court approval of the settlement?		1
9.11	If the cases is settled for more than \$10,000, does the file reflect a structured settlement analysis?		1
Closure			
9.12	Were all outstanding invoices paid prior to closing?		1
9.13	Does RMIS reflect the file was closed within 30 days of final file activities?		2
9.14	If the file was closed, but had to be reopened, has the adjusted documented the reasons for reopening the file and was it approved by a supervisor?		1
9.15	Was a closing/settlement report completed, approved by a supervisor and distributed to the County?		3
9.16	If the file is pending closure, does documentation exist in the file outlining adjuster activity to obtain final billings every 90 days?		2
9.17	Was a closed file review conducted on the case within 30 days and review/approved by a supervisor?		3

CONTRACT DISCREPANCY REPORT

TO: _____

FROM: _____

DATES:

Initiated by County: _____ Returned by Contractor: _____ Action Completed: _____
--

Discrepancy or Problem:

Signature of County's QAE

Date

Contractor's Response (Cause and Corrective Action):

Signature of County's QAE

Date

County Evaluation of Contractor's Response: _____

County's Action: _____

Contractor Notified of Action (Initials and Date): _____

County's Contract Administrator Signature

Contractor's Contract Manager Signature

**COUNTY OF LOS ANGELES
CASE RESERVE POLICY**

- I. POLICY OBJECTIVE: To establish and maintain accurate reserves to provide a foundation for budget preparation and estimates of future funding requirements.
- II. POLICY SCOPE: Reserves for indemnity and expense payments must be established for each Allegation File. Reserves shall be set by County's third party administrators (TPA) or attorneys (County Counsel or contract legal defense firms), at the earliest opportunity, and updated periodically on evaluation of case developments.
- III. POLICY ADMINISTRATOR: The County Contract Administrator shall monitor compliance with the requirements of this policy on a periodic basis, and update this policy as needed.
- IV. POLICY PROCEDURES:
 - A. The TPA/Attorney is responsible for ensuring reserves accurately reflect the ultimate loss exposure for each claim.
 - B. The TPA/Attorney shall establish and maintain an indemnity and expense reserve on each Allegation File assigned to or handled by TPA/Attorney.
 - C. Initial reserves shall be set within 10 working days from the date an Allegation File is set up. Thereafter, reserves shall be reviewed and evaluated against allegation developments as warranted, but at least every 90 days by the third party administrators, until the file is closed.
 - D. An initial reserve shall be set based upon TPA/Attorney's professional judgment considering all information available at the time a file is opened. Indemnity reserves set on files established by verified claims or lawsuits should reflect the claim's ultimate cost. Indemnity reserves for files set up based on an incident report should reflect a minimum exposure level and should be immediately reviewed and revised, if necessary, when a verified claim or lawsuit is filed.
 - E. Although the goal is to set reserves which will be adequate for the life of the Allegation File, reserves are subject to changes because of continuing allegation developments. The TPA/Attorney should monitor claims activity to determine if adjustments (increases or decreases) in reserves are necessary.
 - F. All initial reserves or modifications to existing reserves must be entered into Attorney or TPA computer database and documented in the Allegation File. Notations that changes in reserves are unnecessary must be noted in the Allegation File.

NOTIFICATION LETTER FORMAT

NOTIFICATION OF SETTLEMENT

NAME OF ALLEGATION FILE	DATE: ALLEGATION FILE #:	ACCOUNT EXECUTIVE
-------------------------	---------------------------------	-------------------

IDENTIFY COURT AND FUTURE COURT DATES, IF ANY: WAS HEALTH SERVICES CONTRACTED REGARDING SETTLEMENT? IF YES, NAME OF INDIVIDUAL CONTACTED: DID THEY AGREE TO TERMS OF SETTLEMENT? <input type="checkbox"/> YES <input type="checkbox"/> NO	WAS SETTLEMENT REACHED IN COURT? IF YES, THE JUDGE'S NAME IS: WERE TERMS OF SETTLEMENT ON THE RECORD? <input type="checkbox"/> YES <input type="checkbox"/> NO
---	---

PLAINTIFF'S ATTORNEY:	DEFENSE ATTORNEY AND ATTORNEY MAKING THE APPEARANCE, IF DIFFERENT:
-----------------------	--

TERMS OF SETTLEMENT (INCLUDE ALL LIENS, AND RESPONSIBILITY OF CO-DEFENDANTS):

REASONS FOR SETTLEMENT (IN DESCENDING ORDER FROM MOST IMPORTANT TO LEAST IMPORTANT):

FACTS OF THE Allegation:

**COUNTY OF LOS ANGELES PERIODIC PAYMENT
PROGRAM GUIDELINES**

(Note: This document is subject to revision at the sole discretion and as determined by the County)

1. **PROGRAM OBJECTIVE:** To provide criteria for use of a periodic payment plan to reduce claims costs and provide earlier settlement of liability claims.
2. **PROGRAM SCOPE:** A periodic payment plan should be considered for any claim when it is economically beneficial to the County or assists in the favorable settlement of a claim. Periodic payments provide a financial alternative to reduce the cost of settlements and meet court requirements in allegations involving minors and other dependent parties.
3. **PROGRAM DEFINITIONS:** A periodic payment plan is defined as a plan which is part of a settlement to compensate a claimant for tort damages, which contains an agreement to make deferred periodic payments rather than a single lump sum payment.

Deferred payments may be made through a structured settlement consisting of the purchase of a commercial annuity contract from an insurance company or a self-funded arrangement. The payment schedule can be split, wherein, some payments are annuitized and some are self-funded. Commercial annuity payments are paid to the annuitant directly by the insurance company, while the County's third party administrator (TPA) issues the self-funded payments to the annuitant.

Structured settlement plans may include an immediate partial cash payment along with periodic future payments. Whenever feasible and agreed to by claimant and their attorney, the County shall be named as the beneficiary of future payments upon the death of the claimant.

Reversionary grantor trusts and various types of special needs trusts are also considered periodic payment plans and are to be implemented under strict statutory requirements and usually ordered by the Court.

4. **PROGRAM ADMINISTRATOR:** The Chief Administrative Office (CAO) shall decide if a periodic payment plan involving a structured settlement will be financed through commercial annuities or self-funding. Such a decision will be based on comparison of cost and consideration of budget factors. CAO approval will be indicated in writing to the TPA and County Counsel on the Request for Settlement Authority form.

There may be special circumstances in which the Court or settlement negotiations require one method of funding over the other. In those circumstances, the third party administrator or County Counsel is authorized to finance the settlement according to the settlement restrictions.

5. **PROGRAM CLAIM CRITERIA:** It is the responsibility of the TPA and County Counsel to identify opportunities and secure quotations for the following types of claims:
 - A. Claims with indemnity reserves greater than \$50,000.
 - B. Claims involving minors or persons who are legally incompetent.

STATEMENT OF WORK

- C. Claims involving persons with temporary or permanent impairments.
 - D. Claims where there are anticipated future medical care needs i.e., attendant care.
 - E. Claims representing loss of earnings.
 - F. Claims where the widow or widower needs monthly or annual income.
 - G. Claims that are the result of a workers' compensation claim. Other requirements not listed here apply and this type of claim will not be covered by these guidelines.
 - H. Claims where the claimant is requesting a settlement and/or structured settlement.
 - I. Claims involving non-physical injuries such as employment discrimination, sex discrimination and others. These claims cannot be assigned.
6. **PROGRAM PARTICIPANT CRITERIA:** Structured settlement proposals must be obtained from annuity insurers and brokers meeting the following selection criteria:
- A. Annuity Insurers - Annuities may only be purchased from annuity insurers who have the following minimum ratings:
 - 1) A. M. Best's: Rating of A+ or better, and financial size of IX or higher.
 - 2) In addition, to the A.M. Best rating, the annuity insurers must be rated by at least one of the following:
 - a. **Moody's**: Rating of Aa3 or better,
 - b. **Standard and Poor's**: Rating of AA- or better.

Any annuity insurer who receives a rating lower than noted in 1 or 2 above will be unacceptable.

B. Distribution of Annuities

The distribution of annuities should be based on the knowledge and expertise of the annuity broker and their evaluation of the market at the time of the placement and the conditions and requirements of each case presented to the broker. It is, however, the sole and continuing responsibility of the broker to investigate, evaluate, and advise the TPA and County of the ability of insurers to meet their financial obligations. The County reserves the right to reject use of any insurer, which the County deems to be unacceptable because of financial, conflict of interest or operational concerns.

- C. Annuity Brokers - Annuities must be purchased through licensed annuity brokers who have specialized experience and knowledge in obtaining and monitoring annuities. To be acceptable, brokers must meet the following minimum criteria:
 - 1) Licensed in the State of California as an annuity broker.
 - 2) Have a direct agency agreement with all annuity insurers which meet the County's selection criteria.

STATEMENT OF WORK

- 3) Maintain Errors and Omissions liability insurance with a minimum policy limit of \$5,000,000 per claim.
- 4) Provides annuities for defendants in bodily injury allegations.
- 5) Have a minimum of five years experience as a structured settlement consultant.

Each person who works on County structured settlements must be an employee or an independent contractor of a company, which meets the above criteria, which is centrally managed and controlled. If the consultant is an independent contractor, the County has the right to review the independent contractor's agreement with the broker to determine whether there is sufficient control over the actions of the independent contractor.

Brokers also shall disclose any financial interests they have in insurance companies, including situations in which brokerage officers or employees serve as officers, principals, partners or major shareholders of any insurer. Brokers are further expected to eliminate any other business practices which may pose conflicts of interest related to their purchasing of annuities on behalf of the County, their client, including, but not limited to, "steering" of business to any insurer. Brokers shall fully disclose in writing their total earned compensation for each placement with each insurer, including any their total earned compensation for each placement with each insurer, including any contingent commissions or anything else of material value (ex. "pay to play" payments).

Current County policy requires that the Third Party Administrator (TPA) investigate the proposed brokers including, but not limited to, obtaining and reviewing copies of licenses, agency agreements, insurance, and financial statements and propose at least three (3) brokers who meet the preceding requirements and who are interested in participating on a panel from which the County would then select. The final selection of panel participants is to be determined and approved by the County. The assignments are made by the TPA on a rotation basis, unless County Counsel, CAO or the TPA determine that one specific broker is better suited to the assignment. The broker assignments should be made in an equitable and balanced manner.

7. ANNUITY PLACEMENT PROCEDURES:

- A. Counsel will advise annuity broker of the types of claims listed under Section 5, Program Claim Criteria of this program guideline and provide the relevant information (i.e. medical records and specials, outstanding liens, medical specials, age of claimant, indemnity reserve, claimant's demand, need for long-term medical care, college fund, etc.) as soon as negotiations are contemplated.
- B. Annuity broker will prepare preliminary proposal(s) based on information provided to demonstrate the benefits available under a structured settlement.
- C. TPA and County Counsel will review the preliminary proposal(s) and request annuity broker to revise proposal(s) based on TPA and County Counsel assessment of allegations or discuss preliminary proposal(s) with claimant's attorney.
- D. TPA and County Counsel will direct annuity broker to revise proposal(s) based on claimant's demands during negotiations.

- E. Annuity broker will obtain final proposal(s) from all qualifying insurers and submit to the TPA or County Counsel.
- F. Upon agreement on type and structure of settlement, the TPA and County Counsel contacts annuity broker to finalize annuity costs. CAO determines if settlement should be annuitized or self-funded.
- G. TPA and County Counsel ensure all the required documentation is completed and forwarded to annuity broker for final review before submitting documentation to the court.
- H. Annuity broker reviews the material submitted to ensure the documentation meets all the criteria and Internal Revenue Codes in order for the proceeds to be classified as non-taxable.
- I. TPA and County Counsel submits final documents to the court, obtains funding from CAO and directs claimant's attorney to execute the documents.
- J. TPA is to maintain ongoing records of annuity for duration of annuity period. TPA is to ensure that a certified copy of the annuity is submitted to CAO.
- K. On an on-going basis, CAO will review annuity broker's performance and compliance with these guidelines.

8. POST ANNUITY PLACEMENT PROCEDURES

- A. Once an annuity has been selected, the TPA must determine if the policy will be assigned through a qualified assignment or if the County will retain annuity ownership. The majority of annuity policies will involve a qualified assignment during placement and the responsibility of the County and the TPA will end once the assignment is completed as reflected in the foregoing procedures. In a limited number of annuities placed, however, assignment is not possible. An example would be an annuity purchased as a special needs trust set up for a minor or individual who is incompetent. In these circumstances, the County retains ownership of the policy and in some circumstances may ultimately become the beneficiary of the trust proceeds once conditions prescribed in the annuity are met. An example of one such condition would be the demise of the annuitant. These types of annuities are usually ordered by the Court as a result of a minor's compromise hearing and are structured under strict conditions set by the Court.
- B. If the TPA establishes that an annuity is County owned and ownership will continue after the closure of the allegation file, the TPA must continue to monitor payments and mortality of the annuitant throughout the duration of the annuity.
- C. The TPA must maintain a current list of all County owned annuities, which are actively issuing payments to annuitants.
- D. The TPA is expected to conduct annual reviews of both the status of the annuitant and payments to ensure that appropriate payments are being made. TPA is expected to provide all required financial reports and projection of costs for future years.

9. EXISTING ANNUITY FILES

- A. County owned annuities, which were originally placed with Executive Life Insurance Company, were assumed by Aurora National Life Assurance Company after Executive Life went into receivership and was dissolved by the State of California as insolvent. The County closely monitors these files and if payments issued to the annuitant are less than the amount guaranteed in the original settlement agreement, then the shortfall amount must be issued by the TPA on behalf of the County according to County instructions. These payments must be established on an ongoing basis with an annual review of annuitant status and projected shortfall figures.

- B. County owned annuities placed with other insurance carriers and which are still active, must be maintained in the manner set forth in the preceding procedures.

- C. The County elected to self fund annuities written in the early 1980s. 59 of these files still remain active. The TPA must aggressively monitor these files to maintain contact with the annuitants to ensure annuitant compliance with any conditions stipulated in the settlement agreement prior to the issuance of any payment. Familiarity with these files is critical to their management. Quarterly reports must be prepared and submitted concerning these files in a format acceptable to the County Contract Administrator. Periodic independent audits will be conducted on these files and the TPA is expected to offer full cooperation.

November 5, 2002

LEGAL DEFENSE MANAGEMENT REPORTS

1. CASE EVALUATION AND PLAN (CEP)
2. CASE STATUS REPORT
3. CASE STATUS UPDATE REPORT
4. LITIGATION MANAGEMENT UPDATE

CASE EVALUATION AND PLAN (CEP)
(TO BE COMPLETED BY FIRM'S SUPERVISING ATTORNEY)

1	FIRM NAME:			
	ALLEGATION NAME:		COUNTY COUNSEL DOCKET #:	
	COURT #:			
	INCIDENT DATE:	CLAIM DATE:	CLAIM DENIED DATE:	COMPLAINT FILED DATE:
	TYPE OF ALLEGATION:			
	ALLEGATION/MATTER DESCRIPTION & FACTS:*			
OPPOSING ATTORNEY'S NAME (if known):				
2	INVESTIGATIONS NEEDED:			
	<input type="checkbox"/> WITNESS STATEMENTS <input type="checkbox"/> MEDICAL REPORTS <input type="checkbox"/> SCENE DIAGRAM & PHOTOS <input type="checkbox"/> POLICE REPORTS <input type="checkbox"/> OTHER, DESCRIBE WHAT IS NEEDED: _____ _____			
3	INJURIES OR DAMAGES CLAIMED:*			
	(list punitive damages separately)			
4	SPECIAL DAMAGES: MEDICAL \$ _____ LOSS OF EARNINGS \$ _____			
	OTHER \$ _____, IF OTHER SPECIFY: _____			
5	PLAINTIFF'S CONTENTION:*			
6	AFFIRMATIVE DEFENSES:*			
7	INITIAL DISCOVERY: (designate expert/parties)			
	DISPOSITIONS TO BE TAKEN (list names)	INTERROGATORIES TO BE SENT (list names)	RECORDS/DOCUMENTS TO BE PRODUCED (list names)	
8	RESEARCH REQUIRED:*(general description of issues & extent) Specifically identify any research requiring original effort as opposed to research that has generally been done previously by the firm:			
	ESTIMATED AMOUNT OF TIME NEEDED TO COMPLETE RESEARCH: _____ HOURS			
9	MONETARY EVALUATION OF ALLEGATION(S):			
	POTENTIAL LIABILITY/EXPOSURE \$ _____		VERDICT RANGE \$ _____	
	SETTLEMENT VALUE \$ _____			

10	RECOMMENDED ALLEGATION STRATEGY:*							
11	STAFF/HOURLY RATE:* Identify the staffing levels, hourly rates and estimated number of hours for each partner, associate, or paralegal.							
	<u>NAME</u>	<u>TITLE</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>				
	_____	_____	_____	_____				
	_____	_____	_____	_____				
12	CONSULTANT AND/OR EXPERT WITNESS:* Identify the consultant's and/or expert/s specialization and the hourly rate to be charged.							
	<u>NAME</u>	<u>TITLE</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>				
	_____	_____	_____	_____				
	_____	_____	_____	_____				
13	INITIAL COST ESTIMATE: * Projected budget, including attorney fees and expenses, for handling Allegation File through each of the following stages: <i>(Please base this estimate on past experience with similar Allegation(s) File(s))</i>							
		Total Cost	FY #1	FY #2	FY #3	FY #4	FY #5	FY #6
	PLEADINGS							
	DISCOVERY							
	PRETRIAL CONFERENCE(S)							
	ARBITRATION							
	TRIAL							
	TOTAL COSTS (fees and expenses)							
	ESTIMATED FINAL DISPOSITION DATE:							

* Attach additional page(s) if more space is needed

APPROVED BY: _____
Firm's Supervising Attorney
Date

COMMENTS: _____

CASE STATUS REPORT
(to be completed by firm's supervising attorney)

FIRM NAME:			
ALLEGATION FILE NAME:			COUNTY COUNSEL DOCKET #:
COURT #:			
INCIDENT DATE:	CLAIM DATE:	CLAIM DENIED DATE:	COMPLAINT FILED DATE:
COUNTY PRIORITY LEVEL DESIGNATION (circle if changed from previous report): <input type="checkbox"/> LEVEL I <input type="checkbox"/> LEVEL II <input type="checkbox"/> LEVEL III			
STATUS OF DISCOVERY (since last status report) List dispositions taken:*			
INTERROGATORIES SENT/RECEIVED:*			
REQUESTS FOR MEDICAL EXAMS:*			
STATUS OF EXPERT WITNESS/CONSULTANT INVESTIGATIONS:*			
RESULTS OF MOTIONS (describe all motions and indicate outcome):*			
SIGNIFICANT DEVELOPMENTS WHICH MAY INCREASE OR DECREASE COUNTY'S EXPOSURE/LIABILITY:*			
RECOMMENDED ALLEGATION(S) STRATEGY (state clearly changes from previously agreed-to strategy):*			

CASE STATUS UPDATE REPORT

1	FIRM NAME: _____	
	ALLEGATION NAME: COURT #:	COUNTY COUNSEL DOCKET #:
	COUNTY PRIORITY LEVEL DESIGNATION (circle if changed from previous report): <input type="checkbox"/> LEVEL I <input type="checkbox"/> LEVEL II <input type="checkbox"/> LEVEL III	
2	DATE OF LAST REPORT (Case Evaluation & Plan, or Case Status Report): _____	
	ALLEGATION STRATEGY RECOMMENDED IN THAT REPORT: * _____ _____	
3	SIGNIFICANT DEVELOPMENT/EVENTS SINCE LAST REPORT, with dates, as applicable:*	
4	IMPACT OF THESE SIGNIFICANT DEVELOPMENTS/EVENTS ON COUNTY'S EXPOSURE/LIABILITY:*	
5	REVISED ALLEGATION STRATEGY:*	
6	IMPACT OF REVISED ALLEGATION STRATEGY ON PROJECTED BUDGET:*	

APPROVED BY: _____
Firm's Supervising Attorney Date

RECEIVED/APPROVED BY: _____
County's Supervising Attorney Date

COMMENTS: _____

*Attach additional pages if more space is needed

LITIGATION MANAGEMENT UPDATE

TO: (Name of County Counsel Liaison)FROM: (Name of Supervising Claims Specialist)

FILE NUMBER: 1234

PATIENT:	_____	MSC DATE:	None
CLAIMANT(S):	_____	OSC DATE:	None
FACILITY:	Central Medical Center	TRIAL DATE:	Vacated
TYPE OF CLAIM:	Medical Malpractice	MSJ DATE:	none
DOI:	11/2/97	JUDGE:	
COURT CASE NO.:	DK _____	DEPARTMENT:	'J'
DOCKET NO.:	_____	COURT:	
CLAIM DATE:	1/14/99	CASE REVIEW DATE:	None
DENIAL DATE:	2/27/99	DATE SETTLED:	None
SUIT FILED DATE:	3/15/00	DATE SAL SUBMITTED:	N/A
DATE SERVED:	3/16/00		
DEFENSE ATTY:			
PLAINTIFF ATTY:			

INDEMNITY:	\$100,000.00
FEES:	\$3,501.27
COSTS:	\$2,493.12
DEMAND:	\$400,000.00 5/1/99 \$350,000.00 8/1/99
RECOMMENDATION:	None
CURRENT MEDI-CAL LIEN (GROSS AMOUNT)	Unknown

This case involves a _____-year old _____ (*male/female*), who on _____ (*Date*), underwent removal of _____ at _____ Medical Center. Plaintiffs allege that the pathologist who reviewed the surgical specimens found there to be no evidence of a malignancy. Therefore, she was told that she did not have cancer and continued to be followed post-operatively at _____ Medical Center.

LITIGATION MANAGEMENT UPDATE

FILE NAME: _____ v County of Los Angeles
FILE NO: 1234
March 2, 2002

Subsequently, in January 1999, patient was found to have a mass. On January 12, 1999, patient underwent surgery at South Avenue Medical Center, where the mass was removed. Plaintiffs allege that the _____ mass showed carcinoma. As a result, the physicians at South Avenue Medical Center requested that the slides from the 1997 surgery at Central Medical Center be sent to them. The slides were apparently received on _____, 1999. A pathologist at South Avenue Medical Center determined that the 1997 slides were not indicative of non-malignancy, but instead showed low malignant potential. It is apparent that this pathologist determined the _____ tumor from 1997 was the likely primary sight of the _____ cancer.

In November, 2001, plaintiff underwent a CT scan of the brain which revealed a lesion. Patient was hospitalized and is now receiving radiation therapy on a daily basis.

CURRENT STATUS

M . _____ died of her cancer on January 29, 2002. Yesterday the court vacated the trial, which had been set for March 1, 2002. The court ordered the plaintiff's attorney to _____ by the next status conference, scheduled for April 12, 2002.

COUNTY'S PRIORITY RATING SYSTEM

ASSIGNED LEVEL	CRITERIA FOR ASSIGNED LEVEL	REPORTING REQUIREMENTS
I	<p>Allegation File has a liability exposure exceeding \$1,000,000 (one-million dollars)</p> <p style="text-align: center;"><u>or</u></p> <p>Projected total defense costs exceeding over \$300,000 (three-hundred-thousand dollars)</p> <p style="text-align: center;"><u>or</u></p> <p>Is sensitive or precedent setting</p>	<p style="text-align: center;">Monthly</p> <p>Case Status Reports are due the first of each month after County approves the <u>Case Evaluation and Plan</u></p>
II	<p>Allegation File has liability exposure exceeding \$500,000 (five-hundred-thousand dollars) but less than 1 million dollars</p> <p style="text-align: center;"><u>or</u></p> <p>Projected total defense costs exceeding \$100,000 (one-hundred-thousand dollars), but less than \$300,000 (three-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Allegation File is neither sensitive or precedent-setting</p>	<p style="text-align: center;">Quarterly</p> <p>Case Status Reports are due every 90 calendar days after County approves the <u>Case Evaluation and Plan</u></p>
III	<p>Allegation File has a liability exposure under \$500,000 (five-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Projected total defense costs less than \$100,000 (one-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Allegation File is neither sensitive or precedent-setting</p>	<p style="text-align: center;">Semi-Annually</p> <p>Case Status Reports are due every 180 calendar days after County approves the <u>Case Evaluation and Plan</u></p>

The Risk Management Information System (RMIS)

The RMIS System Overview

The COUNTY'S RMIS is a web-based application which provides a technology solution for the administration, tracking and reporting on tort liability claims filed against the COUNTY. All of the COUNTY'S third party claims administration (TPA) firms, as well as COUNTY STAFF (County Counsel and Chief Administrative Office), utilize RMIS. The system also provides real-time access to claims administration information for risk management analysis purposes.

County of Los Angeles Enterprise Architecture

The COUNTY has invested significant time and energies constructing an enterprise network that best suits the COUNTY'S initiatives and future growth. Based on discussions with the COUNTY'S Internal Services Department (ISD), in order to mitigate security breaches of the enterprise network, all hardware for the RMIS is configured to operate within LANet, the COUNTY'S Intranet. The RMIS and its associated hardware and software will interface with LANet network resources.

Third Party Administrators RMIS Server Access

TPA users access the RMIS servers by having a direct connection that goes through a direct line that goes "behind" the firewall of LANet. Each TPA needing access must provide the COUNTY with their IP addresses, and the COUNTY'S router will only allow traffic into the COUNTY'S network from those approved IP addresses to the RMIS servers. The TPA will be required to secure at least ½ of a T1 link between the TPA and the COUNTY. The TPA will block traffic from the COUNTY into its own networks.

Minimum Workstation Configurations

Processor: Pentium III 600 MHz

Cache: 1MB L2

Memory: Registered ECC DRAM

Minimum: 128 MB

Network Controller: 100 Mbps

Internal Storage: 20 GB minimum with 2 GB free space

Operating System: Windows 98 or later (Me, 2000 Pro, XP)

Web Browser: Microsoft Internet Explorer 6, no additional client-side installations, ActiveX components, or plug-ins are necessary. The browser must have the Internet or local Intranet web zone security settings configured as follows:

1. Run ActiveX controls and plugins – set to "Enable" or Prompt"
2. Script ActiveX controls and plugins marked as safe – set to "Enable" or "Prompt"
3. Cookies: "Allow cookies stored on your computer" set to "enable" if the user wishes to return to the last-set screen in the The RMIS after leaving the The RMIS site to visit another site. Otherwise the user will always have to log back in and manually return to the last used page.
4. Pop-Up Blockers: All pop-up blockers must either be deactivated or configured to allow pop-up windows from the RMIS address in order to run all RMIS canned reports successfully.
5. Miscellaneous: "Access data sources across domains" set to "Enable" if the user is outside the LANet domain and if the web server and database are on separate servers.

Other Hardware and Software

- Scanner with the compatible scanning software that can output either a PDF or JPEG file formats. Specifications of the scanner will be provided by the COUNTY.
- TROY MICR Secure Printer 2200

CONTRACTOR REPORTS

REPORT NAME	DESCRIPTION	TYPE	FREQUENCY
1. Indemnity and Allocated Expense Payments Made	Indemnity and allocated expense payments for current fiscal year, broken down by facility	Financial	As Needed
2. Unfunded Obligation by Facility	Self-funded payments for current fiscal year, broken down by facility	Financial	As Needed
3. Executive Life Ins. Co., Annuity Shortfall Unfunded Obligation	Annuity shortfall payments for current fiscal year, broken down by facility	Financial	As Needed
4. Self-funded Settlement Ledgers	Individual ledgers, by PRM file number, showing payment activity	Financial	As Needed
5. \$25,000 in Fees Packet	For cases that exceeded \$25,000 in defense fees. Packet includes IMU, profile, payment history and defense counsel briefing sheet & narrative	Claims/ Financial	When fees exceed \$25,000
6. \$50,000 in Fees Binder	Information for each case that has exceeded \$50,000 in fees. Documentation includes profile, case status report, payment history, defense cost briefing sheet and narrative (20-30 cases)	Claims/ Financial	As Requested
7. MSC/Trial Status Reports	Narrative response to 16 questions regarding the status of each case set for MSC or trial in a specified month	Claims	As Requested
8. Closure Advice Notification	Notification of a specific file closure, including supporting documentation for all indemnity and expense paid on the file	Claims/ Financial	Upon closure of file
9. Notification of Settlement Form (NOS)	Advisory of case settled, including specific information regarding settlement amount, facility concurrence and reasons for settlement.	Claims	Within 24 hours of settling a case
10. Case Management Report (CMR)	Periodic report on an open, active file outlining the current status of all cases and all cases set for OSC, MSC or trial during the following week	Claims	Within 30 days of opening an allegation file and every 90 days thereafter on all open files
11. Annuity Broker Assignments	List of cases assigned to annuity brokers during current year	Claims	Monthly
12. Notification of New File Set	Notification of new file set up.	Claims	Upon set up of a new file
13. Demand for Settlement in Excess of \$100,000	Narrative response to 17 questions for all cases with a verbal or written demand in excess of \$100,000	Claims	Within 24 hours of receipt of demand
14. Court Appearance Calendar	Current status of all cases set for OSC, MSC or trial during the following week	Claims	Weekly
15. Educational Programs Report	List of all in-service given by TPA personnel and risk management / quality assurance meetings attended by TPA personnel	Education	Monthly

AGREEMENT FOR PROFESSIONAL LEGAL SERVICES

I. GENERAL CONDITIONS

A. Period of Performance

AGREEMENT shall begin this date and shall continue until the completion of the case(s) or matter(s) identified in this AGREEMENT in Exhibit A, and any other case(s) or matter(s) COUNTY assigns to FIRM as provided in this AGREEMENT.

B. Termination/Suspension

1. Termination/or Suspension for COUNTY's Convenience

- a) Services performed under this AGREEMENT may be terminated or suspended in whole or in part at any time COUNTY deems to be in its best interest. COUNTY shall terminate or suspend services by delivering to FIRM a written Notice specifying the extent to which services are terminated or suspended and the effective date of the termination or suspension.
- b) After receiving a Notice, unless otherwise directed by COUNTY, FIRM shall:
 - 1) Stop services on the date and to the extent specified in the Termination Notice.
 - 2) Complete services not terminated or suspended by the Notice.
- c) After receiving a Notice of Termination or Suspension, FIRM shall give COUNTY a Closing Report as described herein and:
 - 1) Shall submit final billing for terminated services no later than thirty (30) calendar days from the effective termination date.
 - 2) If FIRM fails to submit a final billing within the time allowed, COUNTY may determine, on the basis of information available, the amount, if any, to be paid to FIRM. COUNTY's determination shall be final.

2. Termination for FIRM's Default

- a) Services performed under this AGREEMENT may be terminated in whole or in part by COUNTY providing a written Default Notice when FIRM:
 - 1) Fails to perform the service(s) within the time specified or any COUNTY-approved extension, or
 - 2) Fails to perform any of the AGREEMENT's other provisions or fails to make progress and endangers the performance of AGREEMENT's terms.
- b) FIRM shall have ten (10) calendar days, after receiving the Default Notice, to cure the failures unless otherwise authorized by COUNTY in writing.
- c) If COUNTY wholly or partially terminates services under this AGREEMENT, similar services may be obtained with terms and in a manner COUNTY deems appropriate. FIRM shall be liable to COUNTY for any excess costs for these required services.

STATEMENT OF WORK

- d) If COUNTY determines FIRM was not in default under the provisions of this Paragraph or that the default was excusable, the rights and obligations of the parties shall be the same as if the Termination Notice had been issued under "Termination For County's Convenience."

3. Professional Conflict of Interest

If either FIRM or COUNTY determines a matter of professional conflict has arisen during FIRM's engagement which should not or could not be postponed until the conclusion of FIRM's representation of COUNTY, FIRM or COUNTY may immediately give written notice to terminate this AGREEMENT. FIRM shall provide adequate representation until the appropriate substitutions can be made.

4. Closing Report Upon Termination

- a) FIRM shall deliver a Closing Report to COUNTY immediately after terminating services.
- b) The Closing Report shall include, but is not limited to:
 - 1) A brief description of the case facts.
 - 2) A discussion of applicable law.
 - 3) A list and description of all future scheduled court appearances.
- c) FIRM shall give COUNTY all evidence, files and attorney work product for every matter in which FIRM is substituted out as attorney of record. This includes any computerized indices, programs and document retrieval systems created or used for the matter and all related litigation. If FIRM's services include pending litigation, FIRM shall file the appropriate substitution of counsel with the court when instructed by COUNTY.

II. FIRM'S SERVICES AND RESPONSIBILITIES

A. Key Firm Personnel

1. FIRM's Supervising Attorney for this AGREEMENT shall be _____. FIRM's Supervising Attorney shall not be changed without COUNTY's written authorization.
2. FIRM's Supervising Attorney shall have full authority to act for FIRM on all daily operational matters under this AGREEMENT and shall serve as or designate lead counsel for all law and motion appearances, pretrial and trial proceeding(s), settlement conference(s) or meetings of counsel for parties, depositions, document productions, and all court and other proceedings in which substantive rights of the parties may be determined. Designation of Lead Counsel shall be subject to COUNTY's written approval.

B. Legal Representation

1. FIRM shall provide COUNTY with the necessary representation by qualified staff at the least costly billing category.
2. FIRM's legal representation shall include, but is not limited to:
 - a) All settlement negotiations and pretrial proceedings.

STATEMENT OF WORK

- b) Appearances at all law and motion hearings, discovery proceedings, hearings on order to show cause, writs, trials, and, where applicable, administrative hearings.
 - c) All legal research, preparation for hearings, and review of all documents and other evidentiary materials.
 - d) Investigative, secretarial, and clerical support services necessary to perform the legal representation in a professional manner.
 - e) All Appellate proceedings.
3. FIRM shall provide all required reports referenced in this AGREEMENT.
 4. FIRM shall meet with COUNTY as COUNTY requires.
 5. FIRM shall obtain COUNTY's written approval of FIRM's Case Evaluation and Plan before providing any professional legal services in the case(s), except for filing the initial response (answer, demurrer or appropriate motion), or unless otherwise authorized by COUNTY.
 6. FIRM shall obtain COUNTY's written approval before retaining any consultant or expert witness to assist with any COUNTY assigned case.
 7. FIRM shall obtain COUNTY's prior approval for travel outside the Counties of: Los Angeles, Orange, Riverside, Imperial, Kern, San Bernardino, Ventura or Santa Barbara.
 8. FIRM shall consult with COUNTY on trial and tactical decisions.
 9. FIRM shall assist COUNTY in settlement evaluations and negotiations, and shall obtain COUNTY's authority before making any settlement proposal on COUNTY's behalf to the Court or any other party to the case(s).
 10. FIRM shall provide COUNTY with a Status Update at least 45 calendar days prior to a case being scheduled for a mandatory or voluntary settlement conference or trial, whichever comes first.
 11. FIRM shall immediately notify COUNTY verbally and in writing when a judgment, verdict or other award is rendered.
 12. FIRM shall provide at COUNTY's request, copies of all court rulings and all pleadings, filed with the court or other administrative body, including those submitted by any party.
 13. FIRM shall maintain all backup documentation to support all entries included in its billings.

C. Reporting Requirements

FIRM shall provide COUNTY with the following reports:

1. Case Evaluation and Plan
 - a) The Case Evaluation and Plan is a confidential independent evaluation of the case that will be used to develop COUNTY's legal position and strategy. It will also serve as the basis for controlling litigation costs.
 - 1) FIRM shall provide the Case Evaluation and Plan in the format of Exhibit B.

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- 2) FIRM shall provide the Case Evaluation and Plan to COUNTY within thirty (30) calendar days after receiving the case from COUNTY. In exceptional circumstances, and with COUNTY's prior approval, FIRM may submit it within sixty (60) calendar days after receiving the case from COUNTY.
 - 3) FIRM shall base the Case Evaluation and Plan on a review of the pleadings, discovery, reports and other documents; an examination of physical evidence, if any; and any other matters FIRM deems appropriate based on its expertise and experience.
- b) The Case Evaluation and Plan shall include, but is not limited to:
- 1) Statement of known facts and identified legal issues, including opposing attorney(s) name(s), (if known).
 - 2) Statement of precedent-setting or sensitive issues, if applicable.
 - 3) Statement of injuries and damages.
 - 4) Statement of liability exposure.
 - 5) Recommendation(s) on case strategy, including discovery, motions, extent of legal research, consultants and percipient witnesses or experts to be retained and extent of expert work to be performed.
 - 6) An Initial Cost Estimate, FIRM's projected costs which it can reasonably anticipate incurring. Costs shall be budgeted on a total and annualized basis and shall include, but is not limited to:
 - (a) Attorney fees - an identification of the staffing levels, hourly rates and estimated number of hours for each partner, associate, and/or paralegal.
 - (b) Consultant and expert witness rates and estimated number of hours each will be needed.
 - (c) Deposition and transcript expenses and other miscellaneous expenses.
 - (d) Fees and expenses for handling the case through each of the following applicable stages:
 - (1) Pleadings
 - (2) Discovery
 - (3) Pretrial conference(s)
 - (4) Arbitration
 - (5) Trial, and
 - (6) Any other identified stages.
- c) COUNTY shall approve or deny FIRM's Case Evaluation and Plan in the format of Exhibit C.
2. Case Status Reports--Scheduled
- a) A Case Status Report is a summary of all significant actions and developments in the case(s) since the last report or the Case Evaluation and Plan, as applicable.
 - b) FIRM shall provide COUNTY with Case Status Reports in the format of Exhibit D.
 - c) FIRM shall provide Case Status Reports as often as COUNTY determines.
 - 1) COUNTY shall determine the reporting frequency based on the priority level assigned to the case consistent with COUNTY's Priority Rating System, Exhibit E.

STATEMENT OF WORK

- 2) COUNTY's Priority Rating System establishes the case's magnitude, liability exposure and sensitivity.
 - 3) COUNTY shall assign the priority level and reporting schedule after receiving and approving FIRM's Case Evaluation and Plan. COUNTY reserves the authority to redesignate the priority level and reporting schedule at any time or from time to time during FIRM's representation of COUNTY.
- d) Case Status Reports shall include, but are not limited to, a summary of the following actions:
- 1) Status of discovery.
 - 2) Status of expert witness and consultant investigations.
 - 3) Changes in case strategy.
 - 4) Results of motions.
 - 5) Change in COUNTY's exposure/liability.
 - 6) Developments impacting previously approved budget.
 - 7) Results of all settlement negotiations.
 - 8) Changes in opposition's legal representation.
 - 9) Actions planned or scheduled during the next reporting period.
 - 10) Revisions to Initial Cost Estimate(s).
- a) FIRM shall provide revisions when events occur to substantially impact the Case Evaluation and Plan or Initial Cost Estimate.
 - b) FIRM shall in all cases state in the report the actual percentage of the total Initial Cost Estimate expended to date.
 - c) FIRM shall immediately notify COUNTY in writing when fifty (50) percent and seventy-five (75) percent of the Initial Cost Estimate has been expended.
 - d) FIRM shall not exceed the Initial Cost Estimate without COUNTY's prior written authorization. COUNTY's written authorization shall be a condition precedent to COUNTY's obligation for any payment beyond the approved Initial Cost Estimate.
3. Status Updates--Unscheduled
- a) An unscheduled Status Update is a supplement to the regularly scheduled Case Status Report.
 - b) Status Updates may be verbal or written at COUNTY's option, and are to be provided immediately when significant actions or events occur on the case(s) and at COUNTY's request.
 - c) Written Status Updates shall be submitted in the format of Exhibit F.
4. Proposed Settlement Recommendations
- a) FIRM shall submit for COUNTY's approval, written Settlement Recommendations for all cases which clearly state the reasons supporting the proposed settlement.
 - b) FIRM shall submit written proposed Settlement Recommendations in the format of Exhibit G.

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- c) If the proposed Settlement Recommendations are acceptable to COUNTY's Supervising Attorney and a settlement agreement is tentatively reached, FIRM shall submit for formal approval a written summary of the case and the settlement in such format as COUNTY's Supervising Attorney shall require.

5. Appellate Action

- a) FIRM shall submit, in writing, all requests to appeal or petition for other review, or defend in the appellate court on any case. FIRM shall clearly state the reason(s) supporting the recommended action.
- b) If COUNTY approves FIRM's request, FIRM shall submit all briefs and papers to COUNTY for COUNTY's review not less than three (3) working days prior to FIRM filing with the appellate court.
- c) FIRM shall list County Counsel as counsel with FIRM on all briefs and papers submitted to the appellate court.

6. Final Report

- a) FIRM shall submit a final report closing the case within thirty (30) calendar days of each case's settlement or adjudication and when no further action is contemplated; or within sixty (60) calendar days with COUNTY's prior approval.
- b) The Final Report shall include, but is not limited to:
 - 1) The date of the settlement or judgment.
 - 2) The amount of the settlement or judgment.
 - 3) The date the judgment or settlement is paid.
- c) The Final Report shall be in the format of Exhibit H.

III. COUNTY'S DUTIES AND RESPONSIBILITIES

A. Key County Personnel

1. COUNTY's Supervising Attorney shall be as indicated in Exhibit "A". COUNTY shall inform FIRM in writing of any change in Supervising Attorney.
2. COUNTY's Supervising Attorney shall have full authority to act for COUNTY on all daily operational matters under this AGREEMENT and shall review and approve all FIRM's reports, whether written or verbal, and any change in FIRM's Supervising Attorney or designated Lead Counsel.
3. Approval of proposed settlement recommendations is subject to the County of Los Angeles' settlement approval procedures.

B. Duties and Responsibilities

1. COUNTY shall provide all relevant case documents and information to FIRM.

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2. COUNTY shall provide FIRM with an amended Exhibit A whenever COUNTY assigns additional case(s).
3. COUNTY shall assign and notify FIRM in writing of a case's priority level and reporting schedule consistent with COUNTY's priority rating system, within ten (10) business days after approving FIRM's Case Evaluation and Plan.
 - a) COUNTY's approval of FIRM's Case Evaluation and Plan shall be in the format of Exhibit C.
 - b) COUNTY may, at its option, change the assigned priority rating level and reporting schedule at any time by notifying FIRM of the change in writing. The change is effective upon notification.
4. COUNTY shall review and approve:
 - a) All reports, requests, and other services and responsibilities as required under this AGREEMENT.
 - b) Any proposed tactical maneuver or trial strategy.
 - c) All recommended settlement proposals prior to giving FIRM settlement authority.
 - d) All billing statements in accordance with procedures referenced in Exhibit I.
5. COUNTY shall have access to review all correspondence and judicial and administrative documents not requiring COUNTY's prior approval.
6. COUNTY shall monitor FIRM's overall performance under this AGREEMENT. COUNTY reserves the right to conduct audits by its own staff, a COUNTY auditor, or a contract auditor.
7. COUNTY shall evaluate FIRM's performance and report to County's Board of Supervisors, as required.

IV. COMPENSATION

A. Fees

1. FIRM shall provide legal services at the billing rates listed in Exhibit J. If FIRM needs outside paralegal services, it shall use COUNTY's contract vendor(s) for such services at the hourly rate the vendor(s) charges COUNTY.
2. Billing rates may be subject to periodic review and adjustment as agreed between COUNTY and FIRM. Any rate increase shall require an amendment to this AGREEMENT.

B. Expenses

COUNTY shall reimburse FIRM for its actual out-of-pocket expenses but without any additional costs for having advanced the funds. FIRM shall note that COUNTY is exempt from all filing fee charges.

1. Reimbursable ordinary expenses shall include, but are not limited to:
 - a) Deposition fees.

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- b) Transcript fees.
 - c) Postage.
 - d) Messenger service - where appropriate, documents should be transmitted via a facsimile/telecopier.
 - e) Facsimile/telecopier (FAX) transmission. FAX charges shall be reimbursed at the rate of 20 cents per page.
 - f) Process service.
 - g) In-house document reproduction. In any given month, FIRM may charge up to 20 cents per page for up to 5,000 photocopies. Any copies in excess of 5,000 will be reimbursed at 10 cents per page. The billing statement shall contain:
 - 1) Number of pages reproduced;
 - 2) Total number of copies made.
 - h) Documentation reproduction by outside vendor. FIRM will endeavor to have large photocopy jobs done by outside vendors at a rate substantially below 10 cents per page. The billing statement shall contain:
 - 1) Number of pages reproduced.
 - 2) Total number of copies made; and
 - 3) Cost per copy.
2. Reimbursable extraordinary expenses shall include charges of which FIRM has obtained COUNTY's prior approval. Such expenses shall include, but are not limited to:
- a) Consultants.
 - b) Expert witnesses.
 - c) Investigative services.
 - d) All travel expenses outside the Counties of Los Angeles, San Bernardino, Orange, Riverside, Imperial, Kern, Ventura and Santa Barbara will be reimbursed based on the following schedules. This applies to all attorneys, experts, consultants, etc.:

Transportation - Transportation costs will be reimbursed based on submitted receipts consistent with the terms of this AGREEMENT.

Lodging - If a receipt is submitted, a single occupancy hotel accommodation will be reimbursed up to a maximum of \$180.00 plus taxes. For trial attendance by out-of-town experts this rate may be increased depending on the availability of lodging and prior County Counsel approval. If no receipt is submitted reimbursement is limited to \$20.00.

Meals - No receipts needed. Meals will be reimbursed as follows:

Breakfast	\$10.75
Lunch	\$14.00
Dinner	\$35.25

or not to exceed \$60.00 per day when three meals are purchased on any one day.

Daily Allowance for Incidental Expenses - Travel to Boston, Chicago, Dallas, Detroit, Houston, New York, Philadelphia, San Francisco, Miami and Washington,

STATEMENT OF WORK

D.C. will be reimbursed at the rate of \$63.00 per day and travel to Sacramento at the rate of \$12.50 a day. No receipts needed.

Airport Parking - With a receipt, airport parking will be reimbursed according to the following schedule:

Burbank:	
(Lots A, B, and C)	\$ 7.00 per day
John Wayne:	
(Lots A1, A2, B1, B2)	\$17.00 per day
(Main St. Lot)	\$12.00 per day
LAX:	
(Lot B)	\$ 8.00 per day
(Lot C)	\$10.00 per day
Long Beach:	
(Lot A)	\$15.00 per day
(Lot B)	\$12.00 per day
(Lot C)	\$9.00 per day
(Lot D)	\$ 6.00 per day
Ontario:	
(Lots 2 and 4)	\$15.00 per day
(Lot 3)	\$11.00 per day
(Lot 5)	\$ 7.00 per day
(Lot F)	\$ 6.00 per day

Porterage: \$ 1.00 per day

3. Non-reimbursable expenses shall include, but are not limited to:
 - a) Staff time or overtime for performing secretarial, clerical, or word processing functions.
 - b) Charges for time spent complying with COUNTY audits or billing inquiries.
 - c) Charges for work performed which had not been authorized by COUNTY. Such work shall be a gratuitous effort by FIRM.
 - d) Document reproduction charges if included in FIRM's hourly rate.

V. BILLINGS AND PAYMENTS

A. Billings

1. FIRM shall submit its billing statement monthly in arrears, no later than the tenth of the month following the month service was rendered.
2. The original billing statement(s) shall be submitted to COUNTY as follows:

Office of the Los Angeles County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Attention: Kathy Cruz
3. The original of each billing statement shall have the declaration of FIRM's Supervising Attorney or designated Lead Counsel as stated in Exhibit K.
4. Each billing statement shall be identified by a unique number and itemized to include:

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- a) Case name, court number, and assigned County Counsel docket number (provided to FIRM in Exhibit A), or the commonly used identifying reference for any non-litigation matter.
 - b) Staffing level(s), hourly rates and specific activities for each attorney and/or paralegal.
 - 1) Each activity shall be billed in a time reporting format acceptable to COUNTY.
 - 2) A detailed description of specific activities for each attorney and/or paralegal which shall include, but is not limited to:
 - (a) In-person conferences.
 - (b) Telephone call(s).
 - (c) Correspondence.
 - (d) Depositions.
 - (e) Case reports.
 - (f) Pleading, brief or opinion drafting.
 - (g) Hearings.
 - (h) Research, including computerized legal research databases.
 - (i) Case reviews.
 - (j) Trials.
 - (k) Travel. The complete city and county address shall be individually identified for all destinations. Travel expenses shall be in the format outlined in Exhibit M.
 - c) Total current monthly fees billed for each staffing level.
 - d) Total cumulative fees billed for each staffing level.
 - e) Total current monthly expenses billed in the following categories:
 - 1) Consultant and expert witness expenses;
 - 2) Deposition and transcript expenses; and
 - 3) Other miscellaneous expenses.
 - f) Total cumulative expenses to date billed in (e) directly above.
5. FIRM shall maintain in a form subject to audit, and in accordance with generally accepted accounting principles, backup documentation to support all entries included in the monthly billing statement. Such documentation shall be available to auditors upon request and in accordance with Exhibit L(9).

B. Payments

1. COUNTY shall make payment(s) for services rendered under this AGREEMENT monthly in arrears based on the monthly itemized billing statement(s) FIRM submits to COUNTY.
2. COUNTY's legal and accounting staff shall review all billing statements in accordance with the review procedures in Exhibit I.
3. COUNTY shall make its best effort to process payments promptly after receiving FIRM's monthly billing statement. COUNTY shall not pay interest or finance charges on any outstanding balance(s).

STATEMENT OF WORK

VI. NOTICES

All notices and required reports shall be written and hand-delivered or mailed by first class, postage prepaid, addressed to COUNTY or FIRM at the addresses below, or at any other address COUNTY or FIRM shall provide in writing to each other:

A. If to COUNTY:

Office of the Los Angeles County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Attention: COUNTY'S Supervising Attorney (For name of applicable Attorney see Exhibit "A".)

B. If to FIRM:

Attention: _____
FIRM's Supervising Attorney

(ADDRESS)

VII. ASSIGNMENT

- A. No part of this AGREEMENT or any right or obligation arising from it is assignable without COUNTY's written consent.
- B. Any attempt by FIRM to assign or subcontract services relating to this AGREEMENT without COUNTY'S consent shall constitute a material breach of this AGREEMENT.
- C. However, FIRM may retain consultants and experts as FIRM deems appropriate after receiving COUNTY'S written approval.

VIII. STANDARD TERMS AND CONDITIONS

Standard terms and conditions for COUNTY outside legal services contracts are attached as Exhibit L.

IX. MERGER

- A. Exhibits A through P are attached and incorporated as part of this AGREEMENT. The Exhibits are titled as follows:
 - 1. Exhibit A - List of Assigned Cases
 - 2. Exhibit B - Case Evaluation and Plan Form
 - 3. Exhibit C - County's Approval/Denial Form of Firm's Case Evaluation and Plan
 - 4. Exhibit D - Case Status Report Form
 - 5. Exhibit E - County's Priority Rating System
 - 6. Exhibit F - Status Update Form
 - 7. Exhibit G - Settlement Recommendation Form
 - 8. Exhibit H - Final Report Form
 - 9. Exhibit I - County's Legal Billing Review Procedures
 - 10. Exhibit J - Firm's Hourly Billing Rates
 - 11. Exhibit K - Firm's Declaration on Billing Statement
 - 12. Exhibit L - Standard Terms and Conditions for County Outside Legal Contracts

STATEMENT OF WORK

- 13. Exhibit M -Travel Expense Claim Summary
- 14. Exhibit N - Los Angeles County Community Business Enterprise (LAC/CBE) Program
- 15. Exhibit O - Fixed Reimbursable Expense Rates Chart
- 16. Exhibit P - Modifications to Provisions

B. This AGREEMENT supersedes all prior communications and all previous written and oral agreements, and shall constitute the complete and exclusive statement of understanding between COUNTY and FIRM relating to the subject matter of this AGREEMENT.

Executed at _____, on the above date.

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

FIRM's Supervising Attorney

(ADDRESS)

By _____

By _____

Attention: _____

PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 3.1	Within twenty-four (24) hours of Contractor receipt of a notification, Contractor will screen and review each incident/event.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.1	If Contractor sets up an allegation file from an incident/event notification, Contractor will within forty-eight (48) hours open an allegation file.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.1	Within twenty-four (24) hours after opening up an allegation file, Contractor will commence a prompt and thorough investigation.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.1	Contractor will be required to prepare a Case Management Report (CMR) upon opening an allegation file.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.3	Contractor will, within twenty-four (24) hours of receipt of a lawsuit, open an allegation file.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.4	Contractor will establish initial reserve within ten (10) days after the date of allegation file set-up.	None	Inspection and Observation	Two (2) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.5	Contractor will input into the County's RMIS system all incident reports that the Contractor receives.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.6	Contractor will notify County when allegation files close.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 3.7	Contractor will monitor all incidents, claims and lawsuits for potential subrogation recoveries.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 3.8	Within three (3) months following contract award, Contractor shall submit and maintain an operations manual.	None	Submission	If not submitted, first step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 4.2	Contractor will secure and review department/facility's internal investigation report and other relevant documents within fifteen (15) days.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 4.11	Contractor's investigation should be completed with ninety (90) days after opening the allegation file.	None	Inspection and Observation	Two (2) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.1	Contractor will assign lawsuits in a timely manner to a Legal Defense Panel Members.	None	Inspection and Observation	Four (4) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.7	Contractor shall forward all medical records and correspondence from applicant or applicant attorney to County's defense attorney within five (5) calendar days from the date of receipt.	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.9	Contractor will meet with the County Contract Administrator (CCA), County Counsel and Department Liaison at least twice a year.	None	Inspection and Observation	First step is conference with contractor; second step is Contract Discrepancy Report; third step is contract termination

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 6.9	Contractor will be required to set-up Pre-Roundtable conference calls in advance of the planned Roundtable meeting.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 6.9	Prior to Roundtable, Contractor will be prepared to discuss facts and the legal and medical theories of liability.	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.9	Prior to Roundtable, Contractor will insure that all copies of all pertinent medical records, film studies, photographs are available at the Roundtable.	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.9	Contractor will be required to send written notices of the Roundtable meetings to identified and agreed upon attendees.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 6.12	Contractor will attend, participate and monitor all legal proceedings, including trial and, court appearances.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 6.13	Contractor will prepare and provide a Legal Defense Cost Containment Plan (LDCCP).	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 6.13	Contractor will submit a Case Evaluation Plan (CEP) to County Counsel with ninety (90) days of assignment to defense counsel.	None	Inspection and Observation	Four (4) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 6.13	When ever legal fees on an allegation file reach or exceed \$25,000, Contractor will immediately forward to County Counsel a Litigation Management Update (LMU).	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.13	Contractor will meet with County Counsel on a quarterly basis to discuss all allegation files in which the legal fees have exceeded \$50,000.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 6.14	Contractor will provide an Litigation Management Update (LMU) to County Counsel for each allegation file scheduled for mediation/arbitration within twenty-four (24) hours of Contractor's notification.	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 6.15	Within five (5) days of receipt of settlement demand in excess of \$100,000, Contractor will advise County Counsel.	None	Inspection and Observation	Three (3) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 7.2	Within twenty-four (24) hours after negotiating a proposed settlement, or as soon as practical, Contractor will send a Notification of Settlement to the CCA, County Counsel, Departmental Liaison and Department Facility Liaison.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 7.2	Contractor will forward a formal Settlement Authority Letter to the CCA, County Counsel, Department Liaison, and Department Facility Liaison within thirty (30) business days.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 8.1	Contractor will submit a Case Management Report (CMR) to the CCA, County Counsel and Department Liaison within thirty (30) days after opening an allegation file. An updated CMR will be provided every ninety (90) days thereafter on all open allegation files.	None	Inspection and Observation	Two (2) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
SOW, 8.2	On a weekly basis, Contractor will provide the CCA and County Counsel a Court Appearance Calendar.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 8.2	Contractor will provide County Counsel a trial notification report five (5) days prior to trial.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 8.2	Contractor will fax a daily trial status report to County Counsel for all ongoing trials.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 8.2	Contractor will send County Counsel a Trial Verdict Report within one (1) day after judgment; verdict or other award has been rendered.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW 8.2	Contractor will provide County Counsel with an Appellate Report fifteen (15) days prior to filing of an open Appellate Brief or Responding Brief.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
SOW, 9.1	Contractor shall notify the CCA of any incidents involving forged checks, forged endorsements, or counterfeit items within forty-eight (48) hours.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
SOW, 9.1	Contractor shall complete a monthly reconciliation report and submit it to the CCA no later than fourteen (14) calendar days after receipt of each month's bank statements.	None	Inspection and Observation	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
TPA Performance Audit, 1.5	Contractor adjuster's notes are current and the diary is up-to-date.	None	Inspection and Observation	Two (2) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
TPA Performance Audit, 9.12	Contractor is required to pay all outstanding invoices paid prior to closing a file.	None	Inspection and Observation	One (1) discrepancy point on biannual Third Party Administrator (TPA) Performance Assessment
TPA Performance Audit, 2.6	Contractor is responsible to update RMIS system and assure that current claim information in the RMIS system.	None	Inspection and Observation	Two (2) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
TPA Performance Audit, 8.25	Contractor is responsible to review and approve all legal expenses prior to payment.	None	Inspection and Observation	Four (4) discrepancy points on biannual Third Party Administrator (TPA) Performance Assessment
Contract	Contractor shall maintain and provide proof of insurance acceptable to the County in accordance with Contract Sub-paragraph 8.23	None	Inspection of Files	Contract Termination

STATEMENT OF WORK

REQUIRED SERVICE/ REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWABLE DEVIATION	MONITORING METHOD	UNSATISFACTORY PERFORMANCE ASSESSMENT
Contract	Contractor shall notify the County in writing prior to any change in name or address of the Project Manager	None	Inspection of Files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall maintain and shall have each employee sign confidentiality agreement	None	Inspection of Files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall maintain records in accordance with requirements	None	Inspection of Files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall develop and maintain procedures for receiving and responding to departmental complaints	None	Inspection of files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall develop a Quality Control plan in accordance to requirements established in the SOW.	None	Inspection of files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall continue to provide through the life of the contract professional staffing at the level of training and expertise presented in their proposal.	None	Proof of licenses, etc. submitted by Contractor upon request by County; Inspection of files	First step is conference with Contractor; second step is Contract Discrepancy Report; third step is contract termination
Contract	Contractor shall be subject to quarterly review of allegation files set up from incident reports to ensure appropriateness.	None	Audit and Observation	First step is conference with contractor; second step is Contract Discrepancy Report.

PRICING SCHEDULE

CONTRACTOR'S RATES - YEAR 1 / 2007

FIXED RATE FOR FIRST CONTRACT YEAR (first 12 months)			
Personnel Category	Title & Quantity	% Time Dedicated to County	Target Work Load
<i>Service Personnel</i>			
Management Staff	Program Manager -1*	100%	≤ 6 Claims
	Claims Manager - 1	100%	< 10 Claims
	Administrative / Finance Mgr. - 1*	100%	0 Claims
Claims Staff	Claims Supervisors - 2	100%	≤ 20 Claims ea.
	Claims Specialists - 5	100%	< 90 Claims ea.
Clerical Staff*	Financial Specialist - 1	100%	0 Claims
	Administrative Assistant - 3	100%	0 Claims
Other Personnel*	Medical-Legal Contractor - 1	Approx. 100%	0 Claims
	Information Specialist - 1	100%	0 Claims
	Outside Financial Auditor - 1	Minimal	0 Claims
	Risk Management Consultant - 1	As requested	1 Day / Qtr.
FIXED RATE FOR FIRST CONTRACT YEAR:			\$2,798,000.00
<i>One Time Start-Up Costs</i>			
Initial Training	N/A	N/A	Waived
Equipment	N/A	N/A	Waived
Other	N/A	N/A	Waived
One Time Start-Up Cost Subtotal			Waived
FIXED RATE FOR FIRST CONTRACT YEAR:			\$2,798,000.00

* Pursuant to provision in Statement of Work, Section 12.0 et. seq., these positions are not exclusively dedicated to the County.

Hourly rate, \$125.00 / hr. applies to:

1. *Ad hoc* reports when County requests Octagon to provide reports that cannot be generated from County's RMIS, and are not required under Section 16.0, "Octagon Reports," (§ 23.1).
2. Risk Management Consultation / Educational Services provided by or through the Octagon Risk Services, Inc. Risk Management Consultant. Expenses are in addition to the hourly rate.

CONTRACTOR RATES – YEAR 2 / 2008

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR			
Personnel Category	Title & Quantity	% Time Dedicated to County	Target Work Load
Service Personnel			
Management Staff	Program Manager –1*	100%	< 6 Claims
	Claims Manager – 1	100%	< 10 Claims
	Administrative / Finance Mgr. – 1*	100%	0 Claims
Claims Staff	Claims Supervisors - 2	100%	< 20 Claims ea.
	Claims Specialists – 5	100%	< 90 Claims ea.
Clerical Staff*	Financial Specialist - 1	100%	0 Claims
	Administrative Assistant - 3	100%	0 Claims
Other Personnel*	Medical-Legal Contractor – 1	Approx. 100%	0 Claims
	Information Specialist - 1	100%	0 Claims
	Outside Financial Auditor – 1	Minimal	0 Claims
	Risk Management Consultant - 1	As requested	1 Day / Qtr.
FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR:			(CPI-W)(\$2,798,000) + \$2,798,000

See RFP, page B43 attached

HOURLY RATE FOR HOURLY RATE SERVICES	\$132 / hr. + expenses
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* Pursuant to provision in Statement of Work, Section 12.0 et. seq., these positions are not exclusively dedicated to the County.

Hourly rate applies to:

1. *Ad hoc* reports when County requests Octagon to provide reports that cannot be generated from County's RMIS, and are not required under Section 16.0, "Octagon Reports," (§ 23.1).
2. Risk Management Consultation / Educational Services provided by or through the Octagon Risk Services, Inc. Risk Management Consultant. Expenses are in addition to the hourly rate.

CONTRACTOR RATES – YEAR 3 / 2009

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR			
Personnel Category	Title & Quantity	% Time Dedicated to County	Target Work Load
<i>Service Personnel</i>			
Management Staff	Program Manager –1*	100	≤ 6 Claims
	Claims Manager – 1	100%	≤ 10 Claims
	Administrative / Finance Mgr. – 1*	100%	0 Claims
Claims Staff	Claims Supervisors - 2	100%	≤ 20 Claims ea.
	Claims Specialists – 5	100%	< 90 Claims ea.
Clerical Staff*	Financial Specialist - 1	100%	0 Claims
	Administrative Assistant - 3	100%	0 Claims
Other Personnel*	Medical-Legal Contractor – 1	Approx. 100%	0 Claims
	Information Specialist - 1	100%	0 Claims
	Outside Financial Auditor – 1	Minimal	0 Claims
	Risk Management Consultant - 1	As requested	1 Day / Qtr.

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR	(CPI-W)(\$YEAR 2) + \$YEAR 2
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See RFP, page B43 attached

HOURLY RATE FOR HOURLY RATE SERVICES	\$140 / hr. + expenses
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* Pursuant to provision in Statement of Work, Section 12.0 et. seq., these positions are not exclusively dedicated to the County.

Hourly rate applies to:

1. *Ad hoc* reports when County requests Octagon to provide reports that cannot be generated from County's RMIS, and are not required under Section 16.0, "Octagon Reports," (§ 23.1).
2. Risk Management Consultation / Educational Services provided by or through the Octagon Risk Services, Inc. Risk Management Consultant. Expenses are in addition to the hourly rate.

CONTRACTOR RATES – YEAR 4 / 2010

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR			
Personnel Category	Title & Quantity	% Time Dedicated to County	Target Work Load
Management Staff	Program Manager –1*	100%	≤ 6 Claims
	Claims Manager – 1	100%	< 10 Claims
	Administrative / Finance Mgr. – 1*	100%	0 Claims
Claims Staff	Claims Supervisors - 2	100%	≤ 20 Claims ea.
	Claims Specialists – 5	100%	< 90 Claims ea.
Clerical Staff*	Financial Specialist - 1	100%	0 Claims
	Administrative Assistant - 3	100%	0 Claims
Other Personnel*	Medical-Legal Contractor – 1	Approx. 100%	0 Claims
	Information Specialist - 1	100%	0 Claims
	Outside Financial Auditor – 1	Minimal	0 Claims
	Risk Management Consultant - 1	As requested	1 Day / Qtr..

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR	(CPI-W)(\$YEAR 3) + \$YEAR 3
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See RFP, page B43 attached

HOURLY RATE FOR HOURLY RATE SERVICES	\$148 / hr. + expenses
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* Pursuant to provision in Statement of Work, Section 12.0 et. seq., these positions are not exclusively dedicated to the County.

Hourly rate applies to:

1. *Ad hoc* reports when County requests Octagon to provide reports that cannot be generated from County's RMIS, and are not required under Section 16.0, "Octagon Reports," (§ 23.1).
2. Risk Management Consultation / Educational Services provided by or through the Octagon Risk Services, Inc. Risk Management Consultant. Expenses are in addition to the hourly rate.

CONTRACTOR RATES – YEAR 5 / 2011

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR			
Personnel Category	Title & Quantity	% Time Dedicated to County	Target Work Load
<i>Service Personnel</i>			
Management Staff	Program Manager –1*	100%	≤ 6 Claims
	Claims Manager – 1	100%	< 10 Claims
	Administrative / Finance Mgr. – 1*	100%	0 Claims
Claims Staff	Claims Supervisors - 2	100%	≤ 20 Claims ea.
	Claims Specialists – 5	100%	≤ 90 Claims ea.
Clerical Staff*	Financial Specialist - 1	100%	0 Claims
	Administrative Assistant - 3	100%	0 Claims
Other Personnel*	Medical-Legal Contractor – 1	Approx. 100%	0 Claims
	Information Specialist - 1	100%	0 Claims
	Outside Financial Auditor – 1	Minimal	0 Claims
	Risk Management Consultant - 1	As requested	1 Day / Qtr.

FIXED RATE FOR EACH SUBSEQUENT CONTRACT YEAR (CPI-W)(\$YEAR 4) + \$YEAR 4

See RFP, page B43 attached

HOURLY RATE FOR HOURLY RATE SERVICES \$156 / hr. + expenses

* Pursuant to provision in Statement of Work, Section 12.0 et. seq., these positions are not exclusively dedicated to the County.

Hourly rate applies to:

1. *Ad hoc* reports when County requests Octagon to provide reports that cannot be generated from County's RMIS, and are not required under Section 16.0, "Octagon Reports," (§ 23.1).
2. Risk Management Consultation / Educational Services provided by or through the Octagon Risk Services, Inc. Risk Management Consultant. Expenses are in addition to the hourly rate.

CONTRACTOR'S EEO CERTIFICATION

OCTAGON RISK SERVICES, INC.

Company Name

2101 Webster Steet, Suite 645

Address

Oakland, CA 94612

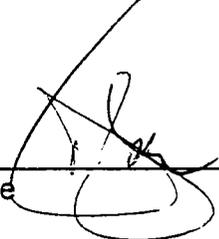
411224875

Internal Revenue Service Employer Identification Number

GENERAL

In accordance with provisions of the County Code of the County of Los Angeles, the Proposer certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CERTIFICATION	YES	NO
1. Proposer has written policy statement prohibiting discrimination in all phases of employment.	(/)	()
2. Proposer periodically conducts a self-analysis or utilization analysis of its work force.	(/)	()
3. Proposer has a system for determining if its employment practices are discriminatory against protected groups.	(/)	()
4. When problem areas are identified in employment practices, Proposer has a system for taking reasonable corrective action to include establishment of goal and/or timetables.	(/)	()

Signature 

Date 5-24-06

JAY AYALA, President
Name and Title of Signer (please print)

COUNTY'S ADMINISTRATION

COUNTY CONTRACT ADMINISTRATOR:

Name: John Sterritt
Title: Chief Program Specialist, CAO
Address: 3333 Wilshire Blvd., Suite 820
Los Angeles, CA 90010
Telephone: (213) 351-5354
Facsimile: (213) 252-0404
E-Mail Address: isterritt@cao.lacounty.gov

NOTICES TO THE COUNTY SHALL BE SENT TO:

Name: David E. Janssen
Title: Chief Administrative Officer
Address: 713 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012
Facsimile: 213) 687-7130

CONTRACTOR'S ADMINISTRATION**CONTRACTOR'S NAME: Octagon Risk Services, Inc.****CONTRACTOR'S PROJECT MANAGER:**

Name: Robert J. Frick
Address: 5000 airport Plaza Drive, Ste. 250
Long Beach, CA 90815
Telephone: (562) 627-5500 Facsimile: (562) 420-5999
E-Mail Address: Jerry.Frick@octagonrs.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Jay Ayala
Title: President, Octagon Risk Services, Inc.
Address: 2101 Webster St., 6th fl.
Oakland, CA94612
Telephone: (510) 302-3060 Facsimile: (510) 302-3274
E-Mail Address: jay.ayala.octagonrs.com

Name: Chris Mulcahy
Title: Director, Professional Liability
Address: 5000 Airport Plaza Dr., Ste. 250
Long Beach, CA 90815
Telephone: (562) 420-5940 Facsimile: (562) 420-5941
E-Mail Address: chris.mulcahy@octagonrs.com

Notices to Contractor shall be sent to the following:

Name: Jay Ayala
Title: President, Octagon Risk Services, Inc.
Address: 2101 Webster St., 6th fl.
Oakland, CA94612
Telephone: (510) 302-3060 Facsimile: (510) 302-3274
E-Mail Address: jay.ayala.octagonrs.com

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name: _____ Contract No. _____

Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name: _____ Contract No. _____

Non-Employee Name: _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

SIGNATURE: _____ DATE: _____

PRINTED NAME: _____

POSITION: _____

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies.

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, section 4.4.0 or a successor provision; or

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

6. A purchase card pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-2810 or a successor provision; or
 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section A-0300 or a successor provision; or
 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section PP-1100 or a successor provision.
- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if the lesser number is a recognized industry standard as determined by the chief administrative officer or the contractor has a long-standing practice that defines a full-time schedule as less than 40 hours per week.

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable.

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service.

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract.

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

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1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor.

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 1. Has ten or fewer employees during the contract period; and,
 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

“Dominant in its field of operation” means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

“Affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

2.203.090. Severability.

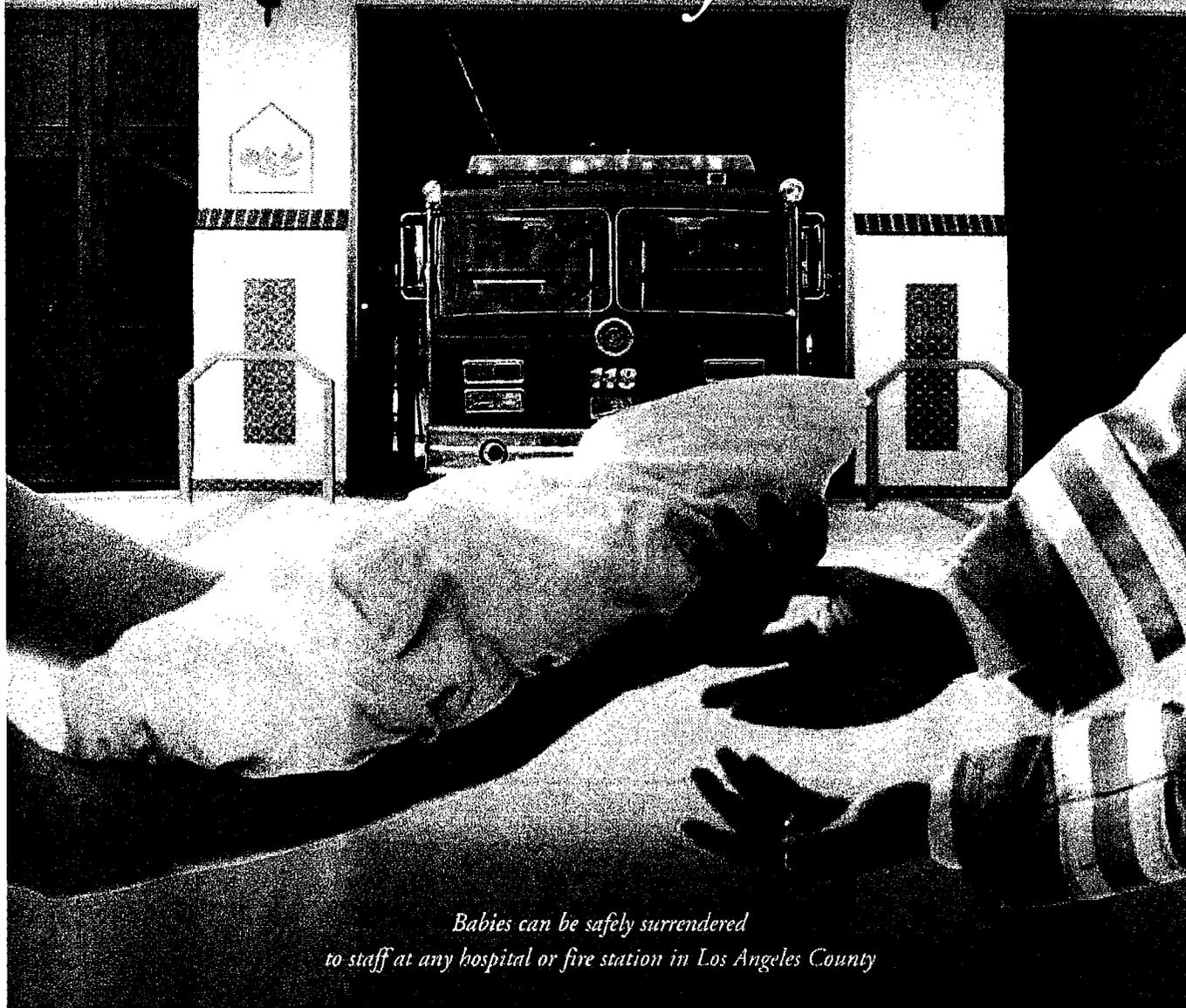
If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

SAFELY SURRENDERED BABY LAW

Posters and Fact Sheets are available in English and Spanish for printing purposes at the following website:

www.babysafela.org

Safely Surrendered *Baby Law*



*Babies can be safely surrendered
to staff at any hospital or fire station in Los Angeles County*

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



Safely Surrendered Baby Law



Babies can be safely surrendered to staff at any hospital or fire station in Los Angeles County

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) or age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a baby, let her know there are other options. For three days (72 hours) after birth, a baby can be surrendered to staff at any hospital or fire station in Los Angeles County.

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a business reply envelope and can be sent in at a later time.

What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

What happens to the parent or surrendering adult?

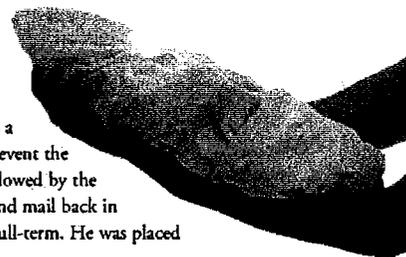
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



AGREEMENT
CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER THE
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to, or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("the Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 ("together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree as follows:

1.0 DEFINITIONS

- 1.1 "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.
- 1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.4 "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.503, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information, whether oral or recorded in any form or medium, that (i) relates to the

past, present, or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

- 1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 "Services" has the same meaning as in the body of this Agreement.
- 1.9 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations.
- 1.10 Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

2.0 OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sub-sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
- (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Business Associate:

(a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

(b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Non-Permitted Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors, but is not specifically permitted by this Agreement, and effective as of April 20, 2005, shall report to Covered Entity each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Covered Entity's HIPAA Privacy Officer within forty-eight (48) hours from the time the Business Associate becomes aware of the Non-Permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief HIPAA Privacy Officer, County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple St., Suite 410
Los Angeles, CA 90012
(213) 974-2164

2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

2.5. Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a “designated record set” as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Business Associate agrees to maintain documentation of the information required to provide an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528, and to make this information available to Covered Entity upon Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for accounting of disclosures. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform its Services if such Disclosures are for either payment or health care operations purposes, or both. Additionally, such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures that were made prior to the compliance date of the Privacy Rule, April 14, 2003) and shall be provided for as long as Business Associate maintains the Protected Health Information.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Sub-section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Sub-section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3.0 OBLIGATION OF COVERED ENTITY

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or
 - (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Paragraph and cure is not possible; or

- (c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Agreement.
- 5.3 Relationship to Agreement Provisions. In the event that a provision of this Paragraph is contrary to any other provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of the Agreement.
- 5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

Effective: 4/30/05