County of Los Angeles
**CHIEF ADMINISTRATIVE OFFICE**
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://cao.lacounty.gov

DAVID E. JANSSEN
Chief Administrative Officer

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

December 5, 2006

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

Dear Supervisors:

**LONG-TERM DISABILITY, SURVIVOR INCOME BENEFIT, AND SHORT-TERM DISABILITY CLAIM ADMINISTRATION SERVICES CONTRACT (ALL DISTRICTS) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Mayor to sign the attached Contract with Sedgwick Claims Management Services, Inc. (Sedgwick), to provide Long-Term Disability (LTD), Survivor Income Benefit (SIB), and Short-Term Disability (STD) claim administration services for the three-year term, from January 1, 2007 through December 31, 2009, with a provision for three optional, one-year renewal extensions at an initial annual fee of $1,144,296.

2. Authorize the Chief Administrative Officer (CAO), or his designee, to approve and execute all renewal options, extensions, and change notices pursuant to this Contract.

3. Instruct the Auditor-Controller to make payments for services provided, pursuant to this Contract, as invoiced and validated by the CAO.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Since 1987, the County of Los Angeles (County) has utilized the services of a third party claim administrator to process employee LTD and SIB claims, as well as MegaFlex STD claims when that benefit was implemented on January 1, 1991. Approval of this Contract will ensure continuation of these necessary claim administration services.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Strategic Plan goals of Organizational Effectiveness and Fiscal Responsibility.

## FISCAL IMPACT/FINANCING

Costs for these claim administration services are provided for in the Fiscal Year 2006-07 Adopted Budget, and are partly offset by monthly premiums paid by the Plans' participants through payroll deductions.

In accordance with County policy, the Contract contains a cost-of-living adjustment, whereby the CAO may increase Sedgwick's yearly compensation 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

Effective January 1, 2001, your Board approved a contract with VPA, Inc. (VPA), to provide claim administration services for the County's LTD, SIB, and STD Plans.

VPA was acquired by Sedgwick on May 16, 2006. The existing contract expires on December 31, 2006.

The contracted services include the processing of claim applications, determining eligibility for benefit payments, servicing of accepted claims, computing benefit payments, providing check processing and tax reporting services, assisting County return to work efforts, and functioning as the County advocate in appeals of claim decisions.

The term of the Contract is for three years and includes a provision, whereby the CAO may annually extend the Contract for up to three, one-year periods.

The Contract has 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, and Contractor Employee Jury Service and Safely Surrendered Baby Law.

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

The Community Business Enterprise information form is attached (Attachment I).

## CONTRACTING PROCESS

On May 25, 2006, the CAO issued a Request for Proposals (RFP) for LTD, SIB, and STD claim administration services. Notice was sent to 125 third party claim administrators. The RFP was advertised in the *Los Angeles Times*, *La Opinion, Lynwood Journal, Acton/Agua Dulce News*, and posted on the County's website (Attachment II).

On July 10, 2006, a mandatory Proposer's Conference was held and attended by five potential administrators. Only Sedgwick's proposal was received.

## IMPACT ON CURRENT SERVICES

Approval of this new Contract with Sedgwick assures these critical services continue without interruption.

## 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, attention Rocky A. Armfield, County Risk Manager.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:RAA
DU:AMR:sg

Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

# County of Los Angeles – Community Business Enterprise Program (CBE)

## Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form

**INSTRUCTIONS: All proposers/bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.**

**I. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:**

**FIRM NAME: Sedgwick Claims Management Services, Inc.**

☑ **I AM NOT** ☐ **I AM** — A Local SBE certified by the County of Los Angeles Office of Affirmative Action Compliance as of the date of this proposal/bids submission.

☐ As an eligible Local SBE, I request this proposal/bid be considered for the Local SBE Preference.

**My County (WebVen) Vendor Number :** _____

**II. FIRM/ORGANIZATION INFORMATION:** The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation or disability.

**Business Structure:** ☐ Sole Proprietorship ☐ Partnership ☑ Corporation ☐ Non-Profit ☐ Franchise ☐ Other (Please Specify) _____

**Total Number of Employees (including owners): Sedgwick CMS employs over 4,550 colleagues nationwide.**

**Race/Ethnic Composition of Firm.** Please distribute the above total number of individuals into the following categories:

| Race/Ethnic Composition | Owners/Partners/ Associate Partners | | Managers | | Staff | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| Black/African American | 16 | 30 | 7 | 23 | 108 | 670 |
| Hispanic/Latino | 7 | 10 | 6 | 4 | 56 | 205 |
| Asian or Pacific Islander | 6 | 4 | 2 | 3 | 29 | 84 |
| American Indian | 0 | 0 | 0 | 0 | 1 | 7 |
| Filipino This category is not included in our 2005 EEOC Report. | | | | | | |
| White | 353 | 149 | 139 | 111 | 572 | 670 |

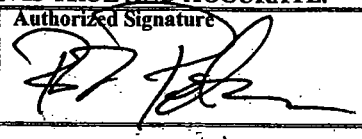
**III. PERCENTAGE OF OWNERSHIP IN FIRM:** Please indicate by percentage (%) how ownership of the firm is distributed. Sedgwick CMS is a wholly owned subsidiary of Fidelity National Financial, and, as such, has no individuals as owners.

| | Black/African American | Hispanic/ Latino | Asian or Pacific Islander | American Indian | Filipino | White |
|---|---|---|---|---|---|---|
| Men | % | % | % | % | % | % |
| Women | % | % | % | % | % | % |

**IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES:**
*If your firm is currently certified as a minority, women, disadvantaged or disabled veteran owned business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form, if necessary.)*

| Agency Name | Minority | Women | Dis-advantaged | Disabled Veteran | Expiration Date |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |

V. **DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.**

| Print Authorized Name | Authorized Signature | Title | Date |
|---|---|---|---|
| Bob Peterson |  | National Client Development Director | 08/08/06 |

ATTACHMENT II

## Bid Detail Information

**Bid Number :** CAO01-062
**Bid Title :** Third-Party Long-Term Disability, Survivor Income Benefits, and Short-Term Disability Claims Administration
**Bid Type :** Service
**Department :** Chief Administrative Office
**Commodity :** MANAGEMENT SERVICES - INSURANCE AND RISK
**Open Date :** 5/25/2006
**Closing Date :** 7/31/2006 11:00 AM
**Bid Amount :** N/A
**Bid Download :** Available
**Bid Description :** The County of Los Angeles is issuing a Request for Proposals (RFP) for third-party long-term disability, survivor income benefits, and short-term disability claims administration services. Written questions regarding this RFP are due by June 19, 2006. A Mandatory Proposers' Conference will be held on July 10, 2006, at 1:00 p.m. at 3435 Wilshire Blvd., Suite 215A, Los Angeles, CA 90010. Proposals are due by 11:00 a.m. (PST), July 31, 2006.

| | | | |
|---|---|---|---|
| **Amendment Date : 5/31/2006** | RFP 2006 - APPENDIX C - Technical exhibits 28 - 31 | | |
| **Download Available** | RFP 2006 - APPENDIX C - Technical exhibits 28 - 31 | PDF 491.74 K | RFP2006APPCTechEx28thru31.pdf |
| **Amendment Date : 5/31/2006** | RFP 2006 - APPENDIX C - Technical Exhibits 1 - 8 | | |
| **Download Available** | RFP 2006 - APPENDIX C - Technical Exhibits 1 - 8 | PDF 1117.94 K | RFP2006APPCTechEx1thru8.pdf |
| **Amendment Date : 5/31/2006** | RFP 2006 - APPENDIX C - Technical Exhibits 9 - 19 | | |
| **Download Available** | RFP 2006 - APPENDIX C - Technical Exhibits 9 - 19 | PDF 2019.25 K | RFP2006APPCTechEx9thru19.pdf |

**Contact Name :** Ann Rain
**Contact Phone# :** (213) 738-2199
**Contact Email :** arain@cao.co.la.ca.us
**Last Changed On :** 5/31/2006 10:43:40 AM

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# CONTRACT

# BY AND BETWEEN

# COUNTY OF LOS ANGELES

# AND

# SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

# FOR

# THIRD-PARTY LONG-TERM DISABILITY, SURVIVOR INCOME BENEFITS, AND SHORT-TERM DISABILITY CLAIMS ADMINISTRATION SERVICES

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# CONTRACT BETWEEN
# COUNTY OF LOS ANGELES
# AND
# SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.
# FOR
# THIRD-PARTY LONG-TERM DISABILITY, SURVIVOR INCOME BENEFITS, AND SHORT-TERM DISABILITY CLAIMS ADMINISTRATION SERVICES

This Contract and Exhibits made and entered into this ___ day of _____, 2006 by and between the County of Los Angeles, hereinafter referred to as County and Sedgwick Claims Management, Inc., hereinafter referred to as Contractor. Contractor corporate headquarters is located at 1100 Ridgeway Loop Road, Suite 200, Memphis, TN 38120.

## RECITALS

WHEREAS, the County may contract with private businesses to perform personal services when it is more economical or feasible to do so; and

WHEREAS, County is authorized by Sections 5.27, 5.28 and 5.38 of the County Code, to administer self-insured long-term disability, survivor income benefits and short-term disability plans including the adjusting of claims under those plans; and whereas, County may contract with private business for such services under California Government Code Section 31000.8; and whereas, Contractor is well qualified to perform claims adjusting services:

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 (intentionally omitted), D, E, F, G, H, and I, 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 Base Contract and then to the Exhibits according to the following priority.

**Standard Exhibits:**

1.1 EXHIBIT A - Statement of Work

Technical Exhibits

1 Contract Discrepancy Report

2 Performance Requirements Summary (PRS) Chart

3 Performance Guarantees

1.2 EXHIBIT B - Pricing Schedule

1.3 EXHIBIT C - Contractor's Proposed Schedule (Intentionally Omitted)

1.4 EXHIBIT D - Contractor's EEO Certification

1.5 EXHIBIT E - County's Administration

1.6 EXHIBIT F - Contractor's Administration

1.7 EXHIBIT G - Forms Required at the Time of Contract Execution

1.8 EXHIBIT H - Jury Service Ordinance

1.9 EXHIBIT I - Safely Surrendered Baby Law

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 Sub-paragraph 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 Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of the Statement of Work, Exhibit A.

**2.2 Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Statement of Work.

**2.3 Contractor Project Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.

**2.4 County Contract Project Monitor:** Person with responsibility to oversee the day to day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.

**2.5 County Project Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Project Manager.

**2.6 County Project Manager:** Person designated by County's Project Director to manage the operations under this Contract.

**2.7 Day(s):** Calendar day(s) unless otherwise specified.

**2.8 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 *Statement of Work, Exhibit A.*

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 three (3) additional one-year periods, for a maximum total Contract term of six (6) years. Each such option 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 CAO at the address herein provided in *Exhibit E - County's Administration.*

4.4 In the event of expiration or prior termination of the term of this Contract, the Contractor shall reasonably 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 E - 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:

Chief Administrative Office
Risk Management Branch
Chief, Occupational Health and Disability Management Section
3333 Wilshire Blvd., Suite 1000
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 such approval shall take no more than two (2) weeks from receipt of properly prepared invoices by the County.

### 5.6 *Cost of Living Adjustments (COLA's)*

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.

## 6.0 ADMINISTRATION OF CONTRACT - COUNTY

**COUNTY ADMINISTRATION**

A listing of all County Administration referenced in the following Sub-paragraphs are designated in *Exhibit E - County's Administration*. The County shall notify the Contractor in writing of any change in the names or addresses shown.

### 6.1 County's Project Director

Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Contract are met;
- making changes in the terms and conditions of this Contract in accordance with Sub-paragraph 8.4, Change Notices and Amendments; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

### 6.2 County's Project Manager

The responsibilities of the County's Project Manager include:

- meeting with the Contractor's Project Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor.

The County's Project Manager is 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.

### 6.3 County's Contract Project Monitor

The County's Project Monitor is responsible for overseeing the day-to-day administration of this Contract. The Project Monitor reports to the County's Project Manager.

## 7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR

### 7.1 Contractor's Project Manager

7.1.1 The Contractor's Project Manager is designated in *Exhibit F - 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 County's Project Manager and County's Contract Project Monitor on a regular basis.

7.1.3 The Contractor's Project Manager must have three (3) years of experience.

### 7.2 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's 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 The 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 the 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 Contractor, a background investigation, as a condition of beginning and/or continuing to work under this Contract. The costs 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 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 or whose background or conduct is incompatible with County facility access.

7.4.3 Disqualification, if any, of the Contractor's staff, pursuant to this Sub-paragraph 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 the *"Contractor Employee Acknowledgment and Confidentiality Agreement", Exhibit G1.*

7.5.4 The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the provisions of the *"Contractor Non-Employee Acknowledgment and Confidentiality Agreement", Exhibit G2.*

## 8.0 STANDARD TERMS AND CONDITIONS

### 8.1 ASSIGNMENT AND DELEGATION

8.1.1 The 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 the 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 the Contractor may have against the 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 the 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, the 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 County Project Director.

8.4.2 For any change which affects the scope of work, term, Contract Sum, or payments, 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, 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 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 County's Project Manager 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 County's Project Manager 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, unless such violation was due to following the County's written instruction.

**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 D - 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 H* 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 Sub-paragraph 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.

**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 the Contractor's performance

under this Contract on not less than an annual basis. Such evaluation will include assessing the 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 the 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 Sub-paragraph 8.4, 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 Contractor employees 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 Contractor employee. Contractor further understands and agrees that no person performing work pursuant to this Contract is an employee of the County.

8.21.4 The Contractor shall adhere to the provisions stated in Sub-paragraph 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 to:

Chief Administrative Office
Risk Management Branch
Chief, Occupational Health and Disability Management Section
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010

prior to commencing services under this Contract. Such certificates or other evidence shall:

- Specifically identify this Contract;
- Clearly evidence all coverages required in this Contract;
- Contain the express condition that the carrier will endeavor to give the County 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.

**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 the 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 the Contractor resulting from said breach.

**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 one business day 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 County's Project Manager.
- 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 the 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, the Contractor shall pay full compensation for all costs incurred by the County as required by the terms of this Contract.

**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: | $2 million |
| Products/Completed Operations Aggregate: | $1 million |
| Personal and Advertising Injury: | $1 million |
| Each Occurrence: | $1 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 $1 million per occurrence and $3 million aggregrate. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Agreement.

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

| | |
|---|---|
| Employee Dishonesty: | $1 million |
| Forgery or Alteration: | $1 million |
| Theft, Disappearance and Destruction: | $1 million |
| Computer Fraud: | $1 million |
| Burglary and Robbery | $1 million |

8.24.6 Performance Security Requirements: Such surety may be provided by one of the following forms and conditioned upon faithful performance and satisfactory completion of services by Contractor.

8.24.6.1 Performance Bond: A faithful performance bond in the sum of not less than $300,000 payable to the County of Los Angeles and executed by a corporate surety licensed to transact business in the State of California, or,

8.24.6.2 Certificate of Deposit (CD) or Letter of Credit (LOC): A CD or an irrevocable LOC payable to the County upon demand in an amount not less than $300,000. Such CD or LOC shall comply

with minimum criteria and standards established by the County and be maintained throughout the term of the Agreement.

## 8.25 LIQUIDATED DAMAGES

8.25.1 If, in the judgment of the Chief Administrative Officer, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Chief Administrative Officer, or his/her designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. The work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the Chief Administrative Officer, or his/her designee, in a written notice describing the reasons for said action.

8.25.2 If the Chief Administrative Officer determines that there are deficiencies in the performance of this Contract that the Chief Administrative Officer deems are correctable by the Contractor over a certain time span, the Chief Administrative Officer or his/her designee will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the Chief Administrative Officer or his/her designee may:

(a) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or

(b) Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time

frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is specified in the *Performance Requirements Summary (PRS) Chart*, as defined in *Technical Exhibit 2*, hereunder, and that the Contractor shall be liable to the County for liquidated damages in said amount. Said amount shall be deducted from the County's payment to the Contractor; and/or

(c) Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.

8.25.3 The action noted in Paragraph 8.25 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.

8.25.4 This Paragraph 8.25 shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

**8.26 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.

**8.27 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

8.27.1 The 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.

8.27.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit D - Contractor's EEO Certification.*

8.27.3 The Contractor shall take 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.

8.27.4 The 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.

8.27.5 The 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.

8.27.6 The Contractor shall allow County representatives access to any Contractor records submitted to the Equal Employment Opportunity Commission or California Department of Fair Employment and Housing during regular business hours.

8.27.7 If the County finds that any provisions of this Paragraph 8.27 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.

8.27.8 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.

**8.28 NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor except as provided herein.

**8.29 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 business (1) day, give notice thereof, including all relevant information with respect thereto, to the other party.

**8.30 NOTICE OF DISPUTES**

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

**8.31 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.

**8.32 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 I* of

this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

**8.33 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 *Exhibits E - County's Administration and F - 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.

**8.34 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.

**8.35 PUBLIC RECORDS ACT**

8.35.1 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 Sub-paragraph 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.

8.35.2 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.

**8.36 PUBLICITY**

8.36.1 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.

8.36.2 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 Sub-paragraph 8.36 shall apply.

**8.37 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, employee timecards, sign-in/sign-out sheets, including but not limited to, records relating to required experience, 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 made available 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.

8.37.1 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).

8.37.2 Failure on the part of the Contractor to comply with any of the provisions of this Sub-paragraph 8.37 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.37.3 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 the 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 the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the 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 the County to the 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.

8.37.4 In addition to the above, the Contractor agrees, should the County or its authorized representatives determine, in the County's sole discretion, that it is necessary or appropriate to review a broader scope of the Contractor's records (including, certain records related to non-County contracts) to enable the County to evaluate the Contractor's compliance with the County's Living Wage Program, that the Contractor shall promptly and without delay provide to the County, upon the written request of the County or its authorized representatives, access to and the right to examine, audit, excerpt, copy, or transcribe any and all transactions, activities, or records relating to any of its employees who have provided services to the County under this Contract, including without limitation, records relating to work performed by said employees on the Contractor's non-County contracts. The Contractor further acknowledges that the foregoing requirement in this subparagraph relative to Contractor's employees who have provided services to the County under this Contract is for the purpose of enabling the County in its discretion to verify the Contractor's full compliance with and adherence to California labor laws and the County's Living Wage Program. All such materials and information, 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 materials and information prior to such time. All such materials and information shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such materials and information 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 materials and information at such other location.

**8.38 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.

**8.39 SUBCONTRACTING**

8.39.1 The requirements of this Contract may not be subcontracted by the Contractor **without the advance written 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.

8.39.2 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.

8.39.3 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.

8.39.4 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.

8.39.5 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.

8.39.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees.

8.39.7 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.

8.39.8 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 to:

Chief Administrative Office
Risk Management Branch
Chief, Occupational Health and Disability Management
3333 Wilshire Blvd., Suite 1000
Los Angeles, CA 90010

before any Subcontractor employee may perform any work hereunder.

## 8.40 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 Sub-paragraph 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 Sub-paragraph 8.42 - Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

## 8.41 TERMINATION FOR CONVENIENCE

8.41.1 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 forty-five (45) days after the notice is sent.

8.41.2 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.

8.41.3 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 Sub-paragraph 8.37, Record Retention & Inspection/Audit Settlement.

**8.42 TERMINATION FOR DEFAULT**

8.42.1 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 Project Director:

- 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.

8.42.2 In the event that the County terminates this Contract in whole or in part as provided in Sub-paragraph 8.42.1, 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, 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 Sub-paragraph.

8.42.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Sub-paragraph 8.42.2 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 Sub-paragraph 8.42.3, the terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) at any tier.

8.42.4 If, after the County has given notice of termination under the provisions of this Paragraph 8.42, it is determined by the County that the Contractor was not in default under the provisions of this Paragraph 8.42, or that the default was excusable under the provisions of Sub-paragraph 8.42.3, the rights and obligations of the parties shall be the same as

if the notice of termination had been issued pursuant to Paragraph 8.41 - Termination for Convenience.

8.42.5 The rights and remedies of the County provided in this Paragraph 8.42 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**8.43 TERMINATION FOR IMPROPER CONSIDERATION**

8.43.1 The County may, by written notice to the 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 the 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 the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.43.2 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.

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

**8.44 TERMINATION FOR INSOLVENCY**

8.44.1 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.

8.44.2 The rights and remedies of the County provided in this Paragraph 8.44 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**8.45 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.

**8.46 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

Notwithstanding any other provision of this Contract, the 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. The County shall notify the Contractor in writing of any such non-allocation of funds as soon as is reasonably possible after receiving notice of non-allocation.

**8.47 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.

**8.48 WAIVER**

No waiver of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure 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 Sub-paragraph 8.48 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

**8.49 WARRANTY AGAINST CONTINGENT FEES**

8.49.1 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.

8.49.2 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.

### 8.50 MEDICAL RECORDS AND INVESTIGATIVE SERVICES

Contractor shall pay for the review of and/or copying of medical records, and investigative services as required by Appendix B, Statement of Work, Sections I, II, and III.

### 8.51 INDEPENDENT MEDICAL EVALUATIONS

Contractor shall secure and pay for independent medical evaluations (including medical examinations and tests). The County will reimburse the Contractor if these expenses are applied on a monthly invoice within three months of the invoice from the medical group performing these services.

### 8.52 IMPROPER ACTS OR FAILURE TO ACT

Contractor shall reimburse the County for overpayments which County paid or is required to pay as a result of Contractor's act(s) and/or omission(s) which violate any provision of this agreement, or which fail to comply with the general standards of care and generally accepted practices in the disability claims administration industry.

Contractor shall not be required to reimburse County if Contractor's act(s) and/or omission(s) resulted from following express instructions from an authorized County representative.

## 9.0 UNIQUE TERMS AND CONDITIONS

### 9.1 OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT

9.1.1 County shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "materials") which are created by the Contractor primarily for the County's use, or at the County's direction, pursuant to this Contract. The Contractor, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in the County all of the Contractor's right, title and interest in and to such original materials, including any copyright, patent and trade secret rights which arise pursuant to the Contractor's work under this Contract.

9.1.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's working papers prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.

9.1.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use hereunder, and which the Contractor considers to be proprietary or confidential, must be specifically identified by the Contractor to the County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by the Contractor as "Propriety" or "Confidential" on each appropriate page of any document containing such material.

9.1.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are

safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Contractor.

9.1.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under Sub-paragraph 9.3.4 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Sub-paragraph 9.3.3 or for any disclosure which the County is required to make under any state or federal law or order of court.

9.1.6 All the rights and obligations of this Paragraph 9.3 shall survive the expiration or termination of this Contract.

**9.2 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION**

9.2.1 The Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure by the Contractor, arising from or related to the operation and utilization of the Contractor's work under this Contract, provided that such infringement does not arise out of the County's negligent use or modification of the intellectual property. County shall inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the Contractor's defense and settlement thereof.

9.2.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, or software product; or
- Replace the questioned equipment, part, or software product with a non-questioned item; or
- Modify the questioned equipment, part, or software so that it is free of claims.

9.2.3 The Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended.

## 9.3 TERMINATION OBLIGATIONS

Contractor is providing services to County on a life of contract basis. If requested by County, Contractor will continue to process County's claims remaining open at the expiration or termination of this Contract, if any, provided that County shall continue to make adequate funds available for the payment of such claims, including any allocated loss adjustment expenses and pay information technology and data tape fees. This provision shall not apply unless the additional fee for this service shall have been negotiated and agreed to in writing prior to the effective date of termination.

## 9.4 NETWORK SECURITY/CONFIDENTIALITY

9.4.1 If County's access to JURIS requires a network connection (the "Network Connection") between County's wide area network and Contractor's wide area network, Contractor and County shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The County and Contractor agree, however, that County and Contractor are responsible for the security of their own network. Neither County nor Contractor shall be liable to the other for unauthorized access to the Network Connection, so long as County or Contractor shall have taken reasonable and customary precautions to prevent such unauthorized access.

9.4.2 Whether or not as such, and without regard to the media in which such records are stored, "Confidential Information" shall mean:

9.4.1.1 Any business or technical information pertaining to the County and the Contractor herein or to third parties, which is furnished, disclosed or made available by one party to the other, including, without limitation, specifications, prototypes, software, marketing plans, financial data and personnel statistics; and

9.4.1.2 Medical records, reports and information, as well as any other non-medical records, reports or information pertaining to claimants under the Program.

9.4.3 The County and the Contractor agree to protect Confidential Information received hereunder with the same degree of care that the County and the Contractor exercise with their own confidential information (but in no event less

than reasonable care) and to limit access and disclosure of Confidential Information only to their employees, agents and contractors who have a "need to know," and who agree to maintain confidentiality in accordance with this section. Notwithstanding the foregoing, County agrees to permit Contractor to compile and disseminate aggregate, de-identified information for benchmarking purposes or forward to a data collection facility data for Qualified Claims handled pursuant to this Contract, provided that such facility agrees in writing to keep County's data confidential. Further Contractor shall be entitled, without violation of this section and without the prior consent of County, to retain claims administration information and to forward claims administration information to government agencies to the extent required by law for the proper performance of the services set forth herein.

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 Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

CONTRACTOR: SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

By _____
Name

_____
Title

COUNTY OF LOS ANGELES

By _____
(Mayor/Chairman), Board of Supervisors

ATTEST:

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

By _____

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By _____
Principal Deputy County Counsel

10/26/06
g/amr/LTD RFP 2006/Board Letter - Contract – FINAL

**CONTRACT FOR THIRD-PARTY LONG-TERM, SURVIVOR INCOME BENEFITS, AND SHORT-TERM DISABILITY CLAIMS ADMINISTRATION SERVICES**

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H JURY SERVICE ORDINANCE

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## TECHNICAL EXHIBITS


1 CONTRACT DISCREPANCY REPORT

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# *STATEMENT OF WORK*

**EXHIBIT A - STATEMENT OF WORK (SOW)**
**SECTION I ---- LONG-TERM DISABILITY**

1.0 LONG-TERM DISABILITY PLAN

1.1 Coverage: The Long-Term Disability (LTD) Plan provides a 60% income replacement benefit after a six-month qualifying period for employees with more than five (5) years of County service. For employees with less than five (5) years of continuous County service, the disability must be a direct result of the employee's County job.

1.2 Offsets: The LTD benefit is reduced by other income benefits the employee receives for the same period such as workers' compensation and County retirement benefits. Although the Plan includes offsets for Social Security Disability benefits and State Disability Insurance benefits, the County does not participate in either the Social Security or State Disability Insurance programs, and therefore, most employees are not entitled to benefits from these sources.

1.3 Disability Defined: The LTD Plan has two separate definitions of disability. For the qualifying period and the first twenty-four (24) months of disability benefits, "total disability" is defined as the complete and continuous inability and incapacity of the employee to perform the duties of his or her position with the County. After the expiration of twenty-four (24) months of eligibility for benefit payments, "total disability" means that the employee is disabled within the meaning of the Federal Social Security Act.

1.4 Maximum Period of Benefit Eligibility: Benefits terminate at age 65 unless the employee's disability commences at age 62 or later in which case the benefit payments may extend for a longer period beyond age 65 (or be limited to one (1) year if disability commences at age 69) according to the Plan schedule.

1.5 LTD Health (LTDH) benefit provides a benefit of 75% of the monthly medical insurance premium the employee previously elected and uses while the employee is receiving LTD benefits. This supplement is an elected option available to employees for a monthly payroll deduction. Contractor to provide LTDH benefit participation data (detail to be determined later) to Employee Benefits Division Contractor as needed.

2.0 MEGAFLEX LONG-TERM DISABILITY PLAN:

The MegaFlex Plan benefits are nearly identical to the regular LTD benefits except that employees may elect either 40% or 60% benefit coverage, and there is no work-related requirement for employees with less than five years County service. For employees with more than five (5) years of County service, that are members of Retirement Plan E, they qualify for a 40% core benefit.

3.0 DETERMINATION OF ELIGIBILITY

3.1 Upon receipt of the Absence report from the County, the contractor has seven (7) calendar days to send an application packet to potential claimants.

3.2 If there is no response in thirty (30) days, a reminder notice is sent to potential applicants advising them to send their eligibility for LTD benefits could be terminated if the application is not received within sixty (60) days of the date of the letter.

3.3 Upon receipt of an application for LTD benefits, a file is set up. MegaFlex claim files must be differentiated from regular LTD claim files. There should be a separate file for each date of disability.

3.4 Secure and review information required for the eligibility determination including the following:

- Employee's date of hire and salaries paid for the twelve (12) months preceding the date of disability.
- Retirement plan membership and current retirement status,
- STD file, if claimant is a MegaFlex participant,
- Treating physician's statement from claimant, if not already received,
- Verification of last day worked before total disability,
- Workers' compensation records including medical information, investigation and rehabilitation reports for any claim that has a companion workers' compensation file,
- Proof from applicant that he/she has applied for Social Security Disability benefits,
- A completed W-4 from the claimant.

3.5 Check workers' compensation system (GenComp) for pay information on companion workers' compensation case.

3.5.1 Coordinate workers' compensation claim handling and clinical processes to avoid duplicate expense to the County and duplicate documentation efforts to the employee.

3.5.2 If there are issues of potential fraud, all investigative efforts must be coordinated with the workers' compensation third party administrator.

3.6 In case of medical conflict on disability, lack of supporting medical documentation or the question of occupational causation (non-MegaFlex claimants with less than five (5) years of County service), arrange for an evaluation by an independent medical examiner.

3.7 Apply disability management procedures, guidelines and protocols consistently across all cases.

3.8 There will be communication of claim approval within five (5) working days of complete claim information, and there will be communication of claim denial within ten calendar days of complete claim information. State the reason for any claim denial and reference the appropriate County Code section, the medical

documents and/or other records. If an application is not complete, the contractor must send the employee a status letter every ten calendar days at the beginning of a claim until there is approval or denial.

## 4.0 CALCULATION OF BENEFITS

4.1 Compute average monthly salary for the twelve (12) months preceding total disability.

4.2 Secure information on payment of workers' compensation temporary disability benefits, rehabilitation maintenance benefits, Social Security Disability benefits and any other benefit from a public agency or under any employers' liability law paid for the same disability for each month to be covered in the initial LTD payment to the claimant.

4.3 Secure information on other income for the period covered that must be offset from the LTD benefit, including payments from the employing department, retirement benefits paid under a County retirement plan, Social Security Disability benefits paid, and outside earned income received for work performed after the date of disability.

4.4 A cost-of-living adjustment shall be applied to the basic monthly disability benefit on the first day following the completion of twenty-four (24) months of eligibility and annually thereafter for as long as participant is entitled to benefits under LTD Plan. The cost-of-living adjustment shall not exceed 2% of the basic monthly benefit.

4.5 Calculate benefits for each month to be covered and determine the income tax to be withheld.

4.6 Prepare and mail to the claimant an acceptance letter to include the following information: Monthly benefit amount, anticipated length of benefits, date of payments, and benefit calculation sheets for each month covered by the initial benefit check, list offsets, and the amount of those offsets.

## 5.0 CLAIMS SERVICING

5.1 When applicable, secure a copy of the Social Security Disability determination letter from the claimant and record the status.

5.2 Monitor claimant's total disability status, secure additional treating physician reports on an appropriate schedule, secure verification of continuous medical supervision where such supervision is an eligibility requirement.

5.3 Arrange for independent medical evaluations of claimant as necessary and review those reports.

5.4 Monthly, where the claimant has both an LTD and a workers' compensation case, check status of the workers' compensation claim and review new claims information, including medical reports.

5.5 At the initiation of benefits, on claims with open workers' compensation claims, prepare an opening lien with proof of service, to be sent to the Workers'

Compensation Appeals Board, the workers' compensation third party administrator, the County's and Claimant's attorney.

5.6 At the termination of benefits, prepare an ending lien, listing all benefits paid, with a proof of service, to the appropriate parties, as listed in 5.5.

5.7 Each month secure information on benefits paid and earned income received; recalculate LTD benefits and withholding tax.

5.8 Prepare and transmit monthly benefit calculation sheets to claimant.

5.9 Continue to monitor and investigate any potentially fraudulent issues.

5.10 Arrange for investigations, as appropriate.

5.11 Contractor will support County departments to ensure aggressive implementation of the departmental Return-To-Work Program. Provide a copy of the claimant's release to return to work slip to the claimant's departmental Return-to-Work Coordinator.

5.12 Confer with the claimant's departmental Return-to-Work Coordinator if modified work or alternate County employment becomes feasible; monitor placement/rehabilitation efforts for termination of LTD eligibility; review and monitor transitional return-to-work plans.

5.13 After seventeen (17) months of LTD benefit eligibility, a decision review will be initiated for total disability in accordance with the Federal Social Security Act. The final decision for total disability will be determined after twenty-three (23) months and prior to the end of twenty-four (24) months.

5.14 Notify claimant, CAO and departmental Return-to-Work Coordinator of decision to continue or terminate at end of twenty-four (24) months.

5.15 Notify Los Angeles County Employees Retirement Association (LACERA) when LTD benefits terminate for a claimant covered by Retirement Plan E.

5.16 Respond, in accordance with confidentiality policies, to telephone and written inquiries about the LTD Plan and claims from claimants, potential claimants, County and claimants' attorneys, representatives from workers' compensation, rehabilitation vendors, personnel officers, and other County personnel.

5.17 On an appeal from a decision by the Contractor on benefits payable under the disability portion of the LTD Plan, including Long-Term Disability Health (LTDH), conduct the administrative review, prepare the County's case for the hearing, as well as, the necessary correspondence and materials, serve as the County's advocate at the administrative hearing which would include preparing witness lists, exhibits, statements, and testimony.

5.18 Secure verification of application for retirement benefits for claimants who are covered by Retirement Plans A, B, C, D, and who otherwise qualify for benefits after twenty-four (24) months of LTD eligibility.

5.19 Notify claimants enrolled in the County's Optional Group Term Life Insurance of insurance extension.

5.20 Attend Workers' Compensation Appeals Board conferences and trials to explain and defend LTD liens.

BENEFITS PAYMENTS AND INCOME TAX WITHHOLDING

6.1 Calculate and withhold the appropriate income taxes from benefits paid to claimants and issue benefit checks from Imprest Fund Bank Account. (See Section IV, 4.0 of this SOW, Imprest Fund Bank Account) or use alternative payment procedures as determined by the County.

6.2 Prepare and file the appropriate withholding tax returns on behalf of the County.

6.3 Respond to claimant's inquiries concerning benefits tax issues.

6.4 Issue required W-2 forms to claimants and timely file reports with appropriate tax agencies.

6.5 Make claim payments on a monthly or bi-monthly basis.

7.0 REQUIRED DATA

7.1 Basic Data - For each applicant

- Name
- Sex
- LTD Claim Number
- Status of LTD Claim (Pending/Accepted/Rejected/Closed)
- Five years County Service (Yes/No)
- Status of Workers' Compensation Case (Pending/Accepted/Rejected/None Filed)
- Department Number
- First Day Absent Due to Total Disability
- Employee Number
- Social Security Number
- Date of Birth
- County Continuous Service Date
- Retirement Plan (A, B, C, D, or E)
- Date Application Received
- Date Eligibility Decision Made
- Social Security Claims Status (Accepted/Pending/Rejected)
- Reason for SSD Rejection (Insufficient Quarters/Not Disabled)
- Basic Benefit (Average Salary for past 12 months X 60%)
- Benefit Coverage Dates (Start and End)
- Benefits Beyond 24 months (Yes/No)
- Diagnostic Code

7.2 Payment Data – For each accepted claim

- Name

- Address
- Basic Benefit (Average salary for past 12 months X 60%)
- Disability Claim Number
- Date Covered by Each Payment
- Offsets (Temporary Disability Benefits, Rehabilitation Benefits, Department Pay Retirement Benefits)
- Federal and State Income Tax Withheld
- Date Check Ordered
- Retirement Plan
- Health Plan and participation start date

## 8.0 REPORTS

Contractor shall provide standard monthly and as-needed reports:

- Prior to or after Contract implementation, Contractor and County shall prepare a list of any other required reports and records with time deadlines.

- LTD payments on a specific claim and total payments.

- Some participation data to be provided by Contractor to the Department of Human Resources, Employee Benefits Division, Employee Benefits Administration Contractor as needed. (Detail, format, and preparation/delivery schedule not yet determined.)

**EXHIBIT A - STATEMENT OF WORK**
**SECTION II ---- SURVIVOR INCOME BENEFITS**

1.0 SURVIVOR INCOME BENEFIT PLAN – Non-MegaFlex Employees

1.1 Eligibility Requirements: The Survivor Income Benefit Plan provides an income replacement to an eligible surviving spouse or domestic partner of a County non-MegaFlex employee. The survivor must be eligible prior to the date of death. In the absence of a spouse or domestic partner, income replacement will be send to a minor child or children of a non-MegaFlex employee who is eligible to receive or is receiving LTD benefits. If an employee has less than five (5) years of continuous County service, his/her death must be a direct consequence of his/her County job.

1.2 Coverage: The benefit is 55% of the LTD benefit, after offsets, which the employee was receiving or would have been eligible to receive prior to the date of death.

1.3 Duration of Benefits: The Survivor Income Benefit is payable throughout the lifetime of the spouse or domestic partner, or in the absence of a spouse or domestic partner, until each of the eligible children reaches age 18 or through the age of 21 (if they are full-time students in an accredited school and unmarried).

1.4 If, prior to the date of death, the employee was enrolled in LTDH, the surviving spouse or domestic partner will continue to receive 75% of the monthly medical insurance premium for the previously enrolled medical insurance plan.

2.0 MEGAFLEX SURVIVOR INCOME BENEFIT PLAN – **(For information purposes only; not administered under this Agreement)**

Survivor Income Benefits for MegaFlex employees will not be administered under this Agreement. The following is a summary for information purposes only.

2.1 Eligibility Requirements:

- Only MegaFlex Participants who are members of Retirement Plan E are eligible to enroll in the MegaFlex Survivor Income Benefit Plan.

- Upon the death of a MegaFlex Participant, the MegFlex Survivor Income Benefit Plan provides an income replacement benefit to the spouse or domestic partner or in the absence of a spouse or domestic partner to a dependant child or children until each of the children reach age 18 or through age 21 (if they are a full-time student in an accredited school).

2.2 Coverage: MegaFlex Participants may elect coverage equal to 25% or 50% of their monthly salary.

2.3 Duration of Benefits: The Survivor Income Benefit is payable throughout the lifetime of the spouse or domestic partner, or if there is no spouse or domestic partner, until each of the eligible children reach age 18 (age 21 if they are full-time students in an accredited school).

## 3.0 DETERMINATION OF ELIGIBILITY/CALCULATION OF BENEFITS

3.1 In-service: Upon receipt of a death notice information from the Department of Human Resources' Employee Benefits Division, set up a survivor file. Information received from another source regarding the death of a claimant should be investigated to assure survivor benefits are not due to the surviving spouse or domestic partner or in the absence of a spouse or domestic partner to the child or children.

Out of-service: LTD claimants no longer in employee status, who are receiving LTD benefits at the time of death qualify for Survivor benefits. Notification of death would come from the claimant's family, from the County's Long-Term Disability Office or a non-County source.

3.2 Identify ineligible cases; prepare letter to beneficiary noted on the death notice form indicating ineligibility for survivor benefits and request correction if information on which rejection is based is inaccurate.

3.3 For remaining cases, secure the following information and documents:

- Employee's dates of County employment and salaries paid
- Retirement plan membership
- For Retirement Plan A, B, C or D members, disability retirement benefit that would have been paid to the employee
- Certified copy of death certificate
- Deceased's remaining time benefits
- Certified copies of marriage certificate or domestic partner certificate (if applicable), birth certificate(s) (children only), proof of dependency (for stepchild), guardianship papers, and affidavits(s) as required.

3.4 Review pertinent information and documents listed above to determine if survivor benefits are payable.

- Calculate benefit amount and benefit commencement date after subtracting all appropriate offsets.
- Prepare and transmit case acceptance letter to survivor.

## 4.0 CLAIMS SERVICING

4.1 Secure annual affidavit from each beneficiary; for child or stepchild beneficiary age 18 and over attending school, secure school enrollment verification form.

4.2 Prepare the termination letter to each child or stepchild beneficiary when eligibility ends.

4.3 Where benefit is paid to more than one child, recalculate benefits whenever the number of qualified beneficiaries changes.

4.4 On an appeal from a Contractor decision regarding benefits payable under the survivor portion of the Plan, conduct the administrative review, prepare the County's case for the hearing as well as the necessary correspondence; serve as the County's advocate at the hearing.

## 5.0 BENEFIT PAYMENTS AND INCOME TAX REPORTING

5.1 Issue initial and monthly benefit checks to claimants from Imprest Fund Bank Account (See Section IV, SOW, 4.0, Imprest Fund Bank Account).

5.2 Annually prepare IRS Form 1099 and send to claimants, and prepare and file the appropriate tax information on behalf of the County.

5.3 Respond to claimants' inquiries concerning benefits tax issues.

## 6.0 REQUIRED RECORDS

6.1 Basic Data – For Each Deceased Employee

- Name
- Sex
- Employee Number
- Department Number
- Social Security Number
- Relationship to Deceased (Spouse/Child/Stepchild)
- Birth Date(s)
- Date Age 18 (Child/Stepchild) or 22 (Child/Stepchild Beneficiary Attending School)

6.2 Payment Data – For Each Accepted Claim

- Deceased's Name
- Deceased's Social Security Number
- Survivor Claim Number
- Survivor(s) Name(s)
- Name(s) of Guardian(s) (each minor child)
- Survivor(s) Address (Addresses)
- Survivor(s) Social Security Number
- Basic LTD Benefit (Deceased's Average Salary For Past 12 months X 60%)
- Social Security Disability Offset
- Retirement Offset
- Payment (Listed Separately For Each Child Beneficiary if More Than One Child For A Given Claim)
- Payment Dates (From/Through)
- Date check ordered
- Proof of attendance at an accredited school.

## 7.0 REPORTS

Contractor shall provide standard monthly and as-needed reports as follows:

- Prior to or after Contract implementation, Contractor and County shall prepare a list of any other required reports and records with time deadlines.

- SIB payments and payment total for a given period on specified claim.

**EXHIBIT A - STATEMENT OF WORK**
**SECTION III ---- SHORT-TERM DISABILITY PLAN**

1.0 SHORT-TERM DISABILITY PLAN (STD)

1.1 Plan Objective: To provide MegaFlex Participants who are disabled because of injury, illness or pregnancy with salary maintenance benefits for a maximum period of twenty-six (26) weeks minus the waiting period purchased during the Annual MegaFlex Benefit Enrollment.

1.2 Disability Defined: Under the STD Plan, "Disability" means the complete and continuous inability and incapacity of the Participant to perform the regular duties of his/her position with the County or any full-time modified duties.

1.3 Coverage Options: All MegaFlex Participants are automatically covered by the basic STD "core" coverage of 70% of their regular monthly salary, with a waiting period of fourteen (14) calendar days. Additionally elective salary protection may be purchased through payroll deduction as follows:

Seven (7)-day waiting period followed by 100% STD income replacement for twenty-one (21) days, with 80% income replacement for the remainder of the STD period.

1.4 To file a claim a MegaFlex Participant must: a) see their physician, b) contact the claims administrator by telephone or the Contractor's internet website, and c) have their physician contact the claims administrator. The claims administrator will then adjudicate the claim, and, if approved, send a formal e-mail notification to the affected line Department payroll unit. The payroll unit will then submit the necessary payroll documentation to the Auditor-Controller who will issue the benefit payments through the payroll system on regular County paydays.

In some cases, written documentation from the employee's physician will be required. This may happen when the duration of a disability seems excessive, or when the claim is otherwise questionable.

1.5 STD to LTD Transition: In order to ensure a smooth transition, twenty-six (26) weeks is defined as one hundred eighty-two (182) days from the first date of disability and, under MegaFlex LTD, the six (6) month Waiting Period is to be considered as one hundred eighty-two (182) days from the same date of disability. Therefore, LTD benefits should begin accruing on the one hundred eighty-third (183rd) day, i.e. the day after the STD benefits cease.

2.0 APPLICATION FOR BENEFITS

2.1 The Contractor, at their expense, shall have a twenty-four (24) hour toll-free (800) telephone line for receiving County of Los Angeles STD claim reports: for claimants and for medical professionals. This toll-free line should be set to include area codes in Los Angeles County, San Bernardino County, Orange County, Riverside County, Ventura County, and Kern County.

2.2 When an employee calls to report a claim, the following information must be obtained for eligibility determination including the following:

- The employee is a MegaFlex participant.
- Employee identification data (employee number and department number).
- Dates and probable duration of disability.
- See Sections 7.1 below for a checklist of data to be obtained.

2.3 Advise claimant, at the time of the initial call, that a telephone call from the treating physician or a completed written/faxed Physician's Statement is required before the end of the waiting period they selected, to continue or complete the application for benefits.

2.4 Enter employee information into the computer system, and produce a "Claims Packet" within one working day. The "Claims Packet" includes:

- Verification of initial employee information (see Section III, SOW, 7.1).
- Include a STD Claim Extension form with the necessary information for a claim extension. Provide time guidelines as set forth in the STD Pamphlet.
- An "Acknowledgement of Right to Reimbursements and Promise to Pay" form when there is a potential for recovery under third party liability sources, or any other overpayment.
- A Release of Information (ROI) form (the employee authorization that is needed to obtain medical records from a medical facility).
- Provide an STD Pamphlet.

2.5 Compare employee data to records provided by County and mail "Claims Packet" to employee.

2.6 Set up a case file folder.

2.7 With receipt of the physician's telephone call or return of Physician's Statement:

- Obtain sufficient relevant medical information regarding the injury, illness or pregnancy to document the reported disability for STD purposes.
- Review diagnosis and duration of disability information to determine compliance with standard medical benchmarks for the disabling condition. Obtain additional records and documentation from physician if medical information is insufficient to determine eligibility. Review the information when received.
- See Sections 3.2, 7.1, 7.2, 7.3, and 7.4 below for a checklist of the data to be obtained.

2.8 Late claim penalty. The claimant and the treating physician must provide the third-party administrator with the required information by the last day of the waiting period. Failure to meet this deadline results in the loss of one day of STD benefits for each day the claim is late. This penalty may be waived, given acceptable circumstance (Waiver of Penalty).

2.9 STD "Half" claim. Usually a claim initiated by a non-MegaFlex County employee that is ineligible for STD Plan benefits or a claim that can not be completed due to the Contractor not receiving a physician's report.

## 3.0 BENEFIT DETERMINATION AND NOTIFICATION

3.1 Obtain case status on any companion workers' compensation benefit payable for the same period of disability.

3.2 Based on completed information received from the employee and physician, establish one (1) email sent within two (2) working days, notifying the employee's payroll unit, employee's departmental Return-to-Work Coordinator, and the Chief Administrative Office (CAO) with the following information:

- County employee number
- Contractor claim number
- Department number
- Employee name
- Benefit option elected
- The first day of disability for STD Plan purposes
- The dates of the waiting period
- The dates of any late reporting penalty
- The dates of any period of authorized STD benefits
- Approved return to work date
- The dates of any part-time STD
- The specific amount of hours the employee is allowed to work while on part-time STD
- Any work restrictions authorized by the doctor
- The dates of any period of disability denied and denial reason
- Claim denial reason and the reason for the claim denial

3.3 Send an STD voucher to the employee within two (2) working days of receipt of the employee's and physician's reports that establish a basis for authorization of STD benefits which includes the above information (see 3.2 above).

3.4 If claim is denied, prepare a letter to the claimant explaining the reason for denial and include the applicable plan provisions that have not been met. Include appeals procedures and mail an STD appeals letter with copies to the CAO

within five (5) working days of completed information, sent within the timeliness approved by the CAO (see STD booklet, "Recurrent Disability").

3.5 Maintain an up-to-date email address and phone number for each departmental Return-to-Work Coordinator and payroll clerk. Provide all updates to the CAO.

3.6 Send a MegaFlex LTD application to the employee's home address after four (4) months of STD to ensure a smooth benefit transition.

## 4.0 EXTENSION OF DISABILITY AND PART TIME RETURN TO WORK

4.1 If an extension is requested, and, if medical information is insufficient, obtain additional information or records and/or arrange for independent medical evaluations as required.

4.2 If extension is approved, prepare and email a payment notification to claimant's departmental Return-to-Work Coordinator, payroll unit. Send a copy, on a voucher form, to the claimant.

4.3 On a denial of continued benefits, prepare the denial letter including appeals procedures and mail to the claimant.

4.4 Confer with the claimant's departmental Return-to-Work Coordinator if modified work or alternate County employment becomes feasible; monitor placement/rehabilitation efforts for termination of STD eligibility; review and monitor transitional return-to-work plans.

4.5 Contractor will call the departmental Return-to-Work Coordinator to establish the department's work needs prior to exploring part time return to work with the physician. Contractor will call the physician to discuss the possibility of returning the claimant to a part time return to work schedule that meets the departments work needs.

4.6 Notify departments of the amount of specific working days and hours with any work restrictions, when a doctor certifies an employee to return to work part time.

## 5.0 MEASURES OF EFFECTIVENESS

5.1 Contractor completes input on computer system of data on new claim by employee within one (1) working day of receipt by contractor of all necessary information required from the employee.

5.2 Contractor completes input on computer system of data on new claim by the employee's physician within one (1) working day of receipt by contractor of all necessary information required from the physician.

5.3 Contractor completes input on computer system of data to produce a STD voucher, and/or STD email notification, within two working days of receipt by the contractor of the employee's and physician's reports that establish a basis for authorization of STD benefits.

5.4 Contractor sends LTD application to employee within four (4) months of receipt of STD benefits.

5.5 File documentation accuracy rate will be 98% or better as determined by independent audit. Accurate documentation means that all appropriate material, supporting documentation addressing medical and offset evaluations and evidence of the claim analyst's decision and the basis for that decision is in the file. Higher level review plus quality review and future disability management plans will also be documented.

5.6 Claim processing accuracy rate will be 98% or better as determined by independent audit. Accurate processing means the claim decision is correct and based on the documentation, the claim management plan is appropriate to the claim, communications address the decision basis, pertinent plan provisions and claim material relied upon for the decision.

5.7 Disability management procedures, guidelines and protocols will be applied consistently to all cases.

5.8 Contractor will support County departments to ensure aggressive implementation of the County's Return-To-Work Program.

## 6.0 APPEALS

On an appeal from a denial or termination of benefits payable under the STD Plan, arrange to have a Contractor Contract Manager conduct an evaluation of the appeal and render a decision within five (5) working days from receipt of the appeal, which shall be final.

6.1 Send a customized claim denial letter to the claimant, and state the reason for the denial. Reference the medical reports on which the denial was based, what caused a late filing penalty, or any other specific information for the denial within five (5) working days of receipt of completed appeal.

6.2 Within five (5) working days of receipt of an appeal, send a letter to the employee notifying of a delay due to the missing medical or other qualifying information, and provide a new response date.

6.3 If additional information is required, there must be proof of requesting this information within two (2) working days of the appeal letter. If this information is not received within fifteen (15) working days of the request, the appeal determination will be made only with the information received.

## 7.0 REQUIRED RECORDS

7.1 Basic Data – Claimant Report

- Name (Last, first, middle)
- Address (Complete)
- Home telephone number (with area code)
- Date of birth
- Age
- Sex

- Social Security number
- County employee number
- County department number
- County continuous service (start) date
- Years of County service
- MegaFlex STD waiting period selected (days)
- MegaFlex STD income replacement selected (%)
- Job title
- Occupational type
- Supervisor's name
- Supervisor's telephone number
- Work related injury or illness (Yes/No)
- Date employee's report received (complete)
- Days from employee's report to date of first notification

7.2 Basic Data – Medical Report

- Physician's name
- Physician's address
- Physician's telephone number
- Type of Physician (M.D., D.C., etc.)
- Medical specialty
- California license number
- Date of first treatment/consultation
- Dates of disability, per physician (from/through)
- Actual or expected return to work date
- Primary ICD 9 Code
- Secondary diagnosis – description
- If pregnancy related primary ICD 9:
  - LMP date
  - EDC/DOD date
- Hospitalized as inpatient: Yes/no (from/through)
- Hospital name
- Treated in Surgical Unit/Clinic: Yes/No. (From/through)
- Surgical Unit/Clinic name
- Patient still under care: Yes/No
- Date Physician's report received (complete)
- Days from physician's report to date of first notification

7.3 Basic Data – Each Disability

- Last day worked
- First day unable to work because of this disability
- Expected or actual date of return to work
- Dates of disability for STD purposes (from/through)
- Dates of waiting period (from/through)
- Dates of approved STD eligibility (from/through)
- Approved extended period of STD eligibility (from/through)
- Dates of disability denied (from/through)
- Other dates of disability denied (from/through)
- Reason for partial denial of period of disability
- Days of STD authorized
- Work related injury or illness (Yes/No)

- Specific part time work days and hours
- Eligible for CA State Disability Insurance benefit (Yes/No)

7.4 Basic Data – Claim System

- Client number
- Plan number
- Claim number
- Claim status code
- New half-claim indication (**) (for monthly reporting)
- Voucher number
- Date of voucher
- New voucher indication (*) (for monthly report)
- Voided voucher indication (for monthly report)
- STD email notification sent date

8.0 REPORTS

- Monthly STD claims report (all open claims within the last year) .
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- Monthly STD claims statistics.

- Prior to or after contract implementation, Contractor and County shall prepare a list of any other required reports and records with time deadlines including the contents of an annual report (as proposed by each bidder).

## EXHIBIT A - STATEMENT OF WORK
## SECTION IV ---- COUNTY RESPONSIBILITIES

1.0 ORIENTATION/TRANSITION

The County will provide without cost to Contractor orientation to the County's LTD, SIB, and STD Programs for key Contractor personnel prior to the start date of the contract. The Contractor shall not be reimbursed for any expense during orientation.

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

2.0 TRANSFER OF CASE FILES

County shall notify existing Contractor to release all case files for pick-up by the new Contractor prior to the start date of the contract as described in Section 4.0, Term of Contract, of the Contract.

3.0 AUTHORITY LIMITS

The County Project Manager (CPM) may establish a schedule of authority limits and referrals, for all personnel approving disability benefits and ancillary services.

4.0 IMPREST FUND BANK ACCOUNT FOR LTD AND SIB ONLY

4.1 The County will establish an Imprest Fund Bank Account, which will be prefunded by the County to cover, estimated long-term disability and survivor benefit payments.

4.2 The County will issue funds to the Imprest Fund Bank Account no later than five (5) working days after receipt of request from the Contractor.

4.3 Each month the Contractor will submit a request for funds to pay the monthly benefits due at least five (5) working days prior to payment.

4.4 Separate supplemental requests can be made on a weekly basis five (5) working days in advance for benefits paid outside of the regular monthly cycle.

4.5 The Contractor will provide to the County a monthly reconciliation of funds received and disbursed from the Imprest Fund Bank Account, including a monthly check register itemizing deposits to the account, check numbers, check amounts, payee, claimants name, employee number, and claim number for each check issued on the account.

5.0 FORMAT OF REPORTS

The County reserves the right to request final review and approval of the format on all reports, to request additional reports and/or request changes to existing reports, during the term of this Contract. Any requests for reports must be produced no later than five (5) working days. All requests for ad hoc reports must be made in writing and include the purpose of the report, selection criteria, the specific data to be included and the preferred format. Contractor will seek clarification when needed. Following agreement of

specifications the report will be delivered within five (5) business days. Delivery of custom programming requests will be based on programming time which will be provided when agreement is reached on specifications.

## 6.0 FORMAT OF OUTGOING CORRESPONDENCE

6.1 The Contractor shall provide all forms and notifications necessary to administer the STD Plan. The County reserves the right to approve all outgoing correspondence including forms created by the Contractor to include departmental notifications, and claimant notifications.

6.2 The County will provide sample wording for all form letters being sent to the LTD claimants.

## EXHIBIT A - STATEMENT OF WORK
## SECTION V ---- CONTRACTOR RESPONSIBILITIES

1.0 GENERAL

The Contractor shall furnish all personnel, transportation, supplies, equipment, materials and other items necessary to perform all services required by this Statement of Work.

2.0 TRANSFER OF CASE FILES

The Contractor shall pay for all expenses relating to the transfer of data/cases.

3.0 ORIENTATION/TRANSITION

The Contractor shall provide sufficient management support and staffing to effect an orderly transition.

In the event of expiration or prior termination of the Contract, Contractor shall cooperate with the County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

4.0 STAFFING/ORGANIZATION

The Contractor shall be responsible for providing sufficient and competent staff to fulfill the contract and shall have complete flexibility for establishing an effective management and organizational structure. Adjustments in staffing based upon fluctuations in caseload shall be subject to approval of CPM. Caseloads for each Contractor claims examiner shall not exceed reasonable industry standards of 185.

The Contractor shall provide the County with a list and brief biography of the Disability Claims Examiners, the Return-to-Work Coordinator, and the nurse case manager assigned to the account and notify County of any changes to this roster on a continuous basis.

The Contractor must assure provision of services to the County in the event of an employee shortage or strike.

5.0 EMPLOYEE RECORDS

The Contractor shall keep a current and accurate list of all its employees providing services under this Contract. The list shall include each employee's name, date of employment, current address, phone number and any additional data on licensing background, behavior or job performance pertinent to the provision of the contract.

The Contractor shall retain and provide to the County upon request a copy of the Employee Resume for all employees assigned to the County Program.

6.0 COMPUTER DATA MAINTENANCE

Contractor shall continually on a daily basis accurately input, update and maintain all data fields on the Contractor's computer system for all cases administered by Contractor. The Contractor shall discuss proposed significant system enhancements, which affect the County's claims with the County prior to implementation.

6.1 Contractor shall provide a dictionary of all data elements and a description of record layout for machine readable reports.

6.2 Contractor's computer system shall be capable of receiving an eligibility file from County's contractor for employee benefits.

## 7.0 FINANCIAL RECORDS AND REPORTS

The Contractor shall maintain and provide accurate and complete financial records as well as reports of its activities and operation under this Contract.

## 8.0 CASE FILE RECORD RETENTION

All case files will be retained for ten (10) years from the date of disability. No claims will be destroyed without CPM approval and the Contractor will be responsible for storage of all files during the term of this Contract. Presently there are 1,182 files in storage.

## 9.0 PROPERTY SECURITY

The 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 by the Contractor.

## 10.0 DATA SECURITY

Contractor shall provide a means of and be responsible for restricting access to the files and applications to only authorized persons and authorized terminals.

## 11.0 LOCAL OFFICE, EXPENSES

The Contractor shall maintain an office in the County of Los Angeles or in an adjacent county for the administration of County claims. Business hours for this office shall be from 8:00 A.M. to 5:00 P.M., Monday through Friday, except for official County holidays. The Contractor shall have a local telephone listing with either an "800" or local telephone prefix (SOW, Section III, 2.1). The Contractor shall pay out of its own resources, all costs and charges in connection with its offices, office furnishings and supplies, except as otherwise provided in this Agreement.

## 12.0 COURIER SERVICE

The Contractor shall provide a weekly courier service between the Contractor's office and such County offices as are designated in writing by the CAO. The Contractor shall pay the costs of such services out of its own resources.

## 13.0 CLAIMS ADMINISTRATION PROCEDURE MANUAL AND BUSINESS CONTINUITY PLAN

Within six months of contract award, Contractor will provide a "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 CPM.

In addition, the 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 CPM with annual plan updates on the annual anniversary of the Contract.

This plan is subject to the County's review. The CPM 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.

## 14.0 COMPUTER TRAINING FOR COUNTY PERSONNEL

14.1 At no cost to the County, Contractor will train a maximum of three County employees per contract year on how to access all County claims data on Contractor's computer system, inquiry only. County to provide for electronic interface capability at County's expense.

14.2 Contractor will provide CAO LTD and CAO STD staff with access to Contractor's computer system with access to all case management information for all County claims at no cost to the County.

## 15.0 DATA TAPE

At no cost to the County, Contractor will provide a computerized data transfer to County on semi-annual basis. Format for transfer will be specified at contract inception.

## 16.0 NEGOTIATIONS/SETTLEMENTS

The Contractor shall obtain written approval from a designated representative of the County prior to the initiation of negotiations to a settlement agreement.

## 17.0 POLICY CHANGES/AMENDMENTS

Any policy changes by the CAO or amendments to the LTD, LTDH, SIB, or STD program during the life of this contract may require changes to the administrative procedures outlined in the Statement of Work.

## 18.0 EXPENSES

Any additional expenses incurred for obtaining claim related information, including but not limited to copy service fees, medical record requests and miscellaneous requests of $250.00 or less for each item shall be incurred at the Contractor's expense. Excluded is evidence needed for claim adjudication. Such evidence includes, but is not limited to Independent Medical Exams, Functional Capacity Evaluations, Transferable Skills Analysis, Surveillance and other claim related activities of over $250.00 for each item.

## 19.0 WORK SPACE FOR COUNTY STAFF

The Contractor shall provide adequate office space, complete work station including computer access, telephone service, and free parking for one part-time County monitor and adequate temporary work space and free parking for other County staff as necessary for required program auditing or monitoring.

## 20.0 PLAN DOCUMENTS

The Contractor shall annually print and mail LTD tri-fold pamphlets and STD tri-fold pamphlets to all eligible County employees, at the Contractor's expense. The pamphlets are to be mailed first class mail within thirty (30) days of receipt of an eligible employees list from the County of Los Angeles at the completion of the County's annual benefits enrollment.

## EXHIBIT A - STATEMENT OF WORK
## SECTION VI ---- PERSONNEL/PERFORMANCE

1.0 KEY COUNTY PERSONNEL – COUNTY PROJECT MANAGER (CPM)

1.1 The County shall inform the Contractor of the name, address and telephone number of the CPM in writing at the time the contract is awarded.

1.2 The CPM or designee shall be responsible for and have full authority to oversee and monitor the Contractor's performance in the daily operation of the contract.

1.3 The CPM or designee shall provide direction to the Contractor in areas relating to policy and procedural requirements, and on other matters.

1.4 In the event the CPM identifies a material deficiency in the performance of a Contractor employee or subcontractor, the Contractor and the CPM will agree to a performance improvement plan of not less than thirty (30) and not more than sixty (60) days at which time the performance will be re-evaluated. Should the performance continue to be deficient, the Contractor shall remove the employee or subcontractor from providing services for the County under this contract.

1.5 In the event of a dispute regarding substantive questions, the CPM's interpretation shall prevail including without limitation, interpretation of Federal, State and local laws, civil procedures, legal process, court rules and administrative regulations.

1.6 The CPM or designee shall not be authorized to make any changes in the terms and conditions to the contract or obligate the County in any way whatsoever.

2.0 KEY CONTRACTOR PERSONNEL – CONTRACTOR CONTRACT MANAGER (CCM)

2.1 The CCM or designee shall have a minimum of three (3) years experience in supervising or managing third-party LTD and STD claims administration services.

2.2 The Contractor shall provide upon award of contract, the name, address and telephone number of the CCM or designee who shall be responsible for administering the contract.

2.3 The County shall have the sole discretion to approve CCM and any replacement recommended by Contractor.

2.4 The CCM or designee approved by the County shall be responsible for the daily administration and supervision of program operations and have full authority to act for the Contractor on all contract matters relating to daily operations.

2.5 The CCM or designee shall be able to read, write, speak and understand English.

2.6 The CCM or designee shall be available between 8:00 A.M. and 5:00 P.M., Monday through Friday, except County holidays.

## 3.0 CONTRACTOR PERSONNEL – DISABILITY CLAIMS EXAMINERS

3.1 At least 75% of the Claims Examiners shall have a minimum of three (3) years experience in the adjustment of Short-Term Disability and Long-Term Disability claims.

3.2 An updated list of examiners and experience shall be submitted at the beginning of each contract year or at the time of any Claims Examiner staffing changes.

3.3 Claims Examiners employed by the Contractor shall be able to read, write, speak and understand English.

## 4.0 CONTRACTOR PERSONNEL – DISABILITY NURSE CASE MANAGER

4.1 A Nurse Case Manager shall be assigned to the County account to assist in interpretation of medical data.

4.2 The Nurse Case Manager must have three (3) years experience in Nurse Case Management of disability claims.

## 5.0 CONTRACTOR PERSONNEL – RETURN-TO-WORK COORDINATOR

A Return-to-Work Coordinator shall be assigned to the County account to assist in coordinating return to work with the departmental Return-to-Work Coordinator, and physician.

## 6.0 CONTRACTOR QUALITY CONTROL PLAN

The Contractor shall establish and maintain a Quality Control Plan to assure that the requirements of the contract are met. The plan shall include, but not be limited to, the following:

- The methods for assuring and verifying that the minimum requirements for Claims Examiners are met, including a formal training program for Claims Examiner Trainees.

- A system for monitoring compliance with all the services listed in this SOW. It must specify the activities to be inspected/audits to be accomplished, and the title of the individual(s) who will perform the inspections/audits.

- The methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable.

## 7.0 COUNTY QUALITY ASSURANCE MONITORING PLAN

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

7.2 A variety of methods may be used to evaluate the Contractor's performance, including but not limited to:

- Complaints received by the Chief Administrative Office.
- Sampling of claims, records, reports, and logs.
- Monitoring the timeliness of responses from the Contractor against the time a request for service is made by the County.
- Random file audit.

## 8.0 DEFICIENCIES IN CONTRACTOR PERFORMANCE

If an evaluation identifies deficiencies in the quality of services performed, the CPM or designee shall determine what further action and/or penalties, if any, should be taken.

## 9.0 PERFORMANCE EVALUATION MEETINGS

The CCM of STD, SIB and LTD shall meet with the CPM at regularly scheduled intervals, as determined by the CPM, during the term of the contract. The purpose of such meetings shall be dissemination of information from the County to the Contractor, and the discussion of policy and procedural matters relevant to the Contractor's performance and the Chief Administrative Office's monitoring function. Additionally, the quality control mechanisms as well as potential penalty provisions used to ensure satisfactory service delivery may be discussed. (See Technical Exhibit 3.) The County will validate parking at their facility for these meetings.

## 10.0 ANNUAL PROGRAM PERFORMANCE MEETING

The CCM of STD, SIB and LTD shall meet with the CPM annually, as determined by the CPM to discuss program performance in comparison to prior years and to review the annual report. The County will validate parking at their facility for this meeting.

## 11.0 PERFORMANCE STANDARDS AND FINANCIAL GUARANTEES

Technical Exhibit 3 describes the County's expected Performance Standards. An annual audit will determine the performance scores. If Contractor's total score is insufficient, County will assess a penalty against Contractor's fees for the ensuing year. The annual audit will consist of a County-elected sample for claims with review and measurements criteria as specified within the Performance Standards.

## EXHIBIT A - STATEMENT OF WORK
## SECTION VII - CONTRACTOR PAYMENT AND ADJUSTMENTS TO PAYMENT

1.0 PAYMENT AND ADJUSTMENTS TO PAYMENTS

1.1 Payment

1.1.1 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.

1.1.2 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 services provided.

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

1.1.2.1 The County may reduce the monthly invoice for assessments of adjustments to payments for which the County has notified the Contractor pursuant to paragraphs 1.2.2 and 1.2.3 of this Section.

1.1.2.2 The County shall reduce the monthly invoice pursuant to the provisions of Paragraphs 2.1, 2.2, 2.3, 2.4 and 2.5 of this Section.

1.1.2.3 The County may reduce the monthly invoice pursuant to Paragraphs 2.1 through 2.5 of this Section provided the County has notified the Contractor of its intention to reduce pursuant to these Paragraphs at any time prior to receipt of the monthly invoice.

1.1.3 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 Paragraph 1.2, Adjustments to Payments to Contractor.

1.1.4 The total fees paid will be reduced pursuant to Paragraphs 2.1 through 2.5 of this Section.

1.1.5 The County's payment is subject to adjustment following audit as set forth in Paragraph 3.0.

1.2 ADJUSTMENT TO PAYMENTS TO CONTRACTOR

The Contractor shall reimburse the County for any overpayment or other cost incurred due primarily to the Contractor's failure to comply with any term or condition of this Contract. Such failure includes but is not limited to the following:

1.2.1 Overpayment of any benefit owed to any applicant, claimant, or other party in a case primarily due to Contractor's failure to comply with the terms of the Contract.

1.2.2 Excessive payment of any benefit to any applicant, claimant, or other party in a case due to Contractor's failure to comply in a timely manner with the general standards of care and generally accepted best practices of the disability benefits claims administration industry or any written County policy provided to Contractor prior to the excessive payment.

1.2.3 Deficiencies in the quality of Contractor services identified during the monitoring of Contractor compliance as outlined in the Contract as specified in the Performance Guarantees.

1.3 Notice of Assessment of Adjustments to Payments

The County shall give notice to the Contractor of any assessment of adjustments to payments pursuant to this Paragraph 1.2. 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:

1.3.1 Evidence that a penalty was not incurred or an overpayment or excessive cost was not made.

1.3.2 Evidence that the Contractor's act(s) and/or omission(s) were not the primary cause the penalty, overpayment, or excess cost.

1.3.3 Evidence that Contractor obtained prior written approval from an authorized County official.

1.4 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 meeting will be conducted to review the evidence and resolve the dispute.

At the end of the meeting, the County will determine if there will be a reduction to the Contractor's monthly invoices for assessments of adjustments to payments.

2.0 PERFORMANCE GUARANTEES

2.1 At sole discretion of the County, failure to meet Performance Guarantees will result in payback of up to 5% of annual revenue generated by LTD, up to 5% of

annual revenue generated by STD, and up to 5% of annual revenue generated by SIB components of the contract.

For each category within the performance guarantees (LTD, STD, SIB) the five percent (5%) guarantee will be prorated equally among the guarantees within that category. Example, LTD contains thirteen (13) guarantees so each will be one thirteenth of the five percent (5%) for purposes of assessing any penalties. The review period will be January 1st through December 31st of each year. Only transactions during the review period will be counted in determining the performance guarantee.

2.2 Any decrease under Sub-paragraph 2.1 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 (1)-year period commencing within the same sixty (60)-day period.

2.3 The performance guarantees shall be determined by County-selected sample audits conducted annually by County Quality Assurance Evaluators or a designee for compliance with standards set forth in the Performance Guarantees. The CPM may update the areas to be audited and the factors to be considered in determining the performance guarantees.

The audit will be conducted using a stratified sample of claims to insure that each department is represented in the sample. The selection of claims will be random within each department group. A minimum of 100 claims will be audited for LTD, a minimum of 50 claims each will be audited for STD and SIB. Audit will be conducted in accordance with procedures of the Auditor-Controller's office. Contractor will have thirty (30) days to review the audit results and provide comment.

2.4 Performance Guarantees will be determined based on the Statement of Work, the County of Los Angeles Code for the disability programs as it exists on October 1, 2006 and the MegaFlex STD, MegaFlex LTD Benefit Plan, and LTD and Survivor Benefit Plan Booklets based on the Code as effective October 1, 2006. Any claims in which the determination has been mandated in writing by an authority at the County of Los Angeles in conflict with either the Code as it exists on October 1, 2006 or the MegaFlex STD, MegaFlex LTD Benefit Plan, and LTD and Survivor Benefit Plan Booklets based on the Code as it exists on October 1, 2006 will be excluded from consideration for performance guarantees.

2.5 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 required in Exhibit A, Section V, Paragraph 13.0 and the Quality Control Plan required in Exhibit A, Section VI, Paragraph 6.0, are not developed and actively implemented and integrated into the County claims unit within 180 days of contract inception date, payments shall be reduced to Base Fee less 5% until these requirements are met.

## 3.0 ADJUSTMENT TO PAYMENTS FOLLOWING AUDIT

If, at any time during the term of this Contract or five (5) years after the expiration or termination of this Contract, authorized representatives of the County conduct an audit of the Contractor regarding the services provided to the County hereunder and if as a result of such audit it is determined that the County's dollar liability for such services is less than payments made by the County to the Contractor, then the Contractor agrees that the difference, at the CPM's option, shall be either: (1) repaid forthwith by the Contractor to the County by cash payment, or (2) credited against any future payments hereunder to the Contractor.

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

# *PRICING SCHEDULE*

# PRICING SCHEDULE – CONTRACTOR RATES – EXHIBIT B

| MONTHLY FEE PER PROGRAM | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4* | YEAR 5* | YEAR 6* |
|---|---|---|---|---|---|---|
| LTD | $78,578 | ** | ** | ** | ** | ** |
| SIB | $5,194 | ** | ** | ** | ** | ** |
| STD | $11,586 | ** | ** | ** | ** | ** |

* Optional years 4, 5, and 6 by mutual agreement of the parties.

** **Contract Years Two, Three, Four, Five and Six**

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.

10/23/06
g/amr/LTD RFP 2006/Board Letter – Exhibit B - Pricing Schedule

# *CONTRACTOR'S PROPOSED SCHEDULE*

## *INTENTIONALLY OMITTED*

# 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 ☐ | No ☐ |
| 2. | The Contractor periodically conducts a self analysis or utilization analysis of its work force. | Yes ☐ | No ☐ |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | Yes ☐ | No ☐ |
| 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 ☐ | No ☐ |

Authorized Official's Printed Name and Title

Authorized Official's Signature

Date

# COUNTY'S ADMINISTRATION

CONTRACT NO. _____

**COUNTY PROJECT DIRECTOR:**

Name: _____
Title: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
E-Mail Address: _____

**COUNTY PROJECT MANAGER:**

Name: _____
Title: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
E-Mail Address: _____

**COUNTY CONTRACT PROJECT MONITOR (LTD AND SIB):**

Name: _____
Title: _____
Address: _____
_____
Telephone: _____
Facsimile: _____
E-Mail Address: _____

**COUNTY CONTRACT PROJECT MONITOR (STD):**

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: _____

# FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION

G1 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

G2 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

## 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

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.

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

## 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:

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

# No shame.
# No blame.
# No names.

**Newborns can be safely given up at any Los Angeles County hospital emergency room or fire station.**

**In Los Angeles County:**
**1-877-BABY SAFE**
**1-877-222-9723**
**www.babysafela.org**

**State of California**
Gray Davis, Governor

**Health and Human Services Agency**
Grantland Johnson, Secretary

**Department of Social Services**
Rita Saenz, Director

**Los Angeles County Board of Supervisors**
Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

### What is the Safely Surrendered Baby Law?
California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

### How does it work?
A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs 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, workers 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.

### What if a parent wants the baby back?
Parents who change their minds can begin the process of reclaiming their newborns 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?
In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

### Does the parent have to call before bringing in the baby?
No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

### Does a parent have to tell anything to the people taking the baby?
No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

### What happens to the baby?
The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

### What happens to the parent?
Once the parent(s) has safely turned over the baby, they are free to go.

### Why is California doing this?
The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts 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 nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

### A baby's story
At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

**Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.**

***It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.***

# Sin pena.
# Sin culpa.
# Sin peligro.

**Los recién nacidos pueden ser entregados en forma segura en la sala de emergencia de cualquier hospital o en un cuartel de bomberos del Condado de Los Angeles.**

## En el Condado de Los Angeles:
## 1-877-BABY SAFE
## 1-877-222-9723
## www.babysafela.org

**Estado de California**
Gray Davis, Gobernador

**Agencia de Salud y Servicios Humanos**
*(Health and Human Services Agency)*
Grantland Johnson, Secretario

**Departamento de Servicios Sociales**
*(Department of Social Services)*
Rita Saenz, Directora

**Consejo de Supervisores del Condado de Los Angeles**
Gloria Molina, Supervisora, Primer Distrito
Yvonne Brathwaite Burke, Supervisora, Segundo Distrito
Zev Yaroslavsky, Supervisor, Tercer Distrito
Don Knabe, Supervisor, Cuarto Distrito
Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

### ¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

### ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

### ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

### ¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

### ¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

### ¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

### ¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

### ¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

### ¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

### Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

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Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

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*Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.*

# CONTRACT DISCREPANCY REPORT

**TO:**

**FROM:**

**DATES:** **Prepared:** _____

**Returned by Contractor:** _____

**Action Completed:** _____

**DISCREPANCY PROBLEMS:** _____

_____

_____

_____ _____

Signature of County Representative Date

**CONTRACTOR RESPONSE (Cause and Corrective Action):** _____

_____

_____

_____ _____

Signature of Contractor Representative Date

**COUNTY EVALUATION OF CONTRACTOR RESPONSE:** _____

_____

_____

_____ _____

Signature of County Representative Date

**COUNTY ACTIONS:** _____

_____

_____

**CONTRACTOR NOTIFIED OF ACTION:**

County Representative's Signature and Date _____

Contractor Representative's Signature and Date _____

5/16/06

# PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

| SPECIFIC PERFORMANCE REFERENCE | SERVICE | MONITORING METHOD | DEDUCTIONS/FEES TO BE ASSESSED |
|---|---|---|---|
| Contract: Sub-paragraph **4.3** – Contractor to Notify County within six (6) months of expiration of contract | Contractor shall notify CAO when this Contract is within 6 months from the expiration of the term | Submission | $50 for late notification |
| Contract: Sub-paragraph **5.3** – Notice When 75% Contract Authorization Incurred | Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred 75% of total contract authorization under the Contract. | Submission | $50 for late notification |
| Contract: Sub-paragraph **7.5** – Confidentiality | Contractor Confidentiality Statements signed | Submission | $50 for each late submission. Employees must sign within 10 days of contract inception or employment. |
| Contract: Sub-paragraph – **8.23.4** Notification of Incidents, Claims or Suits | Contractor to notify County in writing within 24 hours of any accident or incident relating to services performed under this Contractor which may involve filing a lawsuit or claim against the Contractor and/or County | Submission | $50 if submitted more than 7 business days after Contractor's knowledge of claim or lawsuit |
| Contract: Sub-paragraph **8.24.6** – Performance Bond/Certificate of Deposit (CD) or Letter of Credit (LOC) | Contractor to provide Performance Bond, CD, or LOC. | Submission | $50 if submitted more than 30 days after contract start date |
| Contract Sub-paragraph **8.25.2** – Liquidated Damages | Contractor shall correct performance deficiencies within a specified time period. | Submission | Specified in the PRS Chart |
| Contract: Sub-paragraph **8.27** Nondiscrimination and Affirmative Action - Violation of any anti-discrimination provisions of this Contract. | Contractor to notify County of any anti-discrimination violations | Submission | $500 for each violation in lieu of terminating or suspending contract |

| SPECIFIC PERFORMANCE REFERENCE | SERVICE | MONITORING METHOD | DEDUCTIONS/FEES TO BE ASSESSED |
|---|---|---|---|
| Contract Sub-paragraph **8.37** Record Retention and Inspection/Audit Settlement | Contractor to notify County's Auditor-Controller within 30 days of any Federal or State audit specifically regarding this contract. | Submission to County's Auditor-Controller | $50 if submitted more than 30 days after audit. Failure to comply with any provisions of Sub-paragraph 8.37 shall constitute a material breach of contract upon which the County may terminate or suspend this contract. |
| Contract: Sub-paragraph **8.43** Termination for Improper Consideration | Contractor will immediately report any attempt by a County officer or employee to solicit improper consideration. | Report to CCA or call to County Auditor - Controller's Employee Fraud Hotline | Termination of Contract for providing improper consideration and $100 for failure to report attempt to obtain improper consideration. |
| Contract – Sub-paragraph **8.51** – Independent Medical Evaluations | Contractor to submit invoice from medical group for Independent Medical Examination | Invoices to be submitted within 3 months of receipt from medical group | Non-payment of invoices not submitted timely. |
| Statement of Work, Section VII, 2.0, Performance Guarantees, Section **2.5** | Contractor to develop and implement Procedure Manual and Business Continuity Plan, and Quality Control Plan | Submission | 5% of base fee for not meeting the requirements of this section. |

**LTD Performance Guarantees**

*Mail an application*
Contractor mails the LTD application to Non-MegaFlex employee within seven (7) calendar days of receipt of the absence report from the County.
Minimum Results: 98%

*LTD Application sent prior to the end of STD for MegaFlex employees*
LTD application shall be sent in a timely manner (defined as "with sufficient time to conduct the LTD claim evaluation and reach the LTD decision by the end of the elimination period").
Minimum Results: 98%

*Initial action*
Initial action within two (2) working days of receipt of new claim, partial claim, or supplemental information on a previously pended claim. ("Initial action" means "communication of receipt of a claim application, or a request or notification of the additional information needed to complete processing the claim.")
Minimum Result: 98%

Contractor completes input on computer system of data on new claim by the employee's physician within one (1) working day of receipt by contractor of all necessary information.
Minimum Result: 98%

*Claim Approval*
Claim approval made within five (5) working days of receipt of complete application.
Minimum Result: 98%

*Claim Denial*
Denial of claim issued within ten (10) calendar days of receipt of complete application.
Minimum Result: 98%

*Monthly*
In cases where the claimant has an open workers' compensation claim, monthly status checks are to be made of the workers' compensation computer system to ensure duplicate benefits are not being paid.
Minimum result: 98%

*Two year review*
Two year decision initiated at seventeen (17) months. Decision completed at twenty-three (23) months and prior to the end of twenty-four (24) months. Notify claimant, CAO, and departmental Return-to-Work Coordinator of decision to continue or deny benefits beyond twenty-four (24) months.
Minimum Result: 98%

*Decision accuracy*
Accurate claim decisions (defined as "With complete file documentation that supports the decision, evidence of consistency in disability management procedures, guidelines and protocols resulting in appropriate duration authorizations and decisions, good use of in-house and outside resources to resolve complex claims, ongoing claim handling coordinated with other entities [e.g. workers' compensation] as appropriate").
Minimum Results: 98%

*Calculation accuracy*
Initial calculation of benefits done correctly, including application of offsets as appropriate, and benefits paid to the proper payee.
Minimum Results: 98%

*Recalculation accuracy*
If recalculation of benefits are correct, the offsets are pursued, the offsets correctly includes pro-rating if applicable, and overpayments are calculated accurately and pursued timely. (Timely means the initial request is made within ten (10) calendar days of receipt of the information that revealed the overpayment.)
Minimum Results: 98%

*Ongoing payments*
Ongoing claim payments made in a timely fashion, when due (defined as "with complete file documentation that supports the claim authorization and handling, evidence of consistency in disability management procedures, guidelines and protocols resulting in appropriate duration and offset authorizations and decisions, good use of in-house and outside resources to resolve complex claims, ongoing claim handling coordinated with other entities [e.g. workers' compensation] as appropriate).
Minimum Results: 98%

*Communication*
Claim decision communicated to claimant within three (3) working days of decision, telephone calls returned within twenty-four (24) hours, denial letters contain specific reference to policy provisions and file documentation relied upon.
Minimum Results: 98%

*Reports*
Produced and sent to County of Los Angeles within ten (10) calendar days of the end of the reporting period.
Minimum Results: 98%

***Total LTD Performance Guarantees***
**Minimum Results: 95%**

*Penalty*
Failure to meet the total LTD minimum Performance Guarantees will result in pay back service fees of up to 5% of annual revenue generated by this component of the contract. (See Exhibit A, Statement of Work, Section VII, Contractor Payment and Adjustments to Payment, 2.0 Performance Guarantees.)

**STD Performance Guarantees**

*Data Input*
Within one (1) working day of receipt of claim information, the contractor completes input on computer system of data on new claim or partial claim.
Minimum Results: 98%

*Claim Packet*
Within one (1) working day from the initial employee contact, the complete claim packet for initial STD correspondence is sent to the employee.
Minimum Results: 98%

*Voucher Production*
Within two (2) working days of receipt of the employee's and physician's reports that establish a basis for authorization of STD benefits, or other voucher related information, an STD voucher is produced (representing initial claim decision, claim extension, or any other new voucher information).
Minimum Results: 98%

*Claim Approval and Email Notification*
Within two (2) working days of receipt of the employee's and physician's reports that establish a basis for authorization of STD benefits, produce an STD email notification for the employee's departmental payroll unit, employee's departmental Return-to-Work, and the Chief Administration Office (representing initial claim decision, claim extension, or any other change in benefit dates).
Minimum Results: 98%

*Additional Information*
Within two (2) working days of receipt of the initial claim correspondence, an extension request, and an appeal letter, there will be a request for additional information required to render a claim decision.
Minimum Results: 98%

*Claim Denial*
Within five (5) working days of receipt of complete claim documents for an initial claim and an extension request, prepare a claim denial to the employee, include the reason for the denial, the applicable plan provisions that have not been met, and the appeal procedures.
Minimum Results: 98%

*Appeals*
Within five (5) working days of receipt of an appeal, the Contractor's Contract Manager submits a customized claim letter to the claimant with an appeal decision, or sends a letter to the employee notifying of the delay and the reason for the delay with a new response date.
Minimum Results: 98%

*LTD Application*
A Long Term Disability application is sent within four (4) months of receipt of STD benefits.
Minimum Results: 98%

*Reports*
Within five (5) working days of the end of the reporting period, reports are produced and sent to the County of Los Angeles, or the requested address.
Minimum Results: 98%

*Communication*
Telephone calls are returned within one (1) working day, denial letters contain specific reference to policy provisions and file documentation that was relied upon.
Minimum Results: 98%

*File Documentation*
File documentation accuracy means that all appropriate material supporting documentation addressing medical and offset evaluations and evidence of the claim analyst's decision and the basis for that decision is in the file.
Minimum Results: 98%

*Claim Processing*
Claim processing accuracy rate means the claim decision is correct based on the documentation, the claim management plan is appropriate to the claim, communications address the decision basis, pertinent plan provisions and claim material relied upon for the decision.
Minimum Results: 98%

*Accuracy*
Accurate claim decisions and benefit calculations (defined as "with complete file documentation that supports the decision, evidence of consistency in disability management procedures, guidelines and protocols resulting in appropriate duration and offset authorizations and decisions, good use of in-house and outside resources to resolve complex claims, ongoing claim handling coordinated with other entities [e.g. workers' compensation] as appropriate).
Minimum Results: 98%

***Total STD Performance Guarantees***
**Minimum Results: 95%**

*Penalty*
Failure to meet the total STD minimum Performance Guarantees will result in pay back service fees of up to 5% of the annual revenue generated by this component of the contract. (See Exhibit A, Statement of Work, Section VII, Contractor Payment and Adjustments to Payment, 2.0 Performance Guarantees.)

**SIB Performance Guarantees**

*Initial action*
Initial action within five (5) working days of receipt of new claim, partial claim, or supplemental information on a previously pended claim. (This includes information needed from Auditor-Controller, LACERA, and payroll department. Death certificate, marriage certificate and affidavit from surviving spouse requested within five (5) working days. Death certificate, guardianship papers and affidavit from surviving child's guardian requested within five (5) working days of receipt of completed claim.)
Minimum Results: 98%

*Initial decision*
Correct, supported by appropriate file documentation
Minimum Results: 98%

*Calculation accuracy*
Correct, reflecting plan provisions and file documentation
Minimum Results: 98%

*Annual verification*
Secure annual affidavit from each beneficiary; if child or stepchild beneficiary over age 18, also secure school enrollment verification form.
Minimum Results: 98%

Send termination letter to each child or stepchild beneficiary within ten (10) calendar days of benefits termination.
Minimum Results: 98%

When benefits are paid to more than one child beneficiary and the number of qualified beneficiaries changes, recalculate benefits within ten (10) calendar days of the change.
Minimum Results: 98%

*Reports*
Produced and sent to County of Los Angeles within ten (10) calendar days of the end of the reporting period
Minimum Results: 98%

***Total SIB Performance Guarantees***
**Minimum Results: 95%**

*Penalty*
Failure to meet the total SIB minimum Performance Guarantees will result in pay back of up to 5% of annual revenue generated by this component of the contract. (See Exhibit A, Statement of Work, Section VII, Contractor Payment and Adjustments to Payment, 2.0 Performance Guarantees.)