



COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES

HEADQUARTERS

KENNETH HAHN HALL OF ADMINISTRATION
500 W. TEMPLE STREET, ROOM 579 • LOS ANGELES, CALIFORNIA 90012
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510 S. VERMONT AVENUE, 12TH FLOOR • LOS ANGELES, CALIFORNIA 90020
(213) 866-5846 • FAX (213) 637-0821

LISA M. GARRETT
DIRECTOR OF PERSONNEL

November 18, 2025

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:

**APPROVAL OF A CONTRACT AMENDMENT AND DELEGATED AUTHORITY TO ENTER INTO
FUTURE AMENDMENTS FOR SHORT-TERM DISABILITY, LONG-TERM DISABILITY, AND
SURVIVOR BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION SERVICES WITH SEDGWICK
CLAIMS MANAGEMENT SERVICES, INC.
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

The County of Los Angeles (County) Department of Human Resources (DHR) requests the Board of Supervisors' (Board) approval to execute an amendment to the Short-Term Disability (STD), Long-Term Disability (LTD), and Survivor Benefit (SB) Claims Third-Party Administration Services Contract No. HM-2024-TPA Services (Contract) with Sedgwick Claims Management Services, Inc. (Sedgwick) to increase the contract sum and for delegated authority to execute future amendments to increase the contract sum by up to fifteen percent (15%) annually.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize DHR's Director of Personnel (Director), or designee, to execute Amendment Three to the Contract with Sedgwick, effective upon execution, to increase the contract sum by \$1,628,034 to ensure payment to Sedgwick for pass-through expenses, for a total contract sum not to exceed \$19,033,128, for the term of the Contract, including the optional extensions, if exercised, as set forth in Amendment Three (Attachment I).
2. Delegate authority to the Director, or designee, to execute future amendments to the Contract, as necessary, to increase the amount of the total contract sum by up to fifteen percent (15%) annually to address an increase in claims, employee participation, pass-through expenses, additional, or unanticipated Contract services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On December 5, 2023, the Board approved the Contract with Sedgwick. The Contract's initial term is three (3) years, plus up to three (3) consecutive one-year optional renewals, from January 1, 2024 through December 31, 2029. Under this Contract, Sedgwick provides third-party administration of County employee STD, LTD, and SB claims.

DHR is seeking approval to increase the total contract sum by an additional \$1,628,034 to reimburse Sedgwick for STD and LTD pass-through expenses, which are expenses over \$350 per claim that are initially paid by Sedgwick to third-party vendors for independent medical examinations/functional capacity evaluations, vocational evaluations, special investigation unit services, physician advisory services/peer reviews, and second/third-opinion evaluations and later reimbursed to Sedgwick by the County.

On January 23, 2024, the Board passed a motion authorizing the Director to amend an existing contract or enter into a new contract with a third-party administrator to implement and administer a two-year Paid Family Leave Pilot Program (PFLPP) for non-represented Flex and MegaFlex employees. On June 11, 2024, DHR executed Amendment One to the Contract to add third-party administration services for this PFLPP for Flex and Megaflex employees for Plan Years 2025 and 2026.

On December 17, 2024, the Board passed a second motion declaring a County emergency due to a crisis at Los Padrinos Juvenile Hall (LPJH). This motion directed the Chief Executive Office (CEO) and relevant County departments, including DHR, to immediately convene a task force to expeditiously process all pending return-to-work matters for LPJH employees and expedite contracting processes for Protected Leave/Disability Management and Compliance (PL/DMC) services necessary to respond rapidly to the crisis. On April 1, 2025, DHR executed Amendment Two to the Contract, allowing Sedgwick to provide third-party administration of PL/DMC claims for all County Probation Department employees. The use of Sedgwick's claims management platform to track PL/DMC cases for both LPJH and non-LPJH Probation Department employees will ensure an efficient, unified, and seamless PL/DMC administration process for both groups of Probation employees over the term of the Contract.

Sedgwick is the only County contractor with experience administering paid family leave benefit plans, protected leaves, and disability management and compliance matters. Therefore, adding the PFLPP and PL/DMC services to Sedgwick's Contract was the most expeditious and cost-effective approach to ensure delivery of these Board-mandated services to County employees.

In executing Amendment Three, DHR will exercise delegated authority from the aforementioned Board motions to include \$4,625,422 for the administration of the County's PFLPP for Plan Years 2025 and 2026, as well as all PL/DMC matters for Probation Department employees for the term of the Contract.

Implementation of Strategic Plan Goals

The recommended actions support the County's Strategic Plan, North Star Goal 3: Realize Tomorrow's Government Today, Focus Area G: Internal Controls & Processes, "Strengthen our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility," Strategy I: "Maximize Revenue: Implement processes to systematically leverage resources to help fund County initiatives."

FISCAL IMPACT/FINANCING

The total amount of \$6,253,456 will be allocated to the Contract via Amendment Three as further detailed in Attachment II.

The costs for these services are partially offset by monthly premiums paid by eligible plan participants through payroll deductions. The remaining costs are fully offset by Intrafund Transfers and Revenue billings to County departments. Funding for this Contract will be included in the fiscal year's budget for each contract year. No new Net County Cost is being requested for this Contract.

The total contract sum will not exceed \$19,033,128. See Exhibit B3 (Pricing Schedule) of Amendment Three (Attachment I) for detailed Contract costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board authorized the PFLPP to commence coverage for County employees on January 1, 2025 to coincide with the start of the 2025 Flex and MegaFlex benefits plan year, and to sunset on December 31, 2026, unless the pilot is either extended or terminated sooner by the County. However, Amendment Three's Exhibit B3 (Pricing Schedule) includes payment to Sedgwick to administer the PFLPP from June 11, 2024 through February 28, 2027. The initial period from June 11, 2024 to December 31, 2024 accounts for the PFLPP Design and Implementation phase. The period from January 1, 2025 to February 28, 2027 accounts for the PFLPP administration phase. This allows employees to file their 2026 plan year paid family leave claims retroactively through January 31, 2027 and provides Sedgwick until February 28, 2027 to finalize approval and payment for any such retroactive claims. Exhibit B3 (Pricing Schedule) of Amendment Three (Attachment I) includes an estimated \$14,250 to pay Sedgwick for these additional two (2) months of services. PL/DMC services commenced on October 1, 2025 and will continue through the end of the Contract on December 31, 2029, unless sooner terminated by the County.

Upon Board approval, the Director, or designee, will execute the recommended Amendment Three (Attachment I) with Sedgwick to add the recommended funds to cover the cost of the PFLPP and PL/DMC services and STD and LTD pass-through expenses. County Counsel has reviewed and approved Amendment Three as to form.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of Amendment Three will allow Sedgwick to continue to provide the County with third-party administration of the PFLPP and PL/DMC services while continuing to deliver its core STD, LTD and SB Claims Third-Party Administration Services to County employees.

The Honorable Board of Supervisors

11/18/2025

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Respectfully submitted,



LISA M. GARRETT

Director of Personnel

LMG:RC:MMJAB:HK:AS

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Chief Executive Office



LISA M. GARRETT
DIRECTOR OF PERSONNEL

COUNTY OF LOS ANGELES

DEPARTMENT OF HUMAN RESOURCES

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IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support the County's Strategic Plan, North Star Goal 3: Realize Tomorrow's Government Today, Focus Area G: Internal Controls & Processes, "Strengthen our internal controls and processes while being cognizant of efficiency to continue good stewardship of the public trust and fiscal responsibility," Strategy I: "Maximize Revenue: Implement processes to systematically leverage resources to help fund County initiatives."

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of Amendment Three (Attachment I) will allow Sedgwick to continue to provide the County with third-party administration of the PFLPP and PL/DMC services while continuing to deliver its core STD, LTD, and SB Claims Third-Party Administration Services to County employees.

Sincerely,



LISA M. GARRETT
Director of Personnel

LMG:RC:MM
JAB:HK:AS

Attachments (2)

c: Executive Office, Board of Supervisors
County Counsel
Chief Executive Office

S:_AS\Board Letters_Memos\2025\11-18-25 - Sedgwick

**COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES
SHORT-TERM DISABILITY, LONG-TERM DISABILITY, AND
SURVIVOR BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION SERVICES
CONTRACT NO. HM-2024-TPA SERVICES**

AMENDMENT THREE

This Amendment Three ("Amendment Three") to the Contract No. HM-2024-TPA Services ("Contract") for the provision of Short-Term Disability ("STD"), Long-Term Disability ("LTD"), and Survivor Benefit ("SB") Claims Third-Party Administration Services is made and entered into this _____ day of _____, 2025 by and between the County of Los Angeles ("County") and Sedgwick Claims Management Services, Inc. ("Contractor").

WHEREAS, on January 1, 2024, the County and the Contractor entered into the Contract for the provision of STD, LTD, and SB Claims Services; and

WHEREAS, on June 11, 2024, the County and the Contractor executed Amendment One to amend the Contract to add third-party administration services for a Paid Family Leave Pilot Program ("PFLPP"); and

WHEREAS, on April 1, 2025, the County and the Contractor executed Amendment Two to amend the Contract to add third-party administration services for Protected Leave/Disability Management and Compliance ("PL/DMC"); and

WHEREAS, the addition of the new PFLPP and PL/DMC services in Amendments One and Two requires an increase to the contract sum to pay for these new services; and

WHEREAS, there is also a need to increase the contract sum to reimburse Sedgwick for STD and LTD pass-through expenses; and

WHEREAS, the County and Contractor wish to amend the Contract to increase the total Contract Sum by \$6,253,456, with \$4,625,422 of this amount allocated for the PFLPP and PL/DMC services and \$1,628,034 allocated for the STD and LTD pass-through expenses, which will increase the total Contract Sum from \$12,779,672 to \$19,033,128; and

NOW, THEREFORE, the County and the Contractor hereby agree to amend the Contract as follows:

1. This Amendment Three shall commence and be effective upon the Director's approval with such date reflected on page one of this Amendment Three.
2. Exhibit B2 (Pricing Schedule) is deleted in its entirety and replaced with a new Exhibit B3 (Pricing Schedule) attached to this Amendment Three.
3. The Contractor represents and warrants that the person executing this Amendment Three on behalf of the Contractor is an authorized agent who has the actual authority

to bind the Contractor to each and every term, condition, and obligation of this Amendment Three and that all requirements of the Contractor have been fulfilled to provide such actual authority.

4. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Contractor has executed this Amendment Three, or caused it to be duly executed, and the County of Los Angeles has caused this Amendment Three to be executed on its behalf by the Director of Personnel of the Department of Human Resources, or designee, the day, month, and year first written above.

COUNTY OF LOS ANGELES

By: _____
Lisa M. Garrett
Director of Personnel

CONTRACTOR:
SEDGWICK CLAIMS MANAGEMENT
SERVICES, INC.

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: _____
Graeme E. Sharpe
Senior Deputy County Counsel

Exhibit B3 - Pricing Schedule¹

Section 1. SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND SURVIVOR BENEFIT CLAIMS ADMINISTRATION SERVICES

		Initial Term				Optional Extended Terms					
		Transition Period	Initial Term Monthly Costs			Optional Extended Terms ² Monthly Costs					
Program Component	Cost Frequency	December 5, 2023 - December 31, 2023	Contract Year 1 (2024)	Contract Year 2 (2025)	Contract Year 3 (2026)	Initial Term Total	Contract Year 4 (2027)	Contract Year 5 (2028)	Contract Year 6 (2029)	Extension Terms Total	Contract Cost
STD	Monthly	\$ 0	\$ 20,724	\$ 21,138	\$ 21,561	\$ 761,085	\$ 21,993	\$ 21,993	\$ 21,993	\$ 791,748	\$ 1,552,833
LTD	Monthly	\$ 0	\$ 140,544	\$ 143,355	\$ 146,222	\$ 5,161,450	\$ 149,147	\$ 149,147	\$ 149,147	\$ 5,369,292	\$ 10,530,742
SB	Monthly	\$ 0	\$ 9,290	\$ 9,476	\$ 9,665	\$ 341,173	\$ 9,859	\$ 9,859	\$ 9,859	\$ 354,924	\$ 696,097
	Total Monthly Cost for STD, LTD & SB Programs (without pass-through expenses):	\$ 0	\$ 170,558	\$ 173,969	\$ 177,449		\$ 180,999	\$ 180,999	\$ 180,999		
	Total Annual Cost for STD, LTD & SB Programs (without pass-through expenses):	\$ 0	\$ 2,046,696	\$ 2,087,630	\$ 2,129,382	\$ 6,263,708	\$ 2,171,988	\$ 2,171,988	\$ 2,171,988	\$ 6,515,964	\$ 12,779,672
Program Component	Cost Frequency										
STD & LTD Pass-through Expenses ¹¹	Annual	\$ 0	\$ 271,339	\$ 271,339	\$ 271,339	\$ 814,017	\$ 271,339	\$ 271,339	\$ 271,339	\$ 814,017	\$ 1,628,034
	Total Annual Cost for STD, LTD & SB Programs (with pass-through expenses):	\$ 0	\$ 2,318,035	\$ 2,358,969	\$ 2,400,721	\$ 7,077,725	\$ 2,443,327	\$ 2,443,327	\$ 2,443,327	\$ 7,329,981	Total Contract Cost for STD, LTD & SB Programs and Pass-through Expenses) \$ 14,407,706

Section 2. PAID FAMILY LEAVE PILOT PROGRAM (PFLPP)³

			Initial Term - as of June 11, 2024			Optional Extended Terms					
			Phase 1.0: PFLPP Design & Implementation Costs	Initial Term Costs for Phase 2.0: PFLPP Administration		Optional Extended Terms ² Costs					
<u>Program Component</u>	<u>Cost Frequency</u>		Contract Year 1 (June 11, 2024 through December 31, 2024 Only)	Contract Year 2 January 1, 2025 through December 31, 2025	Contract Year 3 January 1, 2026 through December 2026	<u>Initial Term Total</u>	Contract Year 4 (January 1, 2027 through February 28, 2027 Only)	Contract Year 5 (2028)	Contract Year 6 (2029)	<u>Extension Terms Total</u>	<u>Contract Cost</u>
Phase 1.0: PFLPP Design & Implementation ⁴	One-Time Fixed Fee		\$ 5,000	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000
Phase 2.0: PFLPP Administration ^{5 & 11}	Annually		\$ 0	\$ 85,500	\$ 85,500	\$ 171,000	\$ 14,250	\$ 0	\$ 0	\$ 14,250	\$ 185,250
											<u>Total Contract Cost for PFLPP</u>
Total Annual Cost for PFLPP:			\$ 5,000	\$ 85,500	\$ 85,500	\$ 176,000	\$ 14,250	\$ 0	\$ 0	\$ 14,250	\$ 190,250

Section 3. PROTECTED LEAVE AND DISABILITY MANAGEMENT & COMPLIANCE (PL/DMC) SERVICES⁶

			Initial Term - as of April 1, 2025			Optional Extended Terms						
			Phase 1.0: PL/DMC Design & Implementation ⁷	Initial Term Costs for Phase 2.0: PL/DMC Administration ⁸		Optional Extended Terms ² Costs for Phase 2.0: PL/DMC Administration ⁸						
<u>Program Component</u>	<u>Cost Frequency</u>		April 1, 2025 through September 30, 2025	Remainder of Contract Year 2 (October 1, 2025 through December 31, 2025) ¹⁰	Contract Year 3 (January 1, 2026 through December 31, 2026)	<u>Initial Term Total</u>	Contract Year 4 (2027)	Contract Year 5 (2028)	Contract Year 6 (2029)	<u>Extension Terms Total</u>	<u>Contract Cost</u>	
PL/DMC (New Claims Administration) ¹¹	Monthly		\$ 0	\$ 54,438	\$ 87,771		\$ 87,771	\$ 87,771	\$ 87,771			
Total Annual Cost for PL/DMC (New Claims Administration):			\$ 0	\$ 163,314	\$ 1,053,252	\$ 1,216,566	\$ 1,053,252	\$ 1,053,252	\$ 1,053,252	\$ 3,159,756	\$ 4,376,322	
<u>Program Component</u>	<u>Cost Frequency</u>											
PL/DMC (Take-over Claims Administration) ⁹	One-Time Fixed Fee		\$ 0	\$ 58,850	\$ -	\$ 58,850	\$ -	\$ -	\$ -	\$ -	\$ 58,850	
Total Annual Cost for PL/DMC Services:			\$ 0	\$ 222,164	\$ 1,053,252	\$ 1,275,416	\$ 1,053,252	\$ 1,053,252	\$ 1,053,252	\$ 3,159,756	\$ 4,435,172	
Total Fees Payable for STD, LTD & SB Claims Third-Party Administration Services:			\$ 0	\$ 2,323,035	\$ 2,666,633	\$ 3,539,473	\$ 8,529,141	\$ 3,510,829	\$ 3,496,579	\$ 3,496,579	\$ 10,503,987	\$ 19,033,128
INITIAL TERM TOTAL FOR ALL SERVICES:						\$ 8,529,141	EXTENDED TERM TOTAL FOR ALL SERVICES:			\$ 10,503,987	TOTAL CONTRACT SUM: \$ 19,033,128	

General Footnotes

¹The Contractor shall perform all services described in the Contract at the pricing set forth in this Exhibit B3 (Pricing Schedule). The Contractor's pricing shall include all costs incurred by the Contractor in handling submitted claims except for services performed by third-party vendors, referred to as "pass-through expenses," as set forth in the Contract, Sub-paragraph 5.2.2.1, that are over \$350 per claim. The Contractor will pay all third-party vendor expenses that are \$350 or less per claim.

²Years 4, 5 and 6 are optional, by mutual agreement of the County and the Contractor.

PFLPP Footnotes

³As detailed in the Contract, Part IV - Paid Family Leave Pilot Program (PFLPP) of Exhibit A (Statement of Work), the Contractor must design and implement a Paid Family Leave Pilot Program (PFLPP).

⁴There is a one-time \$5,000 fee for PFLPP Design & Implementation (Phase 1.0) that is payable to the Contractor upon completion of Phase 1.0.

⁵The cost of PFLPP Administration is a \$125 flat rate per claim, billed monthly as services are incurred. The estimated annual cost of PFLPP Administration (Phase 2.0) for benefit plan years 2025 and 2026 is calculated as follows: \$125 per claim X 57 (i.e., the estimated number of monthly PFL claims) X 12 months = \$85,500. Additionally, employees will be able to file PFL claims for the 2026 plan year retroactively through January 31, 2027. To allow the Contractor to administer these retroactive claims, the County will pay the Contractor an estimated \$14,250 in January and February 2027 combined.

PL/DMC Footnotes

⁶As detailed in the Contract, Part V - Protected Leave and Disability Management & Compliance (PL/DMC) Services of Exhibit A (Statement of Work), the Contractor must design and implement Protected Leave and Disability Management & Compliance (PL/DMC) Services. The Contractor's pricing includes all costs incurred by the Contractor in providing the PL/DMC Services.

⁷ The cost of PL/DMC Design and Implementation (Phase 1.0) is included in the flat monthly fees for PL/DMC New Claims Services provided in Phase 2.0 (Administration).

⁸PL/DMC Administration (Phase 2.0) includes administration of take-over PL/DMC claims from the County and new PL/DMC claims.

⁹The cost of PL/DMC Take-over Claim Administration in Phase 2.0 is a \$25 flat rate per claim. The total estimated cost of PL/DMC Take-over Claims Administration in Phase 2.0 is an estimated, one-time fee of \$58,850. This estimated fee is calculated as follows: \$25 flat rate per claim X an estimated 2,354 take-over claims.

¹⁰The fixed cost of \$163,314 for PL/DMC New Claims Administration in the first three months of 2025 includes a \$100,000 contractor credit.

Estimates Footnote

¹¹These are estimated costs that will vary based on the volume of third-party expenses incurred or employee participation, as applicable.

Original Total Contract Sum	\$12,779,672
Amendment Three Recommended Allocations	
PFLPP Design & Implementation (Jun. 11, 2024 – Dec. 31, 2024)	\$5,000 (one-time, fixed cost ¹)
PFLPP Administration Services (Jan. 1, 2025 – Feb. 28, 2027)	\$185,250 (estimated cost ²)
PFLPP Subtotal	\$190,250
PL/DMC take-over claims (in the first month of services, estimated October 2025)	\$58,850 (one-time estimated cost ³)
PL/DMC new claims (Oct. 1, 2025 – Dec. 31, 2029)	\$4,376,322 (fixed cost ¹)
PL/DMC Subtotal	\$4,435,172
STD & LTD pass-through expenses (Jan. 1, 2024 – Dec. 31, 2029)	\$1,628,034 (estimated cost ⁴)
STD, LTD, & SB Subtotal	\$1,628,034
Total Increase to Contract	\$6,253,456
New Total Contract Sum	\$19,033,128

¹This is a fixed total cost for the term of the contract.

²The estimated cost of PFLPP administration services is based on \$125 per claim per month and an average of about 57 claims per month.

³The estimated, one-time cost of PL/DMC take-over claims is based on \$25 per claim and an estimated 2,354 take-over claims.

⁴The estimated cost of STD & LTD pass-through expenses is based on the annual cost for these expenses under the previous STD, LTD & SB contract in 2023.