



Customized Program Design and Pricing Proposal

07.23.2025

Contract term: 07.01.2025 – 06.30.2031

Program design

Workers’ compensation claims will be managed from the Rancho Cucamonga, CA, service area.

Summary of first-year fees

All fees assume the full deployment of Sedgwick managed care services.

Coverage line	Estimated frequency
Indemnity claim	14
Medical only claim	12
Incident only	2
Takeover indemnity claim ⁽¹⁾	8
Takeover medical only claim ⁽¹⁾	0

Annual flat fee

Sedgwick offers an **annual flat fee pricing option** based on the estimated claim volumes outlined above and the estimated required staffing to service those claims. Under this option, Sedgwick may propose additional charges if changes in program requirements or significant increase in claim volume impacts the staffing requirements of the unit.

Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

Claim fee estimates

Coverage line	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 (Optional)
Workers’ compensation flat fee	\$44,195	\$45,300	\$46,433	\$47,594	\$48,784	\$50,004
RMIS access (annual)	Waived	Waived	Waived	Waived	Waived	Waived
Total estimated first-year fees	\$44,195	\$45,300	\$46,433	\$47,594	\$48,784	\$50,004



Items included in the quoted fees:

- **RMIS access:** viaOne® access for three (3) users, which provides a platform-independent, web-based suite of services for viewing and analyzing claims data
- **RMIS data outgoing feed:** Monthly data file to a single carrier
- **Claims reporting:** Sedgwick's pricing includes the use of telephonic reporting with a standard script through the Sedgwick call center and/or web reporting technology. Any other method (i.e., fax, email, land mail, customized telephonic script or additional services outside standard intake scope) will incur a fee of \$0 per reported incident
- **Claim reviews:** Quarterly telephonic claim reviews with electronic status reports
- **Banking services,** including report only/basic escheatment
- **Takeover claims**

Additional bundled services and fees:

- Data conversion of additional sources of historical data for handling by Sedgwick
- Conversion of imaged documents beyond Sedgwick's best practice standards will incur additional fees
- Subrogation and other recovery services (second injury funds and other special funds) will be charged 25% of recoveries
- Special investigation unit (SIU) services will be charged at prevailing rates
- RMIS access: Additional viaOne access is \$1,011 in year 1, \$1,036 in year 2, and \$1,062 in year 3 per user per year
- RMIS data feeds: Additional interface files are \$239 per month for monthly file, \$685 per month for weekly file or \$2,063 per month for daily file
- RMIS: System interfaces or custom programming charged at \$90 per hour
- Loss control and ergonomic services will be charged at prevailing rates
- MMSEA/SCHIP Medicare reporting fee: One-time \$9 charge per claim for claims involving bodily injuries (workers' compensation, liability, no fault)
 - Sedgwick will make reasonable efforts to obtain the relevant Medicare reporting data from the prior claim system during the implementation process. However, it is possible that closed claims will contain Medicare reporting errors that are not in compliance with Medicare rules and regulations and require additional Sedgwick resources to correct. There will be a charge of \$15 per claim to correct these errors, and the fee will be invoiced in lump



sum once all errors are identified

- Optional full escheatment services charged at \$16,815 per year for claim-related payments issued from an escrow account in Sedgwick’s tax ID. Under this process, Sedgwick reports uncashed claim-related payments to the appropriate state, according to each state’s unclaimed property law
- OSHA services: The foundation of our approach to OSHA-compliant recordkeeping services starts with our proprietary risk management information system, JURIS®. Sedgwick's OSHA recordkeeping service allows the customer to outsource the OSHA recordkeeping process to the maximum extent possible, relying on Sedgwick professionals whose sole responsibility is OSHA recordkeeping. The system is able to generate standard reports, such as the OSHA 300, 300A, 301 and sharps logs, as well as other reports, such as DART and BLS surveys. Fees are \$7,350 for annual administration, \$515 per user per year and \$35 per incident setup in viaOne OSHA. Other optional OSHA services available upon request include: Sharps, case uploads, ASTM classification/reporting, workplace violence reporting, SIF monitoring and reporting, OSHA liaison, BLS/electronic reporting, OSHA recordkeeping audit and other ad hoc requests

Sedgwick managed care

All claims administration fees and services contemplate the deployment of Sedgwick’s managed care services for all bill review, case management and ancillary network services (i.e., durable medical equipment [DME], home health, diagnostics, etc.).

The rates shall increase each year over the expiring rates by the greater of 3.0% or the percentage increase as reported by the U.S. Department of Labor – Bureau of Labor Statistics (<http://www.bls.gov/cpi/home.htm>) for the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items, unadjusted, covering the prior 12 month period, published as of the month ending three months prior to the start of the each contract year.

Service	Rate
Medical bill review and other savings	
State fee scheduling/usual, customary and reasonable; state reporting	\$9.27 per bill
State EDI reporting in required states	Add \$1.70
All other savings (PPO, OON, other savings)	30% of savings
California statewide medical provider network (MPN) (all California bills)	\$6.83 flat rate per bill
Telephonic clinical services	
Telephonic case management (TCM):	Evaluation and recommendation: \$165
• Telephonic nurse case manager	1 – 30 days: \$420
• Surgery nurse case manager	Every 30 days thereafter: \$335



Service	Rate
Behavioral health specialist (BHS)	\$118 per hour ⁽¹⁾
Physical therapy case management	1 – 30 days: \$420 Every 30 days thereafter: \$335
Customized nurse services (e.g., assessment nurse)	\$118 per hour ⁽¹⁾
Utilization review (UR) and physician advisor	
UR and pharmacy UR	\$140 per review
Physician advisor/peer review	\$275 per review
Physician review of records	\$305 per hour
Physician advisor appeal	\$380 per review
Complex pharmacy management	Pharmacy nurse management/pain coaching: \$128 per hour Physician and PharmD management (as needed): \$305 per hour
Field case management (FCM)	
Medical FCM: Full field	\$118 per hour, plus direct expenses ⁽¹⁾⁽²⁾ Urgent/catastrophic case management: \$190 per hour ⁽¹⁾
Catastrophic/crisis care management	\$190 per hour ⁽¹⁾
International medical FCM	Countries near US and US Territory (Canada, Mexico, Puerto Rico, Bahamas, USVI): \$180 per hour All other countries: \$208 per hour
<i>FCM tasks:</i>	
– One visit clinical assessment	\$785 flat fee
– Limited assignment task	\$118 per hour ⁽¹⁾
– Specialty task services: life care plan, expert testimony, customized services	\$185 per hour
Vocational and work placement solutions	
Transitional work placement (at not-for-profit)	\$955 for placement or no-show
Return to work (RTW) specialist	\$118 per hour ⁽¹⁾ Telephonic RTW
Workplace consultation — program/policy design and planning	\$225 per hour, plus direct expenses
Vocational — full FCM	\$118 per hour, plus direct expenses ⁽¹⁾⁽²⁾



Service	Rate
Vocational field tasks:	
- Vocational assessment/testing	\$1,040 flat fee
- Labor market survey	\$700 flat fee
- Automated transferable skills analysis	\$390 flat fee
- Job analysis or ergonomic evaluation	\$865 flat fee
Clinical consultation services	
Clinical consultation	Standard (24/7/365 access to nurse): \$100 per call Premium (standard plus option of blended intake or limited customization): \$118 per call Advanced (premium plus option to customize workflows): \$130 per call* *Level of customization may warrant additional fees
Sedgwick administrative services	
Lien resolution	28% of the below fee schedule savings subject to minimum fee of \$140 and cap of \$7,725 per lien Expert witness testimony or hearing representation charged at \$135 per hour plus direct expenses
Mandatory state panel postings	Electronic versions of panel cards will be provided at no additional cost. Physical panel cards will incur pass-through costs at current printing and mailing rates to be paid by the client.
Sedgwick standard medical card	No charge; customization starts at \$3,710
(1) Alaska, California, Hawaii, New York at \$150 per hour; CAT at \$205 per hour	
(2) Minnesota QRC Med/Voc at will be charged at the prevailing state fee schedule	

Special Investigation Unit (SIU) service fees

SIU fees are detailed below. Fees may change from time to time upon sixty (60) days written notice:

Service name	Price
Research services	
Social media investigation	\$325
Smart plus investigation	\$550
Comprehensive background	\$625
Canvassing services	\$250
Skip tracing/individual locate	\$315



Service name	Price
Asset check	\$225
Criminal and civil check	\$135 plus cost of records Additional counties or names: \$75 (per county or name)
Records request	\$100 plus cost of records
Social media monitoring	\$25 per week of monitoring
Other research services	Quote upon request
Surveillance services	
Surveillance	\$ 100 per hour (portal to portal): All states <i>Mileage charged at IRS standard mileage rate</i> <u>Additional expenses to hourly rate:</u> Report writing (up to 1/2 hour per day at standard surveillance rates) Pre-surveillance investigation: \$85 License plate searches: \$20 (per search post pre-surveillance) <u>Vehicle Sightings Report (license plate recognition) - \$75</u>
Unmanned surveillance	\$850 per day (three-day minimum) Deployment and extraction of stationary device: \$100 per hour: All states <i>Mileage charged at IRS standard mileage rate</i>
Video copies	\$100 per additional copy plus shipping
Field services	
Alive and well check - in person	\$450: All states
Alive and well check - virtual interview	\$125
Activity check	\$475: All states
AOE/COE Recorded statement Scene investigation Trial/deposition	\$100 per hour (portal to portal): All states <i>Mileage charged at IRS standard mileage rate</i>
International investigations	Quote upon request
Other field services	Quote upon request
Assessment services	
Suspect file review	\$125 per hour



Service name	Price
Fraud investigation (includes state reporting)	\$125 per hour
Red flag analytics review	\$125 per hour
Other assessment services	Quote upon request

Subrogation and Other Recoveries:

Sedgwick shall pursue recoveries for subrogation, second injury funds, and other applicable special funds such as supplemental state funds, COLA reimbursements, retro funds, and other similar funds. Client shall pay Sedgwick twenty-five percent (25%) of the recovery received. All fees and expenses, including attorneys' fees or investigations, for pursuit of any recovery shall be charged to the appropriate Qualified Claim file as an allocated loss adjustment expense.

As determined by the parties, Sedgwick shall either:

- a. Deposit the recovery funds and issue payment from Sedgwick's accounts Payable system to Client for the net recovery (less Sedgwick's fee). Sedgwick will deposit the net recovery check into the Client's loss-funding account or forward it directly to the Client.
- b. Deposit the recovery funds into the Client's loss-funding account and Sedgwick shall receive payment from the claim file or directly from Client.

Definitions, terms and conditions

Definitions

Life of claim: Sedgwick will provide services to client on a life of claim basis. Sedgwick will continue to process client's claims remaining open at the expiration or termination of the agreement, if any, provided that client shall continue to make adequate funds available for payment of such claims, including any allocated loss adjustment expenses and pay information technology fees, fees for data files, program management fees and any other applicable fees all of which may increase each year during the life of the claims.

Indemnity claim: An indemnity claim shall mean any workers' compensation qualified claim as follows:

- For which a payment is made or reserve is posted under the indemnity portion (i.e., not medical and not expense) of the qualified claim or there is time lost from work
- For which an application for adjudication of a claim or hearing notice is received or otherwise involves litigation or communication from or to a petitioner's attorney
- Where incurred medical costs exceed \$3,000
- That is denied



- For which the City requests to be investigated or classified as an indemnity claim
- That Sedgwick determines additional investigation is necessary to determine compensability, to comply with applicable laws or both
- For which subrogation is investigated or pursued
- That is open longer than 12 months

Medical only claim: A medical only claim is defined as any claim that is not an indemnity claim or an incident only claim. For the Texas non-subscriber portion of the program, a medical only claim is defined as any Texas non-subscriber employee injury benefit plan qualified claim that is not an indemnity claim or an incident only.

Incident only: Incident only claims are claims reported by the City that require no payment or activity other than generating a record in the claims administration system. These claims carry no reserves, and no contacts are made by Sedgwick. If contacts are required on incident only cases, additional fees will apply.

Allocated expenses: The claim fees agreed to shall include all costs incurred by Sedgwick in handling claims submitted except those costs normally referred to as “allocated expenses.” These expenses will be billed to the individual claim file when incurred.

In some cases, Sedgwick engages subcontractors to assist us in providing services. In order to hold down the cost to our clients, Sedgwick may have arrangements with these subcontractors to cover expenses for certain activities, including but not limited to development of integrated data systems, account management, quality oversight and ongoing projects that improve penetration and efficiency for our examiners. These cooperative service agreements are not transactional-based and are not dependent on any activity generated by the City. In fact, the flat cooperative service fees remain the same regardless of whether the City uses the vendors on your program or not.

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees, including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations
- Cost of expert witnesses, accident reconstruction specialists or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recordings, etc.



- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, UR, case management, pre-certifications and medical necessity evaluations
- Cost of translation services
- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities
- Cost of outside assistance necessary to prepare or protect the City's subrogation right or Special Disability Trust Fund claim
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at the City's request or as required by law or rule of a federal, state or local agency

Terms and conditions

Quotation expiration: All pricing quoted is valid for a period of 180 days from submission unless a written extension is requested.

Takeover of existing claims: Takeover claims are anticipated for workers' compensation and liability, and pricing and parameters for such takeover have been included in the pricing section of this document.

Payment terms: All one-time fees are billed upon notification of award. All recurring fees such as claims service and information technology fees are billed on a quarterly basis in advance based on annual estimates. The estimates are subject to audit 30 days after the conclusion of each contract year. All invoices are payable upon receipt

Taxes: All applicable taxes will be added to the service fees where this is required. Sedgwick may be required, in some jurisdictions, to collect and remit sales tax on the services provided to the City. If billed, the taxes will be stated separately on the invoice. If Sedgwick is provided an exemption certificate, in good faith, tax will not be charged. In the event that a jurisdiction invalidates or does not accept the exemption certificate, Sedgwick will not be liable for any penalty or interest that may be charged.

Early termination: Should the City terminate for convenience within the first 12 months of the agreement, the City shall pay Sedgwick fees equal to three months of the service fees. Should the City terminate during the second 12 months, the City shall pay fees equal to two months of the service fees. Termination fees are payable within 30 days of the date of notice of such termination.

File storage: the City is responsible for storage of claim files closed at the time that Sedgwick begins claims



administration.

Submission of all applicable claims: The fees quoted are based on the assumption that the City will forward to Sedgwick all claims arising during the applicable time period in a covered jurisdiction. In the event that the City does not forward all such claims to Sedgwick, we reserve the right to adjust the fees accordingly.