



Pricing Proposal for RFP#19-083, Risk Management Third Party Administrator Services



5.0 Cost Proposal

(Proposal Section 5.0) Proposers should submit an estimate of costs.

The County reserves the right to contact Proposers on cost and scope clarification at any time throughout the selection process and negotiation process. The County is asking Proposers to estimate costs for all categories with the understanding that they may have to make assumptions. Such assumptions should be stated. Items that should be included in this cost section include:

- **Cost of Services. Please state your fees for the key areas outlined in the Scope of Services.**

For a complete cost of services, please refer to the following pages for Sedgwick's fee proposal for all key areas outlined in the Scope of Services.

- **Provide your procedures for billing and collection of your fees. How do you reconcile the fee to the services received? Specify whether this is on a monthly, quarterly or as performed basis.**

Sedgwick's preferred method is monthly billing; however, we can continue with quarterly installments under this contract, should the County prefer to keep the current procedure in place. Sedgwick's billing department sends the invoices electronically, and payments can be made electronically or by check.

At the end of each contract term, Sedgwick may reconcile the minimum annual fee with the per claim fees described in the fee proposal below for the new claims opened during the contract term.

- **Provide a listing of hourly rates by consultant team members which could be used as a basis for additional services.**

Please refer to the fee proposal on the following pages for a listing of hourly rates which could be used as a basis for additional services.

Renewal Fee Proposal for Wake County

Contract Term: February 1, 2020 through January 31, 2023

Sedgwick appreciates the partnership we have shared over the last 13 years. As you current claims administrator, Sedgwick has full insight into your historical claim volume; our proposed pricing is based on the County's current open inventory and its reportable history. Please note that the current claim volume may differ from what was included in the loss data released with addenda one, as claim types were not provided.

Claims Services

We will provide claims handling at the following rate(s):

Life of Contract

Line of Business – Workers' Compensation	Rates
Year 1	
Annual Administration Fee	\$3,500
Minimum Annual Fee	\$74,200
Medical Only	\$150 Fee per claim
Indemnity	\$765 Fee per claim
Year 2	
Annual Administration Fee	\$3,500
Minimum Annual Fee	\$76,500
Medical Only	\$155 Fee per claim
Indemnity	\$785 Fee per claim
Year 3	
Annual Administration Fee	\$3,500
Minimum Annual Fee	\$78,900
Medical Only	\$160 Fee per claim
Indemnity	\$805 Fee per claim

Life of Contract: Life of Contract applies to claim features reported during the contract term and covers handling until conclusion without additional charge as long as the client continues to renew subsequent contracts. If any subsequent contract is cancelled or not renewed, the client may require us to return all open claims, unless we and the client agree that we will continue the administration of open claims for an additional negotiated fee per open claim feature or time and expense.

Minimum Annual Fee (MAF): Is a minimum fee the County agrees to pay annually for claims administration services. This fee shall be reconciled against the per claims fees at the end of each contract year. In the event, the total per claim fees exceed the Minimum Annual Fee, the County agrees to pay the excess amount.

Workers' Compensation Definitions:

- **Indemnity Claim:** Any claim resulting in lost time, litigation, serious injury, fractures, severe burns, cumulative trauma, chemical exposure, subrogation, or death.
- **Medical Only:** Claims for minor injuries with no lost time, no litigation, no subrogation activity and that are expected to resolve in less than six months with medical treatment. Two (2) point contact with employer and medical provider. Medical only files automatically convert to indemnity claim pricing at 6 months or when they reach \$2,000 in paid medical expenses.

Services of the Account Executive, along with phone claim reviews, are provided at no additional charge.

Managed Care Fees:

Medical Bill Review

Detail	Unit	Fee
Provider Network Access and Pharmacy Bills	% of Gross Savings	16% (Year 1)
		16% (Year 2)
		16% (Year 3)

Case Management (optional)

Detail	Unit	Fee
Telephonic Case Management	Per Hour	\$98.00
Field Case Management	Per Hour	\$98.00 (Plus Mileage: IRS Reimbursement Rate & Expenses and Wait at Hourly Rate)
Life Care Plan	Per Hour	\$150.00

Nurse Hotline (24/7 Nurse Triage)	Per Incident	\$110.00
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Return to Work Services (optional)

Alternative RTW (MDOS)	Per Placement	\$695.00 (Plus FCM hourly rate for initial visit)
Program Design and Administrative Consultation	Per Hour	\$150.00
Transitional Work Services Plan and Policy Development	Per Hour	\$150.00
Job Analysis / Functional Job Assessment	Per Analysis	\$200.00
Ergonomic Assessment	Per Hour	\$250.00
Transitional Work Services	Per Hour	\$150.00
Vocational Evaluation	Per Evaluation	\$950.00 (Plus Mileage: IRS Reimbursement Rate & Expenses)

Utilization Review/Certification (optional)

Detail	Unit	Fee
Nurse Review	Per Review	\$97.00
Medical Director Review (additional fee when applicable)	Per Review	\$198.00
Medical Director Appeal Reviews	Per Review	\$278.00

Peer Review (optional)

Detail	Unit	Fee
All States		
Peer Review	Per Hour	\$195.00 - \$400.00 (Depending on Specialty)

Physician Intervention Review (Pharmacy Review with Peer to Peer Contact)	Per Hour	\$295.00
Rush Fee	Per Rush	\$100.00

Medicare Secondary Payer Services (MSA)

Detail	Unit	Fee
Mandatory CMS MMSEA Reporting	Per Claim	\$9.50*
Standard MSA	Per Referral	\$2,950.00
Revised MSA	Per Referral	\$500.00
Complex/Catastrophic MSA	Per Referral	\$3,500.00
Rush MSA Additional	Per Referral	\$525.00
MSA CMS Submission	Per Referral	\$525.00
Medical Cost Projections	Per Referral	\$1,750.00
Conditional Payment Request	Per Referral	\$250.00
Conditional Payment Dispute Resolution	Per Inquiry	\$500.00
Final Settlement Document Submission	Per Referral	\$155.00
Medicare / Medicaid Investigation	Per Inquiry	\$100.00
Medical Cost Projection to MSA Conversion	Per Referral	\$1,200.00
Social Security Investigation	Per Inquiry	\$100.00

*Mandatory CMS MMSEA reporting will only be charged on new claims reported during the new contract period. Claims that are open prior to the new contract period will not incur the per claim fee as shown above.

Our medical management services include a complete suite of all ancillary medical services, using multiple networks that address our clients' needs – including, but not limited to, pharmacy benefit management, diagnostics, durable medical equipment, transportation and translation, home health, physical therapy and independent medical exams. These services are subject to the bill review rates as quoted above, plus the applicable percentage of network savings achieved below the fee schedule or usual and customary charges.

RMIS Fees

(Services outlined below are only billed if utilized)

Service	Description	Fee
RMIS	RMIS Licensing	4 Licenses Included

General Fees, Services, Terms and Conditions

- Outside Activity/Field Investigations will be billed at time and expense.
- During the term of a multi-year contract, except for items for which pricing for each year is explicitly listed above, pricing for each year after the first full year will increase by the greater of 3% 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, covering the prior twelve-month period, valued as of the month ending two months prior (to allow time for reports to be published) to the anniversary date of the contract. For all contracts, pricing at the end of the contract term and each year thereafter will increase by such amount, provided that (i) both parties agree and enter into a renewal contract, or (ii) the parties continue with the existing contract on a month-to-month basis.
- Billing: Historically, the County has paid the minimum annual fee in advance quarterly payments. Sedgwick also offers monthly billing for your consideration. Payments shall be due and payable no later than thirty days from the invoice date.
- Pricing has been developed based on provided loss data. In the event that the loss data is erroneous or otherwise incorrect, both parties agree to discuss an equitable adjustment of service fees.
- The County may request that the services we perform be rendered in a particular or different way or additional services be provided, and we will make all reasonable efforts to comply. If such request increases our cost of providing the services, we shall be entitled to an equitable adjustment in its compensation.
- Claims and Allocated Loss Adjustment Expenses (ALAE) may be handled in two ways:
 - The County may elect to fund an account established and maintained by us. In this case, the County will maintain and provide timely replenishment of funds to pay all Claims and ALAE and to avoid penalties and late payments. We will electronically provide a monthly recap of all deposits as well as Claims and ALAE payments. The County will be responsible for bank fees with respect to the account.
 - The County may elect to maintain and fund a client-owned account from which we will issue all Claim and ALAE payments. In this case, the County will provide us with the facsimile signature of an officer, director, partner or employee of the County to print digitally on the checks. The County will be responsible for bank fees with respect to the account.
- These proposed fees will remain in effect for 90 days from the date of this proposal.
- This proposal contemplates that we will be entering into a direct contract with the County. Should we be required to contract with any other party, different terms may apply.

Allocated Loss Adjustment Expenses

Upon approval by the County, we will arrange for various services and other costs as agent for the County. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of these expenses follows. Payment of ALAE is the responsibility of the County. Our fees do not cover ALAE, and we are under no obligation to pay ALAE with our own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- FROI/SROI Submission
- Services performed outside of our normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with the County
- Any other extraordinary services performed by us at the County's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of Customer.

We may, but need not, elect to utilize its own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.