

**STANDARD AGREEMENT AMENDMENT**

STD. 213 A (Rev 6/03)

 CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 40 Pages

AGREEMENT NUMBER	AMENDMENT NUMBER
<b>A0950003</b>	<b>2</b>
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
Department of Personnel Administration  
CONTRACTOR'S NAME  
State Compensation Insurance Fund
- The term of this Agreement is July 1, 2009 through June 30, 2014
- The maximum amount of this Agreement after this amendment is: \$ 256,717,000 for Service Fees for the period July 1, 2009 through June 30, 2012  
Two hundred fifty six million seven hundred and seventeen thousand Dollars and Zero Cents
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

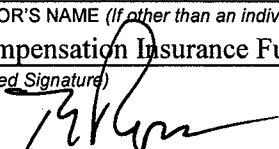
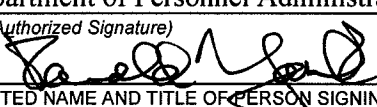
Agreement A0950003 between the Department of Personnel Administration and the State Compensation Insurance Fund is hereby amended to add an additional \$96,717,000 to the amount of the existing Agreement. The amount in Item 3 above is for the 2009-2010 fiscal year (July 1, 2009 through June 30, 2010), the 2010-2011 fiscal year (July 1, 2010 through June 30, 2011) and the 2011-2012 fiscal year (July 1, 2011 through June 30, 2012). In subsequent Amendments the amount in Item 3 above will be a cumulative total calculated by adding the agreed upon annual Service Fees for all preceding contract fiscal years under the existing Agreement to the agreed upon annual Service Fee for the then current contract fiscal year.

The following documents are deleted and replaced as attached:

Exhibit A – Master Agreement	37 Pages
Attachment 1 – State On-Line Claims Access	1 Page
Attachment 2 – “Side Letter” Agreement	1 Page

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

<b>CONTRACTOR</b>		<b>CALIFORNIA</b> Department of General Services Use Only
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) <u>State Compensation Insurance Fund</u>		
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>7/22/11</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>Thomas Rowe, President &amp; CEO</u>		
ADDRESS <u>1275 Market Street</u> <u>San Francisco, CA 94103</u>		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME <u>Department of Personnel Administration</u>		<input checked="" type="checkbox"/> Exempt per: <b>PCC 10295 (C) (4)</b>
BY (Authorized Signature) 	DATE SIGNED (Do not type) <u>8-1-11</u>	
PRINTED NAME AND TITLE OF PERSON SIGNING <u>Ronald Yank, Director</u>		
ADDRESS <u>1515 S Street, North Building, Suite 400; Sacramento, CA 95811</u>		

10/1/19

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# **Master Agreement**

**for**

**Workers' Compensation Claims Administration  
between State Compensation Insurance Fund and  
the Department of Personnel Administration**

**for the**

**Period of July 1, 2009 Through June 30, 2014**

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ATTACHMENTS:

- I State On-Line Claims Access (SOLCA)
- II "Side Letter" Agreement

## **I. Master Agreement Mission**

- This agreement will enable the uninsured departments of the State of California in partnership with State Compensation Insurance Fund (State Fund) and the Department of Personnel Administration (DPA) to provide all benefits to which an injured employee is lawfully entitled in a prompt, objective, impartial, courteous and ethical manner.
- This agreement will support the goals of restoring each injured employee to a useful place in the community, while making the best use of taxpayer money. This will be accomplished by encouraging State departments to return an injured employee to work at the same or another State department whenever feasible.
- This agreement will help protect the public interest by accomplishing the services outlined through adherence to workers' compensation law; establishment and implementation of measurable performance standards for State Fund, the departments and DPA; the implementation of effective cost containment programs and the recognition by all parties of their duty to utilize fiscal restraint in benefit delivery and the administration of this agreement.

## **II. Memorandum of Understanding**

It is the declared goal of DPA acting in partnership with State Fund (pursuant to Insurance Code Section 11871) to develop a comprehensive program. Prior to renewal of the Master Agreement on July 1, 2014, DPA and State Fund will jointly review the outcome of this program.

The parties to this agreement acknowledge section XII. C., which states that State Fund accepts no financial liability for any and all errors and omissions that occur in the course of adjusting the State's workers' compensation claims.

DPA, State Fund, and the departments shall attend monthly management level meetings. The purpose of these meetings is to facilitate greater performance and accountability under the Master Agreement. The meetings will work to resolve issues presented by this agreement and the claims administration process, to keep the parties informed about the program and any changes thereto, and to foster mutual accountability through improved communication.

DPA will schedule and facilitate the monthly management level meetings.

Critical to these efforts will be the hiring and development of fully funded staff positions at State Fund to enhance benefit delivery, case management, and defense of the State of California's interest in their workers' compensation claims. It is agreed that DPA and State Fund will commit to staffing levels jointly defined, that will be cost effective in support of public interest while adhering to requirements under California Workers' Compensation Law. State Fund's insured claims and legal operations will serve as a model, but will not determine ultimate staffing needs in the unique environment of the State Contract program. It is specifically agreed that the commitments made by State Fund under the Master Interagency Agreement are contingent upon the State of California maintaining full funding for the costs incurred by State Fund to provide the services enumerated in this Agreement.

The authority under the Master Agreement to approve the funding of these positions remains with DPA, while the authority to assign staff positions and workloads under the Agreement resides with State Fund's management.

Service fees and reimbursement of expenditures will be in compliance with Sections 11774-11776 and 11871 of the California Insurance Code which specify the appropriate use of State Fund's assets and prohibit State Fund from using its assets to subsidize activities under this Agreement. The Agreement is specifically intended to be in compliance with the State of California's "Full Cost Recovery Policy" contained in the State Administrative Manual (SAM) – Chapter 8752 and incorporated as part of this

Agreement. Service fees will be evaluated and adjusted annually to reflect the projected costs for each new rating period covered under this Agreement and any subsequent renewal.

The parties recognize that circumstances within the State government may impact funding and/or staffing for the State Contract Program. Should such circumstances arise, State Fund will provide the Department of Personnel Administration with a written evaluation of the impact on the State Contract Program. If the ability of State Fund to meet the terms of the agreement is negatively affected, the evaluation will specifically address the areas that will be affected. The parties recognize the necessity of protecting and preserving the core functions of benefit delivery and legal defense of the economic exposures to the State of California. Under no circumstances shall this be construed as a basis for shifting the liability for benefit delivery costs, benefit costs, or penalties from the State of California to State Fund.

### **III. Terms of Agreement and Definitions**

The term of this agreement will commence on July 1, 2009 and shall expire on June 30, 2014 with an annual re-opener for price adjustment and necessary amendments to reflect business needs and/or law changes. The terms and conditions of the Agreement may be amended or modified by a "side letter" agreement; or canceled at any time by either DPA or State Fund by giving one year prior written notice and agreement to facilitate a smooth transition. The cancellation notice shall be sent by certified mail to the last known address of the other party. Parties also recognize that this agreement has been established based on current workers compensation law, and if the laws substantially change, the parties agree to meet and review the Master Agreement.

Should this agreement expire without an approved extension, or another agreement to take its place, then the claim files and records pertaining to the State departments' claims will be turned over to DPA and State Fund shall have no further obligation to furnish services. In that event, State Fund retains the right to preserve copies of any material it deems necessary.

The parties agree to begin negotiations on the subsequent master agreement on or about July 1, 2013. These negotiations will be concluded on or before January 1, 2014.

No person, on behalf of either party, shall have the right to effect an oral amendment to this agreement.

This agreement shall be subject to the examination and audit pursuant to provisions in the SAM manual section 20010, anytime during the agreement and for the period of three (3) years after final payment under this agreement.

If an audit is to be performed on behalf of an individual Department or group of departments, that Department or group of departments will be responsible for funding the audit. All audits must be authorized and coordinated by DPA.

The following are terms used in this agreement:

Adjuster:	A State Fund representative who determines the benefits to which an injured employee is entitled.
Agreed Medical Evaluator (AME)	A medical evaluator, chosen by mutual agreement of the parties, to resolve medical issues on the claim(s) of an injured employee.
Applicant	The party, usually the injured worker, who establishes a case before the Workers' Compensation Appeals Board.
Application for Adjudication	A request for the Workers' Compensation Appeals Board to hear both sides of a bona fide dispute and render a decision.
Arising Out of/ Occurring in the Course of Employment (AOE/COE)	Refers to Labor Code requirement that to be compensable, an injury or illness must arise out of employment and occur in the course of employment.
Case Load	All claim files an adjuster is responsible for managing.
Claim File	A file which contains all the documents related to a specific injured employee on a specific date of injury. The file may include paper documents and electronic documents.
Compromise and Release (C&R)	A voluntary agreement subject to approval by the Workers' Compensation Appeals Board, which for a specified amount, releases the employer from further liability for the injury or injuries specified in the agreement.
Declaration of Readiness to Proceed (DOR)	Filed with the Workers' Compensation Appeals Board when a party is ready to proceed with a hearing.
Department(s)	Legally uninsured departments, agencies, boards, commissions, or other subdivisions of the California State Government participating in this master agreement for workers' compensation adjustment services.
Disability Claim File	Claim file in which temporary, permanent, vocational rehabilitation or death benefits are due, demanded or anticipated. State Fund may also use the term "full-dis" file.
Discrimination Claims (Labor Code 132a)	A petition filed because an injured employee alleges he/she has been discriminated against by his/her employer because of an industrial injury.
Electronic Claims File (ECF)	A claims operating system used by adjuster for processing and managing claims. The Electronic Claims File stores individual claims data and electronic documents.
Electronic First Report of Injury (EFROI)	EFROI is a tool enabling electronic submission of the Employer's First Report of Injury (SCIF 3067) directly into State Fund's Electronic Claims File. EFROI is accessed through State Fund Online (using a login ID and password).
Finalization	Refers to the conclusion of a case where there is permanent disability, future medical care and/or a dispute over some issue. The settlement method should be

determined based on what best protects the interests of the injured employee and his/her employer.

Findings & Award (F&A)	A Workers' Compensation Administrative Law Judge's decision finding that an applicant is entitled to disability benefit payments, future medical treatment or both.
First Aid	Any one time treatment and any follow-up visit for the purpose of observation of minor scratches, cuts, burns, splinters, or other minor industrial injury, which do not ordinarily require medical care.
Hearings	Formal proceedings held at the Workers' Compensation Appeals Board before a Workers' Compensation Administrative Law Judge.
Injury	Any injury, illness or death resulting in lost time from work beyond the employee's work shift or medical treatment other than first aid that is work related.
Litigated Claim	A claim file in which the injured employee has obtained legal representation, there is an "Application for Adjudication of Claim" filed at the Workers' Compensation Appeals Board or when legal file creation is appropriate based on the facts of the claim file.
Maintenance Claim	A claim file where the injured employee has received an award for future medical care, permanent disability and/or life pension payments. New activity may cause the case to become an active disability claim file.
Mandatory Settlement Conference (MSC)	A conference at the Workers' Compensation Appeals Board required before a case is set for hearing.
Master Claim File	The main file an adjuster is working from when an injured employee has more than one claim. There may be more than one master claim file if the situation warrants.
Mini-Dis Claim File	A claim file where the injured worker is temporarily disabled and in need of medical treatment. A file may be a mini-disability claim file for up to six months before it must be assigned to a "Full Dis" adjuster. If any serious issues arise (AOE/COE, PD, litigation, etc.), the file is assigned to a "Full-Dis" adjuster.
Maximum Medical Improvement (MMI)	The point in the medical treatment where the injured employee is not expected to get any better or any worse. Used interchangeably with Permanent and Stationary.
MPN	Medical Provider Network. A statewide network of physicians that has been approved by the DWC to treat the State's injured workers.
Non-Disability Claim File	A claim file in which the employee receives medical treatment only and no disability is expected.
Permanent and Stationary (P&S)	The point in the medical treatment where the injured employee is not expected to get any better or any worse. Used interchangeably with Maximum Medical Improvement.
Primary Treating Physician (PTP)	The doctor who has overall responsibility for treatment of the industrial injury or illness. There can only be one PTP at a time.