

Request for Proposals



Claims Administration Services for The City's Self-Insured Workers' Compensation Program

RFP 2009-4373-0211

January 21, 2009

City of Newport News, Dept. of Purchasing
2400 Washington Avenue, 4th Floor, City Hall
Newport News, VA 23607

Phone: (757) 926-8721 / Fax: (757) 926-8038
www.nngov.com/purchasing

Sealed proposals, subject to the conditions and instructions contained herein, will be received at the above office of the Purchasing Director, until the time and date shown below (local prevailing time), for furnishing the services described in the solicitation.

Scope of Work: To engage one or more qualified firms to furnish claims administration services for the City's Self-Insured Worker's Compensation Program. Services may include: Third Party Administrator (TPA) Claims Management; Pharmaceutical and Durable Medical Equipment; Bill Reduction; Medical Case Management; Vocational Rehabilitation Services; or others.

Proposals Due: February 17, 2009, at Close of Business

Contract Officer: _____
Greg Smith, CPPB, C.P.M., Senior Buyer, (757) 926-8035

AN ORIGINAL AND FIVE (5) COPIES OF YOUR SUBMITTAL IS REQUESTED

In compliance with this Request for Proposals, and subject to all the conditions thereof, the undersigned offers to furnish the services requested and certifies he has read, understands, and agrees to all terms, conditions, and requirements of this proposal and is authorized to contract on behalf of the firm named below.

Company Name: _____

Address: _____

City/State/Zip: _____

Telephone: _____ Fax No.: _____ E-Mail: _____

Fed. Tax ID (or Social Security #): _____

Virginia State Corporation Commission Corporate ID#: _____ - _____

Print Name: _____ Title: _____

Signature: _____ Date: _____

This form must be signed. All signatures must be original and not photocopies.

Trade Secrets/Proprietary Information

Trade Secrets or Proprietary information submitted by an offeror, or contractor in connection with a procurement transaction shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the offeror or contractor must invoke the protections of this section prior to or upon submission of data or other materials to be protected and state the reasons why protection is necessary. Information leading to the decision to award, including prices and other factors, shall be made public (section 2-557.2 of City Code).

Please mark One:

- No**, the submittal I have turned in does not contain any trade secrets and/or proprietary information.
- Yes**, the submittal I have turned in does contain trade secrets and/or proprietary information.

If **YES**, please list the page numbers and the reasons for why the information is considered a trade secret and/or proprietary information. **Do Not Mark the Whole Proposal Proprietary.**

Anti-Collusion Certification

The offeror certifies that this proposal response is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a proposal for the same product and that this proposal is in all respects bona fide, fair and not the result of any act of fraud or collusion with another person or firm engaged in the same line of business or commerce. The offeror understands collusive bidding is a violation of Federal Law and that any false statement hereunder constitutes a felony and can result in fines, imprisonment, as well as civil damages. The offeror also understands that failure to sign this statement will make the proposal non-responsive and unqualified for award.

Signed: _____

Date: _____

Name of Company: _____

I. Conditions and Instructions

1. All proposals must be submitted on and in accordance with this form. If more space is required to furnish a description of the commodities and/or services offered or delivery terms, the offeror may attach a letter hereto, which will be made a part of the proposal. All proposals must be submitted in a sealed package, plainly marked using RFP number, date and time.
2. It will be the responsibility of the offeror to see that his proposal is in this office by the specified time and date. Date of postmark will not be considered. Telephone, fax, electronic and verbal offers will not be accepted.
3. Prices shall include all delivery, set-up fees, and federal, state, and local taxes.
4. The offeror certifies by signing this proposal that this proposal is made without prior understanding, agreement or accord with any other person submitting a proposal for the same product or service and that this proposal is in all respects bona fide, fair and not the result of any act of fraud or collusion with another person engaged in the same line of business or commerce. Any false statement hereunder constitutes a felony and can result in a fine and imprisonment as well as civil damages.
5. In event of default by the offeror, the City of Newport News reserves the right to procure the services from other sources, and hold the offeror liable for any excess cost occasioned thereby. If, however, public necessity requires use of materials or supplies not conforming to the specifications, they may be accepted and payment therefore shall be made at a proper reduction in price.
6. Availability of Funds: A contract shall be deemed executory only to the extent of appropriations available to each Department for the purchase of such articles or services. The City of Newport News' extended obligations on those contracts that envision extended funding through successive fiscal periods shall be contingent upon actual appropriations for the following years.
7. The offeror guarantees to save the City of Newport News, its agents or employees, harmless from liability of any nature or kind, for use of any copyright, composition, secret process, patented or unpatented invention, articles or appliances furnished or used in the performance of the contract, or which the offeror is not the patentee, assignee, or licensee.
8. All proposals must be signed with the firm name and by a responsible officer or employee. Obligations assumed by such signature must be fulfilled.

9. If you do not answer this Request for Proposals, please advise this office that you don't intend to respond and state the reason. Otherwise your name may be removed from our mailing list.
10. By signing this proposal, the offeror assigns to the City of Newport News, any and all rights that he may have under the antitrust laws of the United States and the Commonwealth of Virginia in any way arising from or pertaining to this offer. This provision is remedial in nature and is to be liberally construed by any court in favor of the City of Newport News.
11. Appeals Procedure: Upon request, administrative appeals information will be provided which shall be used for hearing protests of a decision to award or an award, appeals from refusals to allow withdrawal of proposals, appeals from disqualifications and determinations of non-responsibility and appeals from decisions or disputes arising during the performance of a contract.
12. **Non-Discrimination:** During the performance of this contract, the successful bidder agrees as follows:
 - a. He will not discriminate against any employees or applicants for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where one or more of these are a bona fide occupational qualification reasonable necessary to the normal operations of the contractor. The contractor agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
 - b. The contractor will be and state that he is an equal opportunity employer in all solicitations or advertisements for employees.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

The contractor will include the provisions of the foregoing paragraphs (a), (b) and (c) in every subcontract or purchase order of over ten thousand dollars so that the provisions will be binding upon each subcontractor or vendor.

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the

unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this subsection, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with this subsection, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

This public body does not discriminate against faith-based organizations

13. Direct contact with any City Department other than Purchasing, on the subject of this proposal is expressly forbidden except with the foreknowledge and permission of the Director of Purchasing or their representative.
14. Assignment of Contract: A contract shall not be assignable by the Offeror in whole or in part without the written consent of the City of Newport News.
15. Applicable Law and Courts: Any purchase order/contract resulting from this solicitation shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Offeror shall comply with applicable federal, state and local laws and regulations. These Conditions and Instructions shall be applicable to the extent that they are non-contradictory to the proposal terms and/or instructions on the following pages.
16. If City Hall is closed for business at the time scheduled for the proposal opening, sealed proposal will be accepted and opened on the next business day of the City, at the originally scheduled hour.
17. If you have obtained this proposal from our home page or from a source other than directly from the City of Newport News or from demandstar.com, you are not on record as a plan holder. The Purchasing Department takes no responsibility to provide addenda to parties not listed by the City as plan holders. It is the offeror's responsibility to check with our office prior to submitting your bid to ensure that you have a complete, up-to-date package.

The original copy maintained at our offices, in the proposal file folder, shall be considered the official copy. In the case of any inconsistency between proposal documents submitted to the City, but not clearly listed on the exception page of the document as an exception by the offeror, the language of the official copy shall prevail. Furthermore, any exception or changes to the specifications made by the offeror may be cause to disqualify your proposal.

18. Silence of Specifications: The apparent silence of the specification and any supplemental specifications as to the any detail of the omission from the specifications of a detailed description of this solicitation concerning any point shall be regarded as meaning that only the best commercial practices are to prevail and that only materials and services of the highest quality and correct type, size, practice and design are to be used. All interpretations of these specifications shall be made on the basis of this statement.

19. Questions

Submit questions regarding the RFP in writing to Greg Smith, CPPB, C.P.M., Senior Buyer, no less than five (5) days prior to the closing date of the Request For Proposal. Questions may be transmitted by facsimile (757) 926-8038 or email gsmith@nngov.com

It is the policy of the City of Newport News to facilitate the establishment, preservation, and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in the City's procurement activities. Toward that end, the City of Newport News encourages these firms to compete and encourages non-minority firms to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities. The Offeror is requested to indicate how such businesses shall be utilized in the performance of this contract.

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Since it is the intent of the City to promote small businesses (SBE), minority businesses (MBE), and women-owned businesses (WBE), you are **requested** to report the percentage of dollars which will be **sub-contracted** to each of the business classifications pertaining to this contract. If you should sub-contract with SBE's, MBE's and WBE's, list the dollar figures separately for each general classification.

This will enable the City to track the amount of business the City does with small, minority and women-owned businesses. Without your cooperation it would be very difficult to fully understand the City's performance in this important segment of the market. Indicate your figures below and return this form to the Purchasing Department **with your proposal response package.**

If you are not subcontracting, even if you are a S/M/WBE, put zeros in the spaces below.

% of SBE Dollars to be Sub-contracted % _____

% of MBE Dollars to be Sub-contracted % _____

% of WBE Dollars to be Sub-contracted % _____

**Claims Administration Services for the
City's Self-Insured Workers' Compensation Program**

PURPOSE

This document constitutes a request for sealed proposals from all qualified organizations to provide claims administration and associated services for the City's self-insured workers' compensation program.

**PROPOSALS MAY BE FOR ANY OR ALL OF THE SERVICES REQUESTED.
Multiple awards may be made.**

II. BACKGROUND

The City of Newport News has been a qualified self-insurer of workers' compensation benefits for over 45 years. The City has administered through a third party administrator for the past fifteen years. The City currently has 266 open claims and the following table reflects the City claims information for the last five fiscal years (valued at 11/30/08)

<u>Fiscal Year</u>	<u>Total # Reports</u>	<u>RPO</u>	<u>Medical</u>	<u>Indemnity</u>
2004	646	187	377	82
2005	599	195	331	73
2006	554	167	312	75
2007	585	156	346	83
2008	539	170	289	80

III. SCOPE OF WORK

A. General Requirements

Offerors shall provide services for claims administration for the City's self-insured workers' compensation program. Services shall include, but not be limited to:
auditing reports of employee injuries in order to determine compensability, contacting

employees for recorded statements, filing necessary documents with the Virginia Workers' Compensation Commission, auditing and paying eligible bills for medical care, providing cost containment services, paying indemnity benefits to eligible employees in accordance with the Workers' Compensation Act, providing medical case management services, providing access to computer generated reports, establishing and recording appropriate medical and indemnity reserves, providing on-line access to claims notes, payments, invoices and information and providing vocational rehabilitation services.

B. Specific Requirements

1. Audit Reports

Review and audit all employee injury reports received from the City. Requests for additional information as well as all other contacts with the City shall be coordinated through the Department of Human Resources.

2. Document Filing

File all necessary documents with the Virginia Workers' Compensation Commission and comply with all the Virginia Workers' Compensation Commission's EDI (Electronic Data Interchange) reporting requirements. The offeror must also comply with all Centers for Medicare and Medicaid reporting regulations.

3. Audit and Payment of Medical Care Invoices

Audit and pay all eligible bills for medical care in a timely manner (within 30 days of receipt) using any and all available cost containment services.

4. Indemnity Benefit Payment

Remit indemnity benefits to eligible employees in accordance with the Workers' Compensation Act. Such payment shall be in accordance with policy and procedures established by the City and coordinated through the City's Finance Department and the Department of Human Resources.

5. Medical Case Management Services

Medical case management services should be offered as proposed and/or negotiated through the City's Department of Human Resources. All medical case management services must be pre-authorized by the Department of Human Resources before assignments are made.

6. Reports

Provide various computer generated loss reports as proposed and/or negotiated. Include whether computer access is available to designated Department of Human Resources and City Attorney employees. Access should include the adjuster's and medical case manager's claim notes, recorded statements, payments, invoices, doctor's notes, correspondence, etc.

7. Medical and Indemnity Reserves

Establish and record appropriate medical and indemnity reserves.

Describe procedures used to establish reserves and indicate frequency they are reviewed and by whom.

IV. SUBMITTTALS

A. General Requirements:

1. RFP Response: In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original and five (5) copies of each proposal must be submitted. No other distribution of the proposal shall be made by the Offeror.

2. Proposal Preparation:

- a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in the purchasing agency requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are substantially incomplete or lack key information may be rejected by the purchasing agency. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
- b. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
- c. Each copy of the proposal should be bound or contained in a single volume where practical. All documentation submitted with the proposal should be contained in that single volume.
- d. Ownership of all data, materials and documentation originated and prepared for the RFP shall belong exclusively to the City of Newport News and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material should be submitted in a separate sealed envelope and marked proprietary. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

V. SPECIAL INSTRUCTIONS TO THE OFFEROR

(Respond to all portions of this section)

Proposed Services: Using the table below, “check” the services you propose to offer:

Third Party Administrator Claims Management Services

Pharmaceutical and Durable Medical Equipment Services

Bill Reduction Services

Medical Case Management

Vocational Rehabilitation Services

Other

A. Preparation Guidelines:

For consideration, all proposals shall be as responsive as possible to the Request for Proposal. In order for the City to adequately evaluate the proposals, all offerors shall prepare their proposal by utilizing the following format:

1. Experience

Offeror shall provide a concise description of its work experience as related to the scope of work outlines herein. Said description should include, but not be limited to, providing the number and size of accounts the offeror has served, the number of years the offeror has been providing these types of services, references, and other documentation to verify experience. A name, address and phone number should be given for each reference provided, along with a contact person for that reference.

2. Capability and Skill

Offeror shall provide description of the qualifications and skills of its organization. Said description should, at a minimum, include:

- a. Background information about the organization (e.g., philosophy, ownership, officers and directors).
- b. Management structure of the organization (e.g. organization chart of the company)
- c. Resumes of key employees who would be associated with performing the services, including names and specific qualifications of personnel who will be assigned to the City's claims.
- d. Offeror's capability and skill to provide the services herein described, qualified staff, management, prior experience (e.g., similar projects, etc).
- e. Description of financial stability and other resources that most adequately ensure the delivery of acceptable services to the City. Offeror shall provide financial statements (e.g., audited annual financial reports for the previous three years).
- f. Describe in detail the offeror's approach to claims handling and claims management.

3. Services to be Performed

- a. Offeror shall provide a description outlining the services to be provided. Services shall be described according to each area set forth in the Scope of Work specific requirements, as well as any additional services the offeror recommends.
- b. The offeror shall propose method, means and frequency of communication with injured employees, physicians and the City's Department of Human Resources etc.

Note: Offeror shall address each of the above areas fully and should not necessarily limit responses only to the points stated.

4. Cost

Offeror shall provide and detail all costs for providing the services described here and explain what services are included for each "per claim" pricing fee. Also identify any additional services provided by your company along with applicable fees and specify any alternative methods of charging for services.

5. Information to be Provided (as applicable)

- a. Provide samples of all computer generated reports to be provided to the City. Include any explanations of reports as well as the proposed submittal frequency and method (ie , e-mail, Internet or mail).
- b. Describe the procedures to be followed for approving and paying medical claims.
- c. Are usual, customary and reasonable payment screens for determining payments to health care providers utilized by offeror? Do you have a database to support your customary and reasonable payments? If such screens are used, indicate the average savings the City might expect to realize as compared to payment in full of the doctor's standard charges. Show calculation of estimate.
- d. How many staff will be dedicated to the City's contract? Considering all the services being offered in this proposal, are the personnel who will be performing these services employed to process workers' compensation claims on a full time basis? Will the employee(s) be responsible for the City's account exclusively, or will the employee have other accounts also? If additional accounts, please describe work load. (ie, claims per adjuster).
- e. Describe the accountability of claims adjusters in the account management process. Do you include account performance as part of the adjuster's performance evaluation? How is the adjuster's performance evaluated in the company?
- f. What is the address of the claims office that will be servicing the City's account? Where will the adjustor be that will handle indemnity claims? Where will the adjustor be that will handle

medical only claims? If long distance telephone contact with these offices is required, a toll free number is necessary. A 24-hour contact number is required.

- g. If a claim is disputed and results in a Workers' Compensation Commission hearing, what is the offeror's role in such hearing? Is there an additional fee for this service? Explain how the offeror would work in conjunction with our City Attorney's office to defend such claims.
- h. If, due to offeror's handling, a fine or penalty is imposed by the Workers' Compensation Commission, will the offeror be responsible for making payments? If due to offer's handling, a medical payment is disputed by a medical provider and offeror is unsuccessful in defending it's method of payment, will offeror be responsible for making excess payments? Will the legal fees incurred in defending medical payments be at the expense of the TPA, bill reduction service or the City? Please explain.
- i. Does the offeror carry a fidelity bond covering all its employees? At what limits?
- j. Does the offeror carry errors and omissions insurance that would respond to any claims arising out of their performance under this proposal? In what policy form and at what limits?
- k. Does your company offer electronic claim reporting via internet or e-mail and what is the offeror's normal turn around time for receiving injury reports and submitting them to the Virginia Workers' Compensation Commission?
- l. What is the offeror's normal turn around time and process for handling injuries that are not compensable?
- m. What is offeror's average turn around time in paying medical claims?

- n. What specific services does the offeror require from the City?
- o. What, if any, investigative services does the offeror provide?
Investigative services may include, but not be limited to compensability determination, surveillance activity, etc.
- p. Please list the self-insured public entity accounts the offeror handles?
- q. Would offeror be willing to administer claims for the lifetime of the claim, or only for the length of the contract, or both?
- r. Is offeror willing to assume administration of claims that are presently open? Provide details of the services to be provided, the transition process and fees to be charged.
- s. Upon contract termination, describe alternatives for handling the City's open claims.
- t. Describe procedures used to establish medical and indemnity reserves and indicate the frequency they are reviewed and by whom.
- u. The City currently pays all employees their regular base pay during the first 1040 hours (1460 hours for 24 hours Fire Dept. employees) of lost time for occupational injuries/diseases. Describe how you (the offeror) will coordinate indemnity payments of lost time to ensure that timely City supplements are made to the employee and to avoid duplication of payment.
- v. How are prices determined for prescription drugs, medical supplies or other medical services? Are items or services listed at a reduced rate on the invoice or is it necessary to process them through a bill reduction service?
- w. How many pharmacies are in the offeror's network and what is the standard procedure for filling a prescription on first fills and on long term claims? Is a mail order service available?

- x. What is your company's medical case management philosophy?
- y. Describe offeror's vocational rehabilitation process.
- z. Explain your company's position regarding the utilization of a performance guarantee.

VI. EVALUATION CRITERIA

Evaluation of the firms responding shall be based upon the following criteria which are listed in the order of importance:

- Knowledge and approach to handling workers' compensation claims
- Qualifications, experience and responsiveness of staff
 - Experience with municipalities
 - Number of claims handled per adjustor
 - Knowledge of Virginia's workers' compensation regulations, procedures and presumptions (i.e. heart/lung, cancer, infectious disease) and EDI and Medicare and Medicaid compliant
 - Method of establishing medical and indemnity reserves
 - Defense of claims and medical payments
- Cost containment services
 - Bill review
 - Preferred provider network services
 - Medical case management
 - Vocational rehabilitation services & certifications
 - Surveillance
 - Subrogation initiatives
 - Pharmaceutical and Durable Medical Equipment Services
- Direct on-line access to TPA's claims system
 - Ability to access adjustors and case manager's notes
 - Ability to view all payments and invoices on each claim
 - Ability to input claims directly into TPA's system
 - Ability to generate statistical analysis reports
- Cost of services
 - Relative Competitiveness of Costs for Services

VII. METHOD OF EVALUATION

Proposals will be evaluated and interviews scheduled with selected firms in accordance with the “Other than Professional Services” method of selection for services outlined in the Code of Newport News Virginia Section 2-570.2.

Procedures usually followed are:

1. Select and interview two of more offerors deemed fully qualified among those submitting proposals.
2. Negotiations shall be conducted with each of the offerors selected.
3. After negotiations have been conducted with each offeror selected, the offeror that has made the most advantageous offeror will be awarded a contract.

Note: Should a determination be made in writing and in the sole discretion of the City, that only one offeror is fully qualified, or that one offeror is clearly more qualified than others under consideration, a contract may be negotiated and awarded to that offeror.

VIII. AWARD

Award will be made in accordance with Section 2-570, Award, of the Newport News City Code. Award shall be made to the responsible offer whose proposal is determined in writing to be the more advantageous to the city taking into consideration price and the evaluation factors set forth in the request for proposals. The contract file shall contain the basis on which the award is made. The award of a contract shall be the sole discretion of the City. The award shall be based on the evaluation of all information as the City may request. The City reserves the right to accept or reject any or all proposals in whole or in part and to waive any informalities in the RFP. Further, the City reserves the right to enter into a contract deemed to be in its best interest.

Upon making an award, or giving notice of intent to award, the City will place appropriate notice on the public bulletin board located outside of the Purchasing Department at City Hall. Notice of Award may also appear on the purchasing website:

www.nngov.com/purchasing

The right is reserved to accept or reject any or all submittals in whole or in part and to waive any informalities in the RFP, and to enter into any contract deemed to be in the best interest of the City of Newport News.

Debriefing: The entire RFP file, including ratings and justifications of award, will become public information and be available for review only after an award is made.

Contract Period

The contract period will be from July 1, 2009 through June 30, 2010.

Renewal Option

At the City's option, the contract may be renewed in increments of up to four (4) additional years in one-year increments (5 years total).

Cancellation of Contract

The City of Newport News may cancel any resulting contract with the contractor at any time by giving thirty (30) days written notice. The contract may be canceled without notice for vendor non-performance. Cancellation shall not release the vendor from legal remedies available to the City.

If applicable, the Contractor may not cancel the award during the initial contract term, but may, upon sixty (60) days written notice to the City, cancel the contract during subsequent terms. Contractor shall not be entitled to lost profits or any further compensation not earned prior to the time of cancellation.

Subcontracts

No portion of the work shall be subcontracted without prior written consent of the City of Newport News. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the City with the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

Method of Payment

Unless otherwise negotiated, payment will be made upon completion/delivery of project, with Invoice Terms of Net 30.

APPENDIX A

WORKERS' COMPENSATION CLAIMS HANDLING INSTRUCTIONS CITY OF NEWPORT NEWS, VIRGINIA

CITY REPORTING:

The City will enter online, fax or e-mail the "Employer's Accident Report" the same day it is received in the Department of Human Resources from the various City departments. The City's goal is to have all reports completed within 48 hours of the accident and forwarded to the TPA.

THIRD PARTY ADMINISTRATOR RECEIPT OF CLAIM:

Upon receiving the report, and within 24 hours, the TPA will enter the report information into their claims information system (if not entered on-line), assign a claim number, assign an adjuster, and provide the claim to the adjuster. Timeliness is considered to be a critical factor in proper handling of the City's workers' compensation claims.

CONTACT WITH EMPLOYEES AND CITY REPRESENTATIVES:

After the adjuster receives the claim, and within 24 hours, the adjuster will call the injured employee for all lost time claims. The purpose of these calls is to review the facts of the injury with the employee by taking a recorded statement; to explain the claims process to the employee; and to acknowledge receipt of the accident report. Documentation of these calls must be maintained in the claims file.

CONTACT WITH CITY WORKERS' COMPENSATION PHYSICIANS:

The City maintains a "Workers' Compensation Panel of Physicians". The City requires injured employees select a panel physician for all workers' compensation treatments. In an emergency situation employees are to be referred to a panel physician after initial emergency room treatment. Contact with these physicians by the TPA is encouraged and should be made as needed to determine compensability of the claim and to help insure proper management of the claim. The adjustor may periodically visit panel physicians to review City's procedures and/or resolve difficult claims.

CLAIM INVESTIGATIONS:

All lost time claims require a recorded statement of the claimant. Questionable claims should be investigated including recorded statements and on-site investigations as indicated by the City or at the TPA's discretion. The City may request the TPA conduct a full investigation depending on the circumstances. The City expects a prompt and thorough investigation.

ACCEPTANCE AND DENIAL OF CLAIMS:

All claims should be accepted or denied immediately after the investigation is complete. Claims that are to be denied must be discussed with the Department of Human Resources and/or City Attorney prior to issuing the denial letter. If the compensability of the claim is in doubt, the offeror must consult with the City Attorney.

MEDICAL CASE MANAGEMENT/REHABILITATION:

The TPA is encouraged to make recommendations to use medical case management and rehabilitation services when it is felt to be in the best interest of the injured employee and the City. The City must approve use of these services.

ALTERNATIVE EMPLOYMENT PROGRAM:

The City has an alternative employment program that is used to return injured workers to productive employment that they can safely perform while they recuperate from an injury. The City feels it is in the best interest of the employee to return to a productive work environment as soon as possible after the injury. Alternative employment is first explored in the department the injured employee works. If there is no work available to meet the medical restrictions, the Department of Human Resources will locate suitable work in other City departments.

MEDICAL BILLS PROCESSING:

The City instructs medical providers to submit bills for workers' compensation treatment directly to its TPA. Bills that are received by the City will be mailed to the TPA after establishing the bills are the result of a work-related injury. The medical provider will be contacted by the Department of Human Resources with the TPA address for future billings. If the TPA receives medical bills and does not have an injury report on file, the medical bills will be returned to the medical provider.

INDEMNITY PAYMENT PROCESSING:

The TPA, in accordance with the Virginia Workers' Compensation Act, should initiate indemnity payments on the 15th day the injured employee has missed work. If on-line access to the TPA's system is available, the Department of Human Resources will print copies of all Temporary Total Disability checks weekly and forward to Finance to ensure overpayment will not occur. If on-line access is not available, the claims administrator must fax a copy of EACH indemnity check to the Finance Department's Payroll Office. A copy of the check must be faxed prior to being mailed to the employee. This information is used to reduce the employee's regular net pay so that overpayment does not occur. A monthly report showing a summary of all indemnity payments made on City claims should also be available online or faxed to the Department of Human Resources and the Finance Department if on-line access is not available. This report should include the employee's name, accident date, payment period, type of payment, check date and amount.

NOTICE OF HEARINGS:

The City should be notified immediately of all applications for a hearing filed by, or on behalf of, employees. If the TPA suspects any litigation or problems with the claim, the City and its' attorneys should be notified immediately.

SUBROGATION:

The City feels very strongly about requiring the parties responsible for causing or contributing to the injuries and illnesses of employees, to reimburse the City for medical and indemnity payments. The TPA is required to carefully screen and fully investigate and actively seek reimbursement for those claims with subrogation potential. If unsuccessful, the information should be forwarded to the City Attorney's office for further processing.

COMMUNICATION WITH THE CITY:

It is the City's intent that a four-way communication be established between the injured employee, treating physicians, claims adjuster and the Department of Human Resources. Prompt and efficient communications between these parties will normally result in rapid and fair handling of the claim.

REPORTS TO THE CITY:

Information should be forwarded to the City as deemed necessary by the TPA in support of claim resolution, returning employees to work, requesting independent medical exams, etc. Monthly loss runs should summarize medical payments, indemnity payments, reserves, recoveries, safety analysis reports, severity reports and check register reports. The TPA must notify the excess carrier when any claim appears to reach one-half (1/2) their underwriting level or at the excess carrier's request.

MEETINGS WITH THE CITY:

The assigned Claim Representative from the TPA will meet with City representatives on a quarterly basis. The purpose of these meetings is to review pending claims, discuss upcoming hearings, settlement of appropriate claims or any other pertinent issues.