

**CITY OF OCEANSIDE
WORKERS' COMPENSATION CLAIMS ADMINISTRATION
PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT, dated April 30, 2026 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and ATHENS INSURANCE SERVICE, INC., hereinafter designated as "CONSULTANT."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The project is more particularly described as follows:

SEE EXHIBIT "A" FOR SCOPE OF WORK.

A. Employer Services

The CITY requires coordination between the CONSULTANT and the Risk Management and Personnel Services Divisions of Human Resources who oversees such programs as subrogation, return-to-work, Americans with Disabilities Act and CalPERS retirements. The CONSULTANT will be required to provide un-redacted documentation and information as needed for the CITY to effectively manage these programs.

The CONSULTANT will provide an annual senior-level presentation to review/discuss the overall workers' compensation program. Presentation material will be reviewed by the Risk Manager and/or Human Resources Director at least seven (7) days prior to the scheduled presentation.

During the first year of the contract, the CONSULTANT manager will meet monthly with the Risk Manager to review the transition and ensure all aspects of the contract are appropriately implemented. Thereafter, meet as mutually agreed between the CONSULTANT and the CITY but no less than bi-annually in person.

The CONSULTANT will provide, at least bi-annually, an opportunity for claims adjusters to be on-site at the CITY and allow active claimants (non-litigated) to meet with their adjuster in person.

In the event of termination of the contract, the CONSULTANT will furnish all claim files, computer files, and financial information at no cost to and at a location identified by the CITY. The CONSULTANT will be responsible for filing an interim annual Self-Insured Report and any other required State of California reports.

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B. Conflict of Interest

CONSULTANT shall avoid all conflicts of interest or appearance of conflicts of interest in performance of this Agreement. CONSULTANT shall adhere to all legal requirements, including relevant provisions of the California Labor Code and California Code of Regulations, governing financial interests, conflicts of interest, and financial disclosures.

C. Performance Evaluation

As part of the contract the CONSULTANT will agree to be evaluated annually by the CITY using criteria outlined in an agreed-upon Performance Evaluation. Baseline criterion has been attached hereto as Exhibit "C" and is incorporated herein.

D. Confidentiality

All data, documents, or other information developed or received, verbally or in writing, in performance of the agreement between the CONSULTANT and the CITY of Oceanside are confidential and not to be disclosed to any person except as authorized by the CITY, the CONSULTANT or as required by law.

It is the CONSULTANT's responsibility to develop and implement processes and procedures relating to the protection of the CITY of Oceanside's electronic data, including a suitable security and back-up system for all stored data and a written policy with respect to disaster recovery, physical and electronic data security, and electronic data retention.

E. Workers' Compensation Trust Fund Checking Account(s)

The CITY shall establish a claim clearing checking account to cover payments and reimbursements applicable to the self-insured Workers' Compensation program and the payment of first aid claims.

The claim clearing checking accounts shall be established in the name of the CITY. The CITY shall fund the account as required to ensure that funds are available for payment of claims for settlement and allocated loss expenses upon presentation of check or warrant. The administrator shall provide the bank checks stock. Checks shall be protected with state-of-the-art security features. CONSULTANT shall not draw on the trust fund checking account for any purpose other than adjustment of claims and payment of allocated loss expenses.

The CONSULTANT shall monitor the trust fund account and make recommendations to the CITY as to the appropriate level of funding for the account in order to comply with established laws.

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Once each month, CONSULTANT shall provide the CITY with a detailed accounting of all Workers' Compensation benefits and allocated loss expenses paid from the fund. The detailed accounting shall include the date and check number of all benefit and allocated loss payments and shall also include appropriate supporting documentation for allocated loss expense payments. A monthly check register summary shall be provided also. CONSULTANT is responsible for erroneous payments made from the account by their error. The amount of any such erroneous payments made from the account shall be deducted from administrative fee payments. CONSULTANT shall develop, implement and maintain security procedures to ensure safeguard of funds in the account and the bank checks. Such procedures shall be approved by the CITY.

F. Allocated Expenses

The CITY shall pay for field investigation, defense attorneys, legal costs, remote photocopy, engineering experts, accident reconstruction experts, process servers, messenger service, court reporters, vocational rehabilitation consultants, structured settlement consultants, translators, and any other vendor necessary to administer claim files.

G. Penalties

The CONSULTANT shall be responsible for paying or appealing penalties that are caused by the CONSULTANT. The CONSULTANT shall not be responsible for penalties that are caused by the CITY or any third parties.

H. Right to Audit or Review

1. CONSULTANT must maintain organized and well-documented claim files for each reported loss, which shall be available for audit by the CITY or its assigned representative.
2. CONSULTANT must cooperate fully with, provide requested information to, and respond to recommendations and findings of the CITY audit and actuary consultants.
3. The CITY reserves the right to conduct financial audits of the account to ensure the overall integrity of the account.

I. Term

All new and legacy Workers' Compensation claims will begin to be administered by CONSULTANT effective July 1, 2026, and through June 30, 2029. Transfer of existing case files (legacy claims) shall begin no less than 60 days prior to the takeover administration of the existing claims. Three (3) one (1) year options to renew the existing contract will begin on July 1, 2029 and expire June 30, 2032. During the term of the contract, the CONSULTANT shall provide all services as described above for the CITY

2. **INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority,

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express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY. The CONSULTANT shall not be authorized to communicate directly with, nor in any way direct the actions of, any bidder or the construction contractor for this project without the prior written authorization by the CITY. CONSULTANT shall be solely responsible for the performance of its employees, agents, and subcontractors under this Agreement, including the training of each employee regarding the rights and responsibilities of an employer and employee for any potential discrimination or harassment claim under state or federal law. CONSULTANT shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.

3. **WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONSULTANT will comply with such provisions, and provide certification of such compliance as a part of this Agreement.

4. **LIABILITY INSURANCE.**

4.1. CONSULTANT shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.

4.2 CONSULTANT shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance
(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 2,000,000
General Aggregate	\$ 4,000,000*

Commercial General Liability Insurance
(bodily injury and property damage)

General limit per occurrence	\$ 2,000,000
General limit project specific aggregate	\$ 4,000,000

<u>Automobile Liability Insurance</u>	\$ 2,000,000
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*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

- 4.3** If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONSULTANT to restore the required limits. The CONSULTANT shall also notify the CITY'S Project Manager promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.
- 4.4** All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the CITY of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the CITY as additional insured shall be primary insurance and other insurance maintained by the CITY of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 4.5** All insurance companies affording coverage to the CONSULTANT pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 4.6** CONSULTANT shall provide thirty (30) days written notice to the CITY should any policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7** CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the CITY Attorney, concurrently with the submittal of this Agreement.
- 4.8** CONSULTANT shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.
- 4.9** Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility

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whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.

5. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of Two Million Dollars (\$2,000,000.00).

CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

6. **CONSULTANT'S INDEMNIFICATION OF CITY.** To the greatest extent allowed by law (including, without limitation, California Civil Code section 2782.8), CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of CONSULTANT'S work, including the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees founded upon, resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT shall not be obligated to indemnify or defend the CITY for claims arising from the sole negligence or willful misconduct of the CITY or third parties not under CONSULTANT'S control.

The obligations set forth herein shall be subject to and not exceed the limits of CONSULTANT'S applicable insurance coverage required under this Agreement.

7. **OWNERSHIP OF DOCUMENTS.** All plans and specifications, including details, computations and other documents, prepared or provided by the CONSULTANT under this Agreement shall be the property of the CITY. CONSULTANT shall provide all such documents in electronic, editable format upon request by the CITY. The CITY agrees to hold the CONSULTANT free and harmless from any claim arising from any use, other than the purpose intended, of the plans and specifications and all preliminary sketches, schematics, preliminary

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plans, architectural perspective renderings, working drawings, including details, computation and other documents, prepared or provided by the CONSULTANT. CONSULTANT may retain a copy of all material produced under this Agreement for the purpose of documenting CONSULTANT's participation in this project.

8. **COMPENSATION.** CONSULTANT'S compensation for all work performed in accordance with this Agreement shall not exceed the total contract price of set forth in the pricing agreement. For FY 26/27, that amount is \$596,330; FY 27/28, \$615,711; FY 28/29, \$635,722. Optional year 1 is not to exceed \$656,383; and Optional Year 2 is not to exceed \$677,715.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the CITY Engineer. CONSULTANT shall obtain approval by the CITY Engineer prior to performing any work that results in incidental expenses to CITY.

9. **TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction of the Engineer within [number of working or calendar days] [project manager may insert a phased timing requirement instead of time certain, if desired].
10. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
11. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California ("State"). The Agreement does not limit any other rights or remedies available to CITY.

The CONSULTANT shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

12. **PROTECTION OF PERSONAL INFORMATION.** "Personal information" means information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household, as more fully defined in California Civil Code section

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1798.140. The CONSULTANT shall not collect any Personal Information except as is necessary for performance of obligations under this Agreement or otherwise required by law. The CONSULTANT shall protect, according to reasonable industry standards, the privacy and security of any Personal Information to which CONSULTANT has access in connection with this Agreement and shall not disclose such Personal Information to any third party or government agency, including federal immigration enforcement agents, unless required by this Agreement or by State or federal law.

- 13. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
- 14. **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement by providing sixty (60) days written notice to the other party. If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONSULTANT for any work completed up to and including the date of termination or abandonment of this Agreement. The CITY shall be required to compensate CONSULTANT only for work performed in accordance with the Agreement up to and including the date of termination.
- 15. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

ATHENS INSURANCE SERVICE, INC.

CITY OF OCEANSIDE

By: James R. Jenkins
James R. Jenkins (May 1, 2026 08:33:33 PDT)
James Jenkins, President

By: _____
Jonathan Borrego, City Manager

Date: 05/01/2026

Date: _____

APPROVED AS TO FORM:
T. Steven Burke, Jr.
T. Steven Burke, Jr. CITY Attorney

68-0177136

Tax ID No.

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NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

EXHIBIT A – SCOPE OF WORK

EXHIBIT B – PRICING PROPOSAL DATED NOVEMBER 18, 2025

EXHIBIT C – PERFORMANCE EVALUATION METRICS

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EXHIBIT A SCOPE OF WORK

A. Claim File Set Up & Administration

Upon receipt of the Employer's Report of Occupational Injury or Illness or Application for Adjudication of Claim, the CONSULTANT will prepare an individual claim file based on PRISM guidelines (attached hereto as Exhibit "A").

The claim file shall be available to the CITY of Oceanside, including their representatives, claims auditors and agents for inspection, and contain all medical, factual and reserve information on each claim reported. It shall contain, at minimum:

a. The examiner's plan of action for the handling of that claim, including:

- i. short term goals
- ii. long term goals
- iii. case/claim strategies
- iv. anticipated case value, as known

Such plans of action shall be documented electronically.

b. CONSULTANT will investigate questionable claims with coordination, assistance, and approval from the CITY.

c. CONSULTANT shall comply with all performance standards of the CITY's excess insurer. The CONSULTANT shall also comply with the CONSULTANT's Workers' Compensation Claims Administration Standards, but under no circumstances are they to be construed as having precedence over the performance standards of the CITY's excess insurer. The CONSULTANT shall also have the authority and responsibility to provide claims administration services, which at minimum include:

- i. Establishing an electronic claim file and computer database record upon receipt of an injury report.
- ii. Setting and updating reserves.
- iii. Initiating and maintaining contact with injured workers or their attorneys.
- iv. Arranging for investigations related to claims with CITY's authorization.
- v. Determining compensability.
- vi. Preparing and issuing benefit notices, if applicable.
- vii. Arranging for medical treatment and medical services from clinics, facilities, pharmacies, hospitals, specialists, and other vendors as necessary within the Medical Provider Network (MPN).
- viii. Performing all utilization review services and communicating decisions to approve, modify, delay or deny medical treatment in accordance with State law.

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- ix. Monitoring disability status by reviewing medical reports and contacting doctors for updates.
- x. Auditing and reviewing all medical bills and paying all properly adjusted medical bills in a timely and accurate manner.
- xi. Paying mileage or medical reimbursements to injured workers.
- xii. Paying temporary disability compensation when appropriate to do so or advising the CITY of the need to adjust payroll records when salary continuation is applicable.
- xiii. Arranging medical exams in conformance with State law to determine whether an injured worker's medical condition is permanent and stationary (reached Maximum Medical Improvement/MMI) and what, if any, permanent disability exists.
- xiv. Paying permanent disability compensation in accordance with the law.
- xv. Arranging for attorney representation of the CITY whenever the need arises and with City's authorization.
- xvi. Monitoring attorneys and assisting them in preparing cases.
- xvii. Auditing and paying legal expenses.
- xviii. Arranging for vocational rehabilitation services when appropriate, monitoring vocational rehabilitation consultants and assisting them as necessary.
- xix. Auditing and paying vocational rehabilitation expenses.
- xx. Preparing and issuing Supplemental Job Displacement Benefits (SJDB) notices and benefits.
- xxi. Preparing and issuing the permanent disability compensation notices.
- xxii. Pursuing subrogation when there is a viable third party.
- xxiii. Notifying the CITY and excess insurers of all claims which exceed or may exceed the self-insurance retention;
- xxiv. maintaining a liaison between the CITY and their excess insurers on matters affecting the handling of such claims and arranging for reimbursement to the CITY of losses in excess of its self-insurance retention.
- xxv. Obtaining settlement authority and negotiating settlement on appropriate claims.
- xxvi. Attending all hearings that are required by law.
- xxvii. Closing claim files when appropriate to do so.

B. Customer Service

The CITY requires CONSULTANT provide exceptional customer service to all injured workers and CITY staff. CONSULTANT shall provide, at minimum:

- a. Two dedicated Claims Adjusters and Claims Supervisor shall be assigned to the CITY's account along with appropriate support staff. with at least seven (7) years of supervisory experience of claims in the public sector, inclusive of Labor Code 4850 benefits and presumptive injuries. The CITY retains the right and opportunity to interview, approve, and/or reject all proposed individuals to be assigned to the CITY's account.

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- b. CONSULTANT shall ensure that two or more Claims Adjusters are on call and available to the CITY every business day throughout the Contract Period from the hours of 8:00 a.m. to 5:00 p.m., Pacific Standard Time, Monday through Friday.
- c. The CONSULTANT shall respond to all critical cases on the same day. Critical cases are defined as Workers' Compensation claims that involve, but are not limited to:
 - a. Major physical trauma (i.e., loss of limb)
 - b. Hospitalization or multiple injuries sustained simultaneously
 - c. Life-altering incidents (those that cause death or severe, permanent disfigurement).
 - d. Significant mental health concerns requiring hospitalization or long-term psychological care.
 - e. Complex Medical Issues
- d. Utilize emails, telephone, fax, scanning and written correspondence with treating physicians in order to secure written physical restrictions and/or limitations as a result of an industrial injury/illness. In addition, the CONSULTANT shall secure written releases for employees returning to modified or full duty in accordance with physician reporting responsibilities as specified by state and federal laws.
- e. CONSULTANT will leverage Automated Intelligence (AI) at minimum to/for:
 - 1. Review and summarize medical records;
 - 2. Predict analytics for claim outcomes;
 - 3. Fraud detection and anomaly identification
 - 4. Risk Mitigation and safety
 - 5. Automate legal documentation.
- f. The CONSULTANT shall reply to all inquiries made by injured workers and CITY staff in a timely, accurate and professional manner within 1 business day. The CONSULTANT shall document and respond to all complaints received from injured workers and/or Risk Management, and bring about resolution of such within two (2) business days. Risk Management staff shall be notified via the group email account upon receipt of such complaints.
- g. CONSULTANT shall provide CITY with quarterly reports of all complaints received, resolution and documentation of follow up with an employee. The report may be reviewed during the on-site claim reviews on a quarterly basis.
- h. The CONSULTANT shall offer Nurse Case Management, (NCM) services to any employee who is recommended and/or scheduled for surgery or if a claim is severe either by way of cost or multiple body parts. NCM services are paid through the

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claim. The CONSULTANT shall notify the CITY immediately of any NCM assignment and provide the NCM contact information to the CITY via email.

- i. The CITY requires all claims examiners to have received the Office of Self-Insurance Plans certification.

C. Employer Contact

Upon CONSULTANT's receipt of injury/illness notices from sources other than the CITY, the CONSULTANT shall notify the CITY and mail the injured employee a DWC-1 within 24 hours.

If the CONSULTANT has not received the Workers Compensation Claim Form (DWC-1) form within two days after receiving report of an injury, the claims adjuster will contact the CITY to ensure the DWC-1 form was given to the employee within one working day of knowledge of the injury. If the DWC-1 form was not provided to the employee, the CONSULTANT shall immediately send the DWC-1 form to the injured worker.

CONSULTANT shall follow-up with the CITY on all new injuries/illness within two (2) business days to initiate an initial and meaningful investigation, if required. All contacts shall be documented within the claim notes.

When a claim reserve reaches one-half (1/2) or more of the CITY of Oceanside's self-insured retention (SIR), the CONSULTANT shall submit an initial captioned report to PRISM and with a copy to the CITY every ninety (90) calendar days thereafter, regarding the status of the claim. Such report shall include a current status of the claim, the examiner's plan of action for future handling of the claim, and the current paid to date and total incurred amounts listed by indemnity, medical and expense categories.

The CONSULTANT will schedule and provide on-site claim file reviews on a quarterly and a "year end review" on an annual basis. Other periodic on-site claim file reviews will be scheduled based upon the needs of the CITY of Oceanside. The CONSULTANT is expected to send claims staff and supervisory personnel to attend claim file reviews at no charge to the CITY.

Returned phone calls and email to the CITY will be accomplished no later than one (1) business day. Same day is desired.

The CONSULTANT shall notify the CITY immediately upon notice of an injured worker's serious illness to include hospitalization, amputation, loss of eye, or permanent disfigurement as a result of the work injury regardless of the date of injury. Such contact with the CITY shall be clearly documented in the claim file. They CITY will determine if such notice is reportable to Cal/OSHA.

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D. Employee Contact

In all non-litigated, lost-time cases, where the employee has not returned to work, the assigned Claims Adjuster shall make initial contact with claimant and establish claim file within 24 hours of receipt of the Employers' First Report of Injury from the CITY. CONSULTANT will explain Department of Workers' Compensation (DWC) benefit notices and other required letters and forms.

Maintain regular contact with injured workers and their physicians with the goal of returning employees to modified or regular work as soon as possible.

Be the point of contact for injured workers for assistance with all aspects of the workers' compensation process, including the explanation of all entitled compensation benefits.

Return phone calls to employees will be accomplished within one (1) business day. Same day is preferable. All written correspondence from employees will be responded to within five (5) calendar days of receipt.

Meet with and assist injured employees in resolving problems that arise from injury/illness claims as required.

Ensure all valid requests for reimbursement (i.e., mileage, wage loss, out-of-pocket medical expenses) shall be paid to injured worker within thirty (30) days of receipt.

E. Compensability

The CONSULTANT shall first obtain authority from the CITY of Oceanside to delay or deny a claim. The CITY's authorization shall be clearly documented in the applicable claim file or in the computer system. The compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination will be made and clearly documented in the file in compliance with PRISM guidelines and/or within fourteen (14) calendar days of the receipt of the notification of the loss. In no case shall a final compensability decision be extended beyond ninety (90) calendar days from the CITY's knowledge of the claim.

F. Investigations

The CONSULTANT shall promptly initiate an investigation of issues identified as material to potential litigation. The CITY shall be alerted to the need for an outside investigation as soon as possible and before the investigation and/or surveillance is initiated. The CITY shall be kept informed on the scope and results of all investigations. All activities shall be clearly documented in the claim file. A BI Index report is to be submitted to the ISO System on each and every claim, upon receipt and

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every six months thereafter on all open claims. The CONSULTANT will bear the cost of submitting each report.

G. Medical Reports

CONSULTANT agrees to provide un-redacted medical reports as requested by the CITY to enable the CITY to determine limitations, restrictions or permanent work restrictions. The CITY will handle medical reports in compliance with California Medical Confidentiality laws and/or HIPAA.

The CITY shall be notified immediately upon receipt of an employee's permanent work restrictions so that the CITY can determine the availability of alternate, modified, or regular work.

H. Subsequent Indemnity Payments

All indemnity payments or vouchers subsequent to the first payment will be verified, except for those payments where disability is expected beyond ninety (90) calendar days in which case payments will be verified in ninety (90) day increments. All disability payments will be issued in compliance with Labor Code Section 4651.

I. Medical Administration

The CONSULTANT, shall provide Medical Provider Management Services which may include but are not limited to the following:

- Management of the CITY's Medical Provider Network (MPN), which meets the State of California Laws and Regulations and the Workers' Compensation Administrative Director requirements, per Labor Code 4616, and the needs of the CITY of Oceanside. The CONSULTANT is expected to maintain the MPN. Management of the MPN includes the dispute of medical treatment processes, as well as MPN correspondence regarding transfer of care as required.
- Provide necessary documents to the CITY of Oceanside so that the CITY can fulfill the requirements of notification to their employees.
- In the event an MPN modification is filed, the CONSULTANT will submit, on behalf of the CITY, the plan to the Administrative Director. The CONSULTANT will also act as the Division Liaison to the Administrative Director to ensure compliance with the modification plan approval process.
- The CONSULTANT will provide an updated MPN listing to the CITY upon update.
- The CONSULTANT and the CITY shall meet with all MPN network representatives annually to discuss services and quality of employee interactions and any improvements or concerns as appropriate.

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J. Return-to-Work

The CONSULTANT shall provide assistance to the CITY in administering its Stay at Work/Return to Work Policy that is appropriate for injured employees while recovering and prior to their return to regular duties.

The CONSULTANT shall consult with the CITY immediately but not more than one (1) business day of becoming aware of work restrictions and shall remain in contact with the CITY bi-weekly until such time as return to work is achieved or vacated. An email group address will be provided to the CONSULTANT to facilitate this contact.

K. Settlements

- a. The CONSULTANT shall not approve, enter into, or authorize any settlement, including, but not limited to a stipulated award for permanent disability, or compromise and release for permanent disability, and future medical, without the prior written concurrence of the CITY.
- b. The CONSULTANT or defense counsel shall forward settlement proposals to the CITY in a form acceptable to the CITY. All requests for settlement authority shall be clear and concise and include a written claim analysis, estimate of permanent disability, along with a reasoned settlement recommendation accompanied by supporting documentation required by the CITY.
- c. If the settlement exceeds the CITY's self-insured retention, the written settlement proposal shall also be directed to the excess carrier or designated representative to provide authority in addition to the CITY's authority.
- d. Settlement proposals shall be presented to the CITY in sufficient time to process the request and obtain settlement authorization from either the CITY or the CITY Council, as required.

L. Subrogation

The CONSULTANT will pursue all subrogation involving responsible third-parties and work closely with CITY staff to resolve subrogation issues. The CONSULTANT is not authorized to file litigation without first receiving consent from the CITY. The CITY must approve all settlements. The CITY will provide specific language to incorporate in any subrogation settlement. CONSULTANT is responsible for protecting any and all statutes of limitation and must notify CITY staff in writing no later than sixty (60) days prior to expiration of the statute. The CITY retains the right to handle any subrogation issue it deems appropriate. The CITY requires copies of all subrogation correspondence.

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M. Litigated Cases

The Risk Manager is responsible for approving a designated panel of attorneys to handle litigated workers' compensation matters.

The CONSULTANT shall notify the CITY of all litigation and prior to the assignment of defense counsel.

The CONSULTANT shall provide the CITY with copies of all legal correspondence and must invite CITY representative(s) to attend WCAB hearings and depositions.

The CITY shall be informed of any settlement offers received from the claimant or claimant's legal representative. The CITY must pre-approve all settlements or structured settlements prior to entering into any settlement discussions with claimants or applicant attorneys.

The CITY retains the right to assign potential claims to a structured settlement broker.

The CITY shall be informed of all hearings, conferences or trial dates set by the Workers' Compensation Appeals Board. At the request of the CITY, the CONSULTANT will attend hearings at no charge to the CITY.

N. Fraudulent Claims

The CITY's Risk Manager shall be notified of all claims involving potential fraud and must authorize the CONSULTANT to initiate fraud investigation activities when such activities are determined necessary.

The CITY must authorize all investigative and sub-rosa activities.

CONSULTANT will represent the CITY in all matters related to the set-up, investigation, adjustment, processing, negotiation and resolution of workers compensation claims against the CITY.

O. Penalties

Late payment of all benefits must include the self-imposed penalty in accordance with California law. The CONSULTANT will provide the CITY a quarterly listing of any administrative penalties paid in the quarters ending March 31, June 30, September 30, and December 31, which were the responsibility of the CONSULTANT, and a check from the CONSULTANT payable to the CITY for reimbursement. The check and report shall be submitted to the CITY by the 20th of the following month after the quarter ends. The CONSULTANT shall be responsible for paying all assessed penalties out of an account not associated with the CITY of Oceanside's financial account. Athens will not be responsible for any penalties, damages, etc. that are the responsibility of the City's actions.

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P. Claims and Medical Reporting

The CONSULTANT will provide monthly statistical data/reports – content to be established between the CONSULTANT and the CITY. The CONSULTANT will provide other special reports required of the CITY of Oceanside including, but not limited to, loss trend reports, claim abstract reports, reports required by actuaries, excess insurance carriers, etc., provided that such reports do not require data elements that have not previously been collected by the CONSULTANT. Requests for special or custom reports requiring new programming, or report development beyond standard offerings will be subject to additional fees in accordance with the CONSULTANT's pricing proposal dated November 18, 2025.

Specific reporting needs are as follows:

- a. CONSULTANT must maintain accurate and timely loss runs, in a format and system acceptable to the CITY, and establish adequate reserves and post indemnity, medical supplemental job displacement benefits and loss adjustment expenses.
- b. CONSULTANT must provide monthly loss runs to the CITY showing open and closed claim summaries by department.
- c. CONSULTANT must provide monthly loss runs of all pending claims, which shall include:
 - 1) a report of all claims by current fiscal year by department;
 - 2) the current month new claims and closed claims;
 - 3) all claims by date of injury by fiscal year;
 - 4) all claims by longevity of employment and claim type (i.e., body part injured);
 - 5) all claims by month and claim type (i.e., body part injured);
 - 6) all claims actively reported to the Centers for Medicare & Medicaid Service (CMS);
 - 7) all claims by payment type; and
 - 8) all active claims in alphabetical order by department. Claim information shall include employee's name, number, position, organization code, facility location, brief description of injury, location of injury and paid and reserve amounts.

These reports shall be customized in a manner acceptable to the CITY.

- d. CONSULTANT must provide online access to claim files and claim reporting capability. Such access shall be provided for a minimum of four (4) CITY users.
- e. CONSULTANT's system shall have the capability to separately track lost time, days of modified duty assignments and temporary partial disability.
- f. CONSULTANT's system shall have the capability to record actual temporary and permanent disability indemnity exposure, listed separately for reserve purposes.
- g. Provide an annual loss run of all (open and closed) CITY claims.

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The CONSULTANT on behalf of the CITY, shall prepare and file all reports, forms and other documents in a timely manner which are now or will be required by the State of California or other governmental agencies relating to workers' compensation claims, medical payments, etc., including but not limited to the Self-Insurer's Annual Report. CONSULTANT will present all reports to the CITY thirty (30) days in advance of their due date.

CONSULTANT is responsible for reporting any potential excess workers' compensation claims in accordance with carrier guidelines and policy provisions and for maintaining liaison between the CITY and its excess insurer on matters affecting the handling of such claims and arranging for reimbursement to the CITY of losses in excess of its self-insurance retention level.

The CONSULTANT will comply with the Centers for Medicare & Medicaid Services' (CMS) mandatory reporting requirements per Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA). The CONSULTANT will act as the Reporting Agent for the CITY.

The CONSULTANT will provide a quarterly report of OPEN and recently CLOSED Medical Only claims that may be subject to MMSEA and that have been reported to CMS per CMS reporting requirements. In addition, the report will include any claims that are being appealed and the current status.

Q. Records Retention

All claim files shall be maintained by the CONSULTANT in accordance with statutory time requirements and the CITY of Oceanside's Record Retention Policy. The CITY shall be notified prior to any destruction of files to determine if the CITY wishes to retain the claim file. All such records shall be delivered to The CITY in the format and media specified upon termination of the agreement.

The CONSULTANT agrees that The CITY shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent records pertaining to the agreement.

CONSULTANT must stipulate that all claim files, electronic data processing/management information system records, and all records generated on behalf of The CITY are owned by The CITY and that claim files will be available to The CITY upon request.

R. Computer Access

The CONSULTANT shall provide online access at no additional charge to the CITY of Oceanside and/or designated representatives. Such data shall be in a format accessible from the CONSULTANT's computers and will permit the CITY to print copies of the data on its printers. The CITY shall have the ability to input notes in the

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notes area of each claim. The CONSULTANT shall provide training for use of the computer system at no additional charge.