

(ATTACHMENT 1) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(E) AND EXTEND THE CURRENT CONTRACT WITH GALLAGHER BASSETT SERVICES, INC., FOR THIRD-PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKERS' COMPENSATION PROGRAM Client #: 009012

THIRD PARTY ADMINISTRATOR AGREEMENT

This Third Party Administrator Agreement (this "**Agreement**") is made and entered into as of October 1, 2016 ("**Effective Date**") by and between Gallagher Bassett Services, Inc., a Delaware corporation together with its subsidiaries and affiliates ("**GB**"), with its principal place of business at Two Pierce Place, Itasca, Illinois 60143 and Milwaukee Public Schools ("**CLIENT**"), with its principal place of business at 5225 W. Vliet Street, Milwaukee, WI 53204. This Agreement will remain in effect for a period of three (3) years or unless sooner terminated in accordance with the terms below. This Agreement may be renewed for two successive one year terms, upon the mutual agreement of the parties.

Section 1 DEFINITIONS:

Allocated Expenses: All expenses incurred in connection with the investigation, negotiation, defense, settlement and disposition of a Claim, examples of which are set forth in Exhibit B.

Claim. Any report of injury or accident (first or third party) alleging or resulting in injury, damage, or loss which could give rise to a demand for the payment of money.

MIR. Means Mandatory Insurer Reporting under Medicare, Medicaid, and SCHIP (State Children's Health Insurance Program) Extension Act of 2007 (P.L. 110-173) ("**MMSEA**").

Service Fees. Means the fees billed by GB to CLIENT for or related to the Services provided for in this Agreement. Such Service Fees shall include, but not be limited to, those fees provided for in Exhibit B.

Section 2 SCOPE OF SERVICES, LOCATION AND STAFFING, IMPLEMENTATION PLAN

2.1 **Scope of Services.** Subject to the provisions of this Agreement, GB shall handle those Claims GB is authorized and required to handle ("**Qualified Claims**") and otherwise provide the following services identified below as well as those documented under the following: Scope of Services, attached hereto as Exhibit A, GB's response to CLIENT's Request for Proposal, and as further reflected on the Cost & Terms (attached hereto as Exhibit B) and the "Service Instructions," as agreed upon by the parties in writing from time to time, and which are incorporated herein by reference:

- a. Review each Claim and loss report submitted by the CLIENT.
- b. Investigate each Qualified Claim to the extent deemed necessary based on GB's reasonable professional opinion.
- c. Maintain a record for each Qualified Claim that shall be available for review by the CLIENT.
- d. Adjust, settle or resist all Qualified Claims within the "Settlement Authority" (as set forth in the Service Instructions) limit or, with specific approval (or, as appropriate, acknowledgement) of the CLIENT, if outside the Settlement Authority limit.

- e. Perform necessary and customary administrative and clerical work in connection with each Qualified Claim, including to the extent applicable the preparation of checks or vouchers, releases, agreements and any other documents needed to administer a Qualified Claim.
- f. Establish and update Claim reserves as needed.
- g. Assist the CLIENT in establishing a banking arrangement for loss and expense payments as set forth in Section 3.2 of this Agreement.
- h. Notify the appropriate agents of the CLIENT, as set forth in the Service Instructions, of all Qualified Claims which may exceed the CLIENT's retention or deductible and, if set forth in the Service Instructions, provide information on the status of such Qualified Claims as set forth in the Service Instructions.
- i. Coordinate investigations on litigated Claims with the Office of the City Attorney and with the appropriate representatives of the CLIENT.
- j. Investigate and pursue subrogation possibilities on behalf of CLIENT when applicable under Wis. Status. 102.29. Funds received from all subrogation collections shall be considered revenue of CLIENT.
- k. Maintain an automated loss and information system, and provide CLIENT with reports from RISX-FACS® as set forth in the Service Instructions. Provide six (6) RMIS user access licenses to CLIENT.
- l. Provide forms, as determined by GB, needed to administer CLIENT's Program.
- m. Provide ad hoc information, analysis, reports and services as requested by CLIENT. If the size, volume or frequency of such reports becomes overly burdensome or granular such that it is necessary to engage resources outside of GB's existing resources; GB reserves the right to charge a reasonable fee for reports on a time and expense basis. GB agrees that it will obtain CLIENT'S authorization, in writing, prior to engaging such outside resources or commencing work on a time and expense basis and provide CLIENT with estimate of such additional costs.
- n. Consult and seek CLIENT approval or authorization of any vendor or third party used by GB in the administration of any Claim that was not disclosed in GB's response to the Request for Proposal. Notify CLIENT if any vendor is an affiliate of GB.
- o. Provide the personnel stated in Exhibit C and as needed (subject to any agreed upon Service Fees for additional personnel) to perform the services agreed to herein.
- p. GB or CLIENT's designated third party shall be responsible for performing MIR reporting on Qualified Claims on behalf of CLIENT. CLIENT acknowledges that the appropriate settlement allocation is the only way to assure Medicare's interests are protected and CLIENT is insulated from future liability for any conditional or future medical payments made by Medicare claimed to be the responsibility of the CLIENT.

- q. With respect to self-insured qualification, as requested by CLIENT in writing, assist CLIENT in the filing of periodic reports and renewal applications required by state administrative agencies.
- r. After consulting with CLIENT, report fraudulent or suspected fraudulent claims and report to statutorily-defined authorities as required by law.
- s. Perform obligations under this Agreement in compliance with all federal and state laws that are applicable to the Qualified Claims.

2.2 **Office Locations and Staff:** GB will maintain and staff an office within the City of Milwaukee through the term of this Agreement in order to facilitate claims administration and contract oversight activities. GB will assign staff as delineated per exhibit B.

GB shall have and maintain sole responsibility and control over the rendition of services, training, standards of performance, discipline of personnel, and other matters incident to the performance of its services, duties, and responsibilities described and contemplated herein. However, CLIENT, in its reasonable discretion, reserves the right to approve or reject GB's personnel providing services pursuant to this Agreement at any time.

Should the CLIENT have concerns or become dissatisfied with the performance of a GB employee, GB and CLIENT shall work together to resolve CLIENT's concern to CLIENT's reasonable satisfaction.

GB will make all reasonable efforts to maintain the continuity of the personnel assigned to provide services pursuant to this Agreement throughout the term of this Agreement.

2.3 **Implementation Plan:** GB will complete the transition of the handling of the CLIENT's Claims in accordance with the implementation schedule set forth in Exhibit C, which is attached and incorporated herein.

2.4 **Business Arrangements.** As part of GB's comprehensive and integrated claims administration services model, GB may partner with select vendors and service providers who GB believes are similarly best in class. Through GB's partners, GB provides a full range of medical management and ancillary claims management services, which may be procured on a wholesale or negotiated basis. GB may receive revenue from these arrangements corresponding to the services provided by GB for procurement of discounted rates, program integration and management, and technological and service enhancements. GB will obtain CLIENT's consent prior to engaging a subcontractor or third party vendor to provide services to CLIENT under this Agreement that has not been disclosed in GB's RFP response or in Section 3.7, below, and CLIENT will not unreasonably withhold consent.

Section 3 TERMS AND PERFORMANCE GUARANTEES

3.1 **Service Fees:** CLIENT shall pay the Service Fees and any and all other charges as provided herein and as billed by GB. CLIENT shall be responsible for and pay GB any and all applicable taxes, duties, and assessments, other than income tax to GB. Service Fees are payable by CLIENT with thirty (30) days of receipt of an applicable invoice. If the City does not make payment within 45 days after receipt of properly completed supporting payment and other required contract documentation, the city shall pay simple interest beginning with

the 31st calendar day at the rate of one percent per month (unless the amount due is subject to a good-faith dispute and, before the 45th day of receipt, notice of the dispute is sent to the contractor by first-class mail, personally delivered, or sent in accordance with the notice provisions in the contract). If there are subcontractors, consistent with S.66.0135(3), Wis. Stats., the prime contractor must pay the subcontractors for satisfactory work within seven days of the contractor's receipt of payment from the City of Milwaukee, or seven (7) days from receipt of a properly submitted and approved invoice from the subcontractor, whichever is later. If the contractor fails to make timely payment to a subcontractor, the contractor shall pay interest at the rate of 12 percent per year, compounded monthly, beginning with the 8th calendar day. Reference Common Council File No. 101137 adopted January 2011.

- 3.2 **Banking-SIMMS.** GB shall provide an on-line check data and banking arrangement through Citibank. The account will be funded by CLIENT and maintained with a cash management program. GB will assist CLIENT in establishing the initial imprest or opening balance (sometimes referred to as escrow) of the fund by providing information based on paid loss history and similar factors.

CLIENT will maintain a minimum balance in the account in an amount equal to no less than 7 days of expected activity, an amount which shall be agreed upon by the parties in writing (including via email correspondence). The balance in the account will be reviewed periodically during the year and a determination will be made as to whether the balance should be adjusted based on changes to the CLIENT's claim activity. In the event that GB determines, in its reasonable discretion based on CLIENT's claim activity, that an increase in the imprest is required, CLIENT agrees to fund the requested increase within thirty (30) calendar days.

At no time will GB be required to provide any of its own funds for payment. In the event of cancellation or nonrenewal of this Agreement, CLIENT or carrier agrees to fund Citibank in an amount sufficient to fund all of CLIENT's outstanding obligations as they become due. If CLIENT fails to adequately fund as set forth above, GB may suspend banking (i.e., adjusters unable to issue new payments).

CLIENT agrees to indemnify, defend, and protect GB from any fines or penalties incurred as a result of the bank account being suspended due to CLIENT's failure to fund. As soon as CLIENT properly funds, GB will re-activate the bank account. GB reserves the right at any time to request CLIENT pre-fund any large payments that may deplete the imprest. Any bank charges resulting from inadequate funding including, but not limited to, interest, stop payment charges and overdraft fees shall be the obligations of CLIENT or carrier and shall be paid by CLIENT or carrier upon demand by GB.

- 3.3 **Access to Records and Performance Audit and Reviews.** CLIENT shall have the right to audit all CLIENT files in GB possession, and the books, records, and accounts of GB that are related to this Agreement. GB shall keep such books, records, and accounts as may be necessary in order to record complete and correct entries related to the Agreement. All books, records, and accounts of CLIENT shall be kept in written form, or in a form capable of conversion into written form within a reasonable time and, upon request to do so, GB shall make same available at no cost to CLIENT in written form as updated from time to time.

GB shall preserve and make available, at reasonable times for examination and audit by CLIENT, all financials records, supporting documents, statistical records, and any other documents pertinent to this Agreement for the required retention period for the Wisconsin Public Records Act, if applicable, or if not applicable for a minimum of three (3) years after termination of this Agreement.

GB shall allow CLIENT auditors access to all claims handled by GB under this Agreement. Within a year of implementation a performance audit will be conducted for the period from the Effective Date of this Agreement. The performance audit will be conducted by an auditor to be determined by the CLIENT.

3.4 **Public Records Law, Confidentiality, and Retention of Records**

a. Public Records Law

Both parties understand that the city is bound by the Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. §§ 19.31–.39. GB acknowledges that it is obligated to assist CLIENT in retaining and producing records that are subject to the Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement, and that GB must defend and hold CLIENT harmless from to the extent liability under that law is caused by GB. Except as otherwise authorized pursuant to paragraph d. of this Section 3.4, those records shall be maintained for a period of seven years after receipt of final payment under this agreement.

b. Ownership of Records

CLIENT retains sole ownership of all records transferred to GB. Additionally, the CLIENT is the sole owner of any new records created or maintained by GB as a result of this Agreement. Unless it receives prior written consent from the CLIENT, GB shall not reproduce, use for purposes other than those expressly permitted herein, disclose, sell, license, afford access to, distribute or disseminate any of the records transferred to GB from the CLIENT, or any records that are created or maintained as a result of this Agreement. Upon termination of this Agreement, GB has 30 business days to return all records previously transferred to GB to CLIENT, and to provide CLIENT with any records created or maintained as a result of this Agreement, in a TIFF format, or another electronic format that is mutually agreed on by both GB and CLIENT. The parties agree that the definition of the term “record,” as used in this Agreement, is the definition set forth in Wis. Stat. § 19.32(2).

c. Findings Confidential

All of the reports, information, data, etc. prepared or assembled by GB under this Agreement are confidential and GB agrees that they shall not be made available to any individual or organization, other than an appropriate agency of the United States Government, without the prior written approval of CLIENT. To the extent that confidential information provided by GB to CLIENT is exempt from Wisconsin laws pertaining to public records, CLIENT shall safeguard GB’s exempted confidential information, to the extent allowable by Wisconsin law, to which it has access in connection with the products and/or services provided under this Agreement, and shall

use the same means as it uses to protect its own confidential information, but in no event less than reasonable means, to prevent the disclosure and to use such confidential information solely in connection with this Agreement. Any confidential information provided to GB by CLIENT, or developed by GB based on information provided by CLIENT in the performance of this Agreement, shall be kept confidential and shall not be made available to any individual or organization by GB without the prior written approval CLIENT.

GB acknowledges that the preceding provisions shall apply to any subcontractor to whom GB provides such information, including but not limited to the information identified in Wis. Stat. § 19.36(10)(a), and shall ensure that any such subcontractor agrees in writing to comply with the terms at least as restrictive as the preceding provisions. GB must defend and hold CLIENT harmless from any liability that results from any unauthorized, inadvertent or improper release of confidential information by GB or anyone acting on behalf of GB. Upon termination of this Agreement, GB shall deliver all confidential material of CLIENT in its possession to CLIENT within thirty (30) business days of such termination, in a TIFF format, or another electronic format that is mutually agreed on by both GB and CLIENT.

d. Record Retention Requirements

GB warrants and agrees that any records that are created or maintained by GB as a result of this agreement are subject to all record retention requirements of CLIENT, and that GB will maintain these records for the length of time specified in each of the schedules and comply with all other requirements specified in the schedules as if it were the CLIENT. CLIENT will advise GB in writing of any amendments or additions to such requirements as the same may occur from time to time. Thereafter GB will notify CLIENT prior to the destruction or deletion of such records, and, upon request, GB will transfer the files to CLIENT in a TIFF format, or another electronic format that is mutually agreed on by both GB and CLIENT.

3.5 Performance Guarantees. GB offers CLIENT a performance agreement for Year one (1) based on the following program benchmarks:

a. Implementation Plan and Execution. Using a sliding scale of one (1) to five (5), the CLIENT will rate GB's ability to meet or exceed the CLIENT's expectations during implementation phase. The CLIENT will assess the following factors: timeliness, quality, responsiveness, and customer service. An aggregate score below four (4) will result in reimbursement to the CLIENT to be calculated as follows:

(i) Three (3) or less at \$3,333.00

(ii) Two (2) or less at \$6,666.00

(iii) One (1) or less at \$10,000.00

At risk = \$10,000

b. Account Manager's Performance and Business Relationship. Using a sliding scale of one (1) to five (5) the CLIENT will rate the Account Manager and the CLIENT's

dedicated team based on the following factors: ability to create protocols and practices that meet the unique and varying needs of the CLIENT and ability and willingness to establish a strong presence within CLIENT's key agencies during transition and ability and willingness to facilitate training and orientation for CLIENT's employees within first one hundred and twenty (120) days of the transition. An aggregate score below four (4) will result in reimbursement to the CLIENT to be calculated as follows:

- (i) Three (3) or less at \$3,333.00
- (ii) Two (2) or less at \$6,666.00
- (iii) One (1) or less at \$10,000.00

Evaluation of the GB Account Manager will occur throughout implementation and up to one hundred twenty (120) days following the program start date of October 1, 2016.

At risk = \$10,000

- c. Best Practices. Successful adherence to GB Best Practices, based on a year-end audit, at the 90% percentile or higher. Performance categories will include initial client contact, initial claimant contact, compensability/denial management, reserve management, ongoing claimant contact, recorded statements, TTD benefits payments, and claim supervision.

At risk = \$10,000

- d. GB and the CLIENT agree to negotiate in good faith additional annual performance guarantees in light of a year of claims management experience.

3.6 **Insurance Requirements and Limitations of Liability**

- a. General Requirements

A certificate of insurance acceptable to CLIENT evidencing the insurance requirements is to be provided. GB agrees that the certificate shall include issued insurance policies that meet the requirements as outlined below. All certificates are to be provided within 30 days of final execution of this Contract. If such certificate is not received, CLIENT has the authority to declare this Contract terminated.

GB agrees to replace any cancelled or non-renewed policy with no coverage gap and will provide a new certificate of insurance to CLIENT within thirty days of such occurrence. GB will provided CLIENT with thirty (30) days written notice of cancellation, non-renewal or material change by any insurer providing the coverage required by CLIENT for the duration of this agreement.

Insurance companies must be reasonably acceptable to CLIENT and must have a current A.M. Best rating of A- VIII or better. All policies shall be written on an occurrence form, other than Errors and Omissions Liability and Cyber Liability. If subcontractors are used, each must meet all requirements in sections A and B.

- b. The minimum insurance requirements are as follows:

(1) Workers' Compensation and Employer's Liability

Workers' Compensation Statutory Coverage

Bodily Injury by Accident \$100,000 each accident

Bodily Injury by Disease \$500,000 policy limit

Bodily Injury by Disease \$100,000 each employee

- Employer's Liability at limits noted above or higher limits if needed to meet Umbrella underlying insurance requirements.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of CLIENT including their directors, officers, agents, employees and volunteers. CLIENT shall provide a corresponding Waiver of Subrogation Endorsement in favor of GB under CLIENT's Workers' Compensation and Employer's Liability policies.

(2) Commercial General Liability

Commercial General Liability \$1,000,000 each occurrence

General Aggregate \$2,000,000 aggregate

Personal & Advertising Injury Limit \$1,000,000 any one person or organization, subject to the general aggregate

Products - Completed Operations Aggregate \$2,000,000 aggregate

Medical Expense \$10,000 each person

- Coverage must be equivalent to ISO form CG0001 or better.
- CLIENT shall be added as additional insured, which shall be achieved via the certificate of insurance. GB shall provide CLIENT with a copy of the applicable blanket AI endorsement prior to the commencement of services under this Agreement.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of CLIENT including their directors, officers, agents, employees and volunteers. CLIENT shall provide a corresponding Waiver of Subrogation Endorsement in favor of GB under CLIENT's Commercial General Liability policy.
- The policy shall include independent contractors (owners/contractors protective) and contractual liability.
- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.

(3) Auto Liability

Combined Single Limit \$1,000,000 any one accident or loss

Medical Expense \$10,000 each person

- If the Contractor owns or has any long term leased vehicles, coverage must be for Any Auto (Symbol 1). If there are no owned or long term leased vehicles, then coverage must be for Hired and Non-Owned Auto Liability (Symbols 8 and 9).
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of CLIENT including their directors, officers, agents, employees and volunteers. CLIENT shall provide a corresponding Waiver of Subrogation Endorsement in favor of GB under CLIENT's Auto Liability policy.
- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.

(4) Umbrella (Excess) Liability

Umbrella (excess) Liability \$5,000,000 per occurrence

\$5,000,000 aggregate

- The Umbrella Liability insurance shall provide coverage excess of the Employer's Liability, Commercial General Liability and Auto Liability Coverage, including the amendments stated above.

(5) Fidelity Bond

Employee Dishonesty \$5,000,000 each incident

- Equal to maximum amount of funds in possession on Contractor at any point in time, subject to a minimum of \$5,000,000.
- Contractor will ensure CLIENT will be assured of payment of its/their loss, regardless of the language in Contractor's Fidelity Bond policy. The definition of money, securities and other property must clearly include CLIENT'S property or property of others which may be in the care, custody or control of the Contractor.
- Employee dishonesty coverage shall not require that a covered loss must be caused by an identifiable employee.

(6) Errors and Omissions Liability

Combined Single Limit \$5,000,000 each accident

- Coverage must remain in effect for a period of not less than two years beyond the termination date of the contract.
- If a claims-made form is used and a change of insurer occurs during the contract period, continuity of coverage must be maintained by either retaining the original retroactive date or exercising the extended reporting period

endorsement option from the expired policy for a period of not less than two years, if the replacement insurer will not preserve the original retroactive date.

(7) Cyber Insurance

Cyber Insurance \$5,000,000 each incident

- Coverage shall include liability coverage for all damages, claims expenses, costs (including ransom), fines and penalties related to unauthorized disclosure of personally identifiable information or unauthorized transfer of funds.
- Coverage shall include cost of notification, cost of identity protection and repair insurance for affected individuals.

3.7 **Subcontractors.** GB may not subcontract the performance of its obligations set forth herein without the prior written approval of the CLIENT. Prior to entering into any subcontract, GB will provide written notice to the CLIENT identifying the name of the proposed subcontractor, the portion of the work which the subcontractor is to do, the place of business of such contractor, and such other information as may be required by the CLIENT. CLIENT acknowledges that those subcontractors disclosed by GB pursuant to GB's response to CLIENT's request for proposal shall be deemed to have been disclosed to CLIENT and CLIENT consents to such subcontracted performance. Such subcontractors are: Coventry Health Care Workers Compensation, Inc., Optum Rx, Inc., Franco Signor LLC, G4S Compliance & Investigations, Inc., CoventBridge (USA) Inc.

GB shall be fully responsible for all acts and omissions of its subcontractors and of persons directly or indirectly employed by its subcontractors to the same extent that GB is responsible for the acts and omissions of persons directly employed by it. Nothing in this Agreement shall create any contractual relationship between any subcontractor and CLIENT or any obligation on the part of the CLIENT to pay or to see payment of any monies due any subcontractor.

The provisions of this Agreement will apply to any subcontractor and their officers, agents and employees performing services pursuant to this Agreement as if it and they were employees of GB; and GB will not be in any manner thereby discharged from its obligations and liabilities hereunder, but will be liable hereunder for all acts omissions of any subcontractor, its officers, agents, and employees, as if they were employees of GB. Provided, however, that GB shall not be liable for the acts, omissions or negligence of any subcontractor or third party selected or chosen by CLIENT, as further provided in Section 3.11, below, except to the extent caused by GB.

3.8 **GB Indemnification.** Subject to the limitations included in this section, GB agrees to defend, indemnify, protect, save and keep harmless CLIENT from any and all loss, cost, damage or exposure arising from (i) the breach of any representation, warranty or covenant made by GB hereunder and (ii) the negligent or intentional errors or omissions or intentional misconduct of GB including, but not limited to, GB's obligations to secure the services of a third party provider to assist CLIENT with research and protection of MMSEA related lien obligations, if any.

- 3.9 **CLIENT Indemnity.** To the extent permitted by state law, including, but not limited to section 893.80, *Wis. Stats.*, CLIENT agrees to defend, indemnify, protect, save and keep harmless GB from any and all loss, cost, damage or exposure arising from (i) the breach of any representation, warranty or covenant made by CLIENT hereunder, (ii) the negligent or intentional acts or omissions or intentional misconduct of CLIENT including but not limited to the timely and accurate remittance to GB of any information in CLIENT's possession required for MIR, (iii) acts or omissions by GB or vendors pursuant to direction from or by CLIENT, unless CLIENT is prohibited by applicable law from giving such direction, and (iv) the failure of GB or any other person or entity to report any claims that are not Qualified Claims.
- 3.10 **Cap on Liability.** THE MAXIMUM LIABILITY OF EITHER PARTY WITH RESPECT TO ANY CLAIMS OR CAUSES OF ACTION (WHETHER IN TORT, CONTRACT, STATUTE, A DUTY TO INDEMNIFY OR OTHERWISE) IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT AND/OR ANY WORK, SERVICES, ACTS, ERRORS OR OMISSIONS OF EITHER PARTY PERTAINING IN ANY WAY TO THIS AGREEMENT, SHALL IN NO EVENT EXCEED (I) \$2,500,000 WITH RESPECT TO ALL CLAIMS RELATING TO A SINGLE QUALIFIED CLAIM, AND (II) A TOTAL OF \$5,000,000 WITH RESPECT TO THE SUM OF ALL CLAIMS RELATING TO EACH TWELVE MONTH PERIOD BEGINNING FROM THE EFFECTIVE DATE OF THIS AGREEMENT. This Section 3.10 will not apply to the extent any claims or causes of action arise from (i) a party's obligation in Section 3.8 or 3.9 to indemnify the other party for a third party claim, (ii) a party's willful misconduct, or (iii) CLIENT's obligation to pay Service Fees.
- 3.11 **Act of Others.** CLIENT agrees that GB shall have no liability for (i) any claims or causes of action based on Services performed (or failed to be performed) prior to the Effective Date, and/or (ii) any claims or causes of action based on acts, errors or omissions of any counsel, any vendors or any third parties selected or chosen by CLIENT.
- 3.12 **Certain Damages Excluded.** NEITHER PARTY WILL HAVE ANY LIABILITY FOR ANY CONSEQUENTIAL DAMAGES, SUCH AS LOST PROFITS.
- 3.13 **Period of Limitation.** The parties agree that the limitations periods established by Wisconsin law shall apply to any claim made under this Agreement, including but not limited to any applicable periods set out in Section 893.43, *Wis. Stats.*

Section 4 TERMINATION AND ADDITIONAL TERMS

- 4.1 **Termination.** This Agreement may be terminated upon the following events:
- a. **Termination by Mutual Agreement.** In the event the parties mutually agree in writing, this Agreement may be terminated on the terms and dates stipulated therein.
 - b. **Termination Without Cause.** CLIENT shall have the right to terminate this Agreement without cause by providing GB with ninety (90) calendar day's written notice. GB shall have the right to terminate this Agreement without cause by providing CLIENT with One Hundred Eighty (180) calendar days' written notice. CLIENT shall be obligated to pay GB for all services rendered up until the date of termination.

c. **Termination for Cause.** In the event of a material breach, either party may provide the other party with written notice of the material breach. The notice should provide the other with such sufficient detail so it can readily understand the claim for material breach. The other party shall have thirty (30) calendar days from the date of its receipt of such notification to cure such material breach. If the material breach is not cured within that time period, the non-breaching party may terminate this Agreement immediately. Material breaches shall include but are not limited to, violations of Governing Standards, local, state, or federal laws, CLIENT'S policies and procedures concerning which GB was given prior written notice clearly labeled as important or the terms and conditions of this Agreement, including but not limited to CLIENT'S obligation to pay GB's Service or to timely fund the loss fund account.

4.2 **Obligations Following Termination (Cost Plus Pricing Model).** In the event of cancellation or nonrenewal of this Agreement, GB may continue to manage all pending run-off Claims, and run-off Claims incurred during the term but not reported prior to the date of termination if CLIENT pays GB a mutually agreed upon per Claim per year open fee to continue handling open Claims. In the event this Agreement is terminated and CLIENT and GB do not agree to run-off services, GB and the CLIENT will develop a transition plan to ensure a smooth transition of the files from GB to the CLIENT.

Should CLIENT renew only a portion of the existing program under this Agreement, all open Claims not part of the renewed portions of the program shall be considered in run-off and subject to per Claim per year open fees consistent with those proposed by GB under the Life of Contract proposal in the RFP response, subject to adjustment for market conditions or inflation. A reduced electronic RISX-FACS® reporting package will be provided at the CLIENT's expense, as appropriate.

Banking and administration fees will be charged to the CLIENT as long as GB handles the Claims. Should no agreement be reached regarding these open Claims, they will be returned to the CLIENT or forwarded to another party as designated by the CLIENT.

Should the CLIENT elect to have the files returned to them, CLIENT agrees to reimburse GB for all payments made and subsequently paid by the bank, on behalf of the CLIENT, until all Claims are closed within the RISX-FACS® system and all Claim files have been returned to the CLIENT. GB will provide an electronic, tape or paper copy of the Claim information in RISX-FACS® at GB's prevailing rate on the date of termination.

Section 5 **MISCELLANEOUS**

5.1 **Escheat.** The parties acknowledge that any and all escheat and unclaimed property obligations of any type or variety lie with CLIENT and not GB.

5.2 **Confidentiality.** All terms of this Agreement and any personal or client identifiable information relative to Qualified Claims are and shall remain confidential and shall not be disclosed to any person or entity by any party hereto without the express written consent of the disclosing party unless legally required to do so per Wisconsin Public Records Law and Section 3.4 of this Agreement. GB shall be permitted to disclose confidential information to its affiliates, agents or vendors that have a need to know the confidential information in connection with the Services to be provided under this Agreement. GB may also utilize Client anonymized/de-identified information in connection with data analytics and similar

business purposes. GB shall be solely responsible for the consequences of any such disclosure and the indemnification provisions of Section 3.9 shall apply in such event.

- 5.3 **Press Release or Other Public Communication.** Without written consent of the CLIENT, GB shall not issue any press release, advertisement or literature of any kind which refers to the CLIENT, or the work being performed hereunder.
- 5.4 **Individually Identifiable Health Information and/or Protected Health Information.** GB shall comply with the Health Insurance Portability and Accountability Act of 1996, as amended and its implementing regulations, to the extent that it is determined that same is applicable to the services rendered by GB to CLIENT under this Agreement.
- 5.5 **Privacy.** GB shall maintain a policy respecting informational security that includes, but is not limited to, written guidelines for: firewalls, encryption of critical data while in transit, copying or duplication of data, encryption of critical data while in storage, physical security, periodic risk assessment and security audits. Upon request and no more than annually, GB shall provide CLIENT with a copy of its most recent audited statement of internal control over financial reporting.
- 5.6 **Data Breach Responsibilities.** GB agrees to voluntarily comply with applicable data security laws, and any law that requires notification in the event of a Data Breach, or other events caused by GB requiring notification. "Data Breach" shall have the definition stated in Section 164.402 of the Health Insurance Portability and Accountability Act of 1996, as amended (45 CFR §§ 164.402). In the event of a Data Breach or other event requiring notification, GB shall:
 - a. Cooperate with the CLIENT by sharing information relevant to the Data Breach;
 - b. Promptly implement remedial measures, if necessary;
 - c. Document responsive actions taken related to the Data Breach, including any post-incident review of events and actions taken to make changes in business practices in relation to the Data Breach; and,
 - d. In accordance with applicable laws indemnify, hold harmless, and defend the City of Milwaukee against any claims, damages, or other harm related to such Data Breach.

If the Data Breach requires public notification, all communication shall be coordinated with the CLIENT or designee. Contractor shall be responsible for all notification and remedial costs and damages to the extent damages arise from GB's negligence, recklessness, or intentional misconduct.

- 5.7 **Sole Claims Administrator.** During the term of this Agreement and except as otherwise agreed to by the parties hereto, CLIENT agrees that no other third party will be engaged in the administration of Claims under the lines of coverage administered by GB without GB's prior written consent. CLIENT further agrees not to self-administer or engage any third party to adjust such Qualified Claims involving bodily injury without GB's prior written consent.

- 5.8 **Waiver.** Waiver of any provision herein shall not be deemed a waiver of any other provision herein, nor shall waiver of any breach of this Agreement be construed as a continuing waiver of other breaches of the same or other provisions of this Agreement.
- 5.9 **Living Wage Requirements.** GB agrees to comply with the CLIENT's living wage provision.

<i>Effective Date</i>	<i>Base Wage Required (\$ per hour)</i>
March 1, 2015	\$10.66

As part of this contract, GB will be required to:

- Pay all workers employed in the performance of this contract, whether on a full-time or part-time basis, a base wage of not less than the living wage rate as determined yearly by the City of Milwaukee City Clerk.
 - No rebate or refund of any part of the wages will be paid by the employee to the employer.
 - New rates that go into effect will be adhered to promptly.
 - Provide the Procurement Services Section a sworn affidavit or report every three (3) months during the contract term and within 10 days following the completion of the contract
 - Affirm that any subcontractor engaged by GB to provide services to CLIENT shall similarly comply with CLIENT's living wage provision.
- 5.10 **Governing Law.** This Agreement and any disputes or litigation relating to or arising out of this Agreement shall be governed by the laws of the State of Wisconsin without regard to its conflict of law rules, and any action brought with respect to this Agreement shall be venued in Wisconsin.
- 5.11 **Conflict of Interest.**

Interest in Agreement. No officer, employee or agent of the CLIENT who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Agreement pertains, shall have any personal interest, direct or indirect in this Agreement.

Interest of Other Local Public Officials. No member of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in the review or approval of the carrying out of this Agreement shall have any personal interest, direct or indirect, in this Agreement.

Interest of GB and Employees. GB covenants that, to the best of its knowledge and belief, no person who presently exercises any functions or responsibilities in connection with the Agreement on behalf of GB has any personal financial interest, direct or indirect, in this

Agreement. GB further covenants that it presently has no interest which would conflict in any manner or degree with the performance of his services hereunder. An interest on the part of GB or its employees must be disclosed to the CLIENT. Provided, however, that this paragraph shall be interpreted in such a manner so as not to unreasonably impede the statutory requirement that maximum opportunity be provided for employment of and participation by residents of the area.

Publicly Traded Securities. CLIENT acknowledges that GB is a wholly owned subsidiary of Arthur J. Gallagher & Co. ("AJG") and that securities in AJG are publicly traded. The parties agree that ownership of securities of AJG does not represent a direct or indirect financial interest in this Agreement.

5.12 **Discrimination Prohibited.**

In all hiring or employment made possible by or resulting from this Agreement there (1) will not be any discrimination against any employee or applicant for employment because of race, color, sexual orientation or familial status, religion, sex, national origin or ancestry, age disability, lawful source of income, or marital status and (2) affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sexual orientation or familial status, sex, national origin or ancestry, age, disability, lawful source of income, or marital status. This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer, recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. There shall be posted in conspicuous places available to employees and applicants for employment, notices required or to be provided by federal or state agencies involved setting forth the provisions of the clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex orientation, sex or national origin.


No person in the United States shall, on the ground of race, color, sex orientation, religion, sex or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement. The Client and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of 1964.

GB will cause provisions requiring compliance with the requirements stated above to be inserted in all subcontracts, if any, for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

GB agrees that they will comply with all applicable requirements of the Americans with Disability Act of 1990, 42 U.S.C. 12101, et seq., including reasonable attorney's fees.

- 5.13 **Underutilized Businesses.** The parties shall employ good faith efforts to retain and engage historically underutilized businesses, as defined in Milwaukee Public Schools' Administrative Policy 3.10, as subcontractors as appropriate to meet the terms and conditions of this agreement.

Gallagher Bassett Services, Inc.

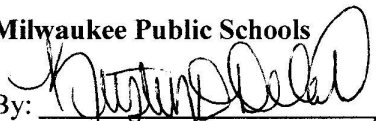
By:  _____

Name: Elizabeth Staruck

Title: EVP and General Counsel

Date: September 30, 2016

Milwaukee Public Schools

By:  _____

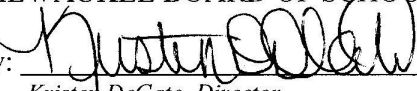
Name: Kristian D. DeCato

Title: Dir. Procurement & Risk

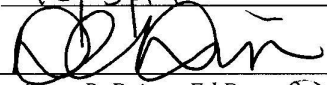

Date: 10/3/16

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MILWAUKEE BOARD OF SCHOOL DIRECTORS

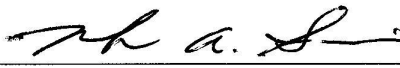
By: 
*Kristen DeCato, Director
Procurement & Risk Management*

Date: 10/3/16

By: 
*Darienne B. Driver, Ed.D.
Superintendent of Schools* 

Date: 10/10/16

Budget code(s): INJ-0-0-DIJ-DW-
EWCM

By: 
*Mark A. Sain, President
Milwaukee Board of School Directors*

Date: 10-13-16

Board Approval Date: 9/29/16

Reviewed By: 
Risk Management

Date: 10/4/16

EXHIBIT A

Scope of Services

1.1 Claims Administration - GB shall perform all services required to administer a self-funded worker's compensation program. GB agrees to:

- a. Receive, review, and process claims and claim information in accordance with rules, regulations established by the CLIENT and as required by state law.
- b. Provide Nurse triage services for general city employees and public safety personnel as determined by the CLIENT.
- c. Comply with all provisions of Chapter 102 Wisconsin Statutes, the Wisconsin Administrative Code Chapter DWD 80, and Wisconsin Administrative Code Chapter LIRC 3.
- d. Make claims and claim information available for review and inspection by the CLIENT.
- e. Complete initial claim investigation within 5 days from receipt of the claim and if needed, complete further investigation within 10 days or as soon as all the facts of the case are reasonably gathered.
- f. Follow the reporting procedures for the notices and forms required by and outlined in Wis. Stats., Chapter 102 and DWD 80.02.
- g. Provide a compensability analysis following industry best practices, or 24 hour 3-point contact on all claims. Include a thorough explanation of benefits in writing to the injured employee describing the investigation, benefits available and statute of limitations.
- h. Compute and pay temporary disability benefits to all injured employees based on earnings information and authorize disability periods in a timely manner.
- i. Host/coordinate in person claim reviews on a Quarterly basis.
- j. Assume financial responsibility for fines, assessments and claims expenses that result from GB's negligent actions, including but not limited to, liability imposed by Wis. Stats. Chapter 102.
- k. Provide access to outcomes based network of providers and provide a pharmacy management program which includes opioid management.
- l. Support and maintain the use of GBgo-mobile application and myGBclaim.com to assist CLIENT injured employees manage their claim.

2.1 Case Management/Utilization Management - GB shall provide or work with a case management services provider identified by the CLIENT to assure cost effective and appropriate treatment and deter under or over utilization of healthcare resources. GB agrees to:

- a. Create and distribute reports outlining utilization review requests, approvals, denials and costs/savings.
- b. Coordinate medical management services with ancillary service providers as necessary.
- c. Have a network of available medical professionals, specialists, and treatment facilities to which injured employees should be referred for IME's and other consultations.
- d. Adhere to and work with a provider to ensure the effective utilization review programs to determine the appropriateness, frequency, and duration of care in accordance to Wisconsin Administrative Chapter DWD Code 81.

3.1 Regulatory Compliance Services - GB agrees to ensure compliance with all applicable federal and state laws and with other administrative and reporting requirements including but not limited to the following.

- a. Providing CLIENT updates and training on changes or proposed changes in statutes, rules and regulations affecting CLIENT's claim management program and recommending appropriate strategies for compliance with such changes.
- b. Reporting provisions from the Centers for Medicare/Medicaid Services (CMS).
- c. Annual stewardship meeting to present service performance metrics, benchmarking and claim trending/loss analysis reports.
- d. Assist CLIENT respond to requests for information under Wisconsin open/public records laws.
- e. Assist CLIENT respond to requests for claim info from Employee Retirement System when processing Duty Disability Retirement applications.

3.5 Litigation Management - GB agrees to work with the CLIENT's Office of the City Attorney (OCA) for litigated cases, hearings and appeals. GB further agrees to the following:

- a. Work with the OCA and the designated CLIENT representatives to develop an aggressive litigation management and control program.
- b. The final decision making settlement authority remains with the CLIENT.
- c. Train Resolution Managers to handle routine litigation matters as specified under relevant Service Instructions.

3.6 Risk Management Information System (RMIS)

GB agrees to use and maintain a RMIS that satisfies the minimum requirements established in the RFP, including:

- a. A comprehensive Claims management and tracking including on-line entry of Employer's First Report of Injury and electronic transmittal to a pending Claim file.
- b. Client on-line access to access and view real-time claims data and notes, create, print or download reports seven (7) Days a week, twenty-four (24) hours a day.
- c. Ability to store and manage CLIENT portfolio of claims that include all past and existing claims and those that occur during the contract period.
- d. Technical support and guidance available by telephone through a help desk operational Monday through Friday, 8:00 A.M. to 5:00 P.M. CST.
- e. Ability to electronically transmit report data to the State of Wisconsin in EDI format.
- f. Appropriate quality control features to ensure data integrity and claimant confidentiality.
- g. Appropriate security features including: security audits, protected by intrusion prevention and intrusion detection systems, protection of claimant's personal health information (i.e. monitoring of email and internet traffic, encrypted mail, access restricted by user ID and password, or other similar security methods).
- h. The ability to respond to and comply with changes in the regulatory environment.
- i. A comprehensive disaster recovery/contingency plan.

3.7 Loss Control, Return to Work & Risk Management Services

GB agrees to engage its Risk Control Consulting Services (RCCS) to make or suggest improvements to the CLIENT's Risk Management Program by making recommendations designed to reduce CLIENT's exposure to liability and loss, lessen the frequency and severity of losses, maintain or improve the safety of CLIENT's workforce.

GB agrees to, at the onset of this agreement, conduct an assessment of the CLIENT's lost control data at no charge and assist the CLIENT:

- a. Develop loss related goals and objectives.
- b. Assist with the identification of specific loss trends, high loss areas, and target locations for focused loss control activity and control measures.
- c. Establish systems to monitor the impact of implemented programs on claims frequency and severity.

CLIENT agrees to engage GB's RCCS services during the first year of the agreement as necessary for department specific interventions not to exceed 60 hours each. CLIENT reserves the right to use risk control resources outside of those identified in this agreement.

GB further agrees to enhance and or increase RTW options for CLIENT injured employees using community based organizations located in the City of Milwaukee when such light duty or restricted duty opportunities are not available within the City. This service will be conducted through a nurse case manager and will be billed as an allocated loss expense; provided, however, GB will obtain CLIENT's consent prior to engaging a nurse case manager for this function.

EXHIBIT B

Costs and Terms

Milwaukee Public Schools – 009012

Service Period: 10/1/16 – 10/1/17 7

PRICING OPTION: BUDGETED STAFFING

(Based on utilizing GBMCS)

Staffing Model	Full Time Equivalent (FTE)	Estimated Annual Fee
Workers' Compensation		
Supervision and Management Allocation	0.45	Included
Indemnity Claim Representative	1.75	Included
Medical Only Representative	0.45	Included
Administrative Allocation	0.55	Included
Sub Total - WC Program:	3.20	\$354,366
Ancillary Services		
Administration / Data Management		Included
Account Management (Designated)		Included
risxfacs.com - 5 users		Included
New Claim Reporting		Included
Medicare/Initial SCHIP Reporting		Included
Electronic Incident		Included
Sub Total Ancillary Services:		
Optional Services		
PC 365 (960 claims @ \$75)		\$72,000
OSHA Reporting Module (annual fee)		\$4,500
PeopleSoft HR Bridge (annual fee)		\$3,900
Data Conversion Cost (iVOS; E-Vault; People Soft) Year One only cost		\$22,500
Sub Total - Optional Services		\$102,900
Grand Total:		\$457,266

Budgeted Staffing pricing is based on the following claim assumptions.

Claim Type	New Arisings	Run-in
Indemnity	240	33
Medical Only	960	322

GB MANAGED CARE SERVICES

SERVICES	CHARGES
Fee Schedule (Bill Review / UCR / System Savings)	\$27 per bill
All Other Savings <ul style="list-style-type: none"> • Clinical Validation/Nurse Review (CV) • Preferred Provider Networks (PPO) • Out Of Network (OON) • Specialty Networks/ Physical Therapy (PT) 	\$27 per bill
Electronic Receipt of Medical Bills	\$2 additional per bill in all applicable states
Telephonic Case Management	\$75 Medical Triage \$290 per Indemnity claim (each 30 days) \$130 per Medical Only claim (one time)
Hospital Certification Program	\$120 Inpatient Pre-Certification
Utilization Review Program	\$105 Outpatient Pre-Certification
Physician Review/Peer Review	\$270 per Review
Task Based Field Case Management <ul style="list-style-type: none"> • Task 1: One Visit Task • Task 2: Two Visit Task • Task 3: Labor Market Survey • Task 4: Vocational Assessment • Task 5: Home Visit 	\$530 per assignment \$705 per assignment \$635 per assignment \$590 per assignment \$660 (\$730 in CA) per assignment
Medical Case Management and Vocational Rehabilitation – Hourly	\$92 per hour plus expenses \$103 per hour – AK, CA, HI, NY
Priority Care 365	\$75 per call

GB MANAGED CARE SERVICES

SERVICES	CHARGES
Medical Cost Projection (MCP) and Clinical Recommendations	\$125 per hour
Pharmacy Benefit Management (PBM) – First Script	Cost of prescriptions – no charge for Bill Review or PPO reductions for PBM transactions
Rx Peer to Peer Review (P2P) Drug Utilization A	RX Peer to Peer Review Options: <ul style="list-style-type: none"> – No DUA Performed - \$290 per review – DUA Performed in prior 60 days-\$865 per review
Rx Drug Utilization Assessment (DUA)	Drug Utilization Assessment - \$575.
Return to Work Coordinator (Injury Coordinator)	Coordinator - \$8,750 per month
Durable Medical Equipment (DME) Program-First Script	Cost of medical equipment – no charge for Bill Review or PPO reductions for Prospective DME transactions
Dental Review Program	Charged on a per review basis
Taxes	All applicable taxes will be added to the service fees where required

Client and GB agree as follows: If another preferred managed care vendor other than Gallagher Bassett Managed Care Services is utilized, an administrative fee may apply in exchange for bona fide administrative services. The administrative services may include, but not be limited to overhead costs for the oversight and management of Managed Care vendors which includes the development and oversight of quality standards, development and maintenance of EDI interfaces and reports, and ensuring proper mandatory state compliance and reporting.

OTHER SERVICES

SERVICES	CHARGES
Risk Management Information System (RISX-FACS)	
risxfacs.com - Additional Users	\$500 per user (claim look-up only)
Consultative Services	
Loss Control Consulting Services	\$140 per hour
OSHA Reporting	\$4,500 per year - Includes set-up, OSHA access & unlimited OSHA logs and summaries
Fraud Prevention – Gallagher Bassett Investigative Services (GBIS)	
Special Fraud Investigations - SIU	\$85 per hour plus expenses
Surveillance Investigations	\$70 per hour plus expenses
Targeted Field Investigations	\$80 per hour plus expenses
Gallagher Bassett Litigation Management Program (GBLMP)	
Invoice and Matter Management platform for adjusters/counsel	2% of net legal invoice (invoice net of disbursements and invoice review savings). Charged as discount off total payment remitted to counsel unless client elects to fund.
5 client licenses for Legal Analytics platform	
Attorney-led invoice compliance review	
MedInsights MSA <i>(This pricing is for MedInsights services only. If another vendor is selected, then other pricing applies)</i>	
Workers Compensation Medicare Set-Aside Allocation (WCMSA)	\$2,300 per allocation
Rush Fees (MSA completed within 7 days)	\$450 per case
Revisions:	\$150 per hour (One free revision within six months of submission)
MSA Submission to CMS	\$850 Fee
Gallagher Bassett Compliance Services (GBCS) <i>(The following pricing is for GBCS services only. If another vendor is selected, then other pricing applies)</i>	
Conditional Payment Research (CPR)	\$200 Flat Rate
Conditional Payment Negotiations (CPN)	\$375 Flat Rate
Secure Final Demand for Settlement (SFD)	\$250 Flat Rate
Bundled CP Resolution Services	\$700 Flat Rate
Benefit Coordination & Recovery Contractor Notification	\$45 Flat Rate
Medicare Eligibility Inquiry (MEI)	No Charge
SSDI Verification	\$175 Flat Rate
Release / Settlement Agreement Review	\$250 Flat Rate
Lien Resolution (Advantage Plan, Medicaid, Part D)	\$500 Flat Rate per Lien Resolution
Taxes	
	All applicable taxes will be added to the service fees where required

PROGRAM SPECIFIC TERMS AND CONDITIONS

1. **Audit Terms:** Program billed on budgeted staff basis and is not susceptible to audit unless there is a material change, i.e., change in forecasted newly arising and/or run-in claims.
2. **Billing and Payment Terms:** Fees will be billed Monthly during the calendar year. Fees are payable within 30 days upon receipt of the invoice. Gallagher Bassett reserves the right to charge 1% per month, or the maximum legal rate, on balances unpaid after 30 days.
3. **Budgeted Staffing Claim Pricing Terms:**

*Please see Claim Charges outlined in Footnote 7 under Program Specific Terms and Conditions.

Claims will be handled for the life of the partnership with no additional per claim fees. If you should decide to non-renew all or a portion of your program, the existing open files can be handled in one of the following two ways:

- GB would continue to handle the open files at our prevailing rate fees per year per open file.
- GB would return the files to the client (contingent upon Carrier approval) at the client's expense.

Note: There will be additional charges for ongoing Data Management (RISX-FACS®), risxfacs.com users, Administration, Banking fees and monthly reports for as long as GB handles claims.

There may be an additional fee charged by the carrier(s) for data transfers as a pass-through to client.

4. **Account Administration** includes the following:
 - a. Designated Account Manager
 - b. Detailed Status Reports @ \$10,000
 - c. Settlement Authority @ \$0 (zero)
 - d. Banking Administration (SIMMS)
 - e. Two Claim Reviews a Year or One Audit
 - f. Acknowledgement Letter to claimant
5. **Data Management** includes the following:
 - New Claim Setup
 - Historical Claims
 - Monthly Report by Email or the Website
 - Carrier Report Package by Email or Website
6. **Pricing** is based on using GB Managed Care (GBMCS) or MedInsights for Bill Review, PPO, out-of-network, utilization review, telephonic case management, MSA and field case management.
7. **Claim Charges:** The Budgeted Staff pricing model is constructed using a per-claim per-line of coverage approach. The Claim charge is applicable per-claim, per line of coverage.
 - **Example:** A client employee during working hours is involved in an automobile accident with another vehicle with two occupants. Both occupants were injured, both cars were damaged and our client employee was injured. The claims handling charges (example only) will be:

Claimant #1 - Auto Liability Bodily Injury	\$1,000
Claimant #2 - Auto Liability Bodily Injury	\$1,000
Claimant Owner - Auto Liability Property Damage	\$1,000
Client – Workers' Compensation	\$1,000
Client – Auto Physical Damage	\$1,000
	\$5,000

The total GB fee for this one occurrence is \$5,000 to adjust the accident. Specific claim charges by claim by line of coverage are normal practice in our industry.

8. This material is the proprietary, confidential property of Gallagher Bassett Services, Inc. It has been provided to you for the sole purpose of considering a quote for claims administration services. It is not to be duplicated or shared in any form with anyone other than the individuals of such prospective client that have a business need to know the information. It must be destroyed or returned to Gallagher Bassett Services, Inc. after its intended use.
9. Gallagher Bassett Services, Inc. will not pay a fee, commission, or rebate to any party for the privilege of presenting our proposal or in order to secure the awarding of any program to Gallagher Bassett Services.

GENERAL CONTRACT TERMS AND CONDITIONS

1. Material Change - GB reserves the right to modify its fees upon sixty (60) days prior notice to CLIENT if:
 - a. It is determined that the historical data upon which GB's fees and service charges developed were based upon erroneous, obsolete or insufficient information, or that a change in CLIENT's business will materially change the nature and/or volume of its business or claims as contemplated at the inception of the Agreement
 - b. During the term of the Agreement, legislative and/or regulatory requirements materially impact or change the scope of GB's services or responsibilities
2. Taxes - All applicable taxes will be added to the service fees where required
3. Allocated Expenses: Shall be your responsibility and shall include, but not be limited to:
 - Legal Fees
 - Medical Examinations
 - Professional Photographs
 - Travel made at client's request
 - Costs for witness statements
 - Court reports
 - Medical records
 - Accident reconstruction
 - Experts' rehabilitation costs
 - Chemist
 - Fees for service of process
 - Collection cost payable to third parties on subrogation
 - Architects, contractors
 - Engineer
 - Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss which must have the explicit prior approval of the client
 - Police, fire, coroner, weather, or other such reports
 - Property damage appraisals
 - SIU, surveillance and sub rosa investigation
 - Official documents and transcripts
 - Pre- and post-judgment interest paid
 - Outside Investigation
 - Subrogation included at no additional cost
 - Index Bureau Reporting @ \$10 per report
 - Second Injury Fund Recovery
 - Data Intelligence Self-Service Reports
 - Managed Care - Managed Care services may include, but are not limited to:
 - i. Preferred provider organization networks
 - ii. Utilization review services
 - iii. Automated state fee scheduling
 - iv. Light duty/return-to-work programs
 - v. Medical case management and Vocational rehabilitation network
 - vi. Prospective injury management services
 - vii. Hospital bill audit services

DEFINITIONS

Workers Compensation - Medical Only Claims

A medical only claim is a work-related Claim that meets the following criteria: (i) payments for either indemnity or vocational rehabilitation were not required, (ii) the Claim has not become contested or in suit, (iii) investigation to determine compensability or subrogation requirements was not required, (iv) no nurse assignment required, (v) payments on the Claim have not exceeded \$5,000 (vi) days open do not exceed 180 days.

Workers Compensation - Indemnity Claims

An indemnity claim is a Workers Compensation claim that is not a Medical Only Claim.

Incident - Electronic and Manual

An Incident is a loss reported electronically through ClaimLine and/or the Web, or set up manually at the branch. GB will review the Incident and make a courtesy call [if necessary] to determine if it is a claim or Incident. GB will have full discretion in the determination and handling of these Incidents and/or their conversion into claim status.

EXHIBIT C

Implementation Schedule

RESPONSIBILITY KEY MIL = COM/MPS/ IM = GB Implementation Manager / GB = GB Milwaukee / AM = GB Account Manager/AE = GB Account Executive/WG = Willis Group

	GB	MIL	WG	Target Date	Completion Date	Comments
1 - NEW ACCOUNT						
Receive order	AE	MIL		2/2/16		Per RFP timeline
Confirm effective date	AE	MIL		6/1/15	Done	Per RFP specifications
Establish GB Implementation team	IM/AE	MIL				GB implementation team has been identified
Schedule/hold initial "Fact Finding Meeting"	IM/AE			2/2/16		Week of 2/2/16
Prepare and Distribute agenda for initial fact finding meeting	IM					
Prepare and Distribute Meetings/Follow up List from meeting	IM					
Prepare and Distribute Contact Directory						
Client provide notification letter of TPA change to carrier		MIL				
Client to distribute vendor notification/termination letters		MIL				
Conduct Conference Call with Carrier Team						
Hold Implementation Meeting	IM/AE	MIL	WG	2/9/16		As necessary
Set Schedule for weekly Status Meetings/Conference Calls	IM	MIL	WG			Will be held at site convenient for COM and MPS
Electronic Implementation Timeline Update	IM					Tentative schedule outlined at set-up meeting
2 - ACCOUNT MANAGER						
Client provide details on AM role for their program		MIL				
Provide Resumes of Client Proposed Account Managers	IM/AE			2/9/16		Proposed account manager would be introduced at oral presentation
3 - CUSTOMIZED SPECIAL HANDLING INSTRUCTIONS						
Obtain copy of current special handling instructions	IM	MIL		2/9/16		From both COM and MPS at set-up meeting if possible
Put current instructions into GB format - draft	IM			3/1/16		
Outline subrogation philosophy and handling criteria	IM	MIL		2/9/16		Set-up meeting discussion
Establish and outline authority levels and requirements	IM	MIL	WG	2/9/16		Set-up meeting discussion
Outline Client procedures for Claim reporting requirements	IM	MIL	WG	2/9/16		Set-up meeting discussion
Outline catastrophic clients handling procedures	IM	MIL	WG	2/9/16		Set-up meeting discussion
Draft SI based on client requirements & program design	IM			3/1/16		First draft completed
Provide draft copy of SI with changes to client for review	IM			3/8/16		
Obtain client approval of final SI	IM	MIL		4/1/16		Post exchange of additions, corrections, etc.
Distribute SI to Milwaukee service team	IM			4/17/16		Early distribution for facilitate training of service team
Conference Call with all GB / Client Team Members	IM	MIL	WG	4/24/16		

	GB	MIL	WG	Target Date	Completion Date	Comments
4 – CUSTOMIZED SALARY AND BENEFIT PROCESS						
Discussion on how GB will obtain wage information	IM	MIL		2/9/16		Set-up meeting discussion
Obtain contact information for process		MIL		2/9/16		Set-up meeting discussion
Establish requirements for obtaining wage information	IM	MIL		2/9/16		Set-up meeting discussion
Incorporate wage/benefit process into service instructions	IM					Prior to final approval in April
4a - Return to Work						
a) Review existing process for Client RTW program	IM	MIL	WG	2/9/16		Set-up meeting discussion
Customize RTW program based on Client requirements	IM	MIL	WG			As soon as practically possible
Obtain copies of job descriptions	IM	MIL		3/22/16		Set-up meeting discussion
Define roles and responsibilities of each party	IM	MIL	WG			
5 – LEGAL COUNSEL ASSIGNMENT/LEGAL FEE PROCESS						
Discuss current procedures for counsel assignment & obtain preferred counsel list.	IM	MIL				Set-up meeting discussion. COM and MPS to utilize in-house counsel
Discuss current process for legal invoice review	IM	MIL	WG			Set-up meeting discussion. Discuss implementation of GBLMP product
Develop approved attorney list with Client	IM	MIL	WG			Assume in-house will participate in these conversations
Outline defense counsel requirements	IM	MIL				Assume in-house will participate in these conversations
Obtain sample defense counsel assignment letter	IM	MIL				To be shared with GB Milwaukee service team as component of training process
Incorporate counsel list and handling requirements into special handling document	IM			4/17/16		
6 – INDEX BUREAU REPORTING / FOLLOW UP WC						
Verify current Index reporting criteria		MIL		2/9/16		Set-up meeting discussion
Determine frequency & requirements of supplemental reporting	IM	MIL		2/9/16		
Incorporate Index reporting requirements into SI document	IM			4/17/16		
7 – BRANCH OFFICE ASSIGNMENT & TRANSITION PLAN						
Outline proposed handling office structure	IM				Completed	Dedicated unit in Milwaukee
Client provide feedback / suggested changes		MIL				
Verify self-insured reporting requirements	IM	MIL	WG		2/9/16	Set-up meeting discussion
8 – GB ORIENTATION/TRAINING & ROLL OUT MEETINGS						
Identify training needs	IM	MIL			2/9/16	Begin discussion at set-up meeting. Envision communication with stakeholders at "town hall" meetings
Outline plan for Client training program	IM				2/23/16	Post set-up meeting
Coordinate conference call with COM/MPS personnel to go over program parameters and roll out plan	IM				3/1/16	Initial set in ongoing communication plan to all COM and MPS employees
9 – CUSTOMIZED CLAIMS REPORTING PROGRAM						
Confirm details of current claims intake process with Client	IM	MIL		2/9/16		Set-up meeting discussion
Establish criteria for Client customized claims reporting	IM	MIL		2/23/16		On-going conversation post set-up meeting until mutual agreement

	GB	MIL	WG	Target Date	Completion Date	Comments
GB program place card or optional field to capture data	IM			2/23/16		on process.
Confirm method and criteria for catastrophic claims escalation	IM	MIL		2/9/16		As necessary Set-up meeting conversation and then refined to incorporate into SI
GB set up escalation process	IM			2/23/16		Notice given to The Network (TNW) who will initially manage after hours escalation process
GB add escalation process information to SI document	IM			3/1/16		
Confirmation as to who will produce FROI and complete filings in states as mandated by jurisdictional requirements	IM	MIL		3/1/16		Once claim reporting process has been finalized
Testing and Implementation of new loss reporting program including escalation process	IM/ GB			3/29/16		To be completed by end of March
10 - CLAIMS HIERARCHY (PYRAMID)						
Client provide sample of hierarchy and roll up information		MIL			2/9/16	Begin conversation at set-up meeting
GB provide feedback on sample structure with request for additional information	IM				2/16/16	Ongoing communication until mutual agreement on structure
Obtain final report from Client with entire structure string for each level which includes addresses, names and roll up information		MIL			2/16/16	Direct to GB implementation manager
GB / Client conference call to go over structure/questions	IM	MIL			2/23/16	
Client to verify structure accuracy		MIL			3/1/16	Post final review
Tie reporting structure to product line within Risxfacs	IM				3/8/16	
Print final structure and submit to Client for final review	IM	MIL			3/15/16	
Develop format for additions, revisions and changes	IM	MIL				
11 - CARRIER REQUIREMENTS / MEETING						
Client provide GB with carrier contact information		MIL				<i>If required</i>
GB/Carrier/Client set up meeting	IM	MIL				If excess coverage is in-force
Obtain carrier reporting requirements	IM					
Program carrier reporting requirements into Risxfacs.com	IM					
Incorporate carrier reporting requirements into SI doc	IM					
GB/carrier contract (if applicable)	IM					
12 - PRODUCT LINE						
Client complete selection process for paper company and advises GB of their decision		MIL		2/9/16		IF COM and/or MPS purchases excess coverage
Review program design and requirements	IM	MIL			Done	Workers' compensation program only
Obtain FEIN numbers	IM	MIL		2/16/16		For COM and MPS
Obtain SIC numbers	IM	MIL		2/16/16		For COM and MPS
Obtain NAICS code	IM	MIL		2/16/16		For COM and MPS
Verify program type (deductible, excess, fronted)	IM	MIL				

	GB	MIL	WG	Target Date	Completion Date	Comments
Verify coverage & limits by state	IM	MIL				
Obtain loss fund/aggregate retention (if applicable)	IM/AE	MIL		2/16/16		Will need reports from IVOS to validate historical claim spend
Set up Client Loss Programs and Claim Periods within Risxfacs	IM			3/1/16		
Tie product line information to location hierarchy within Risxfacs	IM			3/8/16		
13 - BANKING						
Client provide overview of current funding arrangements		MIL	WG	2/9/16		Set-up meeting discussion/Discuss SIMMS and client-owned banking alternatives
GB provide sample bank letters	IM			2/23/16		Post set-up meeting
GB/Client conduct meeting to discuss banking options	IM			2/9/16		Set-up meeting discussion
How many bank accounts, and verify method of banking	AE	MIL		2/9/16		Verify separate accounts for COM and MPS
Frequency of banking replenishment	AE	MIL		2/23/16		Once imprest deposit and pay run rates have been established
Verify threshold levels	AE	MIL		2/23/16		As it related to replenishment process
Open established accounts	IM			3/1/16		With support of GB IDS and CFS service departments
Client fund accounts		MIL		TBD		Must be funded prior to 6/1/16 go-live date
GB/Client to outline reconciliation process	IM	MIL		3/1/16		To include finance managers from COM and MPS
Discuss the use of Client logos on Indemnity checks	IM	MIL		2/9/16		Set-up meeting discussion
Customize checks to incorporate Client logo if applicable	IM			TBD		Check stock must be finalized and available prior to 6/1/16
14 - CUSTOMIZED MANAGED CARE PROGRAM						
Discuss Client Managed Care Strategy	IM	MIL	WG	2/9/16		Set-up meeting discussion
Client to provide location listing for PPO location match		MIL		2/23/16		As soon as practically possible post set-up meeting
Complete PPO location/med facility match report	IM			3/1/16		
Outline TCM & FCM parameters/handling instructions	IM	MIL		2/9/16		Set-up meeting discussion
Confirm details on RX program	IM	MIL		2/9/16		Begin dialogue at set-up meeting then on-going communication until program is finalized
Incorporate Managed Care instructions into handling instructions	IM			4/24/16		Prior to distribution to Milwaukee claim service team
15 - MONTHLY REPORTS						
Confirm standard monthly Report pkg & dissemination process	IM			2/9/16		Initial discussion at set-up meeting then ongoing communication until all recipients are identified
Provide Client with samples of all reports options	IM				Done	Included with response to RFP
Verify distribution of report recipients	IM	MIL		3/1/16		
Determine report distribution, frequency & method	IM	MIL		3/8/16		
Provide GB with spreadsheet outlining report recipients		MIL		3/8/16		So distribution information may be loaded into our system
Secure and Set up report packages by recipient and distribution	IM			3/15/16		Ensure finalization of process
16 - RISXFACS.COM						
Risxfacs.com demo and discussion on capabilities / security	IM	MIL	WG	2/9/16		Initial discussions at set-up meeting then ongoing communication until all stakeholders have been trained.
OSHA Demo	IM	MIL		TBD		
Provide security set up spreadsheet to Client for user set up	IM			2/23/16		Post set-up meeting once all users have been identified

	GB	MIL	WG	Target Date	Completion Date	Comments
request						
Client complete spreadsheet with each users access information		MIL		2/23/16		
Determine access security & number of users	IM	MIL		2/23/16		
Obtain security level and specific restrictions for each Client user		MIL		2/23/26		
Submit users set up forms to GB security	IM	MIL		2/23/16		
Confirm log in / password distribution to all Client system users	IM			3/8/16		
Run security report for user set up confirmation from Client	IM			3/15/16		
Provide training plan for all Client system users	IM	MIL		3/22/16		Training can be done on-site at COM and MPS or at GB Milwaukee branch office
17 - DATA INTERFACE and DATA FEED PROJECTS						
Verify details of Client feeds/Interfaces GB needs to build	IM	MIL			WIP	Will need to take data from IVOS, images from E-Vault and build bridge to PeopleSoft HR platforms
Assign GB IT resource's	IM				Done	GB IT is in place
Obtain Client IT Resource information	IM			2/9/16		Initial discussion at set-up meeting
Conference call with Client & GB IT resources	IM	MIL		2/16/16		Post set-up meeting and once all respective team members have been identified
Client & GB IT team meet to discuss file layout questions	IM	MIL		2/16/16		Critical transition element. Initial layouts should be sent to GB IM as soon as practically possible post set-up meeting
Client send sample file for review and discussion		MIL		2/16/16		As noted above - as soon as practically possible
Outline communication requirements	IM	MIL		2/16/16		Communication should be ongoing and on as needed basis to ensure progress
GB identify EDI ID	IM			2/16/16		From COM and MPS counterparts
Establish schedule for connectivity testing	IM	MIL		2/16/16		At a minimum weekly calls
GB / Client to set up EDI routing information	IM			2/23/16		In order to send first test file
Obtain Client contact for email department to establish secured email transmission protocol and programming details	IM	MIL		2/23/16		Exchange between GB IT and COM and MPS IT counterparts
Establish Client user ID, Password and encryption key	IM	MIL		2/23/16		
GB send request to IP to open firewall on GB side	IM			3/1/16		Once needed
Issue User ID and Password to Client for our system and exchange encryption keys	IM	MIL				GB IT to counterparts
Test connectivity to Client once information obtained and firewalls are open	IM	MIL		3/1/16		
Exchange test files with encryption	IM			3/1/16		
Test decryption of files	IM			3/1/16		
Establish naming conventions for the files and determine what files will be received and delivered	IM	MIL		3/1/16		For both COM and MPS
Test automation processes	IM	MIL		3/8/16		
Schedule file exchanges for production	IM	MIL		3/8/16		
18 - WELCOME PACKETS						

	GB	MIL	WG	Target Date	Completion Date	Comments
b) Provide Sample welcome kits	IM			2/9/16		At set-up meeting
c) Verify welcome kit design		MIL		2/16/16		Post set-up meeting discussion
d) Customize Client welcome kits	IM			2/16/16		
e) Obtain Client welcome kit distribution list		MIL		2/23/16		
f) Put together and ship all welcome kits	IM	MIL		TBD		Prospective release date to mutually agreed upon between COM and MPS
19-SCHIP						
Discuss SCHIP requirements and process	IM			2/9/16		Set-up meeting discussion
Identify SCHIP reporting agent		MIL		2/9/16		Initial discussion at set-up meeting then ongoing discussion until decision is made
Obtain RRE number		MIL		2/16/16		GB account manager will facilitate the process
Obtain FEIN and RRE # registered with CMS	IM/ AM			2/23/16		
Provide IDS with RRE & FEIN	AM					For programming purposes to CMS
20- CONTRACT						
Provide Sample Contract to Client for review	AE				Done	Sent with RFP Response
Review of contract	AE	MIL		2/23/16		With input from COM and MPS counsel
Client Legal review and feedback on contractual changes		MIL		3/1/16		
GB Legal conduct review and feedback on contractual changes	AE			3/8/16		GB utilizes in-house counsel
Establish payment method for service fee	AE	MIL		3/1/16		As a component of the contract negotiation process
Contract approval	AE	MIL		5/3/16		Contract must be executed prior to 6/1/16 program start-up

	GB	MIL	WG	Target Date	Completion Date	Comments
21 – Run-in– This section will be customized if Client chooses to move forward with run-in.						
Assign historical data transfer liaisons	IM	MIL				
Specify tape and documentation requirements	IM					
Provides data requirements	IM					
Determine data element requirements, and receive coverage code "map" of special loss codes		MIL				
Determine years of historical MILaim information required	IM					
Provide all historical coverage information. Please note that complete historical data regarding excess insurance programs (SIRs, carrier, policy numbers) is not available	IM	MIL				
Request Pre-edit tape(s); MILaim and draft tapes						
Send pre-edit tapes for mapping						
Vendor supplies run-in tapes for testing. Testing begins						
Request additional information to address Pyramid and Product Line errors. Coverage and location issues identified	IM					
Provide final tape for run-in						
Begin loading MILaim information						
Check for balancing and accuracy	IM	MIL				
Run reports	IM					
Make necessary corrections and/or adjustments	IM					
Make sure banking imprint is adjusted	IM					