

CR026137  
CNSB 023  
V028117

FIRST AMENDMENT TO  
THIRD PARTY ADMINISTRATOR AGREEMENT

This First Amendment to Third Party Administrator Agreement (this "Amendment") is effective as of October 1, 2019 (the "Amendment Effective Date") and amends the Third Party Administrator Agreement dated October 1, 2016 (the "Agreement") between Gallagher Bassett Services, Inc., a Delaware corporation ("GB"), and Milwaukee Public Schools ("Client").


In consideration of the mutual promises contained herein, the parties agree as follows:


1. Term: The introductory paragraph of the Agreement is hereby modified so that the Agreement is hereby renewed for another three (3) year term, through October 1, 2022. Thereafter, this Agreement may be renewed as mutually agreed to by the parties.
2. Performance Guarantees: Section 3.5 of the Agreement [Performance Guarantees] is hereby deleted in its entirety and replaced with the Performance Guarantees attached hereto at Schedule 1 and incorporated herein by reference.
3. Pricing: Exhibit B of the Agreement [GB Cost & Terms] is hereby deleted in its entirety and replaced with Exhibit B attached hereto.
4. In all other respects, the Agreement shall remain unaltered and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment by their duly authorized representative as of the Amendment Effective Date.

GALLAGHER BASSETT SERVICES, INC.

MILWAUKEE PUBLIC SCHOOLS

By.   
Title General Counsel  
Name Liz Staruck  
Date February 27, 2020

By.   
Title Director, Procurement & Risk Management  
Name. Adria D. Maddaleni  
Date 2/24/2020

(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATION POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM

MILWAUKEE BOARD OF SCHOOL DIRECTORS

By: Martha Kreitzman  
Martha Kreitzman  
Chief Financial Officer

Date: 10-4-2020

By: Keith P. Posley  
Keith P. Posley, Ed.D.,  
Superintendent of Schools

Date: ~~10-8-2020~~ 10-8-2020

SSN / FEIN: 36-3365500

Budget Code: INJ-0-0-DIJ-DW-EFIN

By: Larry Miller  
Larry Miller, President  
Milwaukee Board of School Directors

LM  
Date: 10/12/20

Reviewed by Risk Management:

By: [Signature]

Date: 11-16-2020

SCHEDULE 1

PERFORMANCE GUARANTEES

**(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM**

**Milwaukee Public Schools  
Outcome Based Performance Guarantee**

**Outcome Measurements**

The maximum fee at risk to Gallagher Bassett is \$10,000. Gallagher Bassett is not responsible for factors beyond our control that prohibits or delays attainment of Performance Objective(s)

<b>Performance Objective</b>	<b>Target Score or Range</b>	<b>Fee At Risk</b>
<b>Cost</b>		
<b>1. Newly arising claims average cost per closed (ACPC) @ 12 months (Year 1 PG)</b> Represents the average cost of a closed claim at 12 months (accident dates between 10/1/2019 - 10/1/2020 and closed by 10/1/2020, VAO 10/1/2020)	GB will target ACPC of \$2,560 for 2019-2020 claim year valued at 12 months. Contemplates 5% inflation on ACPC of newly arising claims at 12 mos	Maximum at Risk is \$3,333 – If the average cost per closed claim is above the target of \$2,560, GB will be penalized \$250 for each \$100 increment above target. <b>ACPC will be capped at \$250K on a per claim basis and calculated at or below target closure rate of 65%.</b>
<b>Closure</b>		
<b>2. Newly Arising Closure Rate</b> Indicates the percentage of Workers' Compensation claims with a "Reported Date" between 10/1/2019 – 10/1/2020	GB will close out 65% of the files by 10/1/2020	Maximum at Risk is \$3,333 – GB will be penalized \$250 per point for each point below 65%.
<b>Managed Care</b>		
<b>3. Gross Managed Care Savings % (if enrolled in GB Care)</b> Indicates the "Gross" savings GB will achieve for medical bills received between 10/1/2019 and 10/1/2020, VAO 10/1/2020. Duplicate bills will not be included in the calculation	GB will achieve a Gross managed care savings rate of 36%	Maximum at Risk is \$3,333 – GB will be penalized \$250 per point for each point below 36%

EXHIBIT B  
COST & TERMS

**(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM**



Milwaukee Public Schools  
10/01/2019 - 10/01/2020

<b>STAFFING - ANNUAL</b>	<b>Full Time Equivalent (FTE)</b>	<b>Estimated Annual Fee</b>
<b>Workers' Compensation</b>		
Resolution Manager	1.07	Included
Resolution Associate	0.16	Included
<b>Total Workers' Compensation - Annual Staffing Fee</b>	<b>1.23</b>	<b>\$160,982</b>
<b>All Other Staffing</b>		
Supervisor	0.27	Included
Support	0.35	Included
<b>Total Other - Annual Staffing Fee</b>	<b>0.62</b>	<b>\$68,249</b>
<b>Total - Annual Staffing Fee</b>	<b>1.85</b>	<b>\$229,231</b>

<b>ADMINISTRATIVE SERVICES</b>	<b>Quantity</b>	<b>Rate</b>	<b>Estimated Annual Fee</b>
<b>Administrative Services</b>			
Administration / Data Management			\$3,900
RMIS Standard License (7 RMIS Users)			Included
PC365 - Per Call		\$75	\$0
<b>Total Administrative Services</b>			<b>\$3,900</b>
<b>TOTAL USD</b>			<b>\$233,131</b>

<b>CLAIM COUNTS</b>	<b>NEW CLAIMS</b>	<b>PENDING CLAIMS</b>
<b>Workers' Compensation</b>		
WC Medical Only	425	65
WC Indemnity	179	160

This proposal reflects the first year of a three year agreement which allows for a 1% increase over the expiring multiplier in Year 1 (19-20), a 1.5% increase over the expiring multiplier and flat per bill in Year 2 (20-21) and a 1% increase over the expiring multiplier and flat per bill in Year 3 (21-22).

**(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM**



Milwaukee Public Schools  
10/01/2019 - 10/01/2020

**GBCARE MEDICAL MANAGEMENT SERVICES**

<b>SERVICES</b>	<b>CHARGES</b>
<b>Fee Schedule (Bill Review / UCR /System Savings)</b>	\$27.00 Flat per Bill
<b>All Other Savings</b>	
• Clinical Validation/Nurse Review (CV)	Included
• Preferred Provider Networks (PPO)	Included
• Out Of Network (OON)	Included
• Specialty Networks/Physical Therapy (PT)	Included
<b>Electronic Receipt of Medical Bills</b>	\$2 additional Per Bill in all applicable states
<b>Telephonic Case Management</b>	\$75 Medical Triage \$290 per Indemnity claim (each 30 days) \$130 per Medical Only claim (one time)
<b>Hospital Certification Program</b>	\$120 Inpatient Pre-Certification
<b>Utilization Review Program</b>	\$105 Outpatient Pre-Certification
<b>UR Physician Review</b>	\$270 per Review
<b>Medical Case Management and Vocational Rehabilitation - Hourly</b>	\$98 per hour plus expenses \$112 per hour plus expenses - AK, CA, HI, NY
<b>Priority Care 365</b>	\$75 per call
<b>Texas HCN Service Option</b>	Available options if client enrolls in a Texas HCN (otherwise, Not Applicable) <u>Option #1-</u> Unbundled rate: \$17 per bill to include bill review & network access, \$75 for triage. <u>Option #2-</u> Bundled rate: \$27 per bill to include bill review, network access & Nurse triage. <u>Option #3-</u> Percent of savings: 9.5% of total savings to include bill review, network access & Nurse triage.
<b>Other State Service Options:</b>	For claims handled in the designated states (otherwise, Not Applicable)
• California MPN Service Options	No additional fees beyond the normal Cost & Terms
• Illinois PPP Service Option	No additional fees beyond the normal Cost & Terms
• New York PPO Service Option	No additional fees beyond the normal Cost & Terms
• West Virginia MHCP Service Option	Available option if client enrolls in a West Virginia MHCP. If selected, fees include \$45 per claim. Network Management and Administration of \$45 per hour when required
<b>Medical Cost Projection (MCP) and Clinical Recommendations</b>	\$125 per Hour
<b>Pharmacy Benefit Management (PBM)</b>	Cost of prescriptions -- no charge for Bill Review or PPO reductions for PBM transactions
<b>Durable Medical Equipment (DME) Program</b>	Cost of medical equipment – no charge for Bill Review or PPO reductions for Prospective DME transactions

(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM



Milwaukee Public Schools  
10/01/2019 - 10/01/2020

SERVICES	CHARGES
Dental Review Program	Charged on a per review basis

Client and GB agree as follows: If a vendor other than the GBCARE Medical Management Services preferred vendor 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 medical management 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.



**(ATTACHMENT 2) ACTION ON REQUEST TO WAIVE ADMINISTRATIVE POLICY 3.09(9)(e)  
AND EXTEND A CONTRACT WITH GALLAGHER BASSETT SERVICES, INC. FOR  
THIRD PARTY ADMINISTRATION OF THE DISTRICT'S SELF-INSURED WORKER'S COMPENSATION PROGRAM**



**Milwaukee Public Schools**  
10/01/2019 - 10/01/2020

**OTHER SERVICES**

<b>SERVICES</b>	<b>CHARGES</b>
Loss control	\$140 per hour
OSHA Reporting	\$6,000, OSHA platform to produce compliant OSHA 301 Report, 300 and 300a Logs, and electronic data file. Oversight and accuracy of all OSHA data is responsibility of the employer prior to posting or submitting any OSHA log.
<b>Gallagher Bassett Investigative Services (GBIS)</b>	
Special Fraud Investigations - SIU, Outside Field Investigations, Surveillance Investigations, Targeted Field Investigations	Prevailing hourly rate plus expenses
Targeted Database Searches, Self Service Database Searches	Prevailing rate per report
<b>Gallagher Bassett Litigation Management Program (GBLMP)</b>	
Invoice and Matter Management platform for adjusters/counsel	If utilized, 2% of net legal invoice (invoice net of disbursements and invoice review savings). Charged as discount off total payment remitted to counsel and will be reflected as an allocated expense on the claim file.
5 client licenses for Legal Analytics platform	
Attorney-led legal bill review	
<b>Gallagher Bassett Compliance Services (GBCS)</b>	
Medicare Set-Aside Services: Allocation, CMS Submission, Medicare Eligibility Inquiry (MEI), SSDI Verification, Medical Cost Projection (MCP)	Prevailing rate per each service Rush fees apply for MSA completed within 5 business days MSA Revision fees apply
Medicare Secondary Payer Services: BCRC Notification, Conditional Payment Research (CPR), Conditional Payment Negotiations (CPN), Condition Payment Notice Evaluation, Conditional Payment Dispute, Securing Final Demand for Settlement (SFD), Release / Settlement Agreement Review, Lien Research and Resolution (Advantage Plan, Medicaid, Part D)	Prevailing rate per each service
<b>Taxes</b>	
Taxes	All applicable taxes will be added to the service fees where required



Milwaukee Public Schools  
10/01/2019 - 10/01/2020

## PROGRAM SPECIFIC TERMS AND CONDITIONS

### 1. Reconciliation:

- **Estimated Staffing:** The staffing and associated fees are based on the claim volume and claims mix as outlined within this document. Gallagher Bassett will review the claim counts and mix periodically during the service period and reconcile the staffing and fees associated with the actual claim volume and claim mix at the end of the service period.

### 2. Billing and Payment Terms: Fees will be billed monthly during the service period.

### 3. Claim Pricing Terms:

#### Annual Program:

The fees included above are for claims handling for the 12 month contract period. Open claims at the end of the 12 month service period will be considered in the following year fees.

#### Additional Charges:

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

### 4. Account Administration includes the following:

- Account Management
- Detailed Status Reports All Lines of Business @ \$50,000
- Settlement Authority All Lines of Business @ \$25,000
- 2 Standard Meeting(s) Included
- 2 Claim Review(s) - Telephonic
- Claim Review Books
- Claim Reporting
- Loss Fund Account Mgmt/Banking Services (SIMMS)
- Standard Analytics Reports
- Acknowledgement Letter to Injured Employee WC
- Acknowledgement Letter to Claimant Liab
- PC 365 Service
- PC 365 Reporting
- Data Transfer to Carrier(s)
- Data Transfer to Client

### 5. Claim Charges: Claim and incident fees will be assessed on a per occurrence, per claimant, per line of coverage basis.

### 6. 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.

### 7. 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, Inc.

### 8. Pricing is based on using GBCARE Medical Management Services preferred vendors for Bill Review, PPO, out-of-network, utilization review, telephonic case management, MSA and field case management.



Milwaukee Public Schools  
10/01/2019 - 10/01/2020

## GENERAL CONTRACT TERMS AND CONDITIONS

1. Independent Adjusters - If applicable, following any significant loss as a result of a single event (i.e., hurricane, tornado, flood, earthquake, etc.), GB reserves the right to retain outside resources (adjusters) when appropriate and those fees will be paid as an Allocated Expense off the file.
2. The pricing quoted in this Cost & Terms is based upon the data and information provided by Client, as well as existing legislative and regulatory requirements. Material inaccuracies or changes to the foregoing may require adjustments to the quoted pricing.
3. Taxes - All applicable taxes will be added to the service fees where required.
4. Allocated Expenses: Shall be your responsibility as applicable and shall include, but not be limited to:
  - Legal Fees
  - Legal Bill Review
  - Medical Examinations
  - Professional Photographs
  - Travel made at client's request
  - Costs for witness statements
  - Court reporter service, translation, and interpretation
  - Record retrieval and copying services (including medical and legal)
  - 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
  - Vehicle appraisals (vehicle damage assessment)
  - SIU, surveillance and sub rosa investigation
  - Official documents and transcripts
  - Pre- and post-judgment interest paid
  - Outside Field Investigations
  - Subrogation at 0.00% of gross recovery
  - Index Bureau Reporting (All Coverages)
  - Second Injury Fund Recovery
  - Data Intelligence Self-Service Reports
  - Medical Management - Medical Management services may include, but are not limited to:
    - Preferred provider organization networks
    - Utilization review services
    - Automated state fee scheduling
    - Light duty/return-to-work programs
    - Medical case management and Vocational rehabilitation network
    - Prospective injury management services
    - Hospital bill audit services



**Milwaukee Public Schools**  
10/01/2019 - 10/01/2020

## **DEFINITIONS**

### **Incidents**

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.

### **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 loss notices, captioned reports, client meetings (other than routine meetings where the claim is listed and noted) or settlement authority approvals were required, (v) payments on the Claim have not exceeded \$5000, and (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.