



**President**  
Ms. Kristine Haile  
City of Folsom

**Vice President**  
Mr. Dave Warren  
City of Placerville

**Treasurer**  
Vacant

**Secretary**  
Ms. Jennifer Styczynski  
City of Marysville

## NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND CLAIMS COMMITTEE MEETING AGENDA

**DATE/TIME:** Thursday, September 24, 2020 at 10:00 a.m.

**LOCATION:** WebEx Teleconference  
Call-in Number: (877) 309-3457  
Access Code: 171 618 1939

**A – Action**  
**I – Information**

**1 – Attached**  
**2 – Hand Out**  
**3 – Separate Cover**  
**4 – Verbal**

### MISSION STATEMENT

*The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.*

**A. CALL TO ORDER**

**B. PUBLIC COMMENTS**

*This time is reserved for members of the public to address the Committee on matters pertaining to NCCSIF that are of interest to them.*

pg. 3 **C. CONSENT CALENDAR** **A 1**  
*All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Committee may request any item to be considered separately.*

pg. 4 1. Claims Committee Meeting Minutes - May 28, 2020

pg. 6 **D. CLOSED SESSION TO DISCUSS PENDING CLAIMS** **A 3**  
(Per Governmental Code Section 54956.95)  
\*REQUESTING AUTHORITY

Workers Compensation:

1. NCWA-557265, NCWA-557298, NCWA-557302, NCWA-557519 v. City of Folsom
2. NCWA-557556, NCWA-558527 v. City of Marysville
3. NCWA-555964 v. City of Yuba City

Liability:

1. Rafferty and McDowell v. City of Rio Vista



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**E. REPORT FROM CLOSED SESSION**

**I 4**

*The Committee will announce any reportable action taken in closed session.*

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**F. APPROVAL OF ADDITION OF ROY C. SANTOS AND MICHELLE SASSANO TO LIABILITY DEFENSE ATTORNEY LIST**

**A 1**

*The Committee will be asked to approve addition of Roy. C. Santos and Michelle Sassano to the NCCSIF Liability Defense Attorney List.*

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**G. FY 20/21 Workers' Compensation Claim Audit Proposals**

**A 1**

*The Committee will review the proposals received for the Workers' Compensation claims audit and provide a recommendation.*

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**H. ROUND TABLE DISCUSSION**

**I 4**

*The floor will be open to Committee members for any topics or ideas that members would like to address.*

**I. ADJOURNMENT**

**UPCOMING MEETINGS**

Risk Management Committee Meeting - October 29, 2020

Board of Directors Meeting and Long Range Planning Meeting - October 29, 2020

Police Risk Management Committee Meeting - November 5, 2020

*Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Jenna Wirkner at Alliant Insurance Services at (916) 643-2714.*

*The Agenda packet will be posted on the NCCSIF website at [www.nccsif.org](http://www.nccsif.org). Documents and material relating to an open session agenda item that are provided to the NCCSIF Claims Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.*

*Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*



BACK TO AGENDA

**Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
September 24, 2020**

**Agenda Item C.**

**CONSENT CALENDAR**

**ACTION ITEM**

**ISSUE:** The Committee reviews items on the Consent Calendar, and if any item requires clarification or discussion a Member should ask that it be removed for separate action. The Committee should then consider action to approve the Consent Calendar excluding those items removed. Any items removed from the Consent Calendar will be placed later on the agenda in an order determined by the Chair.

**RECOMMENDATION:** Adoption of the Consent Calendar after review by the Committee.

**FISCAL IMPACT:** None.

**BACKGROUND:** Routine items that generally do not require discussion are regularly placed on the Consent Calendar for approval.

**ATTACHMENT(S):**

1. Claims Committee Meeting Minutes - May 28, 2020



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
CLAIMS COMMITTEE SPECIAL MEETING MINUTES  
VIA TELECONFERENCE  
MAY 28, 2020**

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**COMMITTEE MEMBERS PRESENT**

Kristine Haile, City of Folsom (**Chair**)  
Liz Ehrenstrom, City of Oroville  
Gina Will, Town of Paradise

**COMMITTEE MEMBERS ABSENT**

Tim Sailsbery, City of Willows

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services	Jill Petrarca, Sedgwick
Raychelle Maranan, Alliant Insurance Services	Steven Scott, Sedgwick
Jenna Wirkner, Alliant Insurance Services	Dori Zumwalt, Sedgwick

**A. CALL TO ORDER**

Chair Kristine Haile called the meeting to order at 10:10am

**B. ROLL CALL**

Roll call was made and the above mentioned members were present constituting a quorum.

**C. PUBLIC COMMENTS**

No public comments were made.

**D. CONSENT CALENDAR**

1. Claims Committee Meeting Minutes - April 16, 2020

**A motion was made to approve the consent Calendar**

<b>Motion:</b> Liz Ehrenstrom	<b>Second:</b> Gina Will	<b>Motion Carried</b>
<b>Ayes:</b> Ehrenstrom, Will, Haile		

**E. CLOSED SESSION**

Pursuant to Government Code Section 54956.95, the Committee recessed to closed session at 2:10 p.m. to discuss the following claims:



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
CLAIMS COMMITTEE SPECIAL MEETING MINUTES  
VIA TELECONFERENCE  
MAY 28, 2020**

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Workers' Compensation:

1. NCWA-557446, NCWA-557698, NCWA-557445 v. City of Yuba City
2. NCWA-557969 & NCWA-558250 v. City of Yuba City
3. NCWA-557645 & NCWA-558066 v. City of Red Bluff
5. NCWA-558856, NCWA-557004, NCWA-557807, NCWA-558085, NCWA-558230 v. City of Elk Grove

**F. REPORT FROM CLOSED SESSION**

The meeting resumed to open session at 10:23 a.m.

Chair Haile announced the Committee met and

provided direction on the above claims but no

reportable action was taken.

**G. ADJOURNMENT**

This meeting was adjourned at 10:25 a.m

Respectfully Submitted,

\_\_\_\_\_  
Jennifer Styczynski, Secretary

\_\_\_\_\_  
Date



BACK TO AGENDA

**Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
September 24, 2020**

**Agenda Item D.**

**CLOSED SESSION TO DISCUSS PENDING CLAIMS**

(Per Governmental Code Section 54956.95)

**ACTION ITEM**

**ISSUE:** Pursuant to Government Code Section 54956.95, the Committee will hold a Closed Session to discuss the following claims:

Workers Compensation:

1. NCWA-557265, NCWA-557298, NCWA-557302, NCWA-557519 v. City of Folsom
2. NCWA-557556, NCWA-558527 v. City of Marysville
3. NCWA-555964 v. City of Yuba City

Liability:

1. Rafferty and McDowell v. City of Rio Vista

\*REQUESTING AUTHORITY

**FISCAL IMPACT:** Unknown.

**RECOMMENDATION:** The Program Manager cannot make a recommendation at this time, as the subject matter is confidential.

**BACKGROUND:** Confidential.

**ATTACHMENT(S):** None.



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
September 24, 2020

Agenda Item F.

## APPROVAL OF NCCSIF DEFENSE ATTORNEY LIST FOR LIABILITY

### ACTION ITEM

**ISSUE:** The City of Yuba City is recommending the addition of Roy C. Santos and Michelle Sassano's to the Liability Counsel Approved List.

Hourly rates for the firm: Partner \$220 and Associate is \$200. These are in line with other firms on the approved list.

**RECOMMENDATION:** Approve as requested.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Claims Committee regularly reviews and recommends changes to the Approved List of attorneys based on feedback from members and the claims administrator.

**ATTACHMENT(S):** Resumes

1. Roy Santos
2. Michelle Sassano

# ROY C. SANTOS



Roy C. Santos is a Partner in the Firm's Fresno office and more than a decade representing public agencies throughout California. Currently he serves as the City Attorney for the City of King; General Counsel for Salinas Valley Solid Waste

Authority; and Assistant City Attorney for the Cities of Arvin, Madera and Yuba City. Mr. Santos is a member of the firm's City Attorney, Litigation, Public Safety, Cannabis, Code Enforcement and Labor and Employment Practice Groups. His legal expertise is focused on all aspects of representing public agencies, including matters involving land use, code enforcement, writ of mandate actions, habeas petitions, eminent domain, unlawful detainer, PBOR, FBOR, Pitchess, employment law, civil rights and the Government Tort Claims Act. His career and educational opportunities have provided him with a diversity of valuable legal experience.

Mr. Santos began his legal career in 2001 as a litigation paralegal for one of the premier intellectual property and antitrust law firms on the west coast. He continued his work as a paralegal while attending law school at the University of San Francisco. After taking the bar in 2008, he was hired by that firm as a contract attorney to work on a multi-million dollar carbon fiber antitrust lawsuit.

Mr. Santos has extensive experience managing all aspects of a case, from its inception through trial. As part of his trial practice, he has defended and conducted depositions, prepared and argued pre-trial and post-trial motions and conducted negotiations, mediations and arbitrations. He has also conducted bench and jury trials in both state and federal courts. In addition to his trial practice, Mr. Santos has experience litigating numerous appeals, including successfully advocating on behalf of his clients before the Ninth Circuit Court of Appeals and the California Court of Appeal, Fifth Appellate District.

Prior to joining the Aleshire & Wynder, Mr. Santos served as the City Attorney for Firebaugh, and as a Deputy City Attorney for the cities of Coalinga, Clovis, Fowler, Reedley, Sanger, Parlier, and Lemoore. He served as Deputy County Counsel for the County of Madera where he was the lead attorney responsible for litigation, code enforcement, public records act requests, habeas petitions and all legal matters relating to the Madera County Sheriff's Office, Department of Corrections, Department of Probation and Animal Services. As a City Attorney and Deputy City Attorney, Mr. Santos was the lead attorney responsible for code enforcement, subpoenas, Public

## PRACTICE AREAS

- City Attorney
- Litigation
- Cannabis
- Code Enforcement
- Labor and Employment
- Public Safety
- Risk Management & Torts

## PUBLIC OFFICES

### City Attorney

- City of King

### General Counsel

- Salinas Valley Solid Waste Authority

### Assistant City Attorney

- City of Arvin
- City of Madera
- Yuba City

## EDUCATION

- University of San Francisco, J.D. 2008
- University of California, Davis, Dual B.A. in Political Science and Sociology 2001

## ADMISSIONS

- State Bar of California, 2008
- U.S. Court of Appeals, 9th Circuit
- U.S. District Court, Northern, CA
- U.S. District Court, Eastern, CA

## AFFILIATIONS

- Fresno Bar Association
- Federal Bar Association
- La Raza Lawyers, Central Valley Chapter
- League of California Cities, South San Joaquin Valley Division

## CERTIFICATES/AWARDS

- Intellectual Property, University of San Francisco, 2008
- Building Trial Skills, The National Institute for Trial Advocacy (NITA), 2015
- Super Lawyer Rising Star. 2018



Records Act requests and writ petitions. Additionally, Mr. Santos was responsible for the day-to-day advisory and transactional legal services of each city.

### **Articles:**

Mr. Santos co-authored an article published in the ADC Defense Comment, entitled “Qualified Immunity - Immunity with a Catch,” that focused on immunity in federal civil rights lawsuits, with regards to police officers and their conduct.

### **Litigation:**

Mr. Santos has successfully resolved many litigation issues for his clients including the following:

- *Kitchens v. County of Fresno et al.* – Prepared briefing and conducted oral argument on behalf of Defendant Fresno County Sheriff Margaret Mims and Lt. Gary Johnson. The Ninth Circuit affirmed the grant of summary judgment for Defendant Lt. Johnson as to Plaintiff’s Section 1983 Supervisor liability claim.
- *Willis v. City of Fresno et al.* – Prepared briefing on behalf of Defendant Officers, the City of Fresno and Chief Jerry Dyer. The Ninth Circuit affirmed the grant of summary judgment as to Plaintiffs’ *Monell* claim asserted against Defendant City of Fresno and Plaintiffs’ Supervisor liability claim asserted against Chief Dyer arising from an officer involved shooting.
- *Rodriguez v. City of Fresno et al.* – Assisted in the preparation of the briefing and negotiations resulting in the settlement of Plaintiffs’ appeal of the grant of summary judgment in favor of Defendant Officer, the City of Fresno and Chief Jerry Dyer arising from an officer involved shooting.
- *Hudson et al. v. County of Fresno et al.* – Prepared briefing and obtained a writ of mandamus staying Superior Courts order to produce privileged investigative file.
- *Kitchens v. County of Fresno et al.* – On remand from the Ninth Circuit, obtained and order granting summary judgment as to Plaintiff’s Section 1983 Supervisor liability claim asserted against Defendant Fresno County Sheriff Margaret Mims arising from Plaintiff’s housing at the Fresno County Jail as a Sexually Violent Predator Civil Detainee. On September 22, 2016, the Ninth Circuit affirmed the District Court’s grant of summary judgement.
- *Austin v. Arvin Police Department* – Obtained a dismissal in favor of the City of Arvin following the granting the City’s motion to quash Plaintiff’s writ of mandate summons and complaint for failure to properly name and serve the City.
- *Chandler v. City of Cypress et al.* – Obtained an order granting the City of Cypress’ motion for summary judgement to Plaintiff’s complaint alleging dangerous condition of public property based upon the defenses of lack of notice and trivial defect.
- *Chavez v. No. Orange Co. Comm. Dist. et al.* – Obtained dismissal on behalf of the City of Cypress via the meet and confer process prior to filing a demurrer to Plaintiff’s complaint alleging dangerous condition of public property.
- *Fields et al. v. Geo Dynamic et al.* – Obtained an order granting the City of Cypress & Cypress Police Dept’s demurrer to Plaintiff’s complaint alleging wrongful death & dangerous condition to public property.
- *O’Brien Development v. City of Clovis* – Obtained an order denying Petitioner O’Brien’s writ of mandate petition seeking to force the City of Clovis to issue it a conditional use permit authorizing its proposed development project.
- *Rock Haven Inc. v. State of California* – Obtained an order granting summary judgment in favor of Rock Haven on its writ of mandate petition. Obtained a writ of mandate invalidating the State Department of Water Resources compliance order and restoring Rock Haven’s control of its water system.

- *Palomo v. City of Sanger* – Obtained an order granting Defendants former Mayor and City Manager’s motion to dismissing Plaintiff’s claims of retaliation and sexual harassment.
- *Cotta et al. v. County of Kings et al.*, 79 F.Supp.3d 1148 (E.D. Cal. 2015) – Obtained an order dismissing Plaintiffs’ claims asserted Kings County Sheriff D. Robinson and Assistant Sheriff D. Putnam and dismissal of Plaintiffs’ Civil Code section 52.1 claims against all Defendants. Mr. Santos also obtained an order granting Defendant Classification Sergeant and Defendant County of Kings motion for summary judgment as to Plaintiffs’ Section 1983, Monell and Wrongful Death claims arising from the murder of an inmate while being housed at the Kings County Jail. On April 6, 2017, the Ninth Circuit affirmed the District Court’s dismissal of Plaintiff’s claims against the County of Kings.
- *Willis v. City of Fresno et al.* – Defense verdict in favor of Defendant Officers as to Plaintiffs’ Section 1983 and Wrongful Death claims arising from an officer involved shooting. Prior to the defense verdict, Mr. Santos obtained an order granting summary judgment in favor of Defendants Chief Dyer and the City of Fresno.
- *Srabian v. County of Fresno et al.* – Defense verdict in favor of Defendant Officers and the County of Fresno as to Plaintiff’s Section 1983, Battery and Vicarious Liability arising from an officer involved shooting. Prior to the defense verdict, Mr. Santos obtained an order granting Defendants’ motion for reconsideration of the Court’s order denying a portion of Defendants’ motion for summary judgment and obtained an order partially granting Defendants’ motion for summary judgment.
- *Quinn v. County of Fresno et al.* – At the conclusion of the jury trial Mr. Santos obtained an order setting aside a jury verdict finding liability against Defendant Probation Officer and the County of Fresno. The Court also set aside Plaintiff’s damages award of \$425,000.00, plus attorney’s fees and cost. Negotiated settlement of all Plaintiff’s claims, including attorney’s fees and costs, for significantly less than the prior damage award.
- *Rodriguez v. City of Fresno et al.* – Obtained an order granting summary judgment in favor of Defendant Officer, the City of Fresno and Chief Dyer as to all of Plaintiff’s claims arising from an officer involved shooting.
- *Lanier v. City of Fresno et al.* – Obtained a dismissal of all Plaintiff’s claims arising from an officer involved shooting.
- *Lema v. City of Modesto* – Obtained dismissal of Plaintiff’s claims asserting violations of the Americans with Disabilities Act and California Disabled Persons Act.
- *Mendoza et al. v. County of Fresno et al.* – Bench trial defense verdict in favor of Defendant City of Mendota as to all Plaintiffs and in favor of Defendant County of Fresno as to four of the five Plaintiffs on the issue of Plaintiffs failure comply with the Government Claims Act.
- *Garcia et al. v. County of Fresno et al.* – Obtained an order granting Defendant Officer and County of Fresno’s motion for judgment on the pleadings as to Plaintiffs’ Section 1983, False Arrest, Assault, Battery and Lose of Consortium arising from a high speed chase and arrest.
- *Gremminger v. County of Fresno et al.* – Obtained an order granting Defendant Employees of the Fresno County Sheriff’s Office Civil Unit demurrer as to all of Plaintiff’s claims. Negotiated settlement of all claims against Defendant County of Fresno for less than \$11,000.00 when Plaintiff originally requested nearly \$300,000.00.
- *McBride v. City of Fresno et al.* – Obtained an order granting City of Fresno’s demurrer and an order granting City’s motion to compel discovery responses and award monetary sanctions; granting their motion for terminating sanctions and entering judgment, including costs, in the City’s favor.

## MICHELLE E. SASSANO



Michelle Sassano is an associate in the Fresno office. Ms. Sassano currently serves as the Assistant City Attorney for the City of Suisun City and Deputy City

Attorney for City of Arvin. She is a member of the firm's litigation, risk management and torts, labor and employment law, and contract and public works groups. Ms. Sassano's litigation experience includes torts liability, civil rights claims, wrongful death, excessive force, police search and seizure, premises liability, negligent supervision/child abuse, and discrimination and harassment. Ms. Sassano has seen numerous cases through trial as the handling attorney and second chair.

Ms. Sassano started her legal career in 1996 as a litigation paralegal in the area of real property and employment law. Upon starting law school, she became a law clerk in the areas of public entity defense, employment law and general business litigation. She remained a law clerk until she passed the bar in 2004.

Upon passing the bar, Ms. Sassano has focused her practice on public entities advising and defense. She has defended public entities and their employees in complex and high profile cases. Her practice has included representation of cities, counties, and school districts. She has also represented employees of public entities including police officers, deputy sheriffs, probation officers, district attorneys, correctional officers, superintendents, and teachers. She has experience in all aspects of litigation from inception to trial and appeal. She has conducted and defended numerous depositions, prepared and argued motions, mediations, settlement conferences and arbitrations. She has successfully tried cases in both state and federal court.

Ms. Sassano graduated from San Joaquin College of Law, with high honors. While in law school she was part of the San Joaquin Agricultural Law Review team. Ms. Sassano received her Bachelor's degree in Communicative Disorders, Deaf Education. Ms. Sassano is active in community organizations and youth events. Ms. Sassano has volunteered her time to assist mock trial teams in preparing for competition in Madera County as well as a scoring attorney in Fresno competitions.

### PRACTICE AREAS

- Risk Management and Torts
- Labor & Employment
- Litigation
- Contracts & Public Works
- Public Safety

### PUBLIC OFFICES

#### Assistant City Attorney

- Suisun City

#### Deputy City Attorney

- City of Arvin

### EDUCATION

- San Joaquin College of Law, High Honors, JD 2004
- Cal State University, Fresno, BA 1994

### ADMISSIONS

- State Bar of California, 2004
- U.S. Court of Appeals, 9th Circuit
- U.S. District Court, Eastern, CA



BACK TO AGENDA

**Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
September 24, 2020**

**Agenda Item G.**

**FY 20/21 Workers' Compensation Claim Audit Proposals**

**ACTION ITEM**

**ISSUE:** NorCal Cities is conducting a Workers' Compensation Claims Audit during FY 20/21 and has issued an RFP for qualified candidates. The three responses are attached as well as a blank Scorecard for members to use as needed, in addition to a Summary Scorecard.

**RECOMMENDATION:** Review and recommend a proposal for auditing services or provide direction.

**FISCAL IMPACT:** TBD – see summary for proposed fees. Budget = \$11,600.

**BACKGROUND:** NorCal Cities issued a Request For Proposals (RFP) for Workers' Compensation Claims Auditing services to select an auditor for FY 20/21. The pool conducts an audit every other year and has used Farley Consulting Services for the last three audits (2018, 16, 14). Prior to that North Bay conducted three audits. The Program Administrators have made an effort to expand the list of qualified auditors to ensure Members are presented with competitive options.

**ATTACHMENT(S):**

1. ALC Proposal
2. Farley Consulting Services, LLC Proposal
3. ESM Insite Proposal
4. Scorecard Criteria
5. Draft Scorecard Summary

# Workers' Compensation Claims Audit Proposal

## Due September 02, 2020



# Table of Contents

**Section 1 - Recommendations ..... 2**

**Section 2 – Qualifications ..... 4**

**Section 3 – Cost of Services ..... 9**

*Attachment I - Sample Audit Report*

*Attachment II - Audit Worksheet Sample*

# Section 1 – Recommendations

## **Audit Selection**

As recommended in the RFP, ALC will audit 90 open indemnity claims and 10 closed indemnity claims. The claim selection will only include claims with a total incurred value of \$25,000 or more. ALC uses a random generator to identify the files to be selected. The client may elect to request that specific claim files be audited. Additionally, as recommended, we will audit 25 open medical only files using a random generator to select the files.

## **Audit Format**

We utilize our 45-point claims audit format when the client has no specific customizations. In addition to the specific 45 categories audited, we will also provide review of the staffing adequacy, as well as overall claims handling feedback and suggestions. Pursuant to the RFP, we will review the TPA contract and comment on the reasonableness of the administrator's fees.

The PRISM audit format is also available, at no additional charge.

Our audit findings are quantified with specific comments to back up our scores (to support that the file did or did not meet the criteria). We utilize a collaborative and interactive process when auditing. The moment the individual file audit is completed an electronic worksheet is sent to the TPA and client representatives for review, comment and rebuttal. The TPA is also given one additional week following completion of the last file audit to submit any additional information or rebuttals prior to the final report being written and published.

The ALC 45-Point audit template encompasses review of the following claim handling categories:

1. Timely plan of action updates
2. Quality of plan of action based upon current facts
3. Timely supervisor review updates
4. Quality of supervision based upon the current facts
5. Initial employer contact (timeliness & quality)
6. Initial employee contact (timeliness & quality)
7. Initial physician contact (timeliness & quality)
8. Appropriate ongoing communication with the employer
9. Appropriate ongoing communication with the employee
10. Claim delayed timely and appropriately
11. Initial investigation completed timely and appropriately
12. Claim acceptance or denial timely and justified
13. TD/PD benefits paid timely
14. Proper benefit notices sent timely

15. Awards paid timely
16. Self-imposed penalties paid on late payments
17. Penalty reimbursements plan if the penalty was the TPA's fault
18. Return to work and/or maximum medical improvement aggressively pursued
19. Medical treatment managed appropriately
20. Proper use of utilization review
21. Proper use of medical case management
22. MPN managed or disputed appropriately
23. Timely and appropriate defense attorney referral
24. Case assigned to approved defense counsel
25. Proactive and timely litigation management
26. Ongoing investigation timely and appropriate
27. Suspected fraud pursued timely and appropriately
28. Indexing completed
29. Subrogation potential recognized and pursued
30. Apportionment potential recognized and pursued
31. Contribution potential recognized and pursued
32. Timely initial report to excess
33. Timely excess updates
34. Excess authority timely sought
35. Timely excess reimbursement requests
36. Resolution pursued 30 days from triggering event
37. Settlement valued appropriately
38. Client settlement authority secured, where required
39. Timely continuing settlement efforts
40. Claim closed timely
41. Initial reserves posted timely
42. Reserve adjusted timely with a triggering event
43. Current reserves are appropriate
44. Future medical is reserved consistent with OSIP's standards
45. Reserve variance recommendation

### **Audit Timeline**

The audit will be completed December 2020 and the report will issue on or before the due date of 01/20/21. ALC will be available for presentation of the final report on 03/25/21.



## Section 2 – Qualifications

Founded in 2009, ALC solely represents the interests of risk payers in claims auditing and claims oversight. We are an elite team of California workers' compensation claims experts. We not only have an extensive level of experience in claims management and oversight, but we have today's experience, working at the ground level with adjusters and defense attorneys daily. The ALC team collectively has more than 100 years of California workers' compensation claims audit, management and oversight experience. We operate in a collaborative model with our team members aligned to client engagements based upon business requirements and geography to ensure an effective and efficient customer experience.



ALC is completely independent. We have no affiliations to third-party administrators, carriers, managed care companies, law firms or any other industry-based service provider.

ALC conducts over 50 independent claims audits each year for insured/self-insured employers, self-insured groups (private and public entity) and insurance carriers (excess, primary and reinsurance). In 2019 we audited 2,475 files and are on track to exceed that number in 2020.

We are the dedicated auditing firm for PRISM's primary workers' compensation program and service as one of the primary auditing firms for PRISM's excess workers' compensation program.

We have a fully staffed team of auditors that are ALC employees. We do not subcontract any of our audit work.

**Company Overview**

-  Founded in 2009, we are independently woman owned and operated by Angela Mudge
-  All staff are full time employees
-  Locations in Sacramento, Los Angeles, Orange & San Diego Counties
-  Exclusively providing Workers' Compensation Claims Oversight & Claims Auditing

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## **EXECUTIVE TEAM**

**Angela Mudge**

**Owner, President & CEO**

amudge@alclaims collaborations.com

916-224-8351

San Francisco, CA

30 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate & WCCP Designation. Prior positions include adjuster, supervisor, claims manager and vice president.

**Anne Ruiz**

**Chief Operating Officer**

aruiz@alclaims collaborations.com

916-580-5221

Roseville, CA

24 years of workers' compensation claims experience. Associate in Claims Designation, Self-Insured Certificate & WCCA Certificate. Prior positions include adjuster, supervisor, claims services liaison and central services manager.

## **REFERENCES**

AVI Risk Services

Greg Famous, President

(610) 975-6053

gfamous@aviriskservices.com

California Contractors Group SIG

Dave Keefe, Board President

714-680-8585

dkeefe@matrixbeyond.com

California Restaurant Mutual Benefit Corporation SIG

David Mitchell, Board President

916-418-0419

djmitchellbk@gmail.com

PRISM

Jen Hamelin, Workers Compensation Director

916-850-7300

jhamelin@csac-eia.org

Finish Line & Post Time SIG (Horseracing)  
Allie Rodriguez, COO  
(714) 8200-2722  
allier@sigsolutionsca.com

NonProfits' United  
Jeff Einhorn, CEO  
(916) 868-6227  
jeff@nonprofitsunited.com

City of Ventura  
Lisa Oland, Risk Manager  
(805) 654-7760  
loland@cityofventura.net

## **AUDITS COMPLETED 2018 - 2020 (ENTITY - TPA)**

*Alameda County – York/Sedgwick*  
*Antelope Valley Transit Authority – York/Sedgwick*  
*Butte County – York/Sedgwick*  
*California Risk Management Authority - Intercare*  
*California State University System – Sedgwick*  
*CAPRI – York/Sedgwick*  
*City of Carmel by the Sea - LWP*  
*City of Calexico – York/Sedgwick*  
*City of Carlsbad - Adminsure*  
*City of Corona – Sedgwick*  
*City of El Cajon – York/Sedgwick*  
*City of Fairfield – IWC*  
*City of Fontana – JT2*  
*City of Fresno – RISICO*  
*City of Hemet – York/Sedgwick*  
*City of Imperial Beach - Adminsure*  
*City of Lancaster – York/Sedgwick*  
*City of Manhattan Beach - Adminsure*  
*City of Oceanside – Adminsure*  
*City of Pomona - Adminsure*  
*City of Redding – Self-Administered*  
*City of Redondo Beach - Adminsure*  
*City of Rialto – LWP Claims Solutions*  
*City of Ventura – Athens*  
*City of Santa Clara – Sedgwick*

*County of Placer - Intercare*  
*County of Shasta – Self-Administered*  
*City of Stockton – CorVel*  
*County of San Bernardino – Self Administered*  
*County of Santa Barbara – CorVel*  
*County of San Mateo – Athens*  
*CSAC PWC – Intercare*  
*CSAC PWC – CorVel*  
*CSAC PWC – Hazelrigg*  
*CSAC PWC – LWP Claims Solutions*  
*CSAC PWC – York/Sedgwick*  
*Eastside Union School District – York*  
*El Dorado County – York/Sedgwick*  
*Evergreen Elementary School District – Intercare*  
*Finish Line and Post Time Self Insured Group – Self Administered*  
*Gold Coast Transit - York/Sedgwick*  
*Golden Empire Transit District - RISICO*  
*GRSMA – Self-Administered*  
*Humboldt County - CorVel*  
*Humboldt Transit Authority – Intercare*  
*Huntington Beach USD – York/Sedgwick*  
*Irvine Ranch Water District - York/Sedgwick*  
*Kings County – ICW*  
*Kings County Waste & Recycling – Intercare*  
*Lake County – Intercare*  
*MERMA – Intercare*  
*Monterey Bay Area SIA – AIMS*  
*Monterey County – Intercare*  
*Mt. Diablo USD - LWP*  
*Nevada County – Intercare*  
*Nonprofits’ United Workers’ Compensation Group – York/Sedgwick*  
*Old Republic Construction Insurance Group – Gallagher Basset (multiple employers)*  
*Ontario-Montclair School District - York/Sedgwick*  
*Orange County Fire Authority – CorVel*  
*San Diego County – Self Administered*  
*San Luis Obispo County – Intercare*  
*San Luis Obispo Regional Transit Authority – Intercare*  
*SCSRM - York/Sedgwick*  
*Shasta County – Self Administered*  
*SIRMA - York/Sedgwick*  
*Sonoma County – Intercare*  
*SDRMA – York/Sedgwick*  
*South County Area Transit – Intercare*  
*Sutter County - LWP*

*Tahoe Transit District - LWP*  
*Town of Colma - Intercare*  
*Trindel – Self Administered*  
*West San Gabriel WC JPA – York/Sedgwick*  
*AXA XL / Recology – CorVel*  
*AXA XL / Hansen & Adkins – Gallagher Basset*  
*AXA XL / Reiter – Intercare*  
*AXA XL / Robert Half – Gallagher Basset*

**Oversight Clients (ENTITY - TPA)**

*California Agricultural Products SIG – LWP Claims Solutions, Inc.*  
*California Agricultural Network SIG – Intercare*  
*Northern California Auto Dealers – LWP Claims Solutions, Inc.*  
*California Contractors Network SIG – American Claims Management*  
*California Livestock Producers SIG – Intercare*  
*California Restaurant Mutual Benefit Corporation – LWP Claims Solutions, Inc.*  
*California Truckers Safety Association SIG – LWP Claims Solutions, Inc.*  
*Elite Golf Self Insured Group – Athens*  
*Food Products of California Workers’ Compensation Program - Sedgwick*  
*Household Industries Self Insured Group – Athens*

## Section 3 – Costs of Service

Auditing fees are billed as a flat per file fee of \$195 per claim audited.

This all-inclusive price includes:

- Audit preparation
- Customization of the audit format (if desired)
- Telephonic meetings
- Document review
- Claim file audits
- Real time audit results as the audit is being performed
- Formal audit report
- Telephonic audit wrap up

Face to face meetings and/or wrap up travel are billed at time and expense at the rate of \$140 per hour plus reasonable travel expense. Project timelines will be provided and agreed to within the service contract.

### **INSURANCE**

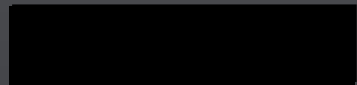
ALC maintains the coverages outlined in the RFP and will provide proof of same prior to the commencement of work.

### **CONTRACT PROVISIONS**

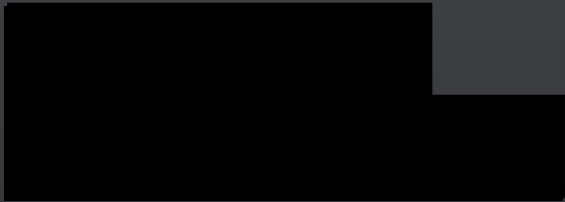
ALC agrees it is considered an independent contractor and although the results and scope of the work will be under the control of NCCSIF, it is in no way is it to be construed that ALC is an agent or employee of NCCSIF while providing services.

ALC will hold NCCSIF and its member agencies, its officers, agents and employees harmless and shall defend and indemnify them against any and all claims which may arise from the work, excluding those resulting from the sole negligence or willful acts of NCCSIF.

ALC agrees that the audit report shall be the sole property of NCCSIF and not used or reproduced for any other purpose without the written permission of NCCSIF.



# SAMPLE CLAIMS AUDIT REPORT



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## Audit Information

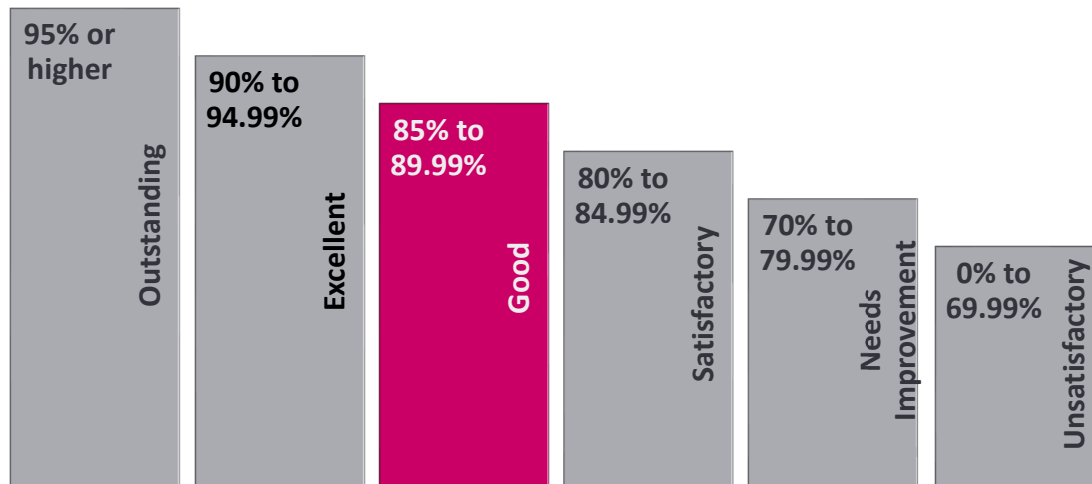
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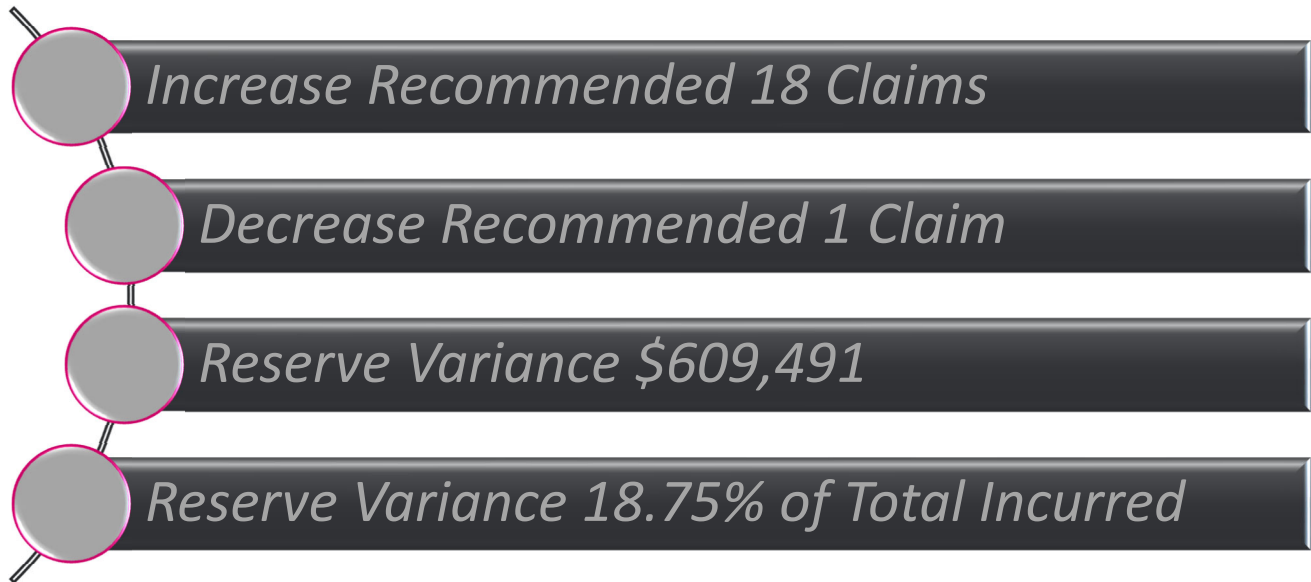
# EXECUTIVE SUMMARY

This section will serve as an overview of the audit findings, workload information and recommendations. The *final score for this audit is 88.97% which falls within the good category in the audit scale.*

Category	Points Available	Points	Score
Communication	108	104	96.30%
Compensability	50	47	94.00%
Benefit Payment & Notices	71	59	83.10%
Medical & Disability Management	134	132	98.51%
Litigation Management	67	63	94.03%
Investigation	7	3	42.86%
Recovery	45	36	80.00%
Excess	13	10	76.92%
Resolution of Claim	47	40	85.11%
Plan of Action	100	93	93.00%
Supervision	98	83	84.69%
Reserves	112	88	78.57%
<b>Overall Score</b>	<b>852</b>	<b>758</b>	<b>88.97%</b>



## ***Reserve Detail***



## ***PERFORMANCE HIGHLIGHTS***

- Initial three-point contacts are routinely completed timely and are of good quality.
- The decisions to accept or deny the claims were sound.
- Benefits were paid timely and accurately to the injured employees.
- All aspects of medical management handling were strong to include treatment, use of nurse case managers, use of UR and ensuring compliance within the MPN.
- Proper authority is being sought for referral to defense counsel. The attorneys being utilized are aggressively defending the claims and timely communicating with the adjusters.
- Settlement values and authority recommendations are on point.
- Despite the severity component of the claims many of the losses have been contained in value thus far.

# RECOMMENDATIONS

- Ongoing contact by the adjuster with the employee while they are off work is recommended, especially when there is not a nurse involved.
- There was a pattern of late benefit notices. Part of this seemed to be resulting from the claims assistant processing the diary requests late and some occurrences were from the adjuster missing due dates or mail triggers.
- UR is being improperly reserved and paid from the medical line when this should be reserved and paid via the expense line.

## *Chapter 8. Office of the Director*

### *Subchapter 2. Administration of Self-Insurance Plans*

#### *Article 6. Estimating Work Injury Claims and Medical Reports*

##### *New Query*

##### *§15300. Estimating and Reporting Work Injury Claims.*

*(a) A list of open indemnity claims shall be submitted with each self insurer's annual report as required by Section 15251(b)(5)(A)-(B) and (c)(2)(A)-(B).*

*(b) The administrator shall set a realistic estimate of future liability for each indemnity claim listed on the self insurer's annual report based on computations which reflect the probable total future cost of compensation and medical benefits due or that can reasonably be expected to be due over the life of the claim. Each estimate listed on the self insurer's annual report shall be based on information in possession of the administrator at the ending date of the period of time covered by the annual report. Estimated future liabilities listed on the annual report must represent the probable total future cost of compensation for the injury or disease based on information documented as in possession of the administrator at the ending date of the period of time covered by the annual report. In setting estimates of future liability, the administrator shall adhere to the following principles:*

*(1) Each estimate of future liability shall separately reflect an indemnity component and a medical component. The indemnity component shall include the estimated future cost of all temporary disability, permanent disability, death benefits including burial costs, supplemental job displacement benefit voucher and vocational rehabilitation including vendor costs. The medical component shall include the estimated future cost of all medical treatment, including costs of medical cost containment programs if those costs are allocated to the particular claim, and the estimated future cost of medical evaluations. On or after July 1, 2012 for public self insurers and on or after January 1, 2012 for private self insurers, **the medical component shall not include the cost of medical cost containment programs incurred with respect to a particular claim or which can be allocated to a particular claim whether done by an outside vendor or by the self insurer. These costs shall be included as allocated loss adjustment expense amount.** Any medical cost containment program costs that cannot be allocated to a particular claim shall be considered unallocated loss adjustment expenses.*

*Note: **Medical cost containment program costs include** but are not limited to:*

*(A) Bill audit expenses for any medical service rendered, such as hospital bills, nursing home bills, physician bills, chiropractic bills, medical equipment charges, pharmacy charges, physical therapy bills, and medical vendor bills;*

*(B) **Hospital and other treatment utilization reviews including precertification/preadmission, and concurrent or retrospective reviews; and***

*(C) Access fees and other expenses incurred with respect to managed care organizations, such as, preferred provider networks/organizations (PPOs), medical provider networks (MPNs), pharmacy benefit networks, and Health Care Organizations (HCOs).*

- There were a handful of cases where temporary disability has continued for a protracted period for the nature of injury and diagnosis. In those situations, surveillance is recommended as a cost savings tool to promote a release to return to work and/or MMI determination.
- More consistent completion of index checks, as well as review and commenting on the outcome of the index checks within the POA and supervisor review updates will enhance apportionment opportunities.
- While the claims are consistently being timely addressed for settlement authority there is a routine gap between the date authority is secured and the date the settlement is offered. Follow up attempts to negotiate settlement could also be improved.
- Reserving estimates are, at times, overly optimistic. This particularly is the case when the injured employee is claiming injury to more than one body part.

# CATEGORY RESULTS

## Communication

### Initial Employer Contact

**Files Meeting the Criteria 29 | Files in Compliance 29**

**Audit Score 100%**

*Initial employer contact was appropriately completed and documented within the files meeting the criteria for this category.*

### Initial Employee Contact

**Files Meeting the Criteria 24 | Files in Compliance 24**

**Audit Score 100%**

*Initial employee contact was appropriately completed and documented within the files meeting the criteria for this category.*

### Initial Physician Contact

**Files Meeting the Criteria 25 | Files in Compliance 25**

**Audit Score 100%**

*Initial physician contact was appropriately completed and documented within the files that met the criteria for this category.*

### Appropriate Ongoing Communication with Employer

**Files Meeting the Criteria 5 | Files in Compliance 5**

**Audit Score 100%**

*Appropriate ongoing communication with the employer was appropriately documented within the files that met the criteria for this category.*

### Appropriate Ongoing Communication with Employee

**Files Meeting the Criteria 25 | Files in Compliance 21**

**Audit Score 84%**

[REDACTED]  
*The employee has not been contacted in more than 60 days. Ongoing contact is recommended as the employee is off work (TD) with a long period between her last evaluation and next appointment. Ongoing contact would assist the adjuster in gauging her medical recovery and attitude regarding return to work.*

[REDACTED]  
*Contact with the employee has never been established with no follow up attempts made while he has been off work.*

[REDACTED] was 10/11/18. In that he remains on TD contact every 30-45 days is recommended. The last report from the nurse case manager was 11/28/18 with no current evidence of contact with the employee.

[REDACTED]  
*There has been no ongoing contact with the employee since TD resumed to see how he is recovering and gauge his attitude regarding return to work.*

## **Compensability**

### **Delayed Timely & Appropriately**

#### **Files Meeting the Criteria 8 | Files in Compliance 6**

**Audit Score 75%**

████████████████████  
*Although the employee reported the injury on the date it happened, it is suspect that he did not come forward for medical treatment until the day after he was laid off which was nearly three months post injury. The reports of injury are inconsistent. One report indicates the employee hit the stall wall and another notation indicates he was struck in the head by a horse. The adjuster should have delayed the claim and sought the statement of the employee and employer prior to accepting the claim.*

████████████████████  
*A notice of representation was received 11/06/18. A delay or denial should have issued within 14 days from this notice or by 11/26/18. The notice was sent late on 11/28/18.*

### **Investigation Timely & Appropriate**

#### **Files Meeting the Criteria 10 | Files in Compliance 9**

**Audit Score 90%**

████████████████████  
*Although the employee reported the injury on the date it happened, it is suspect that he did not come forward for medical treatment until the day after he was laid off which was nearly three months post injury. The reports of injury are inconsistent. One report indicates the employee hit the stall wall and another notation says he was struck in the head by a horse. The adjuster should have delayed the claim and sought the statement of the employee and employer prior to picking up the file.*

### **Acceptance/Denial Justified**

#### **Files Meeting the Criteria 32 | Files in Compliance 32**

**Audit Score 100%**

*Acceptance/denial was justified for the files that met the criteria for this category.*

## **Benefit Payment & Notices**

### **TD/PD Benefits Paid Timely**

#### **Files Meeting the Criteria 34 | Files in Compliance 34**

**Audit Score 100%**

*TD/PD benefits were paid timely for the files that met the criteria for this category.*

### **Proper Benefit Letters Sent**

#### **Files Meeting the Criteria 36 | Files in Compliance 24**

**Audit Score 66.67%**

████████████████████  
*A TD start notice was due by 11/19/18 and was sent one day late on 11/20/18.*

████████████████████  
*The TD start letter was due by 12/12/18 and was sent late on 12/20/18.*

[REDACTED]

*There was no PD advice notice sent upon receipt of the AME report which found PD.*

[REDACTED]

*A PD advice notice was not triggered upon receipt of the AME report.*

[REDACTED]

*The TD stop notice was due 09/20/18 and sent late on 10/03/18 for payments through 09/11/18. The PD delay letter sent the same date was also late.*

[REDACTED]

*A TD rate change was sent 07/19/18 but it did not list the over payment amount. Without notice of the over payment it will be difficult to assert credit for this at a later date.*

[REDACTED]

*The PD delay decision was due 03/07/18. That decision date was missed. The employee was not sent a PD denial with notice of his QME rights.*

[REDACTED]

*The TD start notice was sent more than 14 days from the date of disability (04/27/18) on 05/18/18.*

[REDACTED]

*A TD start notice was due by 08/09/18. It was sent late on 08/13/18.*

[REDACTED]

*The initial TD letter was due by 09/10/18 and sent late 10/03/18.*

[REDACTED]

*The TD end notice was due by 09/05/18 and was sent late on 09/24/18 with a PD delay letter. Wage loss started 08/28/18 but no start TPD notice was sent. Wage loss ended 12/03/18 but no ending TPD notice was sent.*

[REDACTED]

*The TD start notice was never sent as instructed.*

### **Awards Paid Timely**

**Files Meeting the Criteria 1 | Files in Compliance 1**

**Audit Score 100%**

*Awards were paid timely for the files that met the criteria for this category.*

### **SIP Paid on Late Payments**

**Files Meeting the Criteria 0 | Files in Compliance N/A**

**Audit Score N/A**

*There were no applicable files for this category.*

### **Penalty Reimbursement Plan**

**Files Meeting the Criteria 0 | Files in Compliance N/A**

**Audit Score N/A**

*There were no applicable files for this category.*

## **Medical & Disability Management**

### **RTW/MMI Aggressively Pursued**

**Files Meeting the Criteria 13 | Files in Compliance 12**

**Audit Score 92.31%**

[REDACTED]

*There has been no dialogue with the PTP on the normal length of TD for this injury and expected release to return to work. There has been no contact with the employee to discuss progression to return to modified or full duty.*

### **Medical Treatment Managed Appropriately**

**Files Meeting the Criteria 34 | Files in Compliance 33**

**Audit Score 97.06%**

[REDACTED]

*An objection to the PTP and initiation of the QME is recommended to move the case to an MMI status and address the return to work issue.*

### **Proper Use of UR**

**Files Meeting the Criteria 33 | Files in Compliance 33**

**Audit Score 100%**

*Proper use of UR was evident with all files that met the criteria for this category.*

### **Proper Use of MCM**

**Files Meeting the Criteria 22 | Files in Compliance 22**

**Audit Score 100%**

*Proper use of MCM was evident within all files that met the criteria for this category.*

### **MPN Managed/Disputed Appropriately**

**Files Meeting the Criteria 32 | Files in Compliance 32**

**Audit Score 100%**

*The MPN was managed and disputes were addressed appropriately for all files that met the criteria for this category.*

## **Litigation Management**

### **Appropriate DA Referral**

**Files Meeting the Criteria 17 | Files in Compliance 17**

**Audit Score 100%**

*Appropriate defense attorney referrals were evident within the files that met the criteria for this category.*

### **Assign to DA on Panel**

**Files Meeting the Criteria 17 | Files in Compliance 17**

**Audit Score 100%**

*All defense referrals were sent to panel attorneys.*



## DA Managed Appropriately

Files Meeting the Criteria 17 | Files in Compliance 15

Audit Score 88.24%

[REDACTED]  
*There is a lack of documented communication with defense counsel and documentation of the current legal POA.*

[REDACTED]  
*There has been no communication to or from defense counsel since October. A QME reevaluation should be set up at this time.*

## Timely Communication with DA

Files Meeting the Criteria 16 | Files in Compliance 14

Audit Score 87.50%

[REDACTED]  
*There has been no response to the defense attorney's 11/21/18 initial file review on settlement vs. deposition/surveillance which was documented within the file. The deposition has been scheduled for 01/28/19 suggesting it was approved but the approval is not documented.*

[REDACTED]  
*The claim was received via notice of representation on 10/24/18 and the claim was timely assigned to defense counsel 10/26/18. The adjuster spoke with defense counsel on 01/08/19 and advised that she would review the case for settlement consideration, but it does not appear she ever got back to defense counsel on that.*

## Investigation

Ongoing Investigation Timely & Appropriate

Files Meeting the Criteria 6 | Files in Compliance 2

Audit Score 33.33%

[REDACTED]  
*There is a notation that the employee is moving out of the area (to Chicago) but that doesn't appear to have happened yet. Given the extraordinary length of TD and her young age surveillance should be considered.*

[REDACTED]  
*The defense attorney had suggested surveillance as the exposure on the claim could be high without settlement (if applicant's attorney pursues multiple med-legal evaluations).*

[REDACTED]  
*The extraordinary length of TD for the injury (despite multiple surgeries to his finger), long periods between medical evaluations and his movement out of the state could be signal for employment elsewhere. A social media and activity check should be considered.*

[REDACTED]  
*Given the extraordinary length of TD for the diagnosis, an activity check should be considered.*

**Suspected Fraud Pursued Timely & Appropriately  
Files Meeting the Criteria 1 | Files in Compliance 1**

**Audit Score 100%**

*Suspected fraud has been pursued timely and appropriately for the file that met the criteria for this category.*

**Recovery**

**Indexing Completed**

**Files Meeting the Criteria 32 | Files in Compliance 24**

**Audit Score 75%**

[REDACTED]

*An initial check was to be completed as outlined in the initial POA and supervisor review. We did not locate the report in notes or documents.*

[REDACTED]

*Although the initial POA and supervisor review indicate an index would be done, there is no index report located in the file.*

[REDACTED]

*Per the adjuster's POA an index check was going to be completed however we did not locate the report in the file.*

[REDACTED]

*The supervisor recommended a repeat index in her 10/17/18 review which has not been completed.*

[REDACTED]

*The initial index report cannot be located in the file.*

[REDACTED]

*The initial index report cannot be located in the file.*

[REDACTED]

*An index report could not be located in the file.*

[REDACTED]

*The initial index check was never completed.*

**Subrogation Recognized and Pursued  
Files Meeting the Criteria 0 | Files in Compliance N/A**

**Audit Score N/A**

*There were no applicable files for this category.*

**Apportionment Recognized and Pursued  
Files Meeting the Criteria 13 | Files in Compliance 12**

**Audit Score 92.31%**

[REDACTED]

*The index check was timely completed 08/11/18. The adjuster has not commented on the index results which show multiple prior claims with overlapping body parts. Considering this claim will almost certainly result in PD the adjuster should be identifying these claims and securing records.*

## Contribution Recognized & Pursued

Files Meeting the Criteria 0 | Files in Compliance N/A

**Audit Score N/A**

*There were no applicable claims for this category.*

## Excess

Timely Initial Report to Excess

Files Meeting the Criteria 10 | Files in Compliance 8

**Audit Score 80%**

[REDACTED]  
*The claim was excess reportable at nine months of TD and has not been reported.*

[REDACTED]  
*The claim was excess reportable at nine months of TD and has not been reported.*

Timely Excess Updates

Files Meeting the Criteria 3 | Files in Compliance 2

**Audit Score 66.67%**

[REDACTED]  
*There were gaps in excess reporting greater than 90 days from 01/08/18 to 06/27/18, 06/27/18 to 10/08/18 and 10/08/18 to current.*

Excess Authority Timely Sought

Files Meeting the Criteria 0 | Files in Compliance N/A

**Audit Score N/A**

*There were no applicable claims for this category.*

Timely Excess Reimbursement Requests

Files Meeting the Criteria 0 | Files in Compliance N/A

**Audit Score N/A**

*There were no applicable claims for this category.*

## Resolution of Claim

Resolution Pursued 30 days from Event

Files Meeting the Criteria 15 | Files in Compliance 11

**Audit Score 73.33%**

[REDACTED]  
*The MMI report was received on 08/24/18. The file was worked up for settlement authority on 08/27/18. Settlement authority was secured 08/31/18 but there was a delay in getting the Stipulated Award paperwork sent as it was sent approximately 45 days later on 10/12/18.*

[REDACTED]  
*The employee was deemed MMI on 06/07/18 with the final report received 08/03/18. There is no PD but future medical care is indicated. Settlement authority was timely secured 08/22/18. There was a delay of more than 45 days getting the Stipulated Award paperwork sent to the employee. It was sent 10/17/18.*

[REDACTED]

The employee was deemed MMI 09/04/18. The MMI report was received 11/09/18 finding 10% PD or \$8,772.50. Settlement authority was secured 11/15/18. There was a delay of more than 30 days in getting the settlement documents sent to the employee. Documents were sent 12/18/18.

[REDACTED]

The MMI report was received 12/12/18 finding the employee to have 14% PD or \$13,412.50. Settlement authority to settle the case by Stipulated Award was received 12/20/18 but the documents still have not been sent to the employee.

### **Settlement Valued Appropriately**

**Files Meeting the Criteria 11 | Files in Compliance 11**

**Audit Score 100%**

Settlements were valued appropriately for the files that met the criteria for this category.

### **Client Settlement Authority Secured**

**Files Meeting the Criteria 11 | Files in Compliance 11**

**Audit Score 100%**

Client settlement authority was secured for the files that met the criteria for this category.

### **Timely Continuing Settlement Efforts**

**Files Meeting the Criteria 8 | Files in Compliance 5**

**Audit Score 62.50%**

[REDACTED]

The Stipulated Award paperwork was sent to the employee 10/17/18. There have been no follow up efforts to get the signed settlement documents back.

[REDACTED]

The settlement documents sent to the employee 12/18/18. There has been no follow up on settlement.

[REDACTED]

The last attempt to discuss settlement with the employee was via a message was left for him on 09/10/18 and a follow up letter sent that date. The employer was contacted 10/10/18 and they thought he was still working for them but would need to get back to the supervisor. There has been a gap in additional follow up longer than 90 days.

### **Claim Closed Timely**

**Files Meeting the Criteria 2 | Files in Compliance 2**

**Audit Score 100%**

Both files that met the criteria for this category were closed timely.

### **Plan of Action**

**Timely POA Updates**

**Files Meeting the Criteria 50 | Files in Compliance 47**

**Audit Score 94%**

[REDACTED]

100 days from the 10/09/18 POA.

[REDACTED]

*There has been a gap in POA updates longer than 90 days from 10/11/18 to current.*

[REDACTED]

*There has been a gap in plan of action updates from 10/11/18 to current.*

**Quality POA Based Upon Current Facts**  
**Files Meeting the Criteria 50 | Files in Compliance 46**  
**Audit Score 92%**

[REDACTED]

*The prior hits on the index report have not been detailed and/or explored relative to the defense of the claim.*

[REDACTED]

*The adjuster does not detail out the index results or if those were ever discussed with the employee. The body part is different but if it is the same extremity involved there could be overlap if the employee is found to have PD.*

[REDACTED]

*The adjuster's POA contains old notes as to the value of the PD rating and the reserve comments have not been updated relative to the indemnity reserves.*

[REDACTED]

*The 12/18/18 POA has out of date information suggesting the file is being delayed and investigated when that has already occurred and the file was denied 10/03/18.*

**Supervision**  
**Timely Supervisor Reviews**  
**Files Meeting the Criteria 50 | Files in Compliance 40**  
**Audit Score 80%**

[REDACTED]

*Assuming that the standard for supervisor reviews is every 90-120 days the file is presently overdue for a supervisor review.*

[REDACTED]

*There has been a gap in supervisor reviews from 08/17/18 to current.*

[REDACTED]

*The supervisor's new loss diary happened two days after the claim was received. The 14-day review was due by 01/08/19 and has not yet been completed.*

[REDACTED]

*There has been a gap in supervisor reviews longer than five months from 08/17/18 to current.*

[REDACTED]

*There has been a gap in supervisor reviews greater than 5 months from 08/07/18 to current.*

[REDACTED]

The initial supervisor review was completed timely 10/30/18. The 14-day review was completed late on 12/05/18.

[REDACTED]

The 14-day review was due 11/06/18 and was completed late on 11/28/18.

[REDACTED]

The 14-day review was due 11/12/18 and was completed late on 11/30/18.

[REDACTED]

There has been a gap in supervisor reviews of more than five months from 08/21/18 to current.

[REDACTED]

There has been a gap in supervisor reviews greater than five months from 08/14/18 to current.

### **Quality Supervisor Reviews Based Upon Current Facts**

**Files Meeting the Criteria 48 | Files in Compliance 43**

**Audit Score 89.58%**

[REDACTED]

The index results have not been documented and commented on by the supervisor.

[REDACTED]

The supervisor states in her 10/25/18 review, "initial POA and reserves established". She fails to address if those were accurate for the claim, thus missing that the adjuster did not set legal reserves.

[REDACTED]

The supervisor does not discuss the index results as they relate to the potential for apportionment.

[REDACTED]

The supervisor review of 11/05/18 states, "reserves are proper at this time pending additional information". She does not appear to have reviewed the indemnity reserves and thus did not catch that they were set based upon the old rating.

[REDACTED]

The supervisor should have noted in her 12/11/18 review the index results and provided direction for potential pursuit of apportionment. Further, at that time, she should have recognized that the medical and expense reserves were not accurate for the life of the claim.

### **Reserves**

**Initial Reserve Posted in 30 days**

**Files Meeting the Criteria 29 | Files in Compliance 28**

**Audit Score 96.55%**

[REDACTED]

The initial legal reserve was not posted within 30 days of claim receipt (the claim came in via a NOR and was immediately assigned to counsel).

**Reserves Adjusted 30 Days of Triggering Event  
Files Meeting the Criteria 31 | Files in Compliance 25**

**Audit Score 80.65%**

[REDACTED]  
*It had been more than a month since the adjuster received medical information that the employee will require a total hip replacement surgery in the near future. The reserve lines are not accurate for that procedure, post-operative care/TD, QME, realistic estimates for PD/FM based on his age/occupation, VR voucher and cost containment exposures.*

[REDACTED]  
*A legal bill came in 12/17/18 which then caused an exceeds reserve situation. The reserves were adjusted more than 30 days later on 01/21/19 for this bill to be released.*

[REDACTED]  
*A litigation referral was made 01/25/18 and the legal reserves were untimely added on 03/12/18. The legal reserve of \$2,158 appears light considering the status of the claim and an increase is recommended for that line. The medical reserves are also light for treatment to MMI, repeat med-legal (ortho/dentist) and FM buy out. An increase is recommended for that line as well.*

[REDACTED]  
*Surgery was approved 08/16/18 and the TD/PD reserves were late adjusted based upon that trigger on 10/08/18. More realistic values for medical and cost containment should have also been set at that time. The medical reserves need to be increased for ongoing care to MMI, cost of TCM services, potential for QME and FM. The cost containment reserves are down to \$145 and should be set at approximately 10% of medical.*

[REDACTED]  
*The reserves were increased on 01/21/18 for bill review when that line was exceeded due to outstanding bills. That should have been caught as an issue in the adjuster's 12/17/18 POA update.*

[REDACTED]  
*The reserves were late increased 08/15/18 for litigation.*

**Current Reserves Appropriate  
Files Meeting the Criteria 48 | Files in Compliance 31**

**Audit Score 64.58%**

*The following files do not have current appropriate reserves:*

[REDACTED]

**FM Reserves Consistent with SIP Regs**  
**Files Meeting the Criteria 4 | Files in Compliance 4**

**Audit Score 100%**

*FM reserves were consistent with SIP regulations for the files that met the criteria for this category.*

**Reserve Deviation**

Employee Name	Claim #	Recommendation	Variance
[REDACTED]	[REDACTED]	Decrease indicated	(\$4,713)
[REDACTED]	[REDACTED]	Increase indicated	\$300
[REDACTED]	[REDACTED]	Increase indicated	\$3,620
[REDACTED]	[REDACTED]	Increase indicated	\$40,000
[REDACTED]	[REDACTED]	Increase indicated	\$0
[REDACTED]	[REDACTED]	Increase indicated	\$74,486
[REDACTED]	[REDACTED]	Increase indicated	\$75,964
[REDACTED]	[REDACTED]	Increase indicated	\$5,000
[REDACTED]	[REDACTED]	Increase indicated	\$1,800
[REDACTED]	[REDACTED]	Increase indicated	\$50,763
[REDACTED]	[REDACTED]	Increase indicated	\$54,000
[REDACTED]	[REDACTED]	Increase indicated	\$61,630
[REDACTED]	[REDACTED]	Increase indicated	\$22,400
[REDACTED]	[REDACTED]	Increase indicated	\$36,252
[REDACTED]	[REDACTED]	Increase indicated	\$20,144
[REDACTED]	[REDACTED]	Increase indicated	\$60,406
[REDACTED]	[REDACTED]	Increase indicated	\$80,839
[REDACTED]	[REDACTED]	Increase indicated	\$22,100
[REDACTED]	[REDACTED]	Increase indicated	\$4,500
<b>Total</b>			<b>\$609,491</b>

Employee Name	Claim #	Recommendation	Employee Name	Claim #	Recommendation
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated
[REDACTED]	[REDACTED]	No change indicated	[REDACTED]	[REDACTED]	No change indicated



## Score Detail

	Category	Points Available	Points	Score
<b>Communication</b>				
	Initial Employer Contact	29	29	100.00%
	Initial Employee Contact	24	24	100.00%
	Initial Physician Contact	25	25	100.00%
	Appropriate Ongoing Communication With Employer	5	5	100.00%
	Appropriate Ongoing Communication With Employee	25	21	84.00%
	<b>Sub-Total of Category</b>	<b>108</b>	<b>104</b>	<b>96.30%</b>
<b>Compensability</b>				
	Delayed Timely & Appropriately	8	6	75.00%
	Investigation Timely & Appropriate	10	9	90.00%
	Acceptance / Denial Justified	32	32	100.00%
	<b>Sub-Total of Category</b>	<b>50</b>	<b>47</b>	<b>94.00%</b>
<b>Benefit Payment &amp; Notices</b>				
	TD/PD Benefits Paid Timely	34	34	100.00%
	Proper Benefit Letters Sent	36	24	66.67%
	Awards Paid Timely	1	1	100.00%
	SIP Paid On Late Payments	0	0	N/A
	Penalty Reimbursement Plan	0	0	N/A
	<b>Sub-Total of Category</b>	<b>71</b>	<b>59</b>	<b>83.10%</b>
<b>Medical &amp; Disability Management</b>				
	RTW/MMI Aggressively Pursued	13	12	92.31%
	Medical Treatment Managed Appropriately	34	33	97.06%
	Proper Use Of UR	33	33	100.00%
	Proper Use of MCM	22	22	100.00%
	MPN Managed/Disputed Appropriately	32	32	100.00%
	<b>Sub-Total of Category</b>	<b>134</b>	<b>132</b>	<b>98.51%</b>
<b>Litigation Management</b>				
	Appropriate DA Referral	17	17	100.00%
	Assign DA On Panel	17	17	100.00%
	DA Managed Appropriately	17	15	88.24%
	Timely Communication with DA	16	14	87.50%
	<b>Sub-Total of Category</b>	<b>67</b>	<b>63</b>	<b>94.03%</b>
<b>Investigation</b>				
	Ongoing Investigation Timely & Appropriate	6	2	33.33%
	Suspected Fraud Pursued Timely & Appropriately	1	1	100.00%
	<b>Sub-Total of Category</b>	<b>7</b>	<b>3</b>	<b>42.86%</b>

<i>Category</i>	<i>Points Available</i>	<i>Points</i>	<i>Score</i>
<b>Recovery</b>			
Indexing Completed	32	24	75.00%
Subrogation Recognized & Pursued	0	0	N/A
Apportionment Recognized & Pursued	13	12	92.31%
Contribution Recognized & Pursued	0	0	N/A
<b>Sub-Total of Category</b>	<b>45</b>	<b>36</b>	<b>80.00%</b>
<b>Excess</b>			
Timely Initial Report To Excess	10	8	80.00%
Timely Excess Updates	3	2	66.67%
Excess Authority Timely Sought	0	0	N/A
Timely Excess Reimbursement Requests	0	0	N/A
<b>Sub-Total of Category</b>	<b>13</b>	<b>10</b>	<b>76.92%</b>
<b>Resolution of Claim</b>			
Resolution Pursued 30 Days From Event	15	11	73.33%
Settlement Valued Appropriately	11	11	100.00%
Client Settlement Authority Secured	11	11	100.00%
Timely Continuing Settlement Efforts	8	5	62.50%
Claim Closed Timely	2	2	100.00%
<b>Sub-Total of Category</b>	<b>47</b>	<b>40</b>	<b>85.11%</b>
<b>Plan of Action</b>			
Timely POA Updates	50	47	94.00%
Quality POA Based Upon Current Facts	50	46	92.00%
<b>Sub-Total of Category</b>	<b>100</b>	<b>93</b>	<b>93.00%</b>
<b>Supervision</b>			
Timely Supervisor Reviews	50	40	80.00%
Quality S/R Based Upon Current Facts	48	43	89.58%
<b>Sub-Total of Category</b>	<b>98</b>	<b>83</b>	<b>84.69%</b>
<b>Reserves</b>			
Initial Reserve Posted In 30 Days	29	28	96.55%
Reserves Adjusted 30 Days Of Triggering Event	31	25	80.65%
Current Reserves Appropriate	48	31	64.58%
FM Reserves Consistent With SIP Regs	4	4	100.00%
<b>Sub-Total of Category</b>	<b>112</b>	<b>88</b>	<b>78.57%</b>

## **AUDIT CRITERIA**

The audit criterion was formed by using [REDACTED] handling standards and industry best practices. The file audits specifically focused on claims handling activity for one year prior to the audit date. [REDACTED] provided a list of the open inventory and a random selection of the files was pulled to gather 50 files from the open and closed inventory. The file selection consisted of a mix of indemnity claims, future medical files and medical only claims. File documents, notes, payments, letters, and reserves are maintained in electronic form. The files were accessed electronically.

## **AUDIT PROCESS**

The audit was completed electronically. Each worksheet was provided to [REDACTED] and [REDACTED] for review and comment.

## **AUDITOR**

[REDACTED]  
*Senior Executive with over 28 years of workers' compensation claims leadership, claim technical and operational experience.*

*IEA Certificate, Self-Insured Certificate & WCCP Designation*

*Prior positions held - adjuster, supervisor, claims manager and vice president*

Workers' Compensation Claims Consulting  
Claims Audits • Claims Experts on Demand • Claims Oversight

# ALC Claims Collaborations Sample Audit Worksheet

**Audit Worksheet Detail**



**ALC AUDIT INFORMATION**

Auditor	<u>CONFIDENTIAL</u>	Date of Audit	CONFIDENTIAL
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**CLAIM STATISTICAL INFORMATION**

Employer Name	CONFIDENTIAL	Claim Number	CONFIDENTIAL
Employee Name	CONFIDENTIAL	Date of Injury	5/4/2017
Occupation	Community Service Worker	Adjuster	CONFIDENTIAL

**ACCIDENT INFORMATION**

Description of Accident	The employee developed pain in the right thumb, index and middle fingers up to her right elbow from computer use.
Accepted Body Parts	Right thumb, index and middle and right elbow.
Disputed Body Parts	None.

**PLAN OF ACTION**

TIMELY POA UPDATES:	NO
QUALITY POA BASED UPON CURRENT FACTS:	YES
COMMENTS:	There were gaps in POA updates longer than 60 days from 09/10/18 to 12/10/18 and from 12/10/18 to current. The new adjuster first reviewed the file 12/10/18 and did take the outlined actions stated in the POA.

**SUPERVISION**

TIMELY SUPERVISOR REVIEWS:	YES
QUALITY S/R BASED UPON CURRENT FACTS:	YES

**COMMENTS:** Supervisor reviews were timely completed 09/24/18 and 01/16/19. The supervisor reviews were of good quality.

**COMMUNICATION**

INITIAL EMPLOYER CONTACT:	N/A
INITIAL EMPLOYEE CONTACT:	N/A
INITIAL PHYSICIAN CONTACT:	N/A
APPROPRIATE ONGOING COMMUNICATION W/ER:	N/A
APPROPRIATE ONGOING COMMUNICATION W/EE:	N/A
<b>COMMENTS:</b>	No initial or ongoing communication was required during the audit period.

**COMPENSABILITY**

DELAYED TIMELY & APPROPRIATELY:	N/A
INVESTIGATION TIMELY & APPROPRIATE:	N/A
ACCEPTANCE / DENIAL JUSTIFIED:	N/A
<b>COMMENTS:</b>	Compensability was decided prior to the audit period.

**BENEFIT PAYMENT & NOTICES**

TD/PD BENEFITS PAID TIMELY:	N/A
PROPER BENEFIT LETTERS SENT TIMELY:	N/A
AWARDS PAID TIMELY:	N/A

SIP PAID ON LATE PAYMENTS:	N/A
PENALTY REIMBURSEMENT PLAN:	N/A
COMMENTS:	There were no benefit payments or notices due during the audit period.

**MEDICAL & DISABILITY MANAGEMENT**

RTW/MMI AGGRESSIVELY PURSUED:	N/A
MEDICAL TREATMENT MANAGED APPROPRIATELY:	N/A
PROPER USE OF UR:	N/A
PROPER USE OF MCM:	N/A
MPN MANAGED/DISPUTED APPROPRIATELY:	N/A
COMMENTS:	There was not treatment during the audit period.

**LITIGATION MANAGEMENT**

APPROPRIATE DA REFERRAL:	N/A
ASSIGN DA ON PANEL:	N/A
DA MANAGED APPROPRIATELY:	N/A
TIMELY COMMUNICATION WITH DA:	N/A
COMMENTS:	This claim is not litigated.

**INVESTIGATION**

ONGOING INV. TIMELY & APPROPRIATE:	N/A
------------------------------------	-----

SUSPECTED FRAUD PURSUED TIMELY/APPROP.:	N/A
COMMENTS:	Investigation is not warranted for this claim at this time.
<b>RECOVERY</b>	
INDEXING COMPLETED:	N/A
SUBROGATION RECOGNIZED & PURSUED:	N/A
APPORTIONMENT RECOGNIZED & PURSUED:	N/A
CONTRIBUTION RECOGNIZED & PURSUED:	N/A
COMMENTS:	There are no active recovery issues for this claim.
<b>EXCESS</b>	
TIMELY INITIAL REPORT TO EXCESS:	N/A
TIMELY EXCESS UPDATES:	N/A
EXCESS AUTHORITY TIMELY SOUGHT:	N/A
TIMELY EXCESS REIMBURSEMENT REQUESTS:	N/A
COMMENTS:	The claim is not excess reportable.
<b>RESOLUTION OF CLAIM</b>	
RESOLUTION PURSUED 30 DAYS FROM EVENT:	N/A
SETTLEMENT VALUED APPROPRIATELY:	YES



CLIENT SETTLEMENT AUTHORITY SECURED:	YES		
TIMELY CONTINUING SETTLEMENT EFFORT:	NO		
CLAIM CLOSED TIMELY:	N/A		
COMMENTS:	The new adjuster completed the SAR 12/10/18. It took the supervisor until 01/16/19 to review, approve and forward it to the county. A follow up message was left for the employee on 01/29/19 to discuss settlement; however, no written offer was made. Considering the prior settlement delays timely continuing settlement efforts was marked down for this reason.		
<b>RESERVES</b>			
INITIAL RESERVE POSTED IN 30 DAYS:	N/A		
RESERVE ADJ 30 DAYS OF TRIGGERING EVENT:	N/A		
CURRENT RESERVES APPROPRIATE:	YES		
FM RESERVED CONSISTENT WITH SIP REGS:	YES		
Reserve recommendation:	No change indicated		
COMMENTS:	The current reserves are accurate for the PD and future medical exposure, as well as expected cost containment expenses.		
<b>FINANCIAL DETAIL</b>			
TOTAL PAID:	\$14,410	RESERVE VARIANCE:	\$0
TPA OUTSTANDING RESERVE:	\$22,366	ALC OUTSTANDING RESERVE:	\$22,366

TPA TOTAL  
INCURRED: \$36,776

ALC TOTAL  
INCURRED: \$36,776

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**RECOMMENDATIONS**

Feedback /  
Recommendations:

The plan of action on the file needs to be updated consistent with the 60 day standard. A written settlement offer should be made and the county engaged to see if they can help with an interactive settlement meeting.

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**Proposal for  
Workers' Compensation  
Claims Audit Services - 2020**

for

**Northern California Cities  
Self Insurance Fund (NCCSIF)**



**August 28, 2020**



August 28, 2020

Northern California Cities Self Insurance Fund  
c/o Alliant Insurance Services  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815

Attn: Mr. Marcus Beverly  
Program Administrator

by email: *marcus.beverly@alliant.com*  
*jenna.wirkner@alliant.com*

## **Proposal for Workers' Compensation Claims Audit Services – 2020**

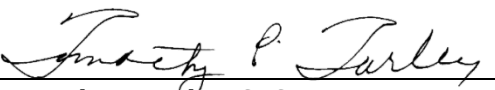
Farley Consulting Services (FCS) is pleased to present this proposal to conduct an audit of workers' compensation claims handling for the Northern California Cities Self Insurance Fund (NCCSIF).

FCS has completed roughly 950 similar audits and can provide a comparison of claims handling performance of Sedgwick with other claims administration arrangements. That comparison will identify areas of claims handling where Sedgwick may not be complying with the Workers' Compensation Claims Administration Standards established by CSAC Excess Insurance Authority (EIA) for the administration of NCCSIF claims. These standards are set forth in Addendum A to the Request for Proposal (RFP) issued on 8/13/20. The standards will be referenced for all auditing activity.

FCS maintains insurance that complies with the requirement set forth in the RFP and will provide its insurance information to NCCSIF if it is selected to conduct the audit.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by   
Timothy P. Farley, CPCU  
President

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## Appendix

    Resume

## I. Recommendations

### A. Project Objective

NCCSIF seeks assurance that its workers' compensation TPA (Sedgwick) is providing effective claims administration and is adhering to California workers' compensation statutory guidelines. FCS will incorporate the review of key areas of claims administration identified by NCCSIF and used for past NCCSIF audits. They are standard points of observation in all audits FCS conducts.

NCCSIF seeks assurance that Sedgwick adjusting staff maintain the experience and competence to manage claims within NCCSIF's \$500,000 (per accident) retained limit. FCS will evaluate claim handling staff experience levels to facilitate this.

### B. Plan of Action

#### Audit Sample Selection

NCCSIF has indicated the minimum number of claims to be reviewed for this project. Based on these requirements, FCS proposes the following audit samples:

- **100 open active indemnity claims.** At least 50% of these will have incurred costs of \$25,000 or more. The RFP indicates a requirement that the review include at least 90 open indemnity claims, but claims administration has changed somewhat over the past few years. A slightly increased sample is recommended.
- **10 closed indemnity claims.** FCS recommends that these claims will have been closed in the past 18 months. Again, at least half of these should be claims that have generated incurred costs of \$25,000 or more. The 18-month cut-off point is recommended to ensure that the most *current* claims handling activity is evaluated.
- **25 open medical only claims**

#### Other Audit Steps

To complete this project, FCS will:

1. Conduct an initial telephone discussion with Sedgwick to review data requirements and timing of the work. During this interview, FCS will attempt to identify specific areas of concern (not expressed in the RFP) that NCCSIF would like to have evaluated.
2. Receive a current loss run of open claims in Excel spreadsheet format from Sedgwick from which the audit sample will be selected.
3. Develop the list of claims to be reviewed and provide that list to Sedgwick approximately 3 weeks before the start of the audit. FCS welcomes NCCSIF's input on the sample selection.

4. Conduct necessary telephone interviews to confirm audit timing.
5. Complete the audit. The review will be done remotely via access to Sedgwick's claims information system.
6. Conduct follow-up telephone interviews with Sedgwick personnel to refine the understanding of such issues as:
  - Settlement authority of Sedgwick
  - Sedgwick's or NCCSIF's standards for contesting questionable claims
7. Organize, tabulate, and analyze all information received, and develop conclusions.
8. Submit a draft report of findings to NCCSIF. The report will be a practical, working tool that is clear and concise in setting forth study results. The assessment of Sedgwick claims administration performance will be clear. Recommended action to be taken will be supported with discussion and exhibits. The draft report will be provided electronically in a PDF file.
9. Discuss the draft report with NCCSIF.
10. Issue the final report electronically in PDF. FCS will gladly provide printed and bound copies of the report (maximum of 10) to NCCSIF, if requested.
11. Present the report via teleconference on March 25, 2021, if requested.

**This proposal assumes the audit of NCCSIF claims will be performed remotely via access to the Sedgwick claims management information system.**

### **C. Scope of Work**

NCCSIF has indicated the 15 areas of observation that must be incorporated into this project. FCS routinely uses those criteria in its audit process. Any additional areas of observation deemed vital by FCS will first be communicated to NCCSIF.

### **D. Timing**

The review of 135 claims will require at least 10 working days to complete. FCS proposes to conduct the audit during the period 10/1/20-12/20/20.

A draft report of audit findings will be provided by 1/6/21.

A final report will be provided pending NCCSIF's approval of the draft report, but no later than 1/20/21.

## II. Qualifications

### A. FCS Experience

All activity for this project will be performed by Timothy P. Farley, CPCU.

Mr. Farley began his claims management consulting career in 1991 and formed Farley Consulting Services in 2000. FCS is a national, *independent* claims management consulting firm headquartered in Oceanside, California.

FCS has completed roughly 950 similar audits. 50% of his client base are either individual cities or risk sharing/pooling municipal entities such as NCCSIF. 95% of his audit clients are public entities. 70% of his clients are based in California.

Mr. Farley's resume is appended to this report.

### B. Project Team

Mr. Farley is the sole consultant of FCS. His responsibilities for this project will be:

- Managing the project
- Performing the audit
- Completing the report
- Presenting the report remotely to NCCSIF via teleconference or Webex on 3/25/21, if requested.

Mr. Farley has an extensive claims administration background. He has been a multi-line claims adjuster and a claims supervisor. The claims unit he supervised handled high exposure workers' compensation claims.

Mr. Farley has conducted roughly 950 similar audits for entities such as NCCSIF. His claims, legal, and risk management background enables him to take the fiscal and legislative concerns of these entities into consideration when evaluating claims administration effectiveness.

Mr. Farley has authored several articles on the intricacies of workers' compensation claims administration and audit expectations for self-insured workers' compensation providers.

Mr. Farley's resume is appended to this proposal.



### C. References

FCS has provided similar audit services to roughly 950 public entities, primarily in California. FCS encourages NCCSIF to contact these individuals.

<b>Local Agencies Workers' Compensation Excess (LAWCX)</b>	
Client address	Sacramento, California
Client contact	Ms. Tammy Vitali
Telephone/email	(800) 541-4591 / <a href="mailto:Tammy.vitali@sedgwick.com">Tammy.vitali@sedgwick.com</a>
Type of business	California Cities Excess Insurance Pool
Services provided	Claims auditing
Date services provided	Ongoing on rotating basis. FCS audits each of the LAWCX 44 municipal members over a 2-year cycle. FCS has provided this service since 2011.
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

<b>Small Cities Organized Risk Effort (SCORE)</b>	
Client address	San Francisco, California
Client contact	Mr. Laurence Voiculescu
Telephone/email	(916) 643-2702 / <a href="mailto:lvoiculescu@alliant.com">lvoiculescu@alliant.com</a>
Type of business	California Cities Insurance Pool
Services provided	Claims audit
Date services provided	Bi-annually since 1998
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

<b>Central San Joaquin Valley Risk Management Authority (CSJVRMA)</b>	
Client address	Fresno, California
Client contact	Ms. Jeanette Workman
Telephone/email	(800) 541-4591 / <a href="mailto:jeanette.workman@sedgwick.com">jeanette.workman@sedgwick.com</a>
Type of business	California Cities Insurance Pool
Services provided	Workers' Compensation claims audit
Date services provided	Bi-annually since 1994
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

FCS will provide additional references, if requested.

### III. Cost of Service

FCS will complete this project for a flat fee of **\$11,900**. This fee includes all related expenses. There will be no additional charges. This is the guaranteed not-to-exceed fee.

FCS agrees to reduce its fee to **\$11,200** if the review of only 90 open indemnity claims (the minimum sample per the RFP) is requested by NCCSIF.

An invoice will be submitted following completion of the draft report and will be due within 30 days of receipt.

## **IV. Insurance Requirements**

FCS maintains the required insurance coverage and will provide specific insurance coverage verification if awarded the project.

# **Appendix Resume**

# Timothy P. Farley, CPCU

## President

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### EXPERIENCE

**FARLEY CONSULTING SERVICES – 2000 to present**

President and primary consultant of national, independent claims management consulting firm.

**ADVANCED RISK MANAGEMENT TECHNIQUES, INC. – 1991 to 2000**

Senior Claims Consultant. Consultant to various corporations and public agencies on risk management subjects, with an emphasis on claims audits, claims administrator selection and evaluation, and other claims management issues.

**ALEXANDER & ALEXANDER – 1989 to 1991**

Marketing Manager. Responsible for market placement of all new and renewal retail business.

**TRANSCO INSURANCE SERVICES – 1988 to 1989**

Home Office Claims Supervisor. Supervision of independent claims adjusting firms handling litigated liability claims, including products liability and construction defect claims. Duties also included reports to various members of reinsurance treaties.

**INSURANCE CO. OF THE WEST – 1986 to 1988**

Claims Supervisor. Supervision of claims unit handling liability, automobile and workers' compensation claims.

**USF&G INSURANCE CO. – 1983 to 1986**

Claims Adjustor. Responsible for full handling of property, liability and workers' compensation claims from first report to final resolution.

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### ACADEMIC BACKGROUND

University of Wisconsin – Madison, Wisconsin

Graduate level courses on risk management

Western State University College of Law

Graduate level courses in contracts, torts, civil procedures, property and criminal law

University of Wisconsin – La Crosse, Wisconsin

Bachelor of Science degree in Business Administration

Academic All-American

American Institute for Property and Liability Underwriters, Inc.

Chartered Property Casualty Underwriter (CPCU) designation

Instructor CPCU 1 and 6

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### PROFESSIONAL SOCIETIES

Society of Chartered Property Casualty Underwriters



**NCCSIF Workers' Compensation  
Third Party Claims Administration Audit  
Response to RFP**

Service Proposal for NCCSIF  
October 1, 2020 – December 31, 2020

September 1, 2020

Presented by:



[www.esminsite.com](http://www.esminsite.com)



## ESM Statement Of Credibility

Thank you for the opportunity to consider our organization as a resource for Northern California Cities Self Insurance Fund (NCCSIF) Workers' Compensation Claims Advocacy needs. The services provided by ESM precisely meet the needs of the NCCSIF and will be completed in a highly efficient and cost-effective manner. As a provider of risk management services for public employers, ESM has developed creative approaches in implementing Workers' Compensation claims management audit strategies to help identify cost saving opportunities.

ESM has expertise in effectively managing Workers' Compensation claims, return to work initiatives, litigation strategies and other claims management related services in the public sector environment.

- ESM Designations:
  - Associate in Risk Management – ARM
  - Associate in Public Risk Management - ARM-P
  - Workers' Compensation Claims Professional – WCCP
  - Chartered Property Casualty Underwriter – CPCU
  - Associate in Management – AIM
  - Certified Professional Disability Manager – CPDM
  - Self-Insured Professional – SIP
  - Juris Doctorate - JD
  
- ESM Expertise:
  - Labor Code, Self-Insured Plan (SIP), California Regs and current Case Law
  - PD ratings, Reserve analysis, Litigation strategies
  - Return To Work options / overlapping FEHA Leave Laws

## About ESM

ESM was founded in 2005 with the vision of supporting employers with analyzing their operational challenges and developing a strategic plan that focuses on injury prevention and Worker's Compensation cost containment. As of 2020, ESM has worked with over 1,000 employers providing guidance while working in collaboration to develop tools and best practices to mitigate organizational risk.

**NCCSIF Audit Goals & Objectives:**

Goals:

- Ensure that Sedgwick is doing an effective job in adjusting the NCCSIF's claims
- Confirm that Sedgwick uses sound and accurate reserving practices
- Confirm that Sedgwick's price for services is comparable to other TPAs
- Provide recommendations for areas of improvement

Objectives:

- Assess efficiency and effectiveness of TPA, Sedgwick of Roseville
- Confirm adjusters experience and competency
- Ensure claims management standards in the contract for services are met
- Ensure claims management acceptable best practice and standards are followed

**ESM Audit Plan:**

Service	Service Summary
<b>1. Recommendations</b>	<p>ESM proposes to audit approximately 20% of the open inventory 115 / 576 as of 6/30/20, as well as 10 closed claims.</p> <p>ESM will review minimum of 125 claim, the majority of the indemnity claims to have total incurred of &gt;\$25,000:</p> <ul style="list-style-type: none"> <li>• 90 open Indemnity</li> <li>• 25 open MO</li> <li>• 10 closed claims</li> </ul> <p>The audit shall include the following areas of examination as outlined in the RFP</p> <ol style="list-style-type: none"> <li>1. Staffing Adequacy – caseloads, training, and experience of the examiners .</li> <li>2. Accuracy of case reserves.</li> <li>3. Payments – accuracy, timeliness, authority levels, penalties paid by TPA.</li> <li>4. Investigation – prompt three-point contact, AOE/COE determined, witnesses, statements, reports, wage information, indexing, subrogation potential, sub rosa, etc.</li> <li>5. Medical &amp; TD Cost Containment –UR, BR, MPN, RTW, and nurse case management.</li> <li>6. Litigation Management – use of approved counsel, litigation budget and work plans in file, timely communication, moving case to resolution, expenses in line, etc.</li> </ol>



Service	Service Summary
	<ol style="list-style-type: none"> <li>7. Diary &amp; Case Closure – appropriate diary and follow up, especially while claim still unresolved and after major treatment milestones.</li> <li>8. Documentation and RIMS Accuracy – does the file speak for itself? Able to follow and understand actions and thought process behind them.</li> <li>9. Excess Coverage - timely notification of potential excess claims, ongoing communication, and collection of excess reimbursement.</li> <li>10. Supervision – timely and appropriate direction from supervisor.</li> <li>11. The administrative system used to pay claims. Identification of bottlenecks, delays and weakness in procedures. Proper case monitoring and diary procedures.</li> <li>12. Accessibility of administrator during non-working hours.</li> <li>13. Reasonableness of administrator’s fees.</li> <li>14. Technical competence and expertise of personnel handling the claims.</li> <li>15. Determination that administrator is keeping members of NCCSIF informed and involved as to the status and development of claims.</li> </ol> <p>In addition to the standard audit criteria, ESM will focus on Allocated Loss Adjustment Expenses and vendor management. This is an area where we frequently find inconsistencies and cost leakage. We will compare these expenses to the NCCSIF vendor contracts as well as industry standards. Fees versus results will be considered. ESM anticipates identifying costs with the intent of reducing vendor contracts and overall expenses.</p> <p>The following expenses will be reviewed and included in the audit report with recommendations.</p> <ul style="list-style-type: none"> <li>• Bill Review</li> <li>• Utilization Review</li> <li>• Defense Attorneys</li> <li>• Nurse Case Managers</li> <li>• MSAs</li> <li>• Copy Service</li> </ul>

Service	Service Summary
<p><b>2. Qualifications</b></p>	<p>The approach to the audit will be to obtain and review background information before initiating the audit.</p> <ol style="list-style-type: none"> <li>1. Names and professional bios for designated claims examiners and supervisors</li> <li>2. Contracts for case load per examiner</li> <li>3. Copy of Account Handling Instructions</li> <li>4. Copies of vendor contracts</li> <li>5. List of dedicated defense attorneys</li> <li>6. SIR levels per policy year</li> <li>7. Obtain online access to file notes and reports</li> </ol> <p>Select the claims to audit from the open / closed inventory to ensure a random sampling of each designated claims examiner, sampling by age of claim, litigated vs non-litigated.</p> <p>ESM provides claims management oversight to large self-insured public entities. The claims are continually being audited to ensure best practices, reserve accuracy, compliance with Account Handling Instructions and cost containment contracts. This experience of daily review has given us a depth of expertise in analyzing and comparing activities and results of various public entity Workers' Compensation programs.</p> <p>The results have been significant reduction in the overall cost of the Workers' Compensation programs for the following public entities, with efficient and effective improvement of the TPA's claims management.</p> <ul style="list-style-type: none"> <li>• SFUSD, 3 years, 520+ and now 450+ open claims</li> <li>• SIG, 2 years, 500+ claims</li> <li>• Campbell USD, 10 years, 30 open claims</li> <li>• SELF, 6 years, 590+ now less than 243 (closing project for old claims in a closed WC program.)</li> </ul> <p>The NCCSIF audit will be conducted by a team of ESM including:</p> <ul style="list-style-type: none"> <li>• Audit Lead: Khai Sim, ARM-P, CPCU, WCCP, CPDM, SIP, AIM</li> <li>• Abe Jabhan, JD</li> <li>• Sharon Poston, ARM, SIP.</li> </ul>

**3. Cost of Service**

Service	Deliverables	Audit Cost
<b>Claims Audit</b>  <b>(October 1, 2020 – December 31, 2020)</b>	<ul style="list-style-type: none"> <li>The audit will be completed by December 31, 2020, with the final report presented in writing to the offices of Alliant Insurance Services by January 20, 2021.</li> <li>ESM will report audit results and scorecard of measurable standards.</li> <li>ESM will recommend improvements and cost-effective measures to reduce the overall Workers' Compensation program.</li> </ul>	<b>\$39,483</b>
<b>Travel</b>	Billed at professional rate + mileage at standard IRS rate.	<b>Included</b>
<b>Grand Total</b>		<b>\$39,483</b>

**Anticipated Results:**

If the audit score in any category falls under 90%, ESM will provide recommendations for improvement.

**ESM Team**



**KHAI SIM**

ARM-P, CPDM, AIM, SIP, WCCP, CPCU

*PRINCIPAL ADVOCATE*

*PUBLIC PRACTICE & SPECIAL PROJECTS (LEAD)*

Khai has over 20 years of California Workers' Compensation claims management experience. She has worked for insurance carriers and a large TPA (third party administrator) in the capacity of a Case Manager, Senior Claims Adjuster and High Exposure Consultant handling CA claims from inception to resolution. She is effective with identifying key issues on claims to promptly bring them to resolution to reduce claim costs and protracted litigation.

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**ABE JABHAN**

JD, SIP

*SR. CLAIMS ADVOCATE*

Abe has over 5 years of California Workers' Compensation claims management experience. He has worked for a Large Insurance Carrier as a Claims Examiner and a Client Services Account Manager. He has a passion for helping companies perform their best by helping advocate on their behalf, allowing employers to focus on their core competencies.

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**SHARON POSTON**

ARM, SIP

*PRESIDENT & CHIEF CLAIMS AUDITOR*

Sharon has more than 39 years of Workers' Compensation claims management experience. She has a versatile background having worked for insurance carriers, Third Party Administrators, and insurance brokers before starting her own consulting business in 1996. Sharon has experience with auditing self-insured employers and self-insured group plans and successful close-out programs. She is skilled in analyzing complex claims issues and negotiating resolution. She collaborates with employers, claims handlers and defense attorneys to obtain the optimal result in resolving large claims. She is results driven in accomplishing closing goals.

[Sharon.poston@esminsite.com](mailto:Sharon.poston@esminsite.com) / 916.822.5885

## Testimonials



ESM Solutions has provided consistent support and education to assist with making Campbell Unified School District's Workers' Compensation program the lowest rate in the area.

- James Crawford

*Deputy Superintendent, Campbell Union School District*



We are in our second year of working together, working predominantly with ESM INSITE's Principal Claims Advocate, Khai Sim, and Ms. Sim has been instrumental in bringing forth improvements to the school district's workers' compensation program by revealing shortcomings that, once corrected, translated into almost immediate savings, savings that are critical for a school district.

- Ken Neu

*Interim Executive Director, SFUSD Office of Risk Management*



ESM has not only assisted us in the day-to-day operations with our TPA, but has also taken a deeper dive into our program and found a several areas of financial savings. ESM's depth of knowledge on the technical side, as well as how to manage a more successful claims team has been invaluable to our agency. We have come to rely heavily on Khai Sim and know our program is much stronger today because of her and ESM's efforts.

- Gabriel Daniel

*Director, Claims & Loss Prevention, Schools Insurance Group*



I cannot thank you enough for all you have done for our WCG Pool. If it were not for you and your team, we would not been able to turn a \$5M deficit to a current \$600K amount. We will be positive by year end, and again much of that success goes to ESM.

- Jeff Einhorn

*CEO, NonProfits' United*



During the past three and a half years, our company has been working with ESM on a variety of different projects in helping reduce our Excess Workers' Compensation costs and exposures. The amount of potential savings is in the millions and we are very satisfied with their high level of expertise, service, and innovative approach which has exceed our expectations.

-Jimmy Rowe

*Director of Claims, Schools Excess Liability Fund*



## ESM

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**SUMMARY OF RESPONSES FOR NCCSIF RFP FOR WORKERS' COMPENSATION THIRD PARTY AUDIT CLAIMS**

	<b>Farley Consulting Services</b> <b>Timothy P. Farley CPCU</b> P.O. Box 5928 Oceanside, CA 92052	SCORE	<b>ESM INSITE</b> <b>Susan Poston, ARM, SIP</b> Carlsbad, SF Bay Area, Sacramento	SCORE	<b>ALC Claims Collaborations</b> <b>Angela Mudge</b> San Francisco, CA	SCORE
<b>Scope of Services</b>						
<b>Qualifications</b>						
<b>Recommendations</b>						
<b>Cost of Sevices</b>						
<b>References</b>						
<b>Summary</b>						
<b>SCORE 1-5 (1 lowest - 5 highest)</b>						

**SUMMARY OF RESPONSES FOR NCCSIF RFP FOR WORKERS' COMPENSATION THIRD PARTY AUDIT CLAIMS**

	<b>Farley Consulting Services Timothy P. Farley CPCU P.O. Box 5928 Oceanside, CA 92052</b>	<b>SCORE</b>	<b>ESM INSITE Susan Poston, ARM, SIP Carlsbad, SF Bay Area, Sacramento</b>	<b>SCORE</b>	<b>ALC Claims Collaborations Angela Mudge San Francisco, CA</b>	<b>SCORE</b>	<b>North Bay Associates</b>	<b>SCORE</b>
<b>Scope of Services</b>	Review 15 areas as outlined in the RFP.		Focus on injury prevention and WC cost containment. Intent of reducing vendor contracts and overall expenses, including MSAs and copy services.		45-point audit format, staffing adequacy, review contract and fees. Send notice to TPA as soon as file is audited. Conduct in December, report by 1/20/21.		Did not respond - conducting NCCSIF audit for PRISM around the same time.	
<b>Qualifications</b>	Over 950 similar audits. Did last three for NCCSIF. Founded in 2000. Works mostly with CA public entities.		39 years experience. Founded in 2005. References all schools except NPU.		Dedicated PRISM Auditor for Primary WC, one of several for excess EC. 30 years experience. In business since 2009.			
<b>Recommendations</b>	100 Open, 10 closed indemnity claims. 25 open med only claims.		Audit @ 20% of open inventory. 90 open + 10 closed + 25 open med = 125. Does ongoing claims management oversight for some clients.		Audit per RFP - 90 open, 10 closed, 25 med only. Provided sample report.			
<b>Cost of Services</b>	\$11,900 for all, \$11,200 for 90 open files		\$39,483 + travel if needed.		\$195 per file. For 125 files = \$24,375. Includes telephonic wrap up. \$140 hour + travel for meetings.			
<b>References</b>	LAWCX, SCORE, CSJVRMA		SELF, NPU, SIG, SFUSD. Worked with over 1,000 employers,		PRISM auditor, Nonprofits' United, City of Ventura, various SIGs			
<b>Summary</b>	Experienced auditor used for the last three audits. One of a handful who are qualified and as a sole practitioner typically has lowest pricing.		Very thorough and comprehensive with focus more on injury prevention and ALE containment and vendor management. Ongoing review to turn poor programs around or if suspect overbilling is best use.		Very experienced with good knowledge of PRISM audit standards and regular use for their primary claim audits. Bigger operation than Farley so overhead and pricing tends to be higher.			
<b>SCORE 1-5 (1 lowest - 5 highest)</b>								





BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
September 24, 2020

Agenda Item H.

## ROUND TABLE DISCUSSION

### INFORMATION ITEM

**ISSUE:** The floor will be open to the Committee for discussion.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** The item is to the Claims Committee members for any topics or ideas that members would like to address.

**ATTACHMENT(S):** None.