

Board Office Use: <b>Legislative File Info.</b>	
File ID Number	18-0843
Introduction Date	May 9, 2018
Enactment Number	18-0769
Enactment Date	5/9/18 If



# Memo

**To** Board of Education

**From** Tara Gard, Deputy Chief Talent Officer  
Rebecca Littlejohn, Risk Management Officer

**Date** May 9, 2018

**Subject** Amendment No. 2, Workers' Compensation One-Year Term Extension - Administration Services Agreement - Hazelrigg Claims Management Services, Inc. - Risk Management Department

**Action Requested** Approval by the Board of Education of Workers' Compensation One-Year Term Extension - Amendment No. 1, Administration Services Agreement between the District and Hazelrigg Claims Management Services, Inc., Chino Hill, CA, for the latter to provide claims administration and managed care to the District for the term July 1, 2018 through June 30, 2019, as specified, at a cost not to exceed \$644,000.00 during the term of the Agreement. All other terms and conditions of the Agreement, except as modified by this Extension, if any, remain in full force and effect.

**Summary** On May 28, 2014 the Oakland Unified School District Board of Education approved a three year contract with two (2), one-year options to extend for Workers' Compensation Claims Administration with Hazelrigg Claims Management Services, Inc., (Enactment No. 14-0834, dated May 28, 2014). The first optional one-year extension was approved on June 28, 2017 (Enactment No. 17-1084). Hazelrigg Claims Management Services, Inc. has been acting as the District's Workers' Compensation Third Party Administrator since July 1, 2014 after being unanimously chosen through an RFP process. HCMS has been providing exceptional full service workers' compensation claims management with services including, but are not limited to, initial file set up on all reported claims, maintenance of proper claims reserves, appearances before the Workers' Compensation Appeals Board, interaction with District staff in the investigation and resolution of claims, management of ancillary providers including defense attorneys, private investigators, and assistance in early return-to-work.

**Recommendation** Approval by the Board of Education of Workers' Compensation One-Year Term Extension - Amendment No. 1, Administration Services Agreement between the District and Hazelrigg Claims Management Services, Inc., Chino Hill, CA, for the latter to provide claims administration and managed care to the District for the term July 1, 2018 through June 30, 2019, as specified, at a cost not to exceed \$644,000.00 during the term of the Agreement. All other terms and conditions of the Agreement, except as modified by this Extension, if any, remain in full force and effect.

**Fiscal Impact** Fund 67 Not to exceed \$644,000

**Attachments**

## **WORKERS' COMPENSATION ONE-YEAR TERM EXTENSION ADMINISTRATION SERVICE AGREEMENT**

This Agreement Extension is entered into by and between Oakland Unified School District, hereinafter referred to as "Client", and Hazelrigg Claims Management Services, Inc., a California Corporation, hereinafter referred to as "HCMS."

### RECITALS

1. WHEREAS, Client has elected to self-insure its Workers' Compensation Program in the State of California.
2. WHEREAS, HCMS provides claims administration and managed care services to self-insured employers.
3. WHEREAS, Client and HCMS previously entered into a Service Agreement effective July 1, 2014 through June 30, 2017 (OUSD Enactment No. 14-0834), which allowed for up to two (2) one-year extensions, a true and correct copy of which is attached hereto as Exhibit A.
4. WHEREAS, Client and HCMS previously entered into a One-Year Term Extension Service Agreement effective July 1, 2017 (OUSD Enactment No. 17-1084), a true and correct copy of which is attached hereto as Exhibit B.
5. WHEREAS, the previous Extension Service Agreement expires on June 30, 2018.
6. WHEREAS, Client and HCMS have agreed to extend the prior Service Agreement through June 30, 2019.
7. The foregoing recitals are agreed to by the parties.

### TERMS AND CONDITIONS

1. Term of Agreement - This Agreement Extension is for the second (and final) one (1) year contract extension term effective July 1, 2018 through June 30, 2019, unless otherwise terminated as stated in Section 8 of the prior Service Agreement, dated September 22, 2014.
2. Consideration – (As stated in previous Service Agreement)
  - "e. HCMS' service fee for the period July 1, 2018 through June 30, 2019 (second optional one-year extension) shall be Six Hundred Forty-Four Thousand Dollars (\$644,000) for claims administration, including program development and Risk Management Information System (RIMS). New claims in excess of 250 for each fiscal year will be billed annually at the end of the

fiscal year at \$1,519.44 per indemnity claim and \$393.93 per “medical only” claim.

“f. Existing tail claims will be administered through life of contract at no additional fee.”

“g. With the first installment of the first year service fee and subsequent contract years, there shall be payable a non-exclusive user read-only license fee of One Thousand Dollars (\$1,000) for EDS remote data access. It is recognized that the service fee represents the expense of the administering and adjusting all workers’ compensation claims that are active during the contract period, and the fee does not cover the expense involved in processing claims to their ultimate conclusion.”

“h. The annual service fee shall be paid in quarterly installments in advance of the service period for which it pertains and is payable by the CLIENT upon the appropriate due date as set forth in HCMS’ invoice. Amounts due but unpaid after forty-five (45) days from the due date shall bear interest at the maximum rate permitted by law.”

3. Extension of prior terms and conditions –

a. All terms and conditions embodied in the Administrative Service Agreement that was in effect from July 1, 2014 through June 30, 2017, are extended by incorporation herein.

4. **Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion** –

Client and HCMS certify to the best of their knowledge and belief, that Client’s, HCMS’, and their respective principals: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or contractor according to Federal Acquisition Regulation Subpart 9.4, and by signing this Amendment No. 2 to the Agreement, verify that this vendor does not appear on the Excluded Parties List. <https://www.sam.gov>.

5. Integration of Agreement and Agreement Extension –

All understandings, agreements, covenants, and representations express or implied, oral or written between the Parties are contained and merged herein. No other agreements, covenants, or representations, express or implied, oral or written, have been made by or between the Parties concerning the subject of this Agreement Extension. This is an integrated Agreement Extension. It may not be altered, modified or otherwise changed in any respect except in a writing signed by each party.

Dated: 4-3-2018

Hazelrigg Claims Management Services, Inc.  
15345 Fairfield Ranch Road, Suite 250  
Chino Hills, California 91709

By: *Arlene Hazelrigg*  
Arlene Hazelrigg, President

Dated: 5/10/18

Oakland Unified School District  
1000 Broadway, Suite 300  
Oakland, CA 94607

By: *Aimee Eng*  
Aimee Eng, Board President

Dated: 5/10/18

Oakland Unified School District  
1000 Broadway, Suite 300  
Oakland, CA 94607

By: *Kyla Johnson-Trammell*  
Kyla Johnson-Trammell, Superintendent  
& Board Secretary

OAKLAND UNIFIED SCHOOL DISTRICT  
Office of the General Counsel  
APPROVED FOR FORM AND SUBSTANCE

By: *[Signature]*  
Michael L. Smith, Attorney at Law

*4/12/18 (1620 4/12/18)*



OAKLAND UNIFIED  
SCHOOL DISTRICT

*Community Schools, Thriving Students*

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# Exhibit A

## **WORKERS' COMPENSATION ONE-YEAR TERM EXTENSION ADMINISTRATION SERVICE AGREEMENT**

This Agreement Extension is entered into by and between Oakland Unified School District, hereinafter referred to as "Client", and Hazelrigg Claims Management Services, Inc., a California Corporation, hereinafter referred to as "HCMS."

### RECITALS

1. WHEREAS, Client has elected to self-insure its Workers' Compensation Program in the State of California.
2. WHEREAS, HCMS provides claims administration and managed care services to self-insured employers.
3. WHEREAS, Client and HCMS previously entered into a Service Agreement effective July 1, 2014 (OUSD Enactment No. 14-0834), a true and correct copy of which is attached hereto as Exhibit A.
4. WHEREAS, the previous Service Agreement expires on June 30, 2017.
5. WHEREAS, Client and HCMS have agreed to extend the prior Service Agreement through June 30, 2018.
6. The foregoing recitals are agreed to by the parties.

### TERMS AND CONDITIONS

1. Term of Agreement - This Agreement Extension is for a one (1) year contract extension term effective July 1, 2017 through June 30, 2018, unless otherwise terminated as stated in Section 8 of the prior Service Agreement, dated September 22, 2014.
2. Consideration - (As stated in previous Service Agreement)
  - "d. HCMS' service fee for the period July 1, 2017 through June 30, 2018 (first optional one-year extension) shall be Six Hundred Twenty-Five Thousand Dollars (\$625,000) for claims administration, including program development and Risk Management Information System (RMIS). New claims in excess of 250 for each fiscal year will be billed annually at the end of the fiscal year at \$1,475.18 per indemnity claim, and \$382.45 per "medical only" claim."
  - "f. Existing tail claims will be administered through life of contract at no additional fee."
  - "g. With the first installment of the first year service fee and subsequent contract years, there shall be payable a non-exclusive user read-only license fee

of One Thousand Dollars (\$1,000) for EDS remote data access. It is recognized that the service fee represents the expense of the administering and adjusting all workers' compensation claims that are active during the contract period, and the fee does not cover the expense involved in processing claims to their ultimate conclusion."

"h. The annual service fee shall be paid in quarterly installments in advance of the service period for which it pertains and is payable by the CLIENT upon the appropriate due date as set forth in HCMS' invoice. Amounts due but unpaid after forty-five (45) days from the due date shall bear interest at the maximum rate permitted by law."

3. Extension of prior terms and conditions –

a. All terms and conditions embodied in the Administrative Service Agreement that was in effect from July 1, 2014 through June 30, 2017, are extended by incorporation herein.

4. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion –

Client and HCMS certify to the best of their knowledge and belief, that Client's, HCMS', and their respective principals: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or contractor according to Federal Acquisition Regulation Subpart 9.4, and by signing this Amendment No. 2 to the Agreement, verify that this vendor does not appear on the Excluded Parties List. <https://www.sam.gov>.

5. Integration of Agreement and Agreement Extension –

All understandings, agreements, covenants, and representations express or implied, oral or written between the Parties are contained and merged herein. No other agreements, covenants, or representations, express or implied, oral or written, have been made by or between the Parties concerning the subject of this Agreement Extension. This is an integrated Agreement Extension. It may not be altered, modified or otherwise changed in any respect except in a writing signed by each party.


Dated: 6/1/2017

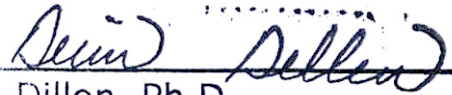
Hazelrigg Claims Management Services, Inc.  
15345 Fairfield Ranch Road, Suite 250  
Chino Hills, California 91709

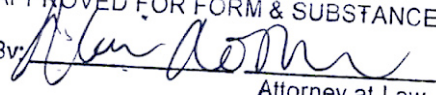
By: Arlene Hazelrigg  
Arlene Hazelrigg, President

Dated: 6/29/17

Oakland Unified School District  
1000 Broadway, Suite 300  
Oakland, CA 94607

  
\_\_\_\_\_  
James Harris  
By President, Board of Education

  
\_\_\_\_\_  
Devin Dillon, Ph.D.  
Interim Secretary, Board of Education

OAKLAND UNIFIED SCHOOL DISTRICT  
Office of General Counsel  
APPROVED FOR FORM & SUBSTANCE  
By:   
\_\_\_\_\_  
Attorney at Law





OAKLAND UNIFIED  
SCHOOL DISTRICT

*Community Schools, Thriving Students*

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# Exhibit B

Board Office Use: Legislative File Info.	
File ID Number	17-1323
Introduction Date	6/28/17
Enactment Number	17-1084
Enactment Date	6/29/17



OAKLAND UNIFIED  
SCHOOL DISTRICT

Community Schools, Thriving Students

# Memo

**To** Board of Education

**From** Vernon Hal, Senior Business Officer  
Tara Gard, Deputy Chief Talent Officer  
Rebecca Cingolani, Risk Management Officer *RC*

**Date** June 28, 2017

**Subject** Approval by the Board of Education of a Contract for Professional Services with Hazelrigg Claims Management Services, Inc., for Workers Compensation Claims Administration

**Action Requested** Approval of a one year extension to the existing contract for professional services with Hazelrigg Claims Management Services, Inc., (Hazelrigg) for Workers' Compensation Claims Administration in the amount not to exceed Six Hundred Twenty-Five Thousand Dollars (\$625,000).

**Background** The District's current Workers' Compensation Administration contract is with Hazelrigg Claims Management Services who was chosen in a unanimous panel decision as part of an RFP interview process. Hazelrigg has been performing the claims administration for OUSD's Workers' Compensation program since 2014 and has offices located in 1000 Broadway.

**Discussion** The District does not have the internal staff capacity to administer the claims that are generated by its permissibly self-insured Workers' Compensation program. Hazelrigg was chosen via RFP and is currently providing full service Workers' Compensation claim administration since July of 2014. Since the start of their contract Hazelrigg has shown exemplary handling of District claims, including but not limited to initial file set-up on all reported claims, maintenance of proper claims reserves, appearances before the Workers' Compensation Appeals Board, interaction with District staff in the investigation and resolution of claims, management of ancillary providers including defense attorneys, private investigators, and early return-to-work specialists. For purposes of performing their services under this contract, Hazelrigg is authorized to maintain a Claims Trust Checking Account through which authorized claim expenses will be paid. The \$600,000 initial balance of that Trust Account will be maintained through regular reimbursement / replenishment requests from Hazelrigg to the District, in an amount not to expected to exceed \$6.123 million in



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Fiscal Year 2017-18.

**Recommendation**

Approval by the Board of Education of the Contract for Professional Services with Hazelrigg Claims Management Services, Inc in an amount not to exceed \$625,000 for the period of July 1, 2017 to June 30, 2018

**Fiscal Impact**

Fund 67 Resource Code 0000, not to exceed \$6,748,000 in Fiscal Year 2017-18, inclusive of both administrative fees under the professional services contract and actual Workers Compensation claim expenses paid.

**Attachments**

Professional Services Contract, Hazelrigg Claims Management Services, Inc.