STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (DHS Rev 6/02)

Exhibit A-1

AGREEMENT NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME
California Department of Health Services also referred to as DHS

CONTRACTOR'S NAME

2. The term of this Agreement is: through

3. The maximum amount of this Agreement is: $

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work	16 pages
Exhibit B – Budget Detail and Payment Provisions	4 pages
Exhibit C * – General Terms and Conditions	GTC 103 dated 1/03/03
Exhibit D(F) – Special Terms and Conditions (Attached hereto as part of this agreement)	26 pages
Exhibit E – Additional Terms and Conditions	31 pages
Exhibit F – Contractor's Release	1 pages
Exhibit G – Attestation of Understanding/Agreement Form	2 pages

Items shown above with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at http://www.ols.dgs.ca.gov/Standard+Language/default.htm.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)*

BY *(Authorized Signature)* | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME
California Department of Health Services or DHS

BY *(Authorized Signature)* | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING
Edward Stahlberg, Chief, Program Support Branch

ADDRESS
1800 3rd. Street, Rm. 455, P.O. Box 942732, Sacramento, CA 94234-7320

California Department of General Services Use Only

☐ Exempt per:

REQUEST FOR PROPOSAL
Exhibit A

MEDI-CAL WORKERS' COMPENSATION RECOVERY PROGRAM

1.0 SCOPE OF WORK

1.1 OVERVIEW—TASKS AND RESPONSIBILITIES

The following Medi-Cal Workers' Compensation Recovery Program (WCRP) tasks and responsibilities are related to the collection of Medi-Cal paid services for employment-related illnesses or injuries that result in Workers' Compensation (WC) awards, judgments, and/or settlements. The scope of the contract resulting from this Request for Proposal (RFP) shall be limited to WC recovery actions and will not include collection of health insurance, personal, auto, or homeowners' liability.

A WC industrial illness or injury claim is voluntarily compensated for by an employee's employer and/or their WC insurance carrier. If the claim is disputed or denied, an employee may file a claim with the Workers' Compensation Appeals Board (WCAB) for reconsideration. The WCAB has exclusive jurisdiction over such disputes and has the power to grant a reconsideration of the workers' compensation judge's decision on its own motion or upon the petition of the injured party.

For the purposes of this contract and for purposes of recovery of amounts paid by the Medi-Cal program for an employment-related injury and/or illness, the Contractor shall be responsible for the:

A) Identification of potential WC and WCAB cases;
B) Development of WC and WCAB cases;
C) Maintenance of WC and WCAB cases;
D) Negotiation of WC and WCAB cases; and
E) Recovery of Medi-Cal funds from WC and WCAB cases.

To accomplish the above the Contractor must:

1) Develop and maintain a case management system for data collection, case development, case maintenance, case recovery, and case closure;
2) Develop policies and procedures for the identification, negotiation, and recovery of Medi-Cal expenditures in WCRP actions;
3) Develop and maintain an automated accounting system that would meet the requirements as set forth in Exhibit B, Section 1.0 through 1.5;
4) Enroll in and maintain continued access to the Division of WC Electronic Data Exchange System (EDEX); and
5) Maintain reporting requirements as set forth in Exhibit A, Section 1.8 and 1.8.1 of this RFP.

1.2 TAKE-OVER AND TRANSITION

The Contractor must have a plan and/or approach for coordinating the take-over of existing activities from the current contractor. The Contractor must address any foreseeable transition complications and take action to deal with or resolve transition complications to minimize the disruption of existing services. Proposers must submit a finalized take-over plan to the State for approval within thirty (30) days after the contract start date.

The Contractor is required to transition operations from the current Medi-Cal Workers' Compensation Recovery Program (WCRP) Contractor. This transition from the previous Contractor to the successor Contractor is for the orderly processing of cases and workload and shall be transparent to all other entities.

1.3 START-UP PLAN

In order to accomplish an orderly transition, the Contractor must submit for approval a Start-Up Plan that will demonstrate readiness for the Start of Operations. The Contractor's Start-Up Plan shall explain how the Contractor intends to:

A. Develop systems to support Medi-Cal WCRP case management and accounting functions (see Exhibit A, Section 1.1, 1.4, and 1.8; and Exhibit B, 1.4 and 1.5.
B. Develop policies, procedures, manuals, invoice formats and associated program-related forms for the WCRP (see Exhibit A and B).
C. Provide legal representation (Staff Attorneys) with the expertise to successfully negotiate/litigate all WCRP matters on behalf of the Department. Attorneys must be an active California State Bar member by the Contract effective date.
D. Provide proof of enrollment and access to the Electronic Data Exchange System (EDEX) for the duration of the Contract (see Exhibit A, Section 1.6.2).
E. Provide acceptance testing of Contractor systems.
F. Appoint a Contractor's Representative (see Exhibit E, Section 1.2).
G. Provide proof of insurance within five days after execution of the contract (see Exhibit E, Section 1.13.1).
H. Provide proof of bonding coverage by the contract effective date (see Exhibit E, Section 1.13.2).
I. Provide a Conflict of Interest Disclosure Statement for each employee two weeks after the contract effective date (see Exhibit E, Section 1.21).
J. Provide permanent facilities within the State of California for the duration of the contract.
K. Comply with turnover requirements (See Exhibit E, Section 1.9).

L. Present a security plan that provides for the protection of, and limits unauthorized access to confidential records, information, data, and data elements (See Exhibit E, Section 1.20).
M. Provide signed oaths of confidentiality for all staff members assigned to the Scope of Work for this contract within two weeks of contract effective date (See Exhibit E, Section 1.20).

1.4 CASE MANAGEMENT

The Contractor shall establish and maintain a case management system, which must include policies and procedures that must be approved by the Department and available for review upon request. The case management system must assure that all Medi-Cal WCAB recovery actions, which may result in a settlement, judgment, and/or award, are filed timely and accurately, updated periodically, negotiated, and recovered upon, as prescribed by W&I Code, Section 14124.70 through 14124.88. The system shall also be capable of identifying duplicate payments between Medi-Cal, employer/insurers, and/or providers and initiating recovery action.

The case management system shall be developed to perform the following functions: data collection and analysis (identification of potential case referrals), case development, initiation of lien claims and demand notices, case maintenance, case recovery, and case closure.

1.4.1 DATA COLLECTION AND ANALYSIS

The Contractor shall collect and analyze potential WCRP case referrals to ensure there is adequate information for case development.

At a minimum, the Contractor must obtain potential case referral information from a variety of sources, including, but not limited to:

A. Electronic Data Exchange System (EDEX)
B. Electronic data matches identified by the State and the Department of Industrial Relations (DIR);
C. Electronic data matches of Medi-Cal payments and Workers' Compensation payments (used to identify duplicate payments on non-appealed cases);
D. Insurance companies;
E. Managed Care Plans (MCP);
F. Medi-Cal beneficiaries;
G. Medical care providers;
H. Other state and county offices;
I. State inquiry letters; or
J. Any other sources available to or developed by the Contractor.

1.4.2 CASE DEVELOPMENT

The Contractor shall develop potential WCRP cases, as identified in Exhibit A, Section 1.4.1, within 30 days of receipt of referral. Case development shall include:

A. Determine whether the injured party (beneficiary) was eligible for Medi-Cal benefits on or during the period of the illness and/or injury by accessing an eligibility system provided by the State. Refer to Exhibit A, Section 1.6.1, Data Sources, for additional information.

B. If Medi-Cal eligibility is found on or after the date of injury or illness, obtain Medi-Cal payment information on the injured party from all appropriate source(s) including:

(1) Claim Detail Reports
(2) Delta Dental
(3) Developmental Services (DDS)
(4) In-Home Support Services/Personal Care Services
(5) Managed Care Plans
  a) County Organized Health Systems (COHS)
  b) Dental Managed Care
  c) Fee-for-Service Managed Care
  d) Geographic Managed Care (GMC)
  e) Prepaid Health Plans (PHP)
  f) Primary Care Case Management (PCCM)
  g) Two-Plan Model
  h) Other Managed Care Projects
(6) Mental Health Services

Refer to Exhibit A, Section 1.5, Medi-Cal Payment Sources for additional information.

C. Verify that payments made by Medi-Cal were not duplicated by WC insurer/employer using all of the following: provider, beneficiary, date of service, type of service, and procedure code.

When a duplicate payment to a provider is identified, the Contractor shall mail a demand for payment to the provider to recover full reimbursement of any fees paid by the Department for those services, pursuant to W&I Code 14124.791. If payment is not received after 30 days, the Contractor shall mail a second demand for payment. After 45 days from the second demand, if the provider payment is not received, the case shall be referred to the State for involuntary collection action.

D. Determine the illness and/or injury-related services and calculate the amount of the lien or claim in an itemized format (this is referred to as an itemization of Medi-Cal paid services).

The itemization shall include, at a minimum:

(1) date of service,
(2) description of service,
(3) Medi-Cal payment amount, and
(4) provider of service.

E. File claims for Medi-Cal paid services including an itemization with all appropriate WC insurance carriers, attorneys, representatives, and/or the WCAB.

F. Notify all involved parties including, but not limited to, beneficiary's attorney(s) and third party insurance carriers, of the Department's right to recover Medi-Cal paid benefits.

G. Provide legal representation on behalf of the State at WC conferences, hearings, trials, and other appearances when and where appropriate. Legal representatives must possess expertise and knowledge of the applicable labor and W&I codes, and the WC and WCAB processes to provide expert settlement negotiations in an effort to maximize recoveries for the Medi-Cal program.

H. Assemble case information in a neat, legible, and chronological order, which must be available for audit and review upon the Department's request. Each case shall include:

(1) case referral,
(2) record of eligibility verification,
(3) payment source information,
(4) copy of lien filed with the WC carrier or the WCAB,
(5) case documentation,
(6) all legal documents, and
(7) all other documents that may be developed or utilized to process and/or litigate the case.

1.4.3 CASE MAINTENANCE

Cases developed pursuant to Exhibit A, Section 1.4.2, shall require continued monitoring. This phase consists of the maintenance of existing cases. The Contractor shall:

A. Review status of all open cases utilizing the case management system and the Electronic Data Exchange (EDEX) system on a quarterly basis and take appropriate action.

B. Document all case actions taken by the Contractor for each case. An explanation is also required when action is not taken. All case documentation must be kept with the existing case.

C. On a quarterly basis, obtain updated Medi-Cal eligibility information, and take appropriate action, including requesting all Medi-Cal payment information.

D. On a quarterly basis, obtain updated Medi-Cal payment information from all sources referred to in Exhibit A, Section 1.4.2B to review for additional services, previously denied claims which have been resubmitted and paid, and/or duplicate provider payments. The Medi-Cal liens shall be updated as necessary for the duration of treatment of the illness and/or injury of the beneficiary or until the date of settlement, whichever comes first. See Exhibit A, Section 1.5, Medi-Cal Payment Sources, for additional information.

E. File updated claims for Medi-Cal paid services reflecting any changes to the Department's claim with the appropriate WC insurance carriers, attorneys, representatives, and/or the WCAB. An updated itemization shall be included.

1.4.4 CASE RECOVERY

This phase consists of the recovery of Medi-Cal expenditures when a WC action results in a settlement, judgment, and/or award. The Contractor shall:

A. Expend its best efforts to obtain the greatest recovery possible for the Department, up to the maximum recovery allowable under the applicable statutes, regardless of any other contractual obligations the Contractor may have to other entities.

B. Ensure that all lien claims are accurate and reflect all itemized Medi-Cal paid services through the date of settlement, judgment, or award, as well as any payments or reimbursements received.

C. Ensure all recoveries negotiated by the Contractor be paid directly to the State by the third party carrier (payor). The Contractor shall instruct the carrier (payor) to send the check payable to the "Department of Health Services" to the following address:

Department of Health Services
Contracting Officer/WCRP
Third Party Liability Branch, Recovery Section
P.O. Box 2946
Sacramento, CA 95812-2946

The Contractor shall also instruct the carrier (payor) to clearly identify the injured worker's name, social security number, and appropriate WC or WCAB case number on the check or accompanying documentation.

D. Any payments received in error by the Contractor shall be forwarded to the State within five working days of receipt. The payment must be mailed with a letter that identifies the recipient's name, social security number, appropriate WC or WCAB case number, and specifies Northern or Southern region to the address specified above in Exhibit A, Section 1.4.4.C.

E. Assure payments are correct and timely in accordance with the WC settlement and/or the WCAB's orders. Take appropriate actions when payments are incorrect or untimely.

F. Obtain advance written approval from the Contracting Officer to waive recovery of its claim from any workers' compensation settlement, judgment, or award.

G. Provide the Department with documentation explaining substantial reductions in the Department's lien claim upon the Department's request.

H. Verify any overpayments discovered and submit documentation to the Department as needed within 15 days of the Department's request.

Note: If an overpayment is not the result of Departmental error, a $100 refund processing fee will be deducted from the amount of the overpayment.

I. Maintain case collection histories in accordance with Exhibit E, Section 1.22 and 1.23 of this RFP.

J. Maintain, review, and keep electronic audit trails and logs to be made available for review by the Contracting Officer.

1.4.5 CASE CLOSURE

This phase consists of the closure of Medi-Cal WCRP cases. The Contractor shall:

A. Withdraw liens filed with the WCAB upon receipt of payment of the Department's lien claim, and/or case closure.

B. Provide WC insurance carriers a release of the Medi-Cal lien, if requested.

C. Ensure closed cases are maintained in accordance with Exhibit E, Section 1.22 and 1.23 of this RFP.

D. Provide the Department with documentation explaining the reason(s) for closure of all cases not resulting in recovery (e.g., copy of the WCAB decision) when closed. Documentation for waivers must include a copy of the written approval, issued and signed, by the Contracting Officer.

E. Ensure all closed cases that resulted in a settlement, judgment, and/or award include all documents related to the action. A copy of the signed WC settlement agreement and/or the WCAB order and copy of the formal withdrawal of the lien filed with WCAB must be included.

1.5 MEDI-CAL PAYMENT SOURCES

If a beneficiary had eligibility on or after the date of the WC injury or illness, the Contractor must obtain payment information from all appropriate sources and include 100 percent of the illness and/or injury related services paid for by the State's Medi-Cal Program on the itemized WC lien. The Contractor shall obtain updated payment information quarterly for the duration of treatment of the illness and/or injury or until the date of settlement, whichever comes first.

The State is responsible for providing direct access to the State's Fiscal Intermediary to obtain Claim Detail Reports from the Medi-Cal Fee-For-Service (FFS) Claims Payment System. In most cases, contractors shall be authorized to obtain Managed Care Plan (MCP) data directly from the plans. Dental, In-Home Supportive Services (IHSS)/Personal Care Services (PCS), developmental services (DDS), and some MCP data will be made available to the Contractor, upon request, if and when applicable to the WCRP action.

1.5.1 CLAIM DETAIL REPORTS (CDR)

A CDR is a claim history file created for each Medi-Cal beneficiary who has received services paid under Medi-Cal's FFS system. FFS is the traditional method of paying providers after the service has been rendered. The CDRs include adjudicated (paid and denied) claims submitted by medical providers for services rendered to Medi-Cal beneficiaries. Each claim includes, but is not limited to, date of service, date of payment, medical provider name, diagnosis code, description of treatment, billed amount, and the Medi-Cal payment amount. If the claim is denied, a zero amount will appear in the Medi-Cal payment field. Denied claims are subject to resubmission and may be paid at a later date.

Generally, providers have one year from the date the service was rendered to submit billing to the State's Medi-Cal fiscal intermediary (FI) for processing and payment.

The Contractor shall obtain CDRs from the Medi-Cal FI on **all** cases at the time of case development and then quarterly obtain updated CDRs to review for

additional services, resubmission of previously denied claims, and/or duplicate provider payments.

1.5.2 MANAGED CARE PLANS

Approximately one-half of the Medi-Cal population is covered by Medi-Cal managed care arrangements. Managed Care Plans (MCPs) contract with the State, through the Medi-Cal Managed Care Division (MMCD), to enroll Medi-Cal beneficiaries into health care plans that are designed to assure timely access to comprehensive primary care, preventive services, and other necessary health care. The type of MCP a beneficiary may be enrolled in depends on his/her county of residence.

The Contractor, on behalf of the director, shall recover the reasonable value of benefits provided, as defined in Welfare and Institutions Code Section 14124.70(c). If a beneficiary had MCP eligibility on or after the date of the WC injury/illness, the Contractor must request payment information from the appropriate source(s) and include 100 percent of the illness and/or injury related services on the WC lien. CDRs must also be obtained on all cases when the beneficiary is an MCP eligible.

At the time of this RFP, the Department has existing managed care arrangements or contracts with the following:

County Organized Health System (COHS) – A COHS is organized and operated by the county. There are five operational COHS plans based out of nine counties. In these counties, enrollment into the COHS is mandatory for beneficiaries for all aid categories. Beneficiaries do not have the option of obtaining Medi-Cal services through the traditional FFS system unless authorized by the COHS. A COHS is required to provide, on a capitated at-risk basis, all basic Medi-Cal covered benefits. However, mental health services and California Children Services (CCS) are carved out of COHS benefits.

Dental Managed Care – Dental program contractors case-manage dental care for an enrolled population of Medi-Cal recipients within geographically defined boundaries. These dental managed care plans are under contract with the State and are capitated for all dental services for the population they serve.

Geographic Managed Care (GMC) – Under a GMC, Medi-Cal beneficiaries are given the option of choosing from among multiple commercial managed care plans for their health and dental care services. The Department contracts directly with each of these plans to provide, on a capitated, at-risk basis, all Medi-Cal covered benefits, excluding such specified treatments as major organ transplants, chronic renal dialysis, and long-term care. Currently, two counties operate GMC programs. Sacramento County was the first to implement the GMC program. Mandatory enrollment applies to beneficiaries in aid category groups: CalWORKs, Medically Needy with no share of cost, Medically Indigent

Adult (confirmed pregnancy), and Medically Indigent children. However, voluntary enrollment is allowed for those in an SSI or foster child aid category or who otherwise meet certain medical exemption criteria. Beneficiaries enrolled in a commercial or Medicare HMO are not allowed to enroll. The second GMC program, referred to as "Healthy San Diego", was implemented in San Diego to provide inpatient and all other medical services. Dental services are carved out in the San Diego GMC program and are paid through the FFS program.

Prepaid Health Plans (PHP) – The PHP contracting program was established as an alternative for Medi-Cal beneficiaries to the traditional FFS program. PHPs are licensed commercial health plans. The Department contracts with PHPs to provide, on a capitated, at-risk basis, all Medi-Cal covered benefits, excluding such specified treatments as major organ transplants, chronic renal dialysis, and long-term care.

Primary Care Case Management (PCCM) – Under PCCM, primary care providers contract with the Department as managed care plans to provide and assume risk for primary care and specialty physicians' services as well as selected outpatient preventive and treatment services. PCCMs exclude inpatient services and some outpatient services from the scope of benefits provided under their capitated contracts. PCCMs are being phased out with one operational PCCM remaining in California.

Two-Plan Model – Under this program, two HMO plans operate in each county selected to participate in this program. The Department contracts directly with each of these plans to provide, on a capitated, at-risk basis, all Medi-Cal covered benefits, excluding such specified treatments as major organ transplants, chronic renal dialysis, long-term care, mental health services, and CCS. A "two-plan model" consists of 1) a locally organized health care system ("local initiative"), and 2) a single commercial plan. The mandatory aid category groups are: CalWORKs, Medically Needy with no share of cost, Medically Indigent Adult (confirmed pregnancy), and Medically Indigent children. Additional eligibility categories may enroll on a voluntary basis. Of those counties offering MCPs, most use the "two-plan model".

Other Managed Care Projects –

Fee-for-Service (FFS) Managed Care – The Department established this model to improve the coordination and continuity of care for those beneficiaries in FFS. Under this program, the Department enrolls beneficiaries with primary care providers for medical case management, thereby improving coordination of care and lowering costs. The payment information for FFS Managed Care is obtained on CDRs.

Programs of All Inclusive Care for the Elderly (PACE) – The PACE are managed care contracts that provide the full continuum of medical, social,

and long-term care services to nursing home eligible Californians age 55 and over. The primary means of delivering the full range of medical and long-term care services to enrollees is through the use of adult day health care centers.

Senior Care Action Network (SCAN) – The SCAN is a social health maintenance organization program designed to keep functionally impaired older people living at home as long as possible. To enroll, individuals must be 65 or over and eligible for Medicare.

1.5.3 DENTAL SERVICES

The State contracts with a dental fiscal intermediary that is responsible for adjudication of FFS dental claims for Medi-Cal, also known as Denti-Cal, and creation of dental paid claims information. The claims information is transferred to the State through the Health and Welfare Data Center (HWDC).

When the Contractor identifies a WCRP action and/or claim that involves injuries requiring dental services, the State, upon request to the Contracting Officer by the Contractor, will provide dental claims information to the Contractor. If the recipient is enrolled in a dental MCP, the Contractor shall obtain dental claims information directly from the MCP. The Contractor shall include 100 percent of any related dental services on the WC lien.

1.5.4 IN-HOME SUPPORTIVE SERVICES (IHSS)/PERSONAL CARE SERVICES (PCS)

IHSS/PCS is in-home care provided to a beneficiary and is most prevalent in Medi-Cal aid code series 10, 20, and 60 (See Appendix 2, Data and Information Library); or when the beneficiary is seriously injured. When appropriate, the Contractor must request IHSS/PCS payment data from the State. Upon request by the Contractor, the State will provide a printout of the IHSS/PCS payment data to the Contractor. The Contractor shall include 100 percent of any related IHSS/PCS expenses on the WC lien.

The State locates IHSS/PCS data on-line by social security number and the on-line data is updated monthly.

1.5.5 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) SERVICES

The Department of Developmental Services (DDS) provides services and supports for children and adults with developmental disabilities. Services are funded by several sources, including Medi-Cal and must be included on the lien claim when appropriate.

DDS services are provided through state-operated developmental centers and contracts with nonprofit agencies called regional centers. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment. The disability must begin before the 18th birthday, be expected to continue indefinitely and present a substantial disability. Also, the disability must be due to one of the following conditions:

- Mental Retardation
- Cerebral Palsy
- Epilepsy
- Autism
- A disabling condition closely related to mental retardation or requiring similar treatment.

The Contractor shall identify possible DDS clients and request DDS services from the Contracting Officer when:

- The work related injury/illness results in one of the above listed conditions.
- The work related injury/illness results in brain damage and/or neurological problems.
- There was pre-existing brain damage, but the work related injury/illness caused a need for additional DDS services.
- The beneficiary's address on MEDS (FAME) is one of the DDS Developmental Centers.

The Contractor shall include 100 percent of injury/illness related DDS services on the lien claim.

1.6 DATA SOURCES

1.6.1 MEDI-CAL ELIGIBILITY DATA SYSTEM (MEDS)/FISCAL INTERMEDIARY ACCESS TO MEDI-CAL ELIGIBILITY (FAME)

MEDS is a system used to review Medi-Cal eligibility. Eligibility data for Medi-Cal beneficiaries is received from the Social Security Administration and County Welfare Departments and is maintained on a centralized database by the State. The eligibility file is updated monthly to reflect any changes or new information. FAME is a copy of the MEDS eligibility file that is updated daily for use in the claims processing system by the Fiscal Agent and provides real-time eligibility information for eligibility verification.

The Contractor will be provided access to FAME to determine Medi-Cal eligibility on WCRP case referrals received. Each staff member/new staff member utilizing this system will be required to sign an oath of confidentiality to receive a password. The Contractor's Representative is responsible for maintaining and updating the oaths of confidentiality (see Exhibit E, Section 1.20).

1.6.2 ELECTRONIC DATA EXCHANGE SYSTEM (EDEX)

The Contractor will be required to gain and maintain access to the EDEX system operated by the Department of Industrial Relations', Division of Workers' Compensation (DWC). Access must be acquired and operational by the contract effective date and remain in effect for the duration of the contract.

The EDEX system allows subscribers and their clients to establish electronic communication between their desktop computer and the DWC database of workers' compensation cases. Specifically, subscribers can electronically file liens (including pre-application liens), receive notification of significant events in a case, and make inquiries about cases that are before the WCAB.
To access EDEX services, the Contractor must have the following:

- Applications' software capable of sending and receiving EDEX record formats. The Contractor may choose to develop its own customized EDEX software or use software developed by an outside vendor, service bureau, or information broker.
- Electronic mailbox for sending and receiving transmissions.
- EDEX account number. An application must be submitted to the DWC to obtain an EDEX account number.

The Contractor shall bear all costs associated with the accessing and utilizing of the EDEX system. The State will be held harmless for the failure of the DWC's EDEX to perform.

1.7 MISCELLANEOUS CONTRACTOR RESPONSIBILITIES

The Contractor shall provide all time, materials, and services necessary to perform the required work outlined in this RFP. The following represents additional responsibilities of the Contractor:

A. Ensure that legal representatives providing services at WC conferences, hearings, trials, and other appearances deemed necessary, hold an active license with the California State Bar Association and be in good standing. Legal representatives, as defined under this contract, refers to attorneys hired to perform services for the Contractor.

B. Bear the cost of Medi-Cal's fiscal intermediary Contractor computer linkage, contingent upon availability. The State will be held harmless for failure of the fiscal intermediary to perform.

C. Develop an electronic data match of Medi-Cal payments and WC insurance carriers or employer payments to identify duplicate payments

and initiate the recovery of these duplicate payments (non-appealed cases only).

D. Develop and produce any forms necessary to perform contract-related functions. All such forms must be approved by the State prior to use.

E. Contractors may not represent the State and competing interest simultaneously. Please refer to Exhibit E, Section 1.20, Conflict of Interest, Incompatible Activity of Contractor and Employees, for further information.

F. The State reserves the right to determine lien priority in situations when multiple Medi-Cal recovery program cases exists for the same beneficiary (i.e., workers' compensation, personal injury, estate recovery).

1.8 REPORTS AND DELIVERABLES

As a condition of acceptance of a WCRP contract, the Contractor must maintain an accounting system that provides monthly, quarterly, and fiscal year end reports. The reports shall be electronically submitted to the State according to the timeframes indicated below following the close of the report period in a format acceptable to the State. The Contractor will maintain and submit separate transaction reports for WC and WCAB cases. Exhibit A, Section 1.8.1, Reporting Requirements, outlines the information that shall be included for each report type.

1.8.1 REPORTING REQUIREMENTS

Contractor shall furnish the following reports and/or summaries of account information to the Department:

A. Monthly Open Case Report—A report of open cases shall be submitted to the Department within 5 days of the end of each month and shall include the following:

1. Beneficiary Name
2. Social Security Number
3. Date of Lien Claim
4. Lien Claim Amount
5. Injury Date
6. Amount Collected
7. Contractor Fee
8. Case Status
9. Total Dollar Amount of Open Case Inventory
10. Number of Open Cases

B. Monthly Closed Case Report—A report of closed cases shall be submitted to the Department within 5 days of the end of each month and shall include the following:

1. Beneficiary Name
2. Social Security Number
3. Injury Date
4. Date of Lien Claim
5. Lien Claim Amount
6. Amount Collected

7. Closure Detail (e.g., Compromise and Release, Findings and Award, includes Dismissed)
8. Number of Closed Cases

C. Annually--Separate fiscal year (FY) end reports for WC and WCAB cases must be submitted to the Department within 20 days after the close of the Contractor's FY. These reports shall summarize activities for that FY and shall include the following information:

1. Total Number of Case Referrals (provided by the State)
2. Total Number of Case Referrals and source of referrals (identified by the Contractor)
3. Total Number of Cases Opened
4. Total Amount of Recoveries
5. Total Amount of Contractor's Fees
6. Total Number of Uncollectable Cases
7. Total Number of Cases Closed
8. Grand Total of Numbers 1 through 7 combining WC and WCAB Activities

D. Contractor must provide AD HOC reports and miscellaneous reports to the state within 5 working days of request.

E. Contractor must provide documentation on any case within 5 working days of the Department's request.

1.9 STATE RESPONSIBILITIES

In discharging its obligations under the resulting contract, the State will perform the following duties:

A. Comply with appropriate provisions of the Request for Proposal and the Contractor's approved Technical Proposal.

B. Make appropriate payments for work performed by the Contractor as specified in the contract.

C. Designate a State staff person, also referred to as the WCRP Contracting Officer, who will act as a contact within the Department for all WCRP related matters. Notify the Contractor of any change in staff for this position.

D. Provide necessary access and training for the State's MEDS/FAME.

E. Evaluate and approve or disapprove all program-related procedures and forms the Contractor proposes to use to perform the contract requirements for the Contractor's staff.

F. Provide necessary access and training for the Fiscal Intermediary's computer system.

G. Provide a list of MCPs and addresses and inform of changes with MCP's as needed.

H. Specify content and format for reports to be prepared by the Contractor.

I. Notification of changes regarding program content, regulations, policies, procedures, and guidelines affecting performance under this contract.

J. Approve the "Conflict of Interest Disclosure Statement" and the "Conflict of Interest Avoidance Plan" developed by the Contractor.

REQUEST FOR PROPOSAL
Exhibit B

MEDI-CAL WORKERS' COMPENSATION RECOVERY PROGRAM

1.0 PAYMENT PROVISIONS

The purpose of this section is to define the basis for payment for the administration of services required by this RFP. Payment shall be made based on the conditions described in this section. Included are conditions that must be met prior to Contractor payment and require receipt of specific goods or services before release of payment.

1.1 COST RECOVERY RATE

The cost recovery rate, as defined in this RFP, represents the fixed percentage bid by the Contractor to recover Medi-Cal expenditures involving WC and the WCAB on behalf of the State. The Contractor's bid shall be representative of the percentage that will be received for each dollar collected for the State. The cost recovery rate may not exceed 25 percent, which is the statutory limitation set forth in Welfare & Institutions (W&I) Code Section 14124.83(b).

1.2 CONTRACTOR PROJECTED RECOVERIES

Each year (runs concurrent with fiscal year) the State projects anticipated recoveries for the Workers' Compensation Recovery Program (WCRP) based on previous fiscal year collections. The State has projected WCRP recoveries for fiscal year 2003/2004 to be $1.25 million for the northern region and $1.25 million for the southern region. Contractor projected recoveries are subject to change each fiscal year based on previous fiscal year collections. The State believes additional WCRP recovery opportunities exist for non-appeals board cases.

1.3 SHARED SAVINGS PLAN

In an effort to maximize recoveries to the State, a "Shared Savings Plan (SSP)" has been formulated which provides the Contractor an opportunity to increase their cost recovery rate to a maximum of 25 percent, based on the amount of recoveries within a fiscal year. The SSP shall be based on the annual projected recoveries for each region of $1.25 million.

When the annual projected WCRP recoveries are exceeded by $250,000, the State will authorize a 2.5 percent increase in the cost recovery rate for that portion of the recoveries. For each additional $250,000 recovered, an additional

cost recovery rate increase of 2.5 percent will be authorized for that portion. NOTE: maximum cost recovery rate is 25 percent. See example below.

EXAMPLE: This example is based on a cost recovery rate of 15 percent with projected recoveries of $1.25 million.

WCRP Contract Recoveries	Cost Recovery Rate
Up to $1,500,000	15%
$1,500,001 to $1,750,000	17.5%
$1,750,001 to $2,000,000	20%
$2,000,001 to $2,250,000	22.5%
$2,250,001 and up	25%

The State reserves the right to adjust the base recovery and incentive figures based on fiscal year recovery trends for the life of the contract arising from this RFP.

1.4 CONDITIONS PRECEDENT TO PAYMENT

Contractor cost recovery payments will be made monthly in arrears based on itemized invoices provided that contractual responsibilities have been met. When submitting invoices to the Department, the Contractor shall specify the amount due and certify that the applicable requirements or performance has been achieved. If performance was not achieved, it shall be so indicated, and a plan to achieve performance shall be included.

If the Contractor fails to meet requirements or provide requested deliverables (such as the monthly open report), payment for the item or invoice will not be made by the State until such time as all overdue deliverables are received, or performance again meets requirements. Delay of payments will occur, unless, at the Contracting Officer's sole discretion, he/she determines that the Contractor is in compliance within contractual requirements. If performance is not achieved within one contract year, the State's obligation to pay the item or invoice is excused.

The first payment of the contract will be issued approximately 60 State workdays after approval of the contract, satisfactory implementation of contract responsibilities, and only if recoveries are made by the Contractor.

1.5 INVOICES AND SUPPORTING DOCUMENTATION

The Contractor shall submit to the Contracting Officer separate monthly invoice statements for recoveries derived from WC cases and those derived from WCAB cases. Invoices shall be submitted by the 15th working day of the month following the month of service. The Department reserves the right to assess a penalty of ten percent of the reimbursement requested on the monthly invoice for failure to adhere to the specified time schedule.

Invoices shall be itemized billings and include the contract number, the billing month, beneficiary's name, social security number, date of injury, amount of Medi-Cal lien, amount collected, the cost recovery rate, and supporting documentation. Invoices must be submitted as instructed in Exhibit B, Section 1.4.1, or as agreed upon by the Contracting Officer and Contractor.

Invoices will be reconciled against the Department's deposit listings prior to authorizing payment. Monthly invoices will be paid after approval and evaluation of the Contractor's performance. If payment conditions have been met, the State intends to pay invoices within 50 State workdays after receipt by the Department.

The Department will not authorize payment for any item on the Contractor's monthly invoice if the payment or reimbursement is dated or received by the Department prior to the date the lien was filed by the Contractor for the WC or WCAB case. The date the lien was filed shall be listed on the Contractor's open report.

If a billing appears on an invoice on a case that was set up and closed by the Contractor, and payment comes in after closure, the State may or may not authorize payment. The Contractor must submit documentation that verifies that the Contractor's lien generated payment. If the case was closed, and a provider reimburses the State as a result of a duplicate payment, the State will authorize payment to the Contractor only if the provider was included on the lien prior to closure.

In any instance where payment to the Contractor is denied, the Contractor may submit documentation within 15 days of the denial substantiating that payment should be made and that the Contractor's lien generated payment.

WC duplicate recovery cases referred to the State by the Contractor for involuntary recovery action will result in the Contractor's cost recovery rate being reduced by ten percent.

If the State determines that the performance of the Contractor has not been demonstrated satisfactorily, the Contractor will be notified within 15 State workdays. The Contractor shall submit a corrective action plan within 15 State workdays detailing specific changes being made to comply with the specifications of this contract. The State intends to pay the cost recovery rate within 50 State workdays after receipt of the corrective action plan if performance conditions are

met. The State reserves the right to assess a penalty of ten percent of the reimbursement requested on the monthly invoice for failure to perform the Scope of Work outlined in this RFP.

EXHIBIT C

The General Terms and Conditions (GTC 103 dated January 1, 2003) can only be viewed or downloaded from the following Internet site: www.ols.dgs.ca.gov/standard+language/default.htm.

If you do not have Internet access and wish a copy of this document, please contact the program identified in the RFP cover letter.