

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

04-0002-S46

CITY OF LOS ANGELES CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1044
General Information - (213) 978-1133
Fax: (213) 978-1040

CLAUDIA M. DUNN
Chief, Council and Public Services Division

April 21, 2006

Councilmember Zine
Councilmember Parks
Personnel Department
City Attorney
City Administrative Officer
Chief Legislative Analyst

Controller, Room 300
Accounting Division, F&A
Disbursement Division

PLACE IN FILES

MAY 02 2006

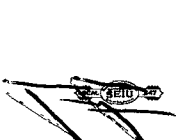
DEPUTY

RE: ALTERNATIVE DISPUTE RESOLUTION PROGRAM FOR WORKERS' COMPENSATION
DISPUTES

At the meeting of the Council held APRIL 19, 2006, the following action was taken:

Attached report adopted.....	_____ X _____
Attached motion (-) adopted.....	_____
Attached resolution adopted.....	_____
FORTHWITH.....	_____
Mayor concurred	_____
To the Mayor FORTHWITH	_____
Motion adopted to approve communication recommendation(s).....	_____
Motion adopted to approve committee report recommendation(s)...	_____
Ordinance adopted.....	_____
Ordinance number.....	_____

City Clerk
kw



5/18/06
80



TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your BUDGET AND FINANCE Committee

reports as follows:

Public Comments: Yes No
X

BUDGET AND FINANCE COMMITTEE REPORT relative to the Alternative Dispute Resolution (ADR) Program for workers' compensation disputes.

Recommendations for Council action:

- 1. AUTHORIZE the General Manager of the Personnel Department to release a Request for Proposal for a one-year pilot ADR Program for workers' compensation disputes.
2. INSTRUCT the Personnel Department to report back to the Council with a recommendation for the selection of a contractor for the one-year pilot ADR Program prior to executing a contract which would be subject to City Attorney review as to form and legality, with the authorization amount and source of funding to be determined upon Council approval of the ADR contract and contractor.

Fiscal Impact Statement: The Personnel Department reports that preliminary estimates indicate that a one-year pilot program would cost approximately \$120,000 on a flat fee schedule.

SUMMARY

At its meeting of March 20, 2006, the Budget and Finance Committee considered a Personnel Department report relative to the ADR Program for workers' compensation disputes. The Committee recommended approval of authorization for the Personnel Department to release a Request for Proposal for a one-year pilot ADR Program for workers' compensation disputes. The Committee additionally recommended deleting the Personnel Department recommendation relative to requesting a transfer of \$300,000 from the Human Resources Benefits Fund to fund the pilot program, instead recommending that the authorization amount and source of funding be determined upon Council approval of the ADR contract and contractor. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

Handwritten signatures of committee members and the word ADOPTED.

Table with 2 columns: MEMBER and VOTE. Rows include PARKS, GREUEL, SMITH, ROSENDAHL, and HUIZAR, all with YES votes.

LB #040002.46a 4/11/06

ADOPTED APR 19 2006

LOS ANGELES CITY COUNCIL

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

PERSONNEL

Committee

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u>—</u>

PERSONNEL COMMITTEE REPORT relative to a one-year pilot Alternative Dispute Resolution (ADR) Program for workers compensation disputes.

Recommendations for Council action, as initiated by Motion (Zine - Parks), SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager of the Personnel Department to release a Request for Proposal for a one-year pilot ADR Program for the workers' compensation program.
2. AUTHORIZE the Controller to transfer up to \$300,000 from Human Resources Benefits, Fund 100/61 WC Benefits Account 9910 to Personnel Department Fund 100/66, Contractual Services Account 0304.
3. INSTRUCT the Personnel Department to report back to the Personnel Committee with a recommendation for the selection of a contractor for the one-year pilot ADR Program and to seek Council approval prior to executing a contract, which would be subject to the City Attorney review as to form and legality.

Fiscal Impact Statement: The Personnel Department reports that preliminary estimates indicate that a one-year pilot program would cost approximately \$120,000 on a flat fee schedule. Funding is available in the Human Resource Benefits budget for Fiscal Year 2005-06.

Summary:

On January 18, 2006, the Personnel Committee considered Mayor and Personnel Department reports, as initiated by Motion (Zine - Parks), relative to a one-year pilot ADR Program for workers compensation disputes. In a November 2, 2005 report, attached to the Council file, the Personnel Department states that Senate Bill 899, which passed in April of 2004, provides employers the option of entering into a labor-management agreement for an ADR Program to govern disputes regarding workers' compensation benefits between employees and employers. This option was previously available only to employers and employees in the construction industry, where the program is similar and very effective in reducing costs and ensuring employee satisfaction.

The City and Service Employees International Union (SEIU) Local 347 have been working to develop a one-year pilot program under which injured employees can utilize certain ADR services, including the following: ombudsman, mediation, and arbitration. The goals of the pilot program are as follows:

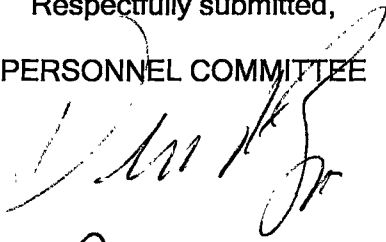
1. Reduce litigation
2. Improve claim resolution time
3. Reduce workers' compensation claim costs
4. Increase injured workers' satisfaction

SEIU represents 6,957 City employees. During the 2003-04 Fiscal Year, medical and indemnity benefit expenditures for SEIU represented employees totaled \$6.4 million and \$1.5 million respectively which accounts for 4.6% of the City's total expenditures in these areas, in addition to \$377,200 in outside counsel costs. If this one-year pilot program is successful, the City may, under separate RFP, pursue a broader and perhaps Citywide program for its entire workers' compensation program on which approximately \$130 million is expended annually for medical, indemnity, temporary total disability, and expenses.

The selected ADR contractor will work with the City and SEIU to apply to the State for approval of its ADR program, design and organize ADR services, market the program to SEIU employees, and provide training to City and SEIU staff. The contractor will provide the services of an ambudsman, mediators, and arbitrators. At the conclusion of the one-year pilot program, the contractor will provide an evaluation of the pilot program, a component of which will be a closing report identifying savings in order to determine if a broader program is justified. This evaluation will include how the pilot program performed in reducing litigation, improving claims resolution time, reducing workers' compensation claim costs, and increasing injured workers' satisfaction, as well as quantifying the City's savings. The closing report shall also include notification to the City if any trends the ombudsman finds in quality of care, frequency in type or location of accidents within a department, etc. This report will be subject to validation by the City Administrative Office and/or the Personnel Department.

During the discussion of this item, the Personnel Department representative provided an overview of the Personnel Department's November 2, 2005 report and responded to related questions by the Committee members. After hearing from the SEIU Local 347 representative, who spoke in favor of the proposal, the Committee recommended to approve the recommendations contained in the Personnel Department's report, as reflected above, with the amendment to have the Personnel Department report back to the Personnel Committee with a recommendation for the selection of a contractor for the one-year pilot ADR Program and to seek Council approval prior to executing a contract, which would be subject to the City Attorney review as to form and legality. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,
PERSONNEL COMMITTEE



APR 19 2006 - Received and Filed

<u>MEMBER</u>	<u>VOTE</u>
ZINE:	YES
GARCETTI:	YES
WESSON:	YES

MLE
1-24-06
#040002.S46

COUNCIL VOTE

Apr 19, 2006 12:33:50 PM, #11

ITEM NO. (17)

Voting on Item(s): 17

Roll Call

CARDENAS	Yes
GREUEL	Yes
HAHN	Absent
HUIZAR	Yes
LABONGE	Yes
PADILLA	Yes
PARKS	Yes
PERRY	Yes
REYES	Absent
ROSENDAHL	Yes
SMITH	Yes
WEISS	Absent
WESSON	Yes
ZINE	Yes
*GARCETTI	Yes

Present: 12, Yes: 12 No: 0

COUNCIL VOTE

Apr 19, 2006 10:13:04 AM, #4

ITEM(S)

Voting on Item(s): 17,6

Roll Call

CARDENAS	Absent
GREUEL	Yes
HAHN	Yes
HUIZAR	Absent
LABONGE	Yes
PADILLA	Absent
PARKS	Absent
PERRY	Yes
REYES	Yes
ROSENDAHL	Yes
SMITH	Yes
WEISS	Yes
WESSON	Yes
ZINE	Yes
*GARCETTI	Yes

Present: 11, Yes: 11 No: 0

Present

COUNCIL VOTE

Apr 19, 2006 10:11:28 AM, #1

Items for Which Public Hearings Have Been Held - Items 1- 17

Voting on Item(s): 3-15,17

Roll Call

CARDENAS	Absent
GREUEL	Yes
HAHN	Yes
HUIZAR	Absent
LABONGE	Yes
PADILLA	Absent
PARKS	Absent
PERRY	Yes
REYES	Yes
ROSENDAHL	Yes
SMITH	Yes
WEISS	Yes
WESSON	Yes
ZINE	Yes
*GARCETTI	Yes

Present: 11, Yes: 11 No: 0

CITY OF LOS ANGELES SPEAKER BOARD

CF 07-0002-SK



Date
01-18-06

Council File No., Agenda Item, or Case No.
11

I wish to speak before the Personnel Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal
 Against proposal
 General comments

Name: Julie Butcher

Business or Organization Affiliation: SETU Local 397

Address: _____
Street City State Zip

Business phone: _____ Representing: _____

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

Client Name: _____ Phone #: _____

Client Address: _____
Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.



ANTONIO R. VILLARAIGOSA
MAYOR

November 8, 2005

Honorable Members of the Los Angeles City Council
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Re: Alternative Dispute Resolution (ADR) for Workers Compensation Disputes

Honorable Members:

Last year, the City spent over \$9 million on attorney costs alone litigating workers' compensation claims. In addition, the City lost hundreds of hours of productivity while these claims were disputed. Fortunately, a recent amendment to the California Labor Code (Section 3201.7) allows employers and unions to create pilot programs for alternative dispute resolution (ADR) regarding workers' compensation disputes.

The Personnel Department and the Service Employees International Union (SEIU) Local 347 have developed a one-year ADR pilot program that will allow injured workers to use ADR services (e.g. ombudsman, mediation and arbitration). Under the program, the Personnel Department, SEIU and an ADR service provider will work together to: (1) reduce litigation, (2) improve claim resolution times, (3) reduce workers' compensation claim costs, and (4) increase injured workers' satisfaction.

I would appreciate your immediate consideration and approval of this important project.

Very truly yours,

ANTONIO R. VILLARAIGOSA
Mayor

PERSONNEL

ARV:ma

BUDGET & FINANCE

NOV 10 2005

04-0002-546

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2005 NOV 10 AM 8:44

CITY CLERK
BY  DEPUTY

REPORT
FROM



THE PERSONNEL
DEPARTMENT

TO: **The Honorable City Council
(Personnel and Budget and Finance Committee)**

DATE:
November 2, 2005

REFERENCE:

COUNCIL FILE:

SUBJECT: **ALTERNATIVE DISPUTE RESOLUTION (ADR) PILOT PROGRAM –
REQUEST FOR AUTHORITY TO RELEASE A REQUEST FOR PROPOSALS**

Recommendation:

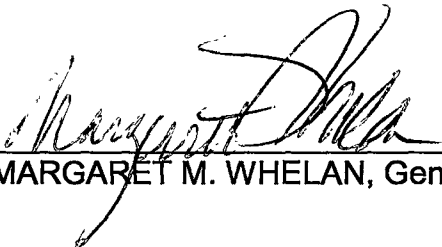
1. Authorize the General Manager of the Personnel Department to release a Request for Proposal and negotiate and execute a contract for a one-year pilot Alternative Dispute Resolution Program for the workers' compensation program, subject to the City Attorney review as to form and legality.
2. Authorize the Controller to transfer up to \$300,000 from Human Resources Benefits, Fund 100/61 WC Benefits Account 9910 to Personnel Department Fund 100/66, Contractual Services Account 0304.

Background:

Senate Bill 899, (Labor Code Section 3201.7) passed in April of 2004 provides employers the option of entering into a labor-management agreement for an alternative dispute resolution (ADR) program to govern disputes regarding workers' compensation benefits between employees and employers. This option was previously available only to employers and employees in the construction industry, where the program is similar and very effective in reducing costs and ensuring employee satisfaction.

The City and Service Employees International Union (SEIU) Local 347 have been working to develop a one-year pilot program under which injured employees can utilize certain ADR services, including the following: ombudsman, mediation, arbitration. The goals of the pilot program are as follows:

1. Reduce litigation
2. Improve claim resolution time
3. Reduce workers' compensation claim costs
4. Increase injured workers' satisfaction


MARGARET M. WHELAN, General Manager

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2005 NOV 10 AM 9:51

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BY  DEPUTY

SEIU represents 6,957 City employees. During the 2003-2004 fiscal year, medical and indemnity benefit expenditures for SEIU represented employees totaled \$6.4 million and \$1.5 million respectively which accounts for 4.6% of the City's total expenditures in these areas, in addition to \$377,200 in outside counsel costs. If this one-year pilot program is successful, the City may, under separate RFP, pursue a broader and perhaps Citywide program for its entire workers' compensation program on which approximately \$130 million is expended annually for medical, indemnity, temporary total disability, and expenses.

The selected ADR contractor will work with the City and SEIU to apply to the State for approval of its ADR program, design and organize ADR services, market the program to SEIU employees, and provide training to City and SEIU staff. The contractor will provide the services of an ombudsman, mediators, and arbitrators. At the conclusion of the one-year pilot program the contractor will provide an evaluation of the pilot program, a component of which will be a closing report identifying savings in order to determine if a broader program is justified. This evaluation will include how the pilot program performed in reducing litigation, improving claims resolution time, reducing workers' compensation claim costs, and increasing injured workers' satisfaction, as well as quantifying the City's savings. The closing report shall also include notification to the City of any trends the ombudsmen finds in quality of care, frequency in type or location of accidents within a department, etc. This report will be subject to validation by the City Administrative Office and/or the Personnel Department.

All SEIU employees will participate in this program. This program does not in any way diminish the entitlement of these employees to workers' compensation benefits and does not deny employees the right to representation by counsel at all stages of the alternative dispute resolution process. Additionally, ADR decisions are subject to the same appeals processes as non-ADR cases, including but not limited to, review by the Workers' Compensation Appeals Board. The success of the program is expected to result largely from employees' perception that they do not need to rely on legal representation to obtain their fair workers' compensation benefits and that the alternative, as provided by the ADR system, will ensure that their rights and benefits are protected. It is expected that the reduction in reliance on legal representation will increase the percentage of benefits that go directly to the claimant.

Fiscal Impact:

Preliminary estimates indicate that a one-year pilot program would cost approximately \$120,000 on a flat fee schedule. Funding is available in the Human Resource Benefits budget for Fiscal Year 2005-06.

FINAL DRAFT

**REQUEST FOR PROPOSAL FOR
ALTERNATIVE DISPUTE RESOLUTION SERVICES
FOR WORKERS' COMPENSATION
CITY OF LOS ANGELES
PERSONNEL DEPARTMENT
WORKERS' COMPENSATION DIVISION
700 E. TEMPLE ST, ROOM 210
LOS ANGELES, CA 90012**

DATE ISSUED: *[enter mm/dd/yy]*

TITLE: Alternative Dispute Resolution Services for Workers' Compensation

DESCRIPTION: The City of Los Angeles, self-insured for all its workers' compensation obligations, is seeking proposals for alternative dispute resolution services.

INITIAL TERM: 1 year pilot program

RENEWAL OPTIONS: 2 ONE-YEAR OPTIONS

PROPOSAL OPENING DATE/TIME: *[enter day, mm/dd/yy, hh:mm PT]*

PROPOSAL DELIVERY ADDRESS:

City of Los Angeles
Personnel Department
Workers' Compensation Division
700 E. Temple St., Room 210
Los Angeles, CA 90012

Attn: Dominique Camaj

MANDATORY PRE-PROPOSAL CONFERENCE:

(To be determined)
City of Los Angeles
Personnel Building
700 E. Temple St., Room
Los Angeles, CA 90012

DEADLINE FOR SUBMITTING PROPOSAL: *[enter day, mm/dd/yy, hh:mm PT]*

CONTRACT ADMINISTRATOR (if applicable): Dominique Camaj, Management Assistant

PHONE: (213) 847-9045 **FAX:** (213) 847-9038

E-MAIL: DCAMAJ@PER.LACITY.ORG

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REQUEST FOR PROPOSAL

ALTERNATIVE DISPUTE RESOLUTION SERVICES FOR WORKERS' COMPENSATION

1. INTRODUCTION

The City of Los Angeles, self-insured for all of its workers' compensation obligations, is seeking proposals for Alternative Dispute Resolution (ADR) Services. The City is interested in collaborating with the Service Employees International Union (SEIU) Local 347 to institute a **one-year pilot program** where injured employees can utilize certain ADR services, as specified in the Request for Proposal, to improve the speed and quality of their medical benefits. The SEIU represents 6,957 City employees. During the 2003-2004 fiscal year, medical and indemnity benefit expenditures for SEIU represented employees totaled \$6.4 million and \$1.5 million respectively which accounts for 4.6% of the City's total expenditures in these areas, and \$377,200 in outside counsel costs. If the pilot program is successful, the City may, under separate RFP, pursue a broader and perhaps City-wide program for its entire workers' compensation program on which approximately \$130 million is expended annually for medical, indemnity, temporary total disability, and expenses.

The goals of the pilot program are as follows:

1. Reduce litigation
2. Improve claim resolution time
3. Reduce workers' compensation claim costs
4. Increase injured workers' satisfaction.

Additionally, these services should increase the percentage of the amount of award that will go directly to the claimant.

Client service is the bottom line at the City. This means providing immediate quality and cost effective service to both internal and external clients. The City requires the same philosophy of its contractors. The City's objective is to obtain competitive bids for the following workers' compensation ADR services only, ombudsmen, mediation, and arbitration, in compliance with Section 3201.7 of the California Labor Code.

Prospective proposers are invited to submit proposals for the required services as detailed in **Section 4: Statement of Work Specifications – Proposal/Quote Section**, in accordance with this Request for Proposal (RFP). Any information in addition to that required by this RFP, which a proposer feels will help in the evaluation of its proposal, is to be submitted with its proposal.

2. GENERAL INFORMATION

It is the Personnel Department's intent to award a contract, in a form approved by the City Attorney, to the selected proposer(s). Proposals accepted by the City in writing constitute a legally binding contract offer. It is requested that proposals be prepared simply and economically, avoiding the use of unnecessary promotional material.

2.1. Proposal Format and Submission Requirements

Proposals shall be based only on the material contained in the RFP, pre-proposal conference responses, amendments, addenda and other material published by the City relating to the RFP. The proposer shall disregard any previous draft material and oral representations that may have been obtained by the proposer.

Proposals shall be submitted in accordance with the requirements set in this RFP.

2.1.1. In Writing

All proposals must be submitted in writing and proposers shall complete and return all applicable documents including forms, appendices, specifications, drawings schematic diagrams and any technical and/or illustrative literature. The City may deem a proposer non-responsive if the proposer fails to provide all required documentation and copies.

2.1.2. Cover Letter

Each proposal must include a cover letter limited to one page. The cover letter must include the title, address and telephone number of the person or persons who will be authorized to represent the proposer.

2.1.3. Authorized Signatures

Proposals must be signed by a duly authorized officer eligible to sign contract documents and authorized to bind the company to all commitments made in the proposal. Consortiums, joint ventures, or teams submitting proposals will not be considered responsive unless it is established that all contractual responsibility rests solely with one proposer or one legal entity. The proposal must identify the responsible entity.

2.1.4. Number of Copies Required

Proposers are required to submit one original proposal signed in ink and five copies of the proposal. Original and copies should be identified as such. If any proposal contains any copyrighted material, trade secrets, or other proprietary information that the proposer claims is exempt from the California Public Records Act (See Section 3.2 of this RFP), a redacted copy of the proposal must also be submitted. Written proposals must be presented in a sealed envelope. Proposer must enter the title and proposer's name on the outside of the envelope. Sealed proposals are to be delivered to the address listed in this RFP no later than the stated proposal opening date and time.

2.1.5. Information Requested and Not Furnished

The information requested and the manner of submission are essential to permit prompt evaluation of all proposals. Accordingly, the City reserves the right to declare as non-responsive and reject any proposals in which information is requested and is not furnished or when a direct or complete answer is not provided.

2.1.6. Alternatives

The proposer shall not change any wording in the RFP or associated documents. Any explanation or alternatives offered shall be submitted in a letter attached to the front of the proposal documents. Alternatives that do not substantially meet the City's requirements cannot be considered. Proposals offered subject to conditions and/or limitations may be rejected as non-responsive.

2.1.7. Proposal Errors

Proposer is liable for all errors or omissions incurred by proposer in preparing the proposal. Proposer will not be allowed to alter proposal documents after the due date for submission.

The City reserves the right to make corrections or amendments due to errors identified in proposal by the City or the proposer. This type of correction or amendment will only be allowed for errors as typing, transposition or any other obvious error. Any changes will be date and time stamped and attached to proposal. All changes must be coordinated in writing with, authorized by and made by the Contract Administrator.

2.1.8. Waiver of Minor Administrative Irregularities

The City reserves the right, at its sole discretion, to waive minor administrative irregularities contained in any proposal.

2.1.9. Interpretation and Clarifications

The City will consider prospective recommendations or suggestions regarding any requirements before the pre-proposal conference. All recommendations or suggestions must be in writing and submitted to the Contract Administrator. The City reserves the right to modify requirements on any RFP if it is in the best interest of the City.

2.2. Cost of RFP

The City is not responsible for any costs incurred by proposer while submitting proposals. All proposers who respond to solicitations do so solely at their own expense.

2.3. Pre-proposal Conference

A mandatory pre-proposal conference will be held to receive questions from prospective proposers regarding this RFP. The conference has been scheduled for **[enter day, mm/dd/yy, hh:mm] at [enter facility name, room #, street address, City, California, Zip Code].**

2.3.1. Purpose of Pre-Proposal Conference

The purpose of the conference is to clarify the contents of this RFP and to discuss Personnel Department needs.

2.3.2. How to Prepare Questions

To maximize the effectiveness of the conference, the Personnel Department requests that, to the extent possible, proposers provide questions in writing prior to the conference. This will enable the Personnel Department to prepare responses in advance. Specific questions concerning the RFP should be submitted in writing to the Contract Administrator, Dominique Camaj, by fax at (213) 847-9045 or by e-mail at DCAMAJ@per.lacity.org. Additional questions may be accepted at the conference. However, responses may be deferred and provided as addenda to the RFP at a later date.

2.4. Proposal Opening

Sealed proposals are to be delivered by proposers to:

**City of Los Angeles
Personnel Department
Workers' Compensation Division
700 E. Temple St., Room 210
Los Angeles, CA 90012**

Attention: Dominique Camaj

Proposals must be received by 4:00 P.M. on ***enter date***.

2.5. Late Proposals

Late proposals will not be accepted and shall be returned to the proposer unopened.

2.6. Withdrawal of Proposals

Proposers may withdraw submitted proposals in writing at any time prior to the specified due date and time. Faxed withdrawals will be accepted. A written request, signed by an authorized representative of the company, must be submitted to the Contract Administrator. After withdrawing a previously submitted proposal, the proposer may submit another proposal at any time up to the specified due date and time.

2.7. Americans With Disabilities Act

As covered under Title II of the Americans With Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its proposals, programs, services and activities. If an individual with a disability requires accommodations to attend a pre-proposal conference, site examination or proposal opening, please contact the Contract Administrator at least five working days prior to the scheduled event.

2.8. Award of Contract

Award of contract will be made to the proposer(s) with the best combination of price, experience, and quality of service delivery. Awards are not restricted to the lowest offer or bid. The City may award contracts to more than one proposer.

The proposer(s) to whom a contract is awarded shall be required to enter into a written agreement with the City in a form approved by the City Attorney. This RFP and the proposal, in whole or in part, may be incorporated into the final Contract. The applicable provisions of the "Standard Provisions for City Contracts" (Rev. 10/03), attached hereto as Attachment 1, will be incorporated and made part of the final Contract.

2.9. Rejection of Proposals

The City reserves the right to reject any or all proposals; to waive any minor informality in proposals received; to reject any unapproved alternate proposal(s); and reserves the right to reject the proposal of any proposer who has previously failed to perform competently in any prior business relationship with the City. The rejection of any or all proposals shall not render the City liable for costs or damages.

2.10. Proposal Protest

Any protest to a proposal award(s) must be in writing and received within five (5) working days of the notice of award. Upon receipt of protest, the Contract Administrator will furnish protester with a written statement setting forth the reasons for the proposed award based on the lowest ultimate cost and best overall value to the City and will hold a hearing within five (5) working days after receiving the protest, unless waived by the proposer.

At or prior to the hearing, the protester may present evidence as to why the award should not be made according to the City's plans. After the close of the hearing the Contract Administrator shall make a final determination with respect to the protest, and shall award the contract accordingly or reject all proposals. The decision shall be final.

2.11. Periodic Independent Audit

The City reserves the right to assign an independent auditor to assess the quality of services being provided and the extent to which the vendor is conducting City business within generally accepted industry standard practices. Each contractor will be required to cooperate fully with any external audit.

2.12. Financial Audit

Firms providing services to the City will be responsible for the verification of the legitimacy of payments made to service providers. The City therefore reserves the right for staff of its Office of the Controller or their designee to conduct audits of financial accountability procedures.

2.13. Contractor Evaluation Program

When the term of the Contract has concluded, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the Contract. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the Contract. A Contractor who receives a "Marginal" or "Unsatisfactory" rating will be provided with a copy of the final City evaluation.

2.14. Conflict of Interest

Contractor shall have in place a procedure to identify and disclose any applicable familial or financial relationships or any potential conflict of interest between any employee and any claimant, agent or subcontractor providing services to the City. Furthermore, Contractor, its employees, agents and subcontractors shall neither accept nor offer any entertainment, gift, or gratuity as an inducement or reward for securing City business. In the event of identified unethical behavior as described above, on the part of any employee, agent, or subcontractor of Contractor, City may immediately rescind this Contract. In such an event, Contractor shall be responsible for all costs associated with the return of all City property, and for all costs associated with transition to an alternative service provider, as well as all attorney fees and costs, which may be generated by such an action. Contractor shall report any investigation or allegation of impropriety to City immediately upon becoming aware of such.

Contractor shall disclose in writing to City at inception of services, any corporate or financial ties or relationships maintained with subcontractors, subsidiaries, vendors, or suppliers of any service utilized to meet the requirements of this Contract. Any association disclosable under this provision which is entered into by Contractor during the term of this Contract shall be disclosed in advance of authorization for services to be provided to City's account.

2.15. Confidentiality

All documents, records and information provided by the City to the Contractor, or accessed or reviewed by the Contractor, during performance of this Agreement, including but not limited to employee medical information, will remain the property of the City. All documents, records, and information provided by the City to the Contractor, or accessed or reviewed by the Contractor during performance of this Agreement, are confidential (hereinafter collectively referred to as "Confidential Information"). The Contractor agrees not to provide Confidential Information, nor

disclose their content or any information contained in them, either orally or in writing, to any other person or entity. The Contractor agrees that all Confidential Information used or reviewed in connection with the Contractor's work for the City will be used only for the purpose of carrying out City business and cannot be used for any other purpose. The Contractor will be responsible for protecting the confidentiality and maintaining the security of City documents and records in its possession.

Any Confidential Information provided by the City to the Contractor, or accessed or reviewed by Contractor, during performance of this Contract, will be made available to its employees, agents, and subcontractors only on a need to know basis. Further, the Contractor will provide written instructions to all of its employees, agents and subcontractors, with access to the Confidential Information about the penalties for its unauthorized use or disclosure.

The Contractor must not remove Confidential Information or any other documents or information used or reviewed in connection with the Contractor's work for the City from City facilities without prior approval from the City. The Contractor will, at the conclusion of this Agreement, or at the request of the City, promptly return any and all Confidential Information and all other written materials, notes, documents, or other information obtained by the Contractor during the course of work under this Agreement to the City. The Contractor will not make or retain copies of any such information, materials or documents. The Contractor and its employees, agents, and subcontractors may have access to confidential medical records information, which access is controlled by statute. Misuse of such information may adversely affect the subject individual's civil rights and violates the law. The Contractor will implement reasonable and prudent measures to keep secure and private medical history information accessed by its employees, agents, and subcontractors during the performance of this Agreement. The Contractor will advise its employees, agents, and subcontractors of this confidentiality requirement.

The Contractor shall disclose the intent to use any service provider outside the continental United States of America to handle any aspect of the work within the scope of this Contract, and shall describe to the City's satisfaction the methods, which will be utilized to protect the City's interests and confidentiality of City records and information in doing so. The City reserves the right to approve any such service provider throughout the term of this Contract at its sole and absolute discretion.

3. GENERAL TERMS AND CONDITIONS

3.1. Definition of terms

The following terms used in the RFP documents shall be construed as follows:

- a. "City" shall mean the City of Los Angeles.
- b. "Department" shall be considered synonymous with the City's Personnel Department
- c. "Agreement" shall be considered synonymous with term "Contract."
- d. "Contractor" shall mean the individual, partnership, corporation or other entity to which this agreement is awarded, and shall be synonymous with the term "vendor".
- e. "ADR services" shall mean Alternative Dispute Resolution services for the City's workers' compensation program including the State application and certification process; design and organization of the City's ADR services of ombudsman, mediation, and arbitration; marketing; training; ombudsmen; mediation; and arbitration.

3.2. Property of City/Proprietary Material

All proposals submitted in response to this RFP shall become the property of the City of Los Angeles and subject to the State of California Public Records Act. Proposers must identify all copyrighted material, trade secrets or other proprietary information that the proposers claim are exempt from the California Public Records Act (California Government Code Section 6250 et seq.).

In the event a proposer claims such an exemption, the proposer is required to state in the proposal the following: "The proposer will indemnify the City and its officers, employees and agents, and hold them harmless from any claim or liability and defend any action brought against them for their refusal to disclose copyrighted material, trade secrets or other proprietary information to any person making a request therefore."

Failure to include such a statement shall constitute a waiver of a proposer's right to exemption from this disclosure.

3.3. Addendum(a)

The Personnel Department reserves the right to submit addendum(a) to this RFP which may add additional requirements to be considered responsive. All proposers must acknowledge any addendum(a) issued as a result of any change in this RFP on the Proposer's Signature Declaration Page. Failure to indicate receipt of addendum(a) may result in a proposal being rejected as non-responsive.

3.4. Multiple Proposals

Proposers interested in submitting more than one proposal may do so, providing each proposal stands alone and independently complies with the instructions, conditions and specifications of the RFP.

3.5. Pre-Award Negotiations

Prior to award of the contract, the successful proposer(s) may be required to attend negotiation meetings that will be scheduled at a later date. The intent of the meeting(s) will be to discuss and negotiate contract requirements, prices, service level agreements, detailed scope of work specifications, ordering, invoicing, delivery, receiving and payment procedures, etc. in order to insure successful administration of the contract.

3.6. Execution of Contract

Unless otherwise stated, proposals submitted shall be irrevocable for a period of 90 days following the proposal opening date. A response to this RFP is an offer to contract with the City based upon the terms, conditions, service level agreement and specifications contained in the proposal submitted. A contract will be developed after the City makes an award to the selected proposer(s).

3.7. Amendments/Modifications/Change Orders

Any amendments, adjustments, alterations, additions, deletions, or modifications in the terms and/or conditions of resultant agreement must be made by written change order approved by the Contract Administrator and the contractor. If contractor performs any modification without a written change order, the City shall neither pay for nor be obligated to accept said modification.

3.8. Prime Contractor

The proposer(s) awarded the contract must be the prime contractor performing the primary functions of the contract. If any portion of the contract is to be subcontracted, it must be clearly set forth in the proposal document as to what part(s) are to be subcontracted, the reasons for the subcontracting and a listing of subcontractors. The City reserves the right to reject any proposal wherein use of subcontractors significantly affects the ability of the proposer to function as the prime contractor on the awarded contract. The prime contractor shall at all times be responsible for the acts and errors or omissions of its subcontractors or joint participants and persons directly or indirectly employed by them.

3.9. Subcontractors/Joint Ventures

Acceptance or rejection of a proposer's request to use subcontractors is at the sole discretion of the City. With approval of the City, the contractor may enter into subcontracts and joint participation agreements with others for the performance of portions of resultant agreement.

The provisions of resultant agreement shall apply to all subcontractors in the same manner as to the contractor. In particular, the City will not pay, even indirectly, the fees and expenses of subcontractors that do not conform to the limitations and documentation requirements of resultant agreement.

3.9.1. Copies of Subcontractor Agreements

Upon written request from the City, the contractor shall supply the City with all subcontractor agreements at no cost.

3.10. Supplier Performance Feedback Meetings

The proposer(s) awarded the resulting agreement is required to attend periodic performance feedback meetings facilitated by the City's Contract Administrator. The meetings will focus on the contractor's and the City's performance in fulfilling the service level agreements contained in the contract. The meetings will provide a forum to informally discuss opportunities for improving contract terms and conditions, services level agreements, and cost reductions for both parties.

3.11. Replacement of Contractor's Staff

The City reserves the right to have the contractor replace any contract personnel with equally or better qualified staff upon submitting written notice to contractor. In addition, the City reserves the right to approve in advance any changes in project personnel or levels of commitment by the consultant to the project.

3.12. Contractor's Address

The address given in the proposal response shall be considered the legal address of the contractor and shall be changed only by written notice to the City. The contractor shall supply an address to which certified mail can be delivered. The delivery of any communication to the contractor personally, or to such address, or the depositing in the United States Mail, registered or certified with postage prepaid, addressed to the contractor at such address, shall constitute a legal service thereof. Also, telephone numbers, fax numbers and e-mail addresses (if applicable) must be provided.

4. STATEMENT OF WORK SPECIFICATIONS- PROPOSAL/QUOTE SECTION

The City and SEIU Local 347 are seeking a partnership(s) with a firm(s) to provide certain Alternative Dispute Resolution (ADR) services to City employees represented by SEIU Local 347 for the workers' compensation program, on a pilot basis. If the pilot program is successful, the City may, under a separate RFP, pursue a broader, and perhaps, Citywide program. The program elements for the pilot program are described below.

Proposers shall consider the following descriptions as minimum program requirements and shall respond to each item describing how they meet or exceed the minimum requirements (including any alternative methods which they deem can provide the targeted service). Proposers should feel free to provide additional information as necessary to adequately describe the services being offered.

4.1. Scope of Work Requirements and Description of Materials and Services to Be Provided

For each proposal submitted, provide a description of how you propose to perform the following. Detail any comments or exceptions to these requirements:

- 1) Contractor shall propose only the following ADR services in compliance with Section 3201.7 of the California Labor Code to injured workers: ombudsmen, mediation, arbitration, and peripheral support services. Describe these services in detail.
- 2) Contractor shall bring SEIU Local 347 and the City of Los Angeles together to design and organize ADR services.
- 3) Contractor shall prepare and obtain certification of the ADR program's application for State approval with the State's Administrative Director on behalf of the City and SEIU Local 347.
- 4) Contractor shall choose ombudsmen, arbitrators, and mediators to deliver ADR services.
- 5) Contractor shall specify the criteria you employ when assembling your panels of ombudsmen, arbitrators, and mediators, including their professional credentials and any other relevant background information.
- 6) Contractor shall describe the process for the City to participate in decisions to include or exclude panel members in the proposed City ADR program.
- 7) Contractor shall provide training to educate City staff on processing Workers' Compensation claims according to the proposed ADR program. Explain how you will conduct the training, which the City expects would require a minimum of 8 hours.

- 8) Contractor shall market the ADR program, upon approval of the City and SEIU 347, to participating employees. Explain your marketing process, including handouts that can be provided to the injured worker, articles in the SEIU newspaper, description of services to SEIU Local 347 staff and representatives (shop stewards), etc.
- 9) Contractor shall educate City staff and SEIU Local 347 on their proposed marketing approach.
- 10) Contractor shall monitor and maintain quality of service within the proposed ADR program, on an ongoing basis.
- 11) Contractor shall attend quarterly (or as needed) meetings with the City and SEIU Local 347 to discuss the status of the program.
- 12) Contractor shall provide an evaluation of the pilot program, a component of which will be a closing report identifying savings, at the conclusion of the contract, in order to determine if a broader program is justified. This evaluation should include how the pilot program performed in reducing litigation, improving claims resolution time, reducing workers' compensation claim costs, and increasing injured workers' satisfaction. The closing report shall also include notification to the City of any trends the ombudsmen finds in quality of care, frequency in type or location of accidents within a department, etc. This report is subject to validation by the City i.e. the City Administrative Office and/or the Personnel Department.
- 13) Contractor shall quantify the City's savings, as a result of the program. This quantification is subject to validation by the City i.e. the City Administrative Office and/or the Personnel Department.
- 14) Ombudsmen shall be readily available to injured workers, Workers' Compensation staff, and SEIU Local 347 staff during regular working hours, Monday through Friday, except on City holidays. When the ombudsman is unavailable, voicemail must be available for a message to be left. State whether email will be available to the City, SEIU Local 347, and the injured employee.
- 15) Ombudsmen shall respond to inquiries from injured employees at the City and SEIU Local 347's request.
- 16) Ombudsmen will proactively contact injured workers when they have not received a specific request from the City or SEIU Local 347 to do so.
- 17) Ombudsmen shall return voicemail messages and email, if any, from injured workers, City staff, and SEIU Local 347 staff within one business day. If an ombudsman is not available to do so, the ombudsman will make arrangements to have someone else make contact within the abovementioned time frame.

- 18) Ombudsmen shall contact City staff within 24 hours after contacting an injured employee to advise the adjustor of the call and to report any change in the status of the claim or if a claimant is dissatisfied.
- 19) Ombudsmen shall contact City staff immediately after contacting an injured employee should any action need to be taken as a result of the call.
- 20) Ombudsmen shall ensure issues of medical confidentiality during the ombudsman process i.e. waivers, report distribution, inquiries from the SEIU Local 347, etc.
- 21) Ombudsmen shall follow up with the injured worker on a weekly basis, or sooner as needed, until the employee returns to work or the case closes.
- 22) Contractor shall provide the City with monthly statistical/summary reports of ombudsmen activity, including the notification of any trends the ombudsmen finds in quality of care, frequency in type or location of accidents within a department, etc. Contractor shall also notify the City of such trends at the time they are identified, not only on a monthly basis.
- 23) Contractor shall provide a mediator to the City within 48 hours of a request.
- 24) Mediations shall last no longer than 1 day, unless jointly agreed by the City and SEIU Local 347, and will take place at the Personnel Building, 700 E. Temple St., Los Angeles, CA 90012.
- 25) Contractor shall provide a panel of arbitrators available to hear a case within 3 days of a request.
- 26) Arbitrations shall take place at the Personnel Building, 700 E. Temple St., Los Angeles, CA 90012.
- 27) Arbitrators shall render a written decision within 2 weeks of the last hearing date to the City.

4.1.1. Project Cost

The costs to perform the services described in this RFP must be reasonable and competitive with other proposals without diminishing the quality of services. The City expects proposers to breakdown their quotes into two separate sections: 1) services required prior to roll out of the program, identify core services (ombudsmen, mediation, and arbitration) to injured employees; and, 2) services expected after these core services commence. First, proposers are required to provide a flat fee quote for all services performed up until the City and SEIU Local 347 have obtained all required approvals to commence roll out of actual ADR core services. Second, proposers shall provide a flat-fee or fee-for-service quote for ADR services

required subsequent to the roll out of the core services. The types of services the City are anticipating, but are not limited to, are listed below:

1) Program services required prior to launching:

- Application process and certification
- Design and organization of ADR services

2) Program services expected after launching:

- Marketing
- Training
- Ombudsmen
- Mediation
- Arbitration
- Any additional proposed services

Proposers may provide alternative-pricing scenarios, in addition to the required payment model described above, for consideration by the City.

4.1.2. Data and Communication

Contractors must be compliant with Health Insurance Portability and Accountability Act (HIPAA) Title II related to electronic data interchange for all of the services on which you are submitting a proposal, as well as with any other applicable Federal or State requirements. Samples of existing reports must be included in your proposal. Contractor(s) shall provide periodic and ad hoc reports as required by the City at no additional cost to the City. Describe on-line reporting capabilities and whether reports can be customized to meet the City's needs.

4.1.3. Assigned Personnel

Proposer must provide the names of key personnel, whom the proposer employs or hires through subcontract, to perform the requested services. Proposers must identify a program manager with full authority to administer the contract. For each person listed, the following information should be provided:

- a. Description of the work he or she will perform.
- b. Amount of time he or she will be assigned to work on the project.
- c. Academic achievements, including all college undergraduate and graduate education.
- d. Relevant work experience in years and level of responsibility.

The City reserves the right to approve/accept key personnel. Proposer must notify City if personnel cannot continue on a project. City must approve replacement Personnel.

4.2. Acceptance of Work/Quality Assurance

To facilitate the review of activities and to establish and maintain effective lines of communication, periodic working meetings will be held with staff of the Department. Each proposal shall include a description of its own internal quality control program and the procedures to ensure the quality of services to be provided to the City.

4.3. Optional Materials/ Services

Proposers are encouraged to offer materials and/or services, directly related to the specifications within this RFP but not included in it, which will enhance the performance of City Staff in the fulfillment of the goal(s) of this RFP. Optional materials/services should be clearly delineated as optional in the proposal and separate pricing/cost identified as appropriate. These options may be included in the resultant contract.

5. SPECIFIC TERMS AND CONDITIONS

5.1. Term

The term of this Contract shall be for a period of one year from the effective date of the final signatures and approval by the Personnel Department, City Attorney, CAO, Mayor's Office, Board or City Council and the authorized contractor.

5.2. Option to Renew

Any agreement awarded will be for a period of one year beginning with the date of award. The City reserves the right and option to renew the contract as follows:

For up to 2 additional one-year periods.

If an option to renew is exercised, this option will only be exercised during the current contractual period. Retroactive options will not be considered or exercised. Options will begin at the date of expiration of the current contractual period.

5.3. Quantity (Estimated Quantity/Usage)

The quantities stated herein are only estimates of the City's requirements. The contractor agrees to furnish more or less than the estimates in accordance with actual needs as they occur throughout the contract period at the unit price(s) and service levels negotiated.

5.4. Payment Terms/Payment Schedules/Invoicing Instructions

Each proposal shall include a payment model for the one-year pilot program. Proposers may further include a section, which discusses the cost of services

during possible yearly extensions of contract operations. Proposers who are willing to commit to maintaining the proposed first-year pricing structure for an additional period of time should so state. Payment models shall be proposed on a monthly basis.

5.4.1. Completed Invoices

The City's payment terms are payment within thirty (30) days. Payment may be sooner where cash discounts are offered for early payment. In no event will payment be made prior to the City's verifying and approving: 1) the services were received; 2) the work was approved and; 3) a proper invoice has been submitted.

A proper invoice shall include, but may not be limited to:

1. Contractor's name and remittance address as listed in the contract;
2. Contractor's Business Tax Registration Number;
3. Contract number assigned by the City;
4. Sub-purchase order number or purchase order number as issued by the City;
5. Receiving location address as listed in the sub-purchase order;
6. Receiving location City staff representative's name and phone number;
7. Delivery date (and time, if applicable to sub-purchase order);
8. Exact item description, order quantity, unit price, total price, etc. as listed on the contract.

Provide samples of detailed, claim specific invoices and summary reports of savings. If a proposal's payment model includes a savings component, a description of how cost savings are measured should be clearly defined and differentiated including categories for hard dollar savings and cost avoidance savings.

All invoices shall be submitted on contractor's letterhead, contain contractor's official logo, or other unique and identifying information such as the name and address of the contractor. Evidence that tasks have been completed, in the form of a report, brochure, or photograph, shall be attached to all invoices. Invoices shall be submitted within 30 days of service. Invoices are considered complete when appropriate documentation or services provided are signed off as satisfactory by the City manager.

Invoices and supporting documentation shall be prepared at the sole expense and responsibility of the contractor. The City will not compensate the contractor for costs incurred in invoice preparation. The City may request, in writing, changes to the content and format of the invoice and supporting documentation at any time. The City reserves the right to request additional supporting documentation to substantiate costs at any time.

Failure to adhere to these policies may result in non-approval of invoices pursuant to Charter Section 262(a), which requires the Controller

to inspect the quality, quantity, and condition of services, labor, materials, supplies, or equipment received by any City office or department, and approve invoices before they are drawn on the City Treasury.

5.4.2. Billing Address

The City is not liable for delays in payment caused by failure of the contractor to send invoice to the address specified below:

City of Los Angeles Personnel Department
700 E. Temple Street, Room 210
Los Angeles, CA 90012
Attn: Lois Pace Bailey

5.5. Resources Supplied by City

The successful proposer shall supply any resource items that are not specifically listed in this section. The City will not provide workspace, clerical support, email, telephone or reproduction services to the successful proposer.

5.6. Statutory Requirements

Attached to this RFP as Attachment A are the Standard Provision for City Contracts (Rev. 10/03) and Checklist. Please review this information carefully. Compliance with these requirements and submission of necessary forms is mandatory at the time of submission of a proposal, prior to award of contract, or both. These requirements will be discussed in detail at the proposer conference. Failure to comply with the requirements will render proposals non-responsive and eliminate them from consideration.

5.7. Governing Law

All matters relating to the formation, validity, construction, interpretation, performance and enforcement of the RFP and the resultant agreement/contract, shall comply with all applicable laws of the United States of America, the State of California and the City.

5.8. California State Sales Tax

Do not include California State sales tax in prices quoted unless otherwise requested. If requested, sales tax must be identified as being included in the pricing.

5.9. California State Board of Equalization Permit

Proposer shall enter the company's State of California Board of Equalization permit number on the proposal form. If the company does not have this permit, the proposer shall sign the proposal form declaring that the company has no California sales tax permit.

5.10. Federal Excise Taxes

The City of Los Angeles is exempt from the payment of excise taxes imposed by the Federal Government. Such taxes must not be included in the proposed

prices. Federal excise exemption certificates will be furnished by the Department of General Services upon request.

6. CONTRACT ATTACHMENTS

Attachment A: Standard Provisions for City Contracts (Rev. 10/03) and Checklist

7. EVALUATION CRITERIA

This RFP represents the initiation of a competitive process and it is expected that many highly qualified firms will submit proposals. The City will follow the general guidelines below in evaluating those proposals, selecting a successful Contractor, and awarding a Contract. All proposals will be initially reviewed to determine if they are responsive to all of the City's statutory requirements. Those proposals deemed non-responsive may be eliminated from consideration.

While administrative cost is clearly important in the determination of a final successful bidder, the technical competence of the proposer and the overall cost of risk will remain significant factors in the formation of a final decision. The City reserves the right to conduct interviews of key personnel regarding any aspect of the proposal, to make an on-site visit of the proposer's facility, and/or to request additional information about any part of the proposal which may require clarification.

Those proposals deemed responsive shall be evaluated by a committee consisting of management level staff throughout the City. The General Manager of the Personnel Department shall approve the final selection(s).

RFP responses will be evaluated in part based upon the City's rating of your answers to City requirements.

7.1. Evaluation Factors

Evaluation of submitted proposals will be based on the following factors and the points available for each factor.

Evaluation Factor	Maximum Points
Interpretation of project objectives and description of services provided	15
Professional qualifications, specialized experience and technical competence of the project team [Experience and qualifications of key personnel assigned]	20
Past performance and experience on other projects/contracts of similar size and scope to the City of Los Angeles	20
Relevant documentation, such as manuals, directories, forms, and work procedures submitted with the proposal	10
Cost	30
Adverse Audit	5
TOTAL	100

The City shall reserve the right to use such other criteria as may be deemed appropriate in evaluating proposals, even if such criteria are not mentioned in the

RFP. Proposers submitting the highest-rated written responses may be called for an oral interview to further assess their qualifications.

After all proposals have been evaluated in accordance with the criteria set forth above, if any proposal is determined to be acceptable without discussion or negotiation, the City of Los Angeles may award the Contract to that firm. If, however, a proposal is not acceptable in total without negotiation or additional information, those firms whose proposals are determined by the City to be within the competitive range may be contacted with regard to the modification or negotiation of specific provisions and the City may then select a Contractor after considering the results of the negotiation. This, however, is not meant to imply that the original proposal should contain anything other than the best and final offer to provide the requested services. The City reserves the right to further negotiate the terms and conditions of an Agreement with the selected Contractor.

Notwithstanding any other provisions of this RFP, the City reserves the right to withdraw this RFP at any time without prior notice. The City also reserves the right to reject any and all proposals submitted or to waive any minor administrative irregularities contained in any proposal, when to do so would be in the best interest of the City.

8. REQUEST FOR PROPOSAL (RFP) SCHEDULE

This schedule indicates estimated dates for the RFP process. The City reserves the right to adjust this schedule when appropriate.

Date	Event
	Release RFP to potential proposers
	Deadline for receiving written questions for pre-proposal conference
	Pre-proposal conference
	Issue addendum in response to pre-proposal conference, if applicable
	RFP RESPONSES DUE
	Begin RFP evaluations
	Conduct site visit(s) and/or materials tests, if applicable
	Develop "short list" of proposers
	Oral presentations, if applicable
	Negotiate with apparent successful proposer
ASAP	Execute contract

9. PROPOSER BACKGROUND INFORMATION

Proposer's Contact Name:
Contact Title:
Mailing Address:
Location of Business (if different from mailing address):
Telephone Number:
Pager Number:
24-Hour Tel. Number:
Fax Number:
E-mail Address:
Remittance Address (if different from mailing address):

10. PROPOSER REFERENCES

10.1 Customer and Bank references

The proposer must submit a minimum of three non-proposer owned customer references and a minimum number of one banking reference whose banking services have been provided for or used by the proposer within the last three (3) years. Materials and/or services provided to these customers must be of comparable size to the City's requirements within this proposal.

Include the following for each reference:

CUSTOMER REFERENCES	BANK REFERENCES
Company Name	Company Name
Name of Contact	Name of Contact
Title of Contact	Title of Contact
Telephone Number	Telephone Number
Dates and Types of Services Provided:	Dates of Banking Services Used:

The City may, at its option, contact other known proposer's customers for references.

10.2 Past Failure to Complete Work Awarded

If the proposer has had a contract terminated for default during the past five years, all such incidents must be described. Termination for default is defined as notice to stop performance due to the proposer's non-performance or poor performance and the issue was either not litigated; or litigated and such litigation determined the proposer to be in default. Submit full details of all termination for default experienced by the proposer during the past five years including the other party's name, address and telephone number. Present the proposer's position on the matter. The City will evaluate the facts and may, at its sole discretion, reject the proposer's proposal if the facts discovered indicate that completion of a contract resulting from this RFP may be jeopardized by selection of the proposer.

If the proposer has experienced no termination for default in the past five years, so indicate.

10.3 Business Organization

Proposer shall provide an overview of the entity submitting this RFP including the following information.

1. Date entity was established and location of entity when established.
2. Location of headquarters.
3. Total number of employees.
4. Total number of employees in the City of Los Angeles and Southern California.

5. Annual revenues.
6. Organization chart indicating the positions and names of the core management team which will undertake this project.
7. Resumes for all core team members.
8. Brief history and description of entity, include mergers/acquisitions within the last 12 months, future plans for growth, scope of services, and locations.

10.4 Proposed Subcontractor Information

If applicable to proposal, the following information must be provided for each proposed subcontractor. Attach and submit this information with this proposal. If subcontractors will not be utilized, so indicate.

1. Subcontractor's name, mailing address, phone number.
2. Subcontractor's contact name, title, phone number.
3. Subcontractor's registration # and/or license #, if applicable.
4. Description of work to be subcontracted.
5. Reason(s) for subcontracting.
6. Percentage of total contract to be subcontracted and dollar amount.
7. Relevant work experience in years and level of responsibility.
8. If subcontractor is a MBE, WBE or OBE.

11. PROPOSER SIGNATURE DECLARATION PAGE

The undersigned hereby offers and agrees to furnish the goods and/or routine services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by the City.

This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the proposer has not directly or indirectly induced or solicited any other proposer to put in a sham proposal, or any other person, firm or corporation to refrain from submitting a proposal; and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.

Each proposal must be signed on behalf of the proposer by an officer authorized to bind the proposer to the proposal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and I agree to the terms and conditions in this proposal.

Company Name _____
Signature of Authorized Person _____
Address _____
Printed Name _____
City _____ State _____ Zip Code _____
Title _____
Date _____

The proposer hereby acknowledges receipt of and agrees this submittal is based on the RFP and the following addenda. Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive. To constitute a responsive proposal you must return all pages of the proposal forms.

ADDENDUM # _____ DATED _____ ADDENDUM # _____ DATED _____
ADDENDUM # _____ DATED _____ ADDENDUM # _____ DATED _____

(If additional addenda are issued, attach a complete listing when submitting this proposal.)

NO PROPOSAL

If not submitting a proposal please state reason and return this sheet to the Personnel Department.

REPORT
FROM



THE PERSONNEL
DEPARTMENT

TO: The Honorable Dennis Zine, Chair
Personnel Committee

June 10, 2004

The Honorable Bernard C. Parks, Chair
Budget and Finance Committee

COUNCIL FILE# 04-0002-S46

**SUBJECT: SENATE BILL 899 - WORKERS' COMPENSATION LEGISLATIVE REFORMS
AND THE ANTICIPATED FINANCIAL IMPACT ON THE CITY'S WORKERS'
COMPENSATION PROGRAM**

The following is submitted in response to the April 16, 2004 motion by Councilmembers Zine and Parks in which the Personnel Department was directed to report back to the Personnel and Budget and Finance Committee with a review of the workers' compensation reform provisions in Senate Bill 899, a comparison with City Council resolutions adopted on March 19, 2004, and revised anticipated cost savings that could be realized from the reforms.

Evaluating the cost associated with the legislative changes is a challenge, hindered by data limitation and the dynamic interaction of the many moving effective dates. Although it is expected that this new legislation will save the City approximately \$28 million annually, the true impact of Senate Bill 899 will not be known for a couple of years as credible data becomes available and unintended consequences are identified. In the 1990's legislative changes included addition of the "treating physician presumption" which was expected to reduce costs. The perception was that the injured employee would obtain treatment from a physician that would adequately evaluate the injury and make appropriate recommendations. However, the actual results were quite different, with medical costs significantly increasing.

Much of the recently adopted legislation falls within the scope of the City Council resolution. Listed below each of the points of the City Council's resolutions are the major items of Senate Bill 899 that pertain to the resolutions. Following the resolutions are other important provisions of Senate Bill 899. Included within each is an estimate of the potential cost savings over a period of 5 years.

PERSONNEL
BUDGET AND FINANCE


MARGARET M. WHELAN
GENERAL MANAGER

JUN 15 2004

RECEIVED
CITY CLERK'S OFFICE

2004 JUN 11 PM 1:34

CITY CLERK
BY vm
DEPUTY

**Overview of the Workers' Compensation Reform Provisions in Senate Bill 899
As they Relate to the Los Angeles City Council Resolution of March 19, 2004
Including Estimated Savings to the City of Los Angeles**

Council Resolution #1: Reform the penalty system in Labor Code §5814 so that penalties are applied solely to the late payment and the amount of the penalty takes into account the actual burden incurred by the injured employee as a result of the delay.

Legislative Change for Council Resolution #1: Estimated savings over 5 years: \$1 million.

- **Improvement to Penalty Structure** *(Effective June 1, 2004)*

Bases penalties on the amount of the late payment and caps the penalty at 25% of the late payment or \$10,000, whichever is less. When claims administrators discover a delay and self correct the violation within 90 days, the penalty is only 10% of the payment. This replaces the current system in which claims administrators may be assessed a 10% penalty on past, present, and future benefits. Also sets a 2-year statute of limitation on claiming penalties and establishes a new penalty of up to \$400,000 for employers who knowingly incur penalties with such frequency as to indicate a general business practice.

Council Resolution #2: Require physicians to provide clear and job specific, temporary work restrictions to employers to allow greater opportunities for injured employees to return to either regular or modified work.

Legislative Changes for Council Resolution #2: Estimated savings over 5 years: \$10 million.

- **Timely Medical Reports** *(Effective April 19, 2004)*

Requires physicians to provide timely medical reports in order to receive payment for their work.

- **Return to Work Incentives** *(Effective on injuries occurring on or after July 1, 2004)*

Once an injured employee's condition is deemed to be permanent and stationary, employers have 60 days to offer them a job consistent with their restrictions. The job offered must be at least 85% of their pre-injury salary and must be for at least one year. The offer will cause the employee's remaining permanent disability payments to be reduced by 15%. If no job is offered, these payments will be increased by 15%. In an effort to ensure timely placement, our staff will make every attempt to obtain clear work restrictions at the onset by utilizing medical experts and/or City Attorney assistance.

- **Revocation of Presumption of Correctness for Pre-designated Physicians** *(Effective April 19, 2004 regardless of the date of injury)*

Medical reports from the employee's pre-designated physicians are no longer presumed correct for the purpose of determining employee's treatment or determining City liability.

- **Pre-designation of Physicians to Provide Treatment for Future Workers' Compensation Related Treatment** (*Effective April 19, 2004*)

An employee who wants to pre-designate his personal physician to provide medical care in the event of a future workers' compensation injury must obtain the consent of the physician.

- **2-Year Cap on Temporary Disability Payments**

(*Effective for injuries that occurred on or before January 1, 2004*)

Injured employees may receive a combination of salary continuation (IOD) and State Rate for 104 weeks within 2 years of the first payment. Previously there was no limit placed on the period of payment. Injuries such as severe burns and amputation, which require extensive recuperation, may be authorized for a longer period.

- **Vocational Rehabilitation** (*Effective January 1, 2004*)

Provides vocational rehabilitation services to employees injured prior to January 1, 2004, and terminates this benefit as of January 1, 2009. Rehabilitation services for employees injured prior to January 1, 2004 must be completed by January 1, 2009. For employees injured on or after January 1, 2004, supplemental job displacement benefits were added.

Council Resolution #3: *Allow greater flexibility for partnering with existing health insurance programs to provide medical services for injured employees, streamlining the delivery of employee medical benefits.*

Legislative Changes for Council Resolution #3: Estimated savings over 5 years: \$8 million.

- **Establishment of Employer's Medical Networks**

(*Effective for treatment received on or after January 1, 2005*)

The City may establish a medical network to evaluate and treat injured workers. The network must be approved by the State, have at least 25% of their work for non-occupational injuries, and their care must be consistent with State-adopted treatment utilization guidelines.

The City may require that all of the employee's treatment for the workers' compensation injury be provided by the network. Employees may opt to be treated by a pre-designated physician in the network or if none was pre-designated, may select another provider after their initial evaluation, as long as this provider is in the City's network. If the employee disputes the diagnosis or treatment of the network physician, the employee may obtain three opinions from within the network, and then request an independent medical opinion through the State if the dispute is not resolved within the network. If the independent review concludes that the disputed treatment or diagnosis is consistent with State-adopted treatment guidelines, the injured employee may seek treatment outside the City's network. The Personnel Department will likely contract with one or more network providers before January 1, 2005.

- **Establishment of Uniform Medical Treatment Guidelines**

(Effective April 19, 2004 regardless of the date of injury)

The new legislation redefined “medically necessary” to be treatment consistent with the State’s medical guidelines. These guidelines are objective medical standards for treatment based on nationally recognized medical standards. These guidelines are presumed to be correct and a preponderance of scientific medical evidence and guidelines accepted by the national medical community is required to overcome the presumption. These standards may also now be applied to determine the credibility of medical reports submitted to the Workers’ Compensation Appeals Board.

- **Immediate Medical Coverage under Workers’ Compensation**

(Effective on all injuries that occur on or after 4-19-04)

Within one working day of an employee filing a claim form and until the claim is accepted or rejected, the City must authorize all necessary medical treatment, up to \$10,000 in medical fees. The City still has 90 days to investigate and determine compensability. This change applies to medical costs only, not to salary. Therefore employees will continue to use their sick time until the claim has been accepted, just as is the present practice.

- **Limit of 24 Occupational Therapy Visits**

(Effective on injuries that occur on or after January 1, 2004)

The number of occupational therapy visits per injury is now limited to 24. In the previous legislative session this same limit was applied to physical therapy and chiropractic visits. However, this limitation may be waived on injuries that are serious and complex, requiring extensive medical care.

Council Resolution #4: *Revise the permanent disability rating and apportionment systems to provide uniform standards for work-related disabilities that take into account an employee's ability to perform their current job, limit duplicate awards for the same injury, and cap permanent disability ratings to 100%.*

Legislative Changes for Council Resolution #4: Estimated savings over 5 years: \$8 million

- **Permanent Disability Determination Based on Loss of Earning Capacity**

(Effective January 1, 2005)

The State is developing a new, objective, uniform Permanent Disability Rating Schedule based on an injured employee’s future loss of earning capacity rather than their ability to compete in the open labor market. Note: This schedule had a previous publication date of July 1, 2004 but the publication has been postponed until January 1, 2005.

- **Tailoring Permanent Disability Benefits to the Severity of the Injury**

(Effective for injuries occurring on or before January 1, 2005)

The State is revising the permanent disability benefits schedule to increase awards to more severely injured workers and decrease awards for minor ones.

1

- **Limitation on City's Liability**

(Effective on January 19, 2004 for all dates of injury for which the permanent disability rating has not yet been adjudicated)

This limits the City's liability for permanent disability to the percentage of permanent disability directly caused by the current work injury. This excludes previous injuries and non-work related injuries from the current disability rating. Among other benefits, this limits permanent disability to 100% for each body region. (Currently the City's Administrative Code provides coverage by injury, therefore, an Administrative Code change may be required to realize the benefits of this State legislative change.) Apportionment on the basis of causation applies only to permanent disability payment, not to the cost of medical treatment.

Council Resolution #5: *Provide all industries with the option to implement alternative dispute resolution programs to avoid unnecessary and costly litigation of workers' compensation claims.*

Legislative Change for Council Resolution #5: Estimated savings over 5 years: \$3 million in litigation costs

- **Alternative Methods for Resolving Medical Disputes**

Unrepresented Employees: *(Effective April 19, 2004 on all claims)*

Either party may request a medical-legal evaluation and choose the Qualified Medical Evaluator's (QME's) medical specialty. Employee has 10 days to select one of a list of three QME's or decision defaults to the employer.

Represented Employees: *(Effective for injuries on or after January 1, 2005)*

Allows both parties to agree upon an Agreed Upon Medical Examiner (AME), and if no agreement is reached, either party may request a QME panel from the State. If parties cannot agree on one of the three QME panels, each party will strike a panel and the remaining QME will be considered approved.

For both Unrepresented and Represented Employees: *(Effective April 19, 2004)*

Prohibits additional medical-legal exams if the worker's representation status changes.

Council Resolution #6: *Expand access to workers' compensation records under Insurance Code §1877.1(a) to City Attorney prosecutors and law enforcement personnel so that they can prosecute workers' compensation fraud more effectively.*

Legislative Change: None at this time

Council Resolution #7: *Expand the existing grant program for workers' compensation fraud, as provided in Insurance Code § 1872.83, to allow the City Attorney to compete for grant funds to assist in workers' compensation insurance fraud prosecution. REFER TO COUNCIL FILE 04-0530*

Legislative Change: None at this time

Other Legislative Changes

- **Increased Penalties for Workers' Compensation Fraud – Protection for Whistleblowers**
(Effective April 19, 2004)

Fines for workers' compensation fraud have been increased from \$50,000 to \$150,000. Additionally, the new legislation provides protection from civil liability for anyone who reports fraud in good faith. All employees are encouraged to protect the City's resources by reporting suspected workers' compensation fraud by calling the City's Attorney's Fraud hotline at (800) 295-6414.

- **Equity for all Parties in Court in Terms of Evidentiary Standard**
(Effective April 19, 2004)

Requires all hearings to be interpreted in an impartial and balanced manner, with all parties considered equal before the law. Allows the use of State adopted medical guidelines to be used to determine the credibility of a medical report.

- **Increase in State User Funding Fee**

The annual State fee assessed to the City annually for administration of California's workers' compensation program was increased by State legislation in late 2003 from approximately \$500,000 to \$1.5 million.

Y:admin/leg/sb899 pers b&f. Rev. 6-8-04

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

CF 04-0002-S46

April 27, 2004

Margaret M. Whelan, General Manager
Personnel Department

Greetings:

The Chair of the Personnel Committee requests that you prepare a report on the Motion (Zine -Parks) relative to a review of the workers' compensation reform provisions in SB 899 (Poochigian), including a comparison with the recommended proposal adopted by the Council (Council File No. 04-0002-S46). The Motion also instructs the Personnel Department to prepare a financial analysis of the anticipated cost savings that will be realized with the implementation of workers' compensation reforms contained in SB 899. The Motion, copy attached, was referred to the Personnel and Budget and Finance Committees on April 16, 2004.

Please transmit your completed report to me, c/o Office of the City Clerk, Room 395 City Hall, Stop 160, by **Wednesday, May 26, 2004**. If there are any questions, I can be reached at (213) 978-1077.

Very truly yours,

Ilene Shapiro
Legislative Assistant
Personnel Committee

Attachment

c: Dennis P. Zine, Chair
Personnel Committee
Attn: Bruce Whidden and Jeremy Robison

Bernard C. Parks, Chair
Budget and Finance Committee
Attn: Lauraine Braithwaite

Chief Legislative Analyst, Attn: Blayne Sutton-Wills
Personnel Department, Attn: Rhonda Sims-Lewis

CF #04-0002-546

APR 16 2004
PERSONNEL

MOTION

BUDGET & FINANCE

After months of negotiations in Sacramento, a compromise package of reforms to the workers' compensation system appears to have been agreed upon by the State legislature. The changes contained in SB 899 (Poochigian) are expected to save billions of dollars for businesses, non-profit organizations and governments throughout California. The City of Los Angeles was expected to spend \$160 million on workers' compensation in the coming fiscal year and will now share in the financial relief provided by these modifications.

On March 19, 2004, the City Council adopted a resolution supporting numerous workers' compensation reform provisions that were expected to save approximately \$30 million annually (C.F. #04-0002-S46). With the pending adoption of the final reform package, a comparison of the proposed changes, versus the recommendations from the City of Los Angeles, would be useful. Additionally, an updated financial analysis of the anticipated savings from the new legislation would be beneficial in more accurately forecasting the city's workers' compensation costs for the upcoming budget process.

Handwritten initials

I THEREFORE MOVE that the Personnel Department be instructed to report back to the Personnel Committee with a review of the workers' compensation reform provisions in SB 899 (Poochigian), including a comparison with the recommended proposal adopted by the Los Angeles City Council (C.F. #04-0002-S46).

I FURTHER MOVE that the Personnel Department be instructed to report back to the Personnel and Budget Committees with a revised financial analysis of the anticipated cost savings that will be realized with the implementation of the workers' compensation reforms contained in SB 899 (Poochigian).

PRESENTED BY:

Handwritten signature of Dennis P. Zine
Dennis P. Zine
Councilmember, Third District

SECONDED BY:

Handwritten signature of Bernard C. Parks

Handwritten initials

APR 16 2004

C.F. #04-0002-546

APR 16 2004
PERSONNEL

MOTION

BUDGET & FINANCE

After months of negotiations in Sacramento, a compromise package of reforms to the workers' compensation system appears to have been agreed upon by the State legislature. The changes contained in SB 899 (Poochigian) are expected to save billions of dollars for businesses, non-profit organizations and governments throughout California. The City of Los Angeles was expected to spend \$160 million on workers' compensation in the coming fiscal year and will now share in the financial relief provided by these modifications.

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PRESENTED BY: _____

Handwritten signature of Dennis P. Zine

Dennis P. Zine
Councilmember, Third District

SECONDED BY: _____

Handwritten signature of seconded party

Handwritten initials

APR 16 2004

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

04-0002-S46

CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

March 31, 2004

PLACE IN FILES
APR - 6 2004
DEPUTY
[Signature]

RE: WORKER'S COMPENSATION REFORM PROPOSALS

I HEREBY CERTIFY that the attached report, communication and resolution (Zine - Greuel - Parks) were adopted by the Los Angeles City Council at its meeting held on March 19, 2004 and sent to the Mayor forthwith. The Mayor concurred with the Council action on March 25, 2004.

J. Michael Carey

J. MICHAEL CAREY, CITY CLERK

By *[Signature]*
Deputy

dt 4-5-04



J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

04-0002-S46

CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

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CITY CLERK
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Room 395, City Hall
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Council File Information - (213) 978-1043
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HELEN GINSBURG
Chief, Council and Public Services Division

March 31, 2004

Carole Gallien
Valley Industry & Commerce Assoc.
5121 Van Nuys Boulevard, Suite 203
Van Nuys, CA 91403

Honorable James Hahn, Mayor
Chief Legislative Analyst
City Administrative Officer
Controller, Room 300
Accounting Division, F&A
Disbursement Division

Councilmember Zine
Councilmember Greuel
Councilmember Parks
Personnel Department

RE: WORKER'S COMPENSATION REFORM PROPOSALS

I HEREBY CERTIFY that the attached report, communication and resolution (Zine - Greuel - Parks) were adopted by the Los Angeles City Council at its meeting held on March 19, 2004 and sent to the Mayor forthwith. The Mayor concurred with the Council action on March 25, 2004.

City Clerk
kw

cc: 8 Certified copies sent to Sacramento Representatives
8 Certified copies sent to Washington Representatives



Mayor's Time Stamp

RECEIVED

'04 MAR 22 P12:12

DEPUTY MAYOR

FORTHWITH

City Clerk's Time Stamp

RECEIVED
CITY CLERK'S OFFICE

2004 MAR 22 PM 12:03

CITY CLERK

BY _____
DEPUTY

SUBJECT TO MAYOR'S CONCURRENCE

COUNCIL FILE NO. 04-0002-S46

COUNCIL DISTRICT NO. _____

COUNCIL APPROVAL DATE MARCH 19, 2004

RE: WORKER'S COMPENSATION REFORM PROPOSALS

APR 01 2004

LAST DAY FOR MAYOR TO ACT _____
(10 Day Charter requirement as per Charter Section 231(h))

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 231(h)

MAR 25 2004

BY _____
DEPUTY

CITY CLERK

2004 MAR 25 PM 3:59

RECEIVED
CITY CLERK'S OFFICE

DATE OF MAYOR APPROVAL OR DISAPPROVAL _____

M. Eller

MAR 26 2004

certify. 11/08

Mason Hill

MAYOR

12
3-17-04

File No. 04-0002-S46

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **PERSONNEL COMMITTEE**
and
**COMMUNICATION FROM CHAIR, AUDITS AND GOVERNMENTAL EFFICIENCY
COMMITTEE**

report as follows:

Public Comments Yes No
 XX

PERSONNEL COMMITTEE REPORT and COMMUNICATION FROM CHAIR, AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE and RESOLUTION relative to workers' compensation reform proposals.

Recommendation for Council action, pursuant to Resolution (Zine - Greuel - Parks), SUBJECT TO THE CONCURRENCE OF THE MAYOR:

ADOPT the accompanying RESOLUTION to include in the City's 2003-04 State Legislative Program SUPPORT for the following workers' compensation reform proposals:

- a. Reform the penalty system in Labor Code Section 5814 so that penalties are applied solely to the late payment and the amount of the penalty takes into account the actual burden incurred by the injured employee as a result of the delay.
- b. Require physicians to provide clear and job specific, temporary work restrictions to employers to allow greater opportunities for injured employees to return to either regular or modified work.
- c. Allow greater flexibility for partnering with existing health insurance programs to provide medical services for injured employees, streamlining the delivery of employee medical benefits.
- d. Revise the permanent disability rating and apportionment systems to provide uniform standards for work-related disabilities that take into account employees' ability to perform their current jobs, limit duplicate awards for the same injury and cap permanent disability ratings to 100 percent.

- e. Provide all industries with the option to implement alternative dispute resolution programs to avoid unnecessary and costly litigation of workers' compensation claims.
- f. Expand access to workers' compensation records under Insurance Code Section 1877.1(a) to City Attorney prosecutors and law enforcement personnel so that they can prosecute workers' compensation fraud more effectively.
- g. Expand the existing grant program for workers' compensation fraud as provided in Insurance Code Section 1872.83, to allow the City Attorney to compete for grant funds to assist in workers' compensation insurance fraud prosecution.

Fiscal Impact Statement: Neither the Chief Legislative Analyst nor the City Administrative Officer has completed a financial analysis of this report.

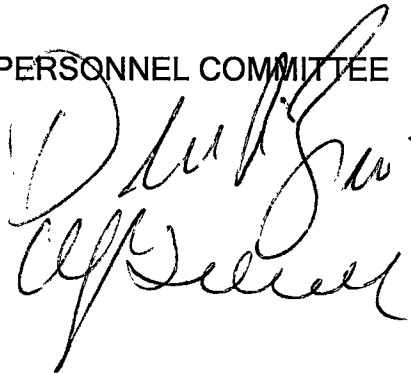
Summary:

The Resolution (Zine - Greuel - Parks), attached to the Council file, referred to the Personnel and Audits and Governmental Efficiency Committees on March 12, 2004, recommends support for the workers' compensation reform proposals listed above.

On March 19, 2004, the Personnel Committee and Chair, Audits and Governmental Efficiency Committee approved the Resolution. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

PERSONNEL COMMITTEE



CHAIR, AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
ZINE:	YES
VILLARAIGOSA:	ABSENT
GREUEL:	YES

<u>MEMBER</u>	<u>VOTE</u>
GREUEL:	YES
WEISS:	ABSENT
HAHN:	ABSENT

RFC ? Communicated
ADOPTED

MAR 19 2004

LOS ANGELES CITY COUNCIL

*TO THE MAYOR FORTHWITH
 See Attached Reso*

IS
 3/19/04
 #030002.46.wpd

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California's workers' compensation system needs substantial reform and is negatively impacting job creation and economic growth throughout the state, while failing to provide injured employees with the benefits they deserve; and

WHEREAS, the dysfunction in the workers' compensation system is evident in the fact that the state's employers pay the highest workers' compensation premiums in the nation, while their employees receive among the lowest level of benefits; and

WHEREAS, the City of Los Angeles is budgeted to spend \$142 million during the current fiscal year on workers' compensation and costs are projected to reach \$160 million in the next fiscal year, which would be the fourth consecutive year of double-digit percentage increases; and

WHEREAS, there are currently in excess of 20,000 open active workers' compensation claims against the city, with approximately 40% of them involved in litigation; and

WHEREAS, despite a decrease in new workers' compensation claims by city employees, overall costs continue to escalate and the city's total workers' compensation liability now exceeds \$1 billion; and

WHEREAS, in 2003, the California Legislature adopted Senate Bill 228 and Assembly Bill 227 to amend certain provisions of the existing workers' compensation laws and these bills were an important first step in reforming the system; and

WHEREAS, Governor Schwarzenegger and the California Legislature have been working on an additional package of workers' compensation reforms that are currently the subject of intense negotiations in Sacramento; and

WHEREAS, the City of Los Angeles needs to develop a strong position during these negotiations to ensure that the issues of greatest significance to the city are addressed by any legislative proposal that is ultimately adopted.

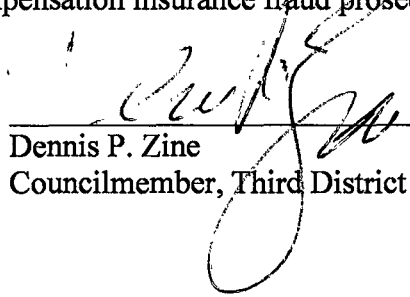
NOW, THEREFORE BE IT RESOLVED, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2003-2004 Legislative Program SUPPORT for the following workers' compensation reform proposals:


- Reform the penalty system in Labor Code §5814 so that penalties are applied solely to the late payment and the amount of the penalty takes into account the actual burden incurred by the injured employee as a result of the delay.

AP

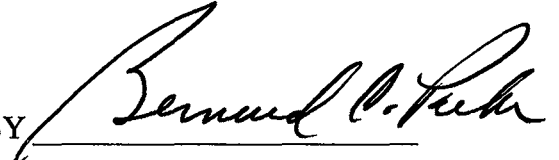
- Require physicians to provide clear and job specific, temporary work restrictions to employers to allow greater opportunities for injured employees to return to either regular or modified work.
- Allow greater flexibility for partnering with existing health insurance programs to provide medical services for injured employees, streamlining the delivery of employee medical benefits.
- Revise the permanent disability rating and apportionment systems to provide uniform standards for work-related disabilities that take into account an employee's ability to perform their current job, limit duplicate awards for the same injury and cap permanent disability ratings to 100%.
- Provide all industries with the option to implement alternative dispute resolution programs to avoid unnecessary and costly litigation of workers' compensation claims.
- Expand access to workers' compensation records under Insurance Code §1877.1(a) to City Attorney prosecutors and law enforcement personnel so that they can prosecute workers' compensation fraud more effectively.
- Expand the existing grant program for workers' compensation fraud, as provided in Insurance Code §1872.83, to allow the City Attorney to compete for grant funds to assist in workers' compensation insurance fraud prosecution.

CO-PRESENTED BY


 Dennis P. Zine
 Councilmember, Third District


 Wendy Greuel
 Councilmember, Second District

SECONDED BY



Resolution
ADOPTED

MAR 19 2004

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

MAR 12 2004

COUNCIL VOTE

Mar 19, 2004 12:25:40 PM, #13

ITEM NO. (12)

Voting on Item(s): 12

Roll Call

CARDENAS	Absent
GARCETTI	Yes
GREUEL	Yes
HAHN	Yes
LABONGE	Absent
LUDLOW	Absent
MISCIKOWSKI	Yes
PARKS	Yes
PERRY	Yes
REYES	Absent
SMITH	Yes
VILLARAIGOSA	Yes
WEISS	Yes
ZINE	Yes
*PADILLA	Yes

Present: 11, Yes: 11 No: 0

CLA MEMORANDU . . .

C.F. #04-0002-546

March 18, 2004

TO: Honorable Members,
Audits & Governmental Efficiency and Personnel Committees

FROM: Ronald F. Deaton *RFD*
Chief Legislative Analyst

C.F. 04-0002-S46
WAS: 04-03-0381

RECEIVED
CITY CLERK'S OFFICE
2004 MAR 22 AM 9:38
CITY CLERK
BY _____
DEPUTY

SUBJECT: Workers' Compensation Legislation Reform.

CLA RECOMMENDATION: Include in the City's 2003-04 State Legislative Program SUPPORT for Resolution (Zine-Greuel-Parks), which includes the following Workers' compensation reform proposals: 1) reform the penalty system so that penalties are applied solely to the late payment; 2) require physicians to provide clear and job specific, temporary work restrictions to employers; 3) allow greater flexibility for partnering with existing health insurance programs to provide medical services for injured employees; 4) revise permanent disability rating and apportionment systems to provide uniform standards for work-related disabilities; 5) provide all industries with the option to implement alternative dispute resolution programs to avoid litigation; 6) expand access to workers' compensation records to city prosecutors and law enforcement; and 7) expand the existing grant program to allow city prosecutors to compete for grant funds to combat fraud through prosecution.

SUMMARY

Workers' Compensation costs remain a significant fiscal problem for the City. The Personnel Department has diligently been educating city leaders and supporting lobbying efforts to Sacramento to enact real reforms that have an impact on the City's workers' compensation liability. The City is budgeted to spend \$142 million in this fiscal year on workers' compensation, and costs are projected to reach \$160 million. As the administrator of the system, the Personnel Department reports that there are currently 20,000 open active claims against the City, with approximately 40% involving litigation.

The City has issued resolutions before to lobby for reforms that help contain costs. On 9/5/03, the City adopted Resolution (Parks-Greuel), C.F. 03-0002-S142, which included 8 legislative points the City deemed critical in the workers' compensation reform debate. This resolution supported the following: 1) certified training for care providers; 2) establishment of certification standards for claims examiners; 3) independent medical panel to review disputed claims; 4) use of medicare/medi-cal fee schedules; 5) cost savings need to be reflected in premiums charged by industry; 6) evaluation of the effectiveness of vocational rehabilitation programs; 7) increases of fines for fraudulent claims; and 8) termination of government employees convicted of insurance fraud.

The League of California Cities also has published a position of strong support for the Governor's Workers Compensation Reform Package as represented in SB X4 3(Poochigian) and ABX 4 1(Maldonado). As a representative of large public employers, the League is advocating for significant cost savings. The League projects, if the Governor's package is passed, that workers' compensation costs will decrease by 45%.

AUDITS & GOVERNMENTAL
EFFICIENCY

PERSONNEL

MAR 23 2004

CP

The Resolution (Zine-Greuel-Parks) also has the support of local labor unions.

A handwritten signature in black ink, appearing to read "Blayne Sutton-Wills", written over a horizontal line.

Blayne Sutton-Wills
Analyst

RFD:ST:LO:bsw

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California's workers' compensation system needs substantial reform and is negatively impacting job creation and economic growth throughout the state, while failing to provide injured employees with the benefits they deserve; and

WHEREAS, the dysfunction in the workers' compensation system is evident in the fact that the state's employers pay the highest workers' compensation premiums in the nation, while their employees receive among the lowest level of benefits; and

WHEREAS, the City of Los Angeles is budgeted to spend \$142 million during the current fiscal year on workers' compensation and costs are projected to reach \$160 million in the next fiscal year, which would be the fourth consecutive year of double-digit percentage increases; and

WHEREAS, there are currently in excess of 20,000 open active workers' compensation claims against the city, with approximately 40% of them involved in litigation; and

WHEREAS, despite a decrease in new workers' compensation claims by city employees, overall costs continue to escalate and the city's total workers' compensation liability now exceeds \$1 billion; and

WHEREAS, in 2003, the California Legislature adopted Senate Bill 228 and Assembly Bill 227 to amend certain provisions of the existing workers' compensation laws and these bills were an important first step in reforming the system; and

WHEREAS, Governor Schwarzenegger and the California Legislature have been working on an additional package of workers' compensation reforms that are currently the subject of intense negotiations in Sacramento; and

WHEREAS, the City of Los Angeles needs to develop a strong position during these negotiations to ensure that the issues of greatest significance to the city are addressed by any legislative proposal that is ultimately adopted.

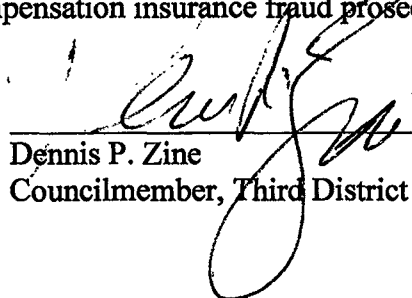
NOW, THEREFORE BE IT RESOLVED, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2003-2004 Legislative Program SUPPORT for the following workers' compensation reform proposals:

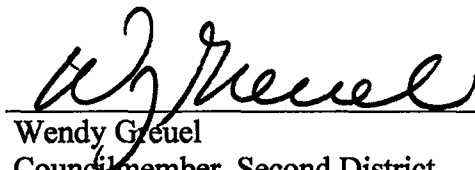
- Reform the penalty system in Labor Code §5814 so that penalties are applied solely to the late payment and the amount of the penalty takes into account the actual burden incurred by the injured employee as a result of the delay.

MAR 1 2 2004

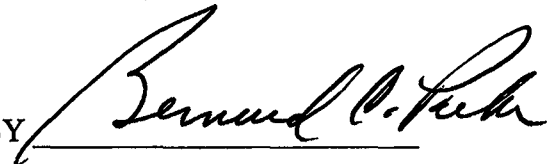
- Require physicians to provide clear and job specific, temporary work restrictions to employers to allow greater opportunities for injured employees to return to either regular or modified work.
- Allow greater flexibility for partnering with existing health insurance programs to provide medical services for injured employees, streamlining the delivery of employee medical benefits.
- Revise the permanent disability rating and apportionment systems to provide uniform standards for work-related disabilities that take into account an employee's ability to perform their current job, limit duplicate awards for the same injury and cap permanent disability ratings to 100%.
- Provide all industries with the option to implement alternative dispute resolution programs to avoid unnecessary and costly litigation of workers' compensation claims.
- Expand access to workers' compensation records under Insurance Code §1877.1(a) to City Attorney prosecutors and law enforcement personnel so that they can prosecute workers' compensation fraud more effectively.
- Expand the existing grant program for workers' compensation fraud, as provided in Insurance Code §1872.83, to allow the City Attorney to compete for grant funds to assist in workers' compensation insurance fraud prosecution.

CO-PRESENTED BY


Dennis P. Zine
Councilmember, Third District


Wendy Greuel
Councilmember, Second District

SECONDED BY


Bernard C. Fuhr

AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 04-0002-546

- Council Member(s) CDs 3, 2 + 8
- Interested Department _____
- Mayor (~~with~~ without file) _____
- Chief Legislative Analyst _____
- City Administrative Officer _____
- Controller _____
- City Clerk _____
- City Clerk, Chief Administrative Services _____
- Treasurer _____
- City Attorney (~~with blue sheet~~ without blue sheet) _____
- Department of Transportation _____
- Personnel Department _____
- Los Angeles Housing Department _____
- City Planning Department _____
- Community Redevelopment Agency _____
- Board of Public Works _____
- Sacramento Repr
- Washington Repr
- Public speaker Card
- _____

C / OF LOS ANGELES SPEAK I CARD

Date Mar. 19, '04

Council File No., Agenda Item, or Case No.

2

I wish to speak before the

Committee Special meeting
Personnel - Audits - Cost Efficiency
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal
() Against proposal
Name: Carole Gallion () General comments

Business or Organization Affiliation: Valley Industry & Commerce Assoc.

Address: Van Nuys Blvd, Van Nuys, Ca.
Street City State Zip

Business phone: 818-817-0545 Representing: _____

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

Client Name: _____ Phone #: _____

Client Address: _____
Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.



Submitted in Personnel
Committee, Special
Meeting 3-19-04

5121 Van Nuys Blvd., Suite 203, Sherman Oaks, CA 91403
Tel. 818.817-0545 Fax. 818.907-7934 <http://www.vica.com>

**Workers' Compensation Reform Sub-committee
November 18, 2003**

Position Paper on further California Workers' Compensation Reform Changes

Position: The Valley Industry and Commerce Association supports further innovative and multi-faceted reform for workers' compensation. The Workers' Compensation Reform Subcommittee has identified in this additional position paper, the issues that were left out of the recent legislation, but remain important steps in reducing the costs and inefficiencies of the current California's workers' compensation system.

Background: California's workers' compensation premium costs have skyrocketed from \$9 billion in 1995 to \$28 billion in 2002. In an effort to fix an out-of-control system, a special Conference Committee was established in August 2003 to gut and amend over 65 bills introduced last session and provide language to a bill(s) that would bring relief and reform to workers' compensation. The result of this was the creation of SB 228 and AB 227, which were signed into law by Governor Davis in September. Together they represented a significant beginning. However, projected savings have been a bone of contention. The package may avert the projected 12% premium increase in premiums scheduled for January, 2004, as well as roll back rates by 2.9%. Yet there is concern that many employers may never see any reduction in their premiums as a result of SB 228 and AB 227.

While major components of the new legislation provided savings in medical care, systemic changes were left out of the package. These costly issues ultimately result in higher litigation activity. In preparation for the next phase of reform being called by Governor Schwarzenegger, VICA continues its efforts to focus on total reform, not stop with partial changes. It is committed to pursuing this agenda and returning the comp system to one that preserves and protects the interests of legitimate claimants and their employers.

VICA's Renewed Workers' Compensation Reform Positions

- **Permanent Disability**
 - Mandate physicians only use objective criteria based on AMA guidelines to rate permanent disability
 - Cap disability award to 100% per body part



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- Require apportionment for prior non-work related injuries or illnesses or when injury is to the same body part
 - Prevent injured worker from collecting more than once for the same permanent disability
 - Rate disability only after the medical condition is permanent and stationary (P&S)
 - Stop payments when the employee is able to return to work at the same or similar job
- **Medical Treatment Controls**
 - Better definition of cure "and/or" relieve
 - Streamline independent medical review process (IMR) for dispute solution improvement
 - Injury/illness must be substantially (greater than 50%) sustained out of and in the course of employment
 - Place the burden of proof on the employee
 - **Employers' Medical Control**
 - Extend employer's right to direct care beyond 30 days
 - Enhance and expand Health Care Organizations (HCO) availability and penetration in the state
 - **Wage Earnings**
 - Stop inmates and volunteers, who earn no salary or less than the minimum temporary disability benefit, from collecting more than their pre-disability wage
 - **Penalties**
 - Propose 5814 penalties be applied to a specific delinquent medical payment (not total medical paid for life of claim)
 - **Fraud**
 - Demand action on claimant, provider, broker and employer fraud
 - Allow employers access to EDD information on claimant and provider fraud cases
 - Ensure that employees and providers involved in fraudulent claims are required to make restitution
 - **Further Issues**
 - Establish and standardize employer programs to reduce premium rates (i.e. drug testing, return to work programs, etc.)



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- Eliminate attorney involvement in carve-outs
- Ensure procedures mandated of the Appeals Board are maintained for more timely dispute resolution

• **Vocational Rehab**

- Ensure that Department of Insurance (DOI) closely monitor results of job displacement benefits to avoid abuse

Economic impact: Businesses currently pay \$5.85 per \$100 payroll in workers' compensation insurance – by far the highest rate in the nation – against a national average of \$2.46. California employers have seen their workers' compensation premiums increase an average of 70% in the last two years.¹ If the cost of workers' compensation were reduced, this rate would reduce accordingly.

Supporters: TBD

Opponents: TBD

Sunset date: End of 2004 legislative session

Process History:

Brought to the Workers' Comp Reform Sub-committee on November 14, 2003

Pass Fail Tabled Amended

VOTE: Approved unanimously

Brought to the Board of Directors on November 25, 2003

Pass Fail Tabled Amended

VOTE: Approved unanimously with one abstention (Bogeous)

Advocacy: Record Action Landmark Initiative

Prepared by Carole Gallien, Chair, Workers' Compensation Reform Sub-committee,
VICA

¹ Poochigian, Senator Charles "Capitol Update" [Email Update](#). (November 18, 2003)

*Submitted in Personnel
Committee, Special
Meeting 3-19-04*



California's Workers' Compensation Crisis

Facts

- W/C costs grew 80% from \$11 billion to \$30 billion in the last 5 years
- Employers are experiencing premium rate increases from 100% to 300%
- Costs for local government, which are largely self-insured, have increased by as much as 55% over the last 3 years
- Costs per \$100 of payroll are \$6.30, compared to a national average of \$2.46
- Average cost of lost-time claim in '92 was \$9,000/claim vs \$32,000 in '02 (up 17% per yr)
- Disability benefit costs have increased 79% since '95 and when fully implemented, recently enacted benefit increase legislation (AB 749) will increase benefit costs by an additional \$3.2 billion annually.

2003 Reform – Not Enough

- SB 228 and AB 227 fixed fee schedules and medical utilization (\$5.3 billion savings)
 - Elimination of vocational rehabilitation
 - Limited chiropractor treatments and physical therapy to 24 visits per claim
 - Eliminated the treating doctor presumption
 - Required medical treatment utilization guidelines be established
 - Established maximum fees for inpatients, as well as ambulatory surgical services
 - Reduced fees for physician services and pharmaceuticals
 - Added outpatient surgery to list of medical services for which it is unlawful for doctor to make referral

Further Reform Goals

- Affordability for employers
- Stability in the system
- Fairness and equity in the system

Objectives

- Reduce the high incidence of unnecessary and costly litigation
- Produce consistent and predictable outcomes for permanently disabled workers and encourage return to work
- Improve medical treatment using methods delivering quality care, affordably and expeditiously
- Ensure that injuries are the direct result of employment, and provide that permanent disability benefits reflect the degree of causation related to the injury