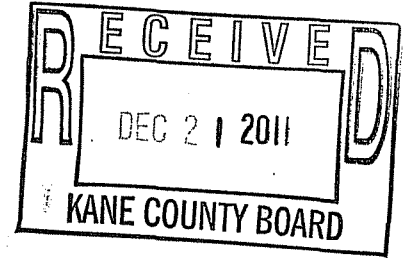


County of Kane
Office of County Board
Kane County Government Center



Karen McConnaughay
Chairman
630-232-5930



719 Batavia Avenue
Geneva, Illinois 60134
Fax 630-232-9188

DOCUMENT VET SHEET

for
Karen McConnaughay
Chairman, Kane County Board

Name of Document: Service Agreement Between Kane County
AND CANON Custom MET. Services INC.
(CB AUTHORIZED BY Resolution # 11-352)

Submitted By: INSURANCE COORD.

Date Submitted: 12-21-11

Examined By: Joseph Lukes
(Print Name)

[Signature]
(Signature)

12-21-11
(Date)

Post on Web: Yes X No Atty Initials JZ

Comments: _____

Chairman Signed: Yes ✓ No Date: 12/23/2011

Document Returned To: Shelia McGraven

STATE OF ILLINOIS

COUNTY OF KANE

RESOLUTION NO. 11 - 352

**PAYMENT OF THIRD PARTY ADMINISTRATION SERVICES
AGREEMENT TO CANNON COCHRAN MANAGEMENT SERVICES, INC.**

WHEREAS, to protect the interests of Kane County, prompt and effective handling of property and workers' compensation insurance claims are required, and claim services agreement with Cannon Cochran Management Services, Inc., needs to be in place for Fiscal Year 2012.

Fund 010, Line Item 50000

Cannon Cochran Management Services, Inc.

AGENCY FEE

THIRD PARTY ADMINISTRATION:

\$109,480.00

Fund 010, Line Item 53010

Excess Workers' Compensation

Workers' Compensation: Statutory IL Benefit Limit

Employers Liability \$1,000,000 Limit

\$165,026.00

TOTAL COSTS

\$274,506.00

Total amount of Premiums are not to exceed (\$274,506.00) annually, subject to appropriation by the Kane County Board. These premiums are in effect from December 1, 2011, through November 30, 2012, and are to be monitored by the Finance Director.

NOW, THEREFORE, BE IT RESOLVED that the Finance Director is instructed to allocate the costs of these policies to the County's Special Revenue Funds, and KCDEE. All payments and claims must be reported quarterly to the Human Services, Finance and Executive Committees.

BE IT FURTHER RESOLVED that payments for the approved insurance programs and policies shall be expended from the Insurance Liability Fund (010) in an amount not to exceed (\$274,506.00) annually, subject to appropriation by the Kane County Board.

Line Item	Line Item Description	Was personnel/item/service approved in original budget or a subsequent budget revision?	Are funds <u>currently</u> available for this personnel/item/service in the specified line item?	If funds are not currently available in the specified line item, where are the funds available?
010.120.130.50000 010.120.130.53000 010.120.130.53010	Project Admin Insurance Liability Worker's Compensation	Yes- FY2011	Yes- FY2011	N/A

**SERVICE AGREEMENT BETWEEN
KANE COUNTY AND
CANNON COCHRAN MANAGEMENT SERVICES, INC.**

THIS SERVICE AGREEMENT is made and entered into this 1st day of December 2011 by and between Kane County (the "Client"), an authorized self-insured entity, and Cannon Cochran Management Services, Inc. ("CCMSI"), a Delaware corporation. It is agreed between the parties hereto as follows:

A. APPOINTMENT OF CCMSI. The Client hereby appoints CCMSI, and CCMSI hereby agrees to serve, as Third Party Administrator ("Administrator") of the Client's self-insurance program created and existing under the State of Illinois ("State") Self-Insurance Regulations.

B. FUNCTIONS OF CCMSI. During the term of this Agreement, the regular functions of CCMSI as the Client's Administrator shall include the following:

1. Claim Administration.

(a) Claim Management and Administration. In compliance with its Best Practices, CCMSI will manage and administer all claims of the Client that occur during the period of this Agreement. All claim payments shall be made with Client funds. CCMSI will act on behalf of Client in handling, monitoring, investigating, overseeing and adjusting all such actual and alleged claims.

(b) Claim Settlement. CCMSI will settle claims of the Client with Client funds in accordance with reasonable limits and guidelines established with the Client.

(c) Claim Reserves. CCMSI will recommend reserves for unpaid reported claims and unpaid claim expenses.

(d) Allocated Claim Expenses. CCMSI will pay all Allocated Claim Expenses with Client Funds. Allocated Claim Expenses are charges for services provided in connection with specific claims by persons or firms, which are eligible claim expenses under the Client's program. Notwithstanding the foregoing, Allocated Claim Expenses will include all expenses incurred in connection with the investigation, adjustment, settlement or defense of Client claims, even if such expenses are incurred by CCMSI. Allocated Claim Expenses will include, but not be limited to, charges for:

- 1) Independent medical examinations of claimants;
- 2) Managed care expenses, which include the services provided by comp mc™, CCMSI's proprietary managed care program. Examples of managed care expenses includes but is not limited to state fee schedule, PPO net works, utilization review, nurse case management, medical bill audits and medical bill review;

- 3) Fraud detection expenses, such as surveillance, which include the services provided by *FIRE*, CCMSI's proprietary Special Investigation Unit (SIU), and other related expenses associated with the detection, reporting and prosecution of fraudulent claims, including legal fees;
 - 4) Attorneys, experts and special process servers;
 - 5) Court costs, fees, interest and expenses;
 - 6) Depositions, court reporters and recorded statements;
 - 7) Independent adjusters and appraisers;
 - 8) Index bureau and OFAC (Office of Foreign Assets Control) charges;
 - 9) MMSEA/SCHIP compliance charges;
 - 10) Electronic Data Interchanges, EDI, charges if required by State law;
 - 11) CCMSI personnel, at their customary rate or charge, but only with respect to claims outside the State and only if such customary rate is communicated to the Client prior to incurring such cost;
 - 12) Actual reasonable expenses incurred by CCMSI employees outside the State for meals, travel, and lodging in conjunction with claim management;
 - 13) Police, weather and fire report charges that are related to claims being administered under Client's program;
 - 14) Charges associated with accident reconstruction, cause and origin investigations, etc.;
 - 15) Charges for medical records, personnel documents, and other documents necessary for adjudication of claims under Client's program;
 - 16) Charges associated with Medicare Set-Aside Allocations; and
 - 17) Other expenses normally recognized as ALAE by industry standards.
- (e) Subrogation. CCMSI will monitor claims for subrogation
- (f) Provision of Reports. CCMSI agrees to provide reports to the Client as specified in the Schedule of Reports attached hereto as Exhibit A.
2. Risk Management Services. CCMSI will provide the Client with additional Risk Management Services not contemplated in the Agreement upon mutual agreement of the parties. The Schedule of additional Risk Management Services to be provided is attached hereto as Exhibit B.

3. Loss Control Services. CCMSI will provide the Client loss control services upon mutual agreement of the parties. The Client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices. The Schedule of Loss Control Services to be provided is attached hereto as Exhibit C.
4. Managed Care Services. CCMSI will provide the Client with managed care services (comp mc™) upon mutual agreement of the parties. The Schedule of Managed Care Services to be provided is attached hereto as Exhibit D.

C. CLIENT RESPONSIBILITIES. Client agrees to:

1. Report all claims, incidents, reports or correspondence relating to potential claims in a timely manner.
2. Reasonably cooperate in the disposition of all claims.
3. Provide adequate funds to pay all claims and expenses in a timely manner.
4. Respond to reasonable information requests in a timely manner.
5. Provide a complete copy of current excess or other insurance policies, including endorsements and audits, applicable to Client's self-insurance program.
6. Pay any fees or costs charged by any carrier or prior TPA of Client for the conversion of data associated with CCMSI handling run off claims for Client, or for the general transfer of data to CCMSI's operating systems.
7. Promptly pay CCMSI's fees.

D. OPERATING EXPENSES. The Client agrees to be responsible for and pay all of its own operating expenses other than service obligations of CCMSI. Such operating expenses shall include but not be limited to charges for the following:

1. All costs associated with Client meeting its State security and licensing requirements;
2. Certified Public Accountants
3. Attorneys, other than provided for in Section B.1. (d) 3) and B.1. (d) 4) of this Agreement;
4. Outside consultants, actuarial services or studies and State audits;
5. Independent payroll audits;
6. Allocated Claims Expenses incurred pursuant to Section B. 1. (d) of this Agreement;

7. All applicable regulatory fees and taxes;
8. Educational and/or promotional material, industry-specific loss control material, customized forms and/or stationery, supplies and extraordinary postage, such as bulk mailing, express mail or messenger service.
9. National Council on Compensation Insurance, NCCI, charges;
10. Excess and other insurance premiums;
11. Costs associated with the development, record keeping and filing of fraud statistics and plans, but only if required by any State or regulatory authority having jurisdiction over Client;
12. Other operating costs as normally incurred by the Client.

E. BOOKS AND RECORDS.

1. (a) CCMSI shall maintain all claim information relating specifically to the Client which is necessary to the performance of CCMSI's obligations under this Agreement (the "Records"). The Records shall remain at all times the sole property of the Client.

(b) The Records shall not include any manuals, forms, files and reports, documents, customer lists, rights to solicit renewals, computer records and tapes, financial and strategic data, or information which documents CCMSI's processes, procedures and methods, or which CCMSI employs to administer programs other than the Client. The items specified in this Paragraph E. 1. (b) shall at all times be and remain the sole and exclusive property of CCMSI, and the Client shall not have any ownership, interest, right to duplicate or right to utilize these items except for the above documentation or information that relates solely to Client's Program.

2. During the term of this Agreement, CCMSI shall provide the Client with copies of the Records, if so requested by the Client. Any reasonable costs of reproduction of the Records shall be borne by the Client. In the event this Agreement is terminated or non-renewed, Client Records will be turned over to the Client or to a successor administrator designated by the Client.
3. CCMSI shall make the Records available for inspection by any duly authorized representative of the Client, or any governmental or regulatory authority having jurisdiction over CCMSI or the Client.

F. NON-SOLICITATION OF EMPLOYEES. During the term of the Agreement and for two (2) years thereafter, the Client and CCMSI mutually agree not to recruit, solicit or hire any employee of the other without written permission.

G. OTHER INSURANCE. If CCMSI places any specific or aggregate excess insurance, reinsurance, or other insurance product associated with this Agreement, then customary commissions and fees will be retained by CCMSI.

H. TERM AND TERMINATION.

1. Term of Agreement. The first term of this Agreement shall be one (1) year beginning on December 1, 2011 thru November 30, 2012 . Unless the Agreement is terminated as set forth in paragraph H. 2., it will automatically renew for 2 (two) successive one year renewable periods . At least ninety (90) days prior to the expiration of each year term of this Agreement, the parties shall enter into good-faith negotiations regarding any proposed change in Agreement terms or fees. If there are no changes requested by either party, then the Agreement will automatically renew under the same terms and fee arrangement as the prior term.

2. Termination of Agreement. This Agreement may be terminated:
 - (a) By mutual agreement of the parties hereto;
 - (b) Upon expiration of the current term of this Agreement if either party has given the other at least ninety (90) days written notice of its intention to terminate as set forth in paragraph H. 1.;
 - (c) Upon dissolution of the Client's self-insurance program whether voluntary or due to cessation of Client's authority;
 - (d) Upon dissolution of the Client's self-insurance program due to Client insolvency or bankruptcy;
 - (e) Upon ninety (90) days written notice by either party if the other party is in material breach of any term, covenant or condition contained herein; provided, however, that as a condition precedent to termination under this Section H. 2. (e), the terminating party shall give written notice to the other party, who shall have sixty (60) days from the date of such notice to cure or correct the grounds for termination. If the grounds of termination are not corrected or cured during the sixty (60) day period, this Agreement may be terminated on the termination date specified in the notice, but not prior to the expiration of the ninety (90) day period described herein.

3. Services Following Termination of Agreement. Should this Agreement be terminated or non-renewed for any reason, CCMSI will cease providing services, turn over to the Client all Client files in CCMSI's possession, which shall include all open and closed files.

Upon the Client's request and subject to agreement by CCMSI, CCMSI will be paid a reasonable negotiated fee to:

- (a) Provide for continued administration of the open claim files;
- (b) Cooperate with any successor administrator in the orderly transfer of all functions, including providing a runoff listing of open claim files if desired by the Client and any other records reasonable and necessary for a successor administrator; and

(c) Provide an electronic transfer of data if such is feasible, with the cost of providing such borne by the Client. The electronic transfer of data will be subject to a flat fee of \$2,500.

I. **SERVICE FEE PAYMENTS.** The Client shall pay to CCMSI a service fee as outlined in the Fee and Payment Schedule attached hereto as Exhibit E.

J. **ARBITRATION.** If an irreconcilable difference of opinion or claim should arise between the Client and CCMSI as the interpreters of any matter relating to this Agreement, such matter will be submitted to mediation or arbitration as the sole remedy available to both parties. Any such mediation or arbitration will take place in the City of Geneva, Illinois and will be conducted in accordance with the then-current rules of the American Arbitration Association.

K. **RELATIONSHIP OF PARTIES.** With respect to the services provided by CCMSI in this Agreement, CCMSI is considered an independent contractor. Nothing in this Agreement shall be construed to create a relationship of employer/employee, partners or joint ventures between the Client and CCMSI. This Agreement is non-exclusive, and CCMSI shall have the right to perform services on behalf of other individuals, firms, corporations and entities.

L. **INDEMNIFICATION.**

1. **Indemnification by Client.** The Client agrees that it will indemnify and hold harmless CCMSI and CCMSI's directors, officers, employees, agents, shareholders, subsidiaries and other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney's fees incurred by CCMSI as a result of breach of this Agreement by the Client, or misconduct, error or omissions by the Client, or by any of the Client's trustees, directors, officers, employees, agents, shareholders, subsidiaries, or other affiliates in connection with the performance of this Agreement.

2. **Indemnification by CCMSI.** CCMSI agrees that it will indemnify and hold harmless the Client and the Client's trustees, directors, officers, employees, agents, shareholders, subsidiaries, members, or other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney's fees incurred by the Client as the result of breach of this Agreement by CCMSI or misconduct, error or omissions by CCMSI, or by any of CCMSI's directors, officers, employees, agents, shareholders, subsidiaries or other affiliates in connection with the performance of this Agreement.

M. **CHANGE IN CIRCUMSTANCES.** In the event the adoption of any statute, rule or regulation materially changes the nature of the relationship between the parties hereto or the legal or economic premises upon which this Agreement is based, the parties hereto shall undertake good faith negotiations to amend the terms of this Agreement to account for such changes in a reasonable manner.

N. **MISCELLANEOUS.**

1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of law.

2. Timing of Services. CCMSI may exercise its own reasonable judgment, within the parameters set forth herein and in compliance with State regulations, as to the time and manner in which it performs the services required hereunder. Additionally, CCMSI will be held to a standard of like administrators performing like services for customers such as Client.
3. Successors in Interest. This Agreement shall be binding upon, and inure to the benefit of, the successors in interest and permitted assigns of the parties hereto.
4. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if the invalid or unenforceable provision had been revised to the minimum extent necessary to make it valid and fully enforceable under applicable law.
5. Paragraph Headings. All paragraph headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
6. Waiver. The failure of any party to enforce any provisions of this Agreement shall not constitute a waiver by such party of any provision. A past waiver of a provision by either party shall not constitute a course of conduct or a waiver in the future with respect to that same provision.
7. Notice Provision. All notices, requests and other communications required under this Agreement shall be in writing and delivered by hand or mailed, registered or certified, return receipt requested, postage paid, or sent via a nationally recognized overnight courier to the other party at the following address:

Client: Sheila McCraven
County of Kane
719 S. Batavia Building A 3rd Floor
Geneva, IL 60134

CCMSI: Cannon Cochran Management Services, Inc.
2 E. Main St.
Danville, IL 61832
Attn: Chief Operating Officer

8. File Destruction Policy. CCMSI will maintain all closed files on behalf of Client for a period of seven (7) years after the month of closure, or for as long as necessary to protect the applicable statute of limitations, whichever is longer. It is the sole responsibility of Client to advise CCMSI if files are not to be destroyed per this policy.
9. Insurance. CCMSI will purchase and maintain insurance coverages for its performance of the services contemplated in this Agreement. Minimum policy limits are as follows:

Workers Compensation – Statutory
Professional - \$5,000,000
General Liability - \$1,000,000 / \$2,000,000
Umbrella - \$5,000,000

10. Entire Agreement/Amendment. This Agreement sets forth the full and final understanding of the parties hereto with respect to the matters described herein, and supersedes any and all prior agreements and understandings between them, whether written or oral. This Agreement may be amended only by written document executed by the Client and CCMSI.

11. Confidential Information. Confidential Information includes nonpublic information that is exchanged between the Client and CCMSI, including, without limitation, information relating to the business, financials, personnel, customer data and operating procedures. Confidential Information includes information whether in written, electronic, or oral form created related to services provide under the Agreement. All Confidential Information is proprietary. Client and CCMSI may use the other party's Confidential Information only for the purpose of this Agreement and will limit its disclosure to only those persons reasonably necessary to perform under the Agreement. CCMSI will share nonpersonal bulk claim data with the IDS National Database unless the Client directs otherwise.

12. Information Security. CCMSI is responsible for the protection of the confidentiality, availability, privacy and integrity of Client information in our custody. CCMSI has implemented an Information Security Policy that has been developed to comply with applicable federal and state laws or regulations and industry best practices. The Information Security Policy applies to all CCMSI personnel, including temporary employees, independent contractors and vendors with access to CCMSI systems.

Executed this ____ day of _____, 20__.

CANNON COCHRAN MANAGEMENT SERVICES, INC.

By: _____
Rodney J. Golden

Its: Chief Operating Officer/Executive Vice President

KANE COUNTY

By: _____

Its: _____



EXHIBIT A

SCHEDULE OF REPORTS

1. A detailed listing of all claims broken down by location, policy year and line of coverage. (MONTHLY)
2. A summary of all claims broken down by location, policy year and line of coverage. (MONTHLY)
3. A check register listing all checks issued during a reporting period. (MONTHLY)

EXHIBIT B

SCHEDULE OF RISK MANAGEMENT SERVICES

None to be provided.

EXHIBIT C

SCHEDULE OF LOSS CONTROL SERVICES

Ala Carte Services- Loss Control Services

- Ergonomic Assessments
- Development of Hazard Specific Programs
- Training and Education of Employees and Management Staff
 - Blood borne Pathogens
 - CTS
 - Diffusing a Combative Resident
 - Ergonomics
 - Fire Safety
 - Hazard Communication
 - Personal Protective Equipment (PPE)
 - Respiratory Protection
 - Save Your Back
 - Tuberculosis
 - Workplace Violence
- OSHA Compliance
- Safety Audit
- Program Development and Implementation
- Incentive Plan Development

*These services can be billed at an hourly rate of \$125 per hour or we can put together a customized Loss Control Package for a flat fee that includes a combination of any of the Ala Carte Services listed above. Service hours include preparation time, travel time, field time and follow-up time.

EXHIBIT D

SCHEDULE OF comp mc™ SERVICES AND FEES

Field Case Management

CCMSI does not offer proprietary field case management, utilization review or vocational rehabilitation services. These services would be provided by various third party providers agreed to and approved by the client at competitive price and the cost of these services would be captured as an allocated loss expense to the referral file.

Provider Bill Re-pricing

<i>Service</i>	<i>Fee</i>
Fee schedule re-pricing	\$8.00 per bill
Usual and Customary re-pricing	\$8.00 per bill

PPO Re-pricing

PPO re-pricing is billed at 30% of savings

Pharmacy Network Services

Pharmacy Network services are priced at 30% of savings.	
Pharmacy Data Exchange:	
<ul style="list-style-type: none"> • CCMSI – CompMC = No charge • New External Vendor = \$12,000. This is a one time charge to develop data exchange with a vendor not currently working with CCMSI. • Existing External Vendor = \$6,000. This is a one time charge to add client to an existing data exchange with an external vendor. 	

EXHIBIT E

FEE AND PAYMENT SCHEDULE

Life of this Agreement: December 1, 2011 – November 30, 2012																															
Services:	Fees:																														
Claims Administration (Deposit / Minimum Annual)	\$65,000*																														
<p>CCMSI will manage all workers' compensation, general and auto liability, auto physical damage and professional liability claims for the life of this agreement for an annual fee as follows:</p> <p style="text-align: center;">Newly Reported Claims Only</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;"><i>Type of Claim</i></th> <th style="text-align: center;"><i>Life of Contract</i></th> </tr> </thead> <tbody> <tr> <td>Workers' Compensation – Indemnity Est. claim—25</td> <td style="text-align: center;">\$875 per Claim</td> </tr> <tr> <td>Workers' Compensation-Medical Only Est. claim—85</td> <td style="text-align: center;">\$150 per Claim</td> </tr> <tr> <td>General Liability—BI Est. Claim 6</td> <td style="text-align: center;">\$660 per Claim</td> </tr> <tr> <td>General Liability—PD Est. Claim 2</td> <td style="text-align: center;">\$440 per Claim</td> </tr> <tr> <td>Auto Liability – BI Est. Claim 2</td> <td style="text-align: center;">\$660 per Claim</td> </tr> <tr> <td>Auto Liability – PD Est. Claim 6</td> <td style="text-align: center;">\$440 per Claim</td> </tr> <tr> <td>Auto Physical Damage Est. Claim 4</td> <td style="text-align: center;">\$325 per Claim</td> </tr> <tr> <td>Errors/Omissions Est. Claim 10</td> <td style="text-align: center;">\$1,110 per Claim</td> </tr> <tr> <td>Employment Practices Est. Claim 1</td> <td style="text-align: center;">\$1,110 per Claim</td> </tr> <tr> <td>Property (Up to 50,000**) Est. Claim 15</td> <td style="text-align: center;">\$440 per Claim</td> </tr> <tr> <td>Law Enforcement Est. Claim 5</td> <td style="text-align: center;">\$1,110 per Claim</td> </tr> <tr> <td>Incident Reports Entered by Client</td> <td style="text-align: center;">\$35</td> </tr> <tr> <td>Internet Claims Reporting</td> <td style="text-align: center;">Included in account management fee</td> </tr> <tr> <td>800# Reporting (Optional)</td> <td style="text-align: center;">\$20 per Claim</td> </tr> </tbody> </table>		<i>Type of Claim</i>	<i>Life of Contract</i>	Workers' Compensation – Indemnity Est. claim—25	\$875 per Claim	Workers' Compensation-Medical Only Est. claim—85	\$150 per Claim	General Liability—BI Est. Claim 6	\$660 per Claim	General Liability—PD Est. Claim 2	\$440 per Claim	Auto Liability – BI Est. Claim 2	\$660 per Claim	Auto Liability – PD Est. Claim 6	\$440 per Claim	Auto Physical Damage Est. Claim 4	\$325 per Claim	Errors/Omissions Est. Claim 10	\$1,110 per Claim	Employment Practices Est. Claim 1	\$1,110 per Claim	Property (Up to 50,000**) Est. Claim 15	\$440 per Claim	Law Enforcement Est. Claim 5	\$1,110 per Claim	Incident Reports Entered by Client	\$35	Internet Claims Reporting	Included in account management fee	800# Reporting (Optional)	\$20 per Claim
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***Note:**

Any additional charges over the estimated claim fee will be billed at the expiration of the policy term and quarterly thereafter.

**** Property Losses** over \$50,000 will be billed at current T&E rates at time of loss

The flat rate unit prices quoted includes:

- Prompt and courteous customer service
- Timely investigation and determination of compensability in accordance with CCMSI Best Practices
- Strict adherence to state workers compensation statutes and regulations, attendance at hearings, as required.
- Preparation for and compliance with and response to regulatory audits
- Timely payment of all legitimate claims
- Fraud detection and prevention
- Litigation Management

- (1) These prices do not include those costs typically identified and expense as allocated loss expenses. Please see the attached roster that details those typical allocated loss expense items. (ex. Field investigation & adjusting)
- (2) Claim charges are quoted on a per claim, not per occurrence basis
- (3) All injury claims will be submitted to CMS for Medicare eligibility
 CCMSI / Gould and Lamb, LLC will report all claims meeting the CMS reporting guidelines

Any occurrence resulting in 10 or more claims will be considered a catastrophic claim. All resulting claims will be handled on a time and expense basis. Any claim which falls under the catastrophic definition in the reinsurance contract, e.g., brain damage, death, etc., will also be handled on a time and expense basis.

Take-Over Claims

As Outlined

Takeover Claims – Estimated @ LIAB BI 19/ PD 21

WC Indemnity 35/MO 33

Our Life of Contract pricing for taking on the open inventory of claim files from current TPA would be priced as follows:

Type of Claim	Year 1
WC Indemnity Liab BI	\$300 per Claim
WC Medical Only Liab PD	\$65 \$150

Annual Administration

\$5,150

Annual Account Management Fee includes:

- Designated Account Manager
- Preparation and participation in Semi-Annual claims reviews
- Risk Management Information System (ICE) cost to include: 2 User Ids(additional users \$250 per user); Internet access to your adjusters claim files; the ability to email your adjuster and Account Manager; access to our library of template risk management reports together with initial training and ongoing support

<ul style="list-style-type: none"> • Maintenance of the loss fund account • Monthly loss runs and loss fund activities reports • Filing of all required state forms including state mandated assessments • Reporting to excess/fronting carrier 							
Account Set-up (One time only fee)	\$1,000						
<p><i>This fee includes:</i></p> <ul style="list-style-type: none"> • Management of all aspects of the transition from your current TPA to CCMSI including: physical file transfer, travel and meeting participation by your Account Manager in the new account set up process; on site meetings with interested parties at each of your locations; establishment of a loss fund account; construction of your client specific instructions and the orientation of the designated CCMSI employees to the expectations by your Account Manager. 							
Data Conversion (Optional)	\$125/Hr						
<p>This is the fee associated with consolidating all of historical data into CCMSI's database (in the event this service is of interest). Our cost for this service is \$125 an hour and it typically averages 20/30 hours to complete. We would be willing to "cap" the cost of this service at \$7,500.</p> <p>In order to accurately and competitively asses this fee we would need to know:</p> <ul style="list-style-type: none"> • The number of data sources • The experience period data ranges (i.e., 1/1/95 to 12/31/05) • The total number of claim records to be transferred • Whether or not all transactional information on closed claims is to be transferred or alternatively if we can transfer closed values only 							
Managed Care Service	See Detail						
Field Case Management							
<p>CCMSI does not offer proprietary field case management, utilization review or vocational rehabilitation services. These services would be provided by various third party providers agreed to and approved by the client at competitive price and the cost of these services would be captured as an allocated loss expense to the referral file.</p>							
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<p>Pharmacy Network services are priced at 30% of savings.</p>							
<p>Pharmacy Data Exchange:</p>							
<ul style="list-style-type: none"> • CCMSI – CompMC = No charge • New External Vendor = \$12,000. This is a one time charge to develop data exchange with vendor not currently working with CCMSI. <p>Existing External Vendor = \$6,000. This is a one time charge to add client to an existing data exchange with an external vendor.</p>							



MMSEA Section 111 Reporting	\$25 / Per Claim Hit
<p>CCMSI in conjunction with our reporting agent will comply with MMSEA Section 111 Reporting on behalf of Kane County.</p> <ul style="list-style-type: none"> • All injury claims will be queried to CMS for Medicare eligibility (no charge) • CCMSI will collect additional mandatory data on claims where Medicare eligibility has been verified. CCMSI along with our reporting agent will report all claims meeting the reporting guidelines as set forth by CMS. (one-time \$25 per claim fee) 	
Carrier Fees	TBD
<p>If applicable, Client will be responsible for payment of any carrier fees associated with the transition of claim handling responsibilities to CCMSI.</p>	
Loss Control Services - Optional	*\$125/hr
<p><u>Ala Carte Services- Loss Control Services</u></p> <ul style="list-style-type: none"> • Ergonomic Assessments • Development of Hazard Specific Programs • Training and Education of Employees and Management Staff <ul style="list-style-type: none"> • Blood borne Pathogens • CTS • Diffusing a Combative Resident • Ergonomics • Fire Safety • Hazard Communication • Personal Protective Equipment (PPE) • Respiratory Protection • Save Your Back • Tuberculosis • Workplace Violence • OSHA Compliance • Safety Audit • Program Development and Implementation • Incentive Plan Development <p>*These services can be billed at an hourly rate of \$125 per hour or we can put together a customized Loss Control Package for a flat fee that includes a combination of any of the Ala Carte Services listed above. Service hours include preparation time, travel time, field time and follow-up time.</p>	

Special System Reports	\$125 an hour
CCMSI will provide special reports, (reports not currently programmed or written) for a fee of \$125 per hour for system programming time. CCMSI will provide an estimate of charges before any work will be done.	
GRAND TOTAL	\$71,150
Fee & Payment Schedule	Monthly
The monthly installments will be due on the first day of the month beginning on December 1, 2011. Take over claims will be billed in a lump sum on the first day of January 2012 on the based on the type and actual number of claims received by CCMSI. Fees for the Data Conversion will be billed in a lump sum in February 2012 based the actual number of hours at the rate of \$125 per hour.	

Executed this ____ day of _____, 20__.

CANNON COCHRAN MANAGEMENT SERVICES, INC.

By: _____
Rodney J. Golden

Its: Chief Operating Officer/Executive Vice President

KANE COUNTY

By: Kate McConaughy

Its: Chairman of the County Board

