

A Third-Party Workers Compensation Administration program presented to

The City of Ft. Lauderdale

CONTRACT
COPY



City of Fort Lauderdale
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Gallagher Bassett Services, Inc.

1. Bid/Proposal Signature Page



Gallagher Bassett Services, Inc.

BID/PROPOSAL SIGNATURE PAGE

How to submit bids/proposals: It is preferred that bids/proposals be submitted electronically at www.bidsync.com, unless otherwise stated in the bid packet. If mailing a hard copy, it will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Department, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Please Note: If responding to this solicitation through BidSync, the electronic version of the bid response will prevail, unless a paper version is clearly marked by the bidder in some manner to indicate that it will supplant the electronic version. All fields below must be completed. If the field does not apply to you, please note N/A in that field.

Submitted by: Michael Dorne (signature) 6/7/11 (date)

Name (printed) Michael Dorne' Title: Account Manager

Company: (Legal Registration) Gallagher Bassett Services, Inc.

CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit http://www.dos.state.fl.us/).

Address: 5405 Cypress Center Dr. Suite 205

City: Tampa State: FL Zip 33609

Telephone No. 904-826-3762 FAX No. 866-509-8229 Email: michael_dorne@gbtpa.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): N/A

Payment Terms (section 1.03): N/A Total Bid Discount (section 1.04): N/A

Does your firm qualify for MBE or WBE status (section 1.08): MBE Yes WBE Yes

ADDENDUM ACKNOWLEDGEMENT - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Table with 2 columns: Addendum No. and Date Issued. Rows include #1 (5/27/2011), # 2 & 3 (6/3/2011), and #4 (6/7/2011).

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS. If this section does not apply to your bid, simply mark N/A in the section below.

Variations:

2. Non-Collusion Statement



Gallagher Bassett Services, Inc.

NON-COLLUSION STATEMENT:

By signing this offer, the vendor/contractor certifies that this offer is made independently and free from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

| <u>NAME</u> | <u>RELATIONSHIPS</u> |
|--------------------------------|----------------------|
| <u>Forrest Norris</u> | _____ |
| <u>Forrest Norris, EVP/CFO</u> | _____ |
| _____ | _____ |
| _____ | _____ |

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.

3. Letter of Interest



Gallagher Bassett Services, Inc.



June 13, 2011

Mr. Guy Hine, Risk Manager
City of Fort Lauderdale
101 NE 3rd Avenue, Suite 1400
Fort Lauderdale, Florida 33301

RE: Request for Proposal for Third-Party Workers' Compensation Administration Services, # 115-10783

Dear Mr. Hine:

Gallagher Bassett Services (GB) has been afforded the privilege to service the City of Fort Lauderdale since 2003. As the unprecedented three-time recipient of *Business Insurance's* Readers Choice Award, our main goal has been to provide innovative and quality products to our customers designed to reduce the overall cost of risk. We believe the partnership between the City of Fort Lauderdale and GB has met these goals.

During our eight year partnership, there have been numerous achievements GB and the City of Fort Lauderdale have accomplished by working together. These achievements are summarized as follows:

➤ **Excellent Claim Closure Ratios**

Our partnership has produced great claims closure results. From July 1, 2003 through June 1, 2011, GB has handled 3,113 workers' compensation claims for the City and closed 2,869 or 92.2% of all the claims handled to date. This is an excellent result and includes a closure ratio of 85% indemnity claims and 98% medical only claims.

➤ **EDI Compliance**

Gallagher Bassett continues to excel in EDI compliance with the State of Florida. During the last year, GB successfully achieved a 98.8% in state compliance for the City.

➤ **Recoveries**

GB has recovered \$1,572,674 for the City since inception of the program. Recovery management is a primary objective of the City and GB. Gallagher Bassett will continue to actively pursue subrogation, salvage recoveries, excess insurance reimbursements, third-party liens and second injury funds to ensure the monies that are due to the City are rightfully recovered on your behalf.

➤ **Managed Care Savings**

Gallagher Bassett helps the City control workers' compensation medical and indemnity expenses as well as evaluate the quality of care that injured workers receive. We base our national cost containment programs on relationships with leading health care suppliers. From July 1, 2003 through June 1, 2011 GB reviewed 47, 987 medical bills totaling \$39,380,163 and produced a savings in the amount of \$23,390,652 or 59.4%.

➤ **Environmental Policy Statement**

Gallagher Bassett is committed to reducing our carbon footprint on the environment and are helping others do the same. In the last two decades, the company has focused nearly \$100 million in alternative energy and clean air investments. These investments are having a positive effect on the environment and demonstrates that Gallagher Bassett is committed to protecting the environment for current and future generations. As an organization we look for energy-efficient properties and implement other environmental initiatives within our various offices, such



as reducing our reliance on paper through online document management systems and working with a certified, environmentally friendly furniture vendor.

➤ **Implemented first of its kind Rx Validation Program**

GB has taken the necessary steps to curtail excessive costs by re-pricing prescriptions being dispensed by physicians. The Pharmacy Validation program allows for further savings to be achieved on physician dispensed repackaged medications. The workflows associated with this program have been integrated into our existing Gallagher Bassett Managed Care Service (GBMCS) bill review program. This program takes into consideration Florida Statute 440.13(12) (c), which allows GBMCS to reduce dispensed medications to the contracted rate with First Script.

Gallagher Bassett's longevity and stability within the industry has allowed us to gain extensive expertise to develop technological advances to capture pertinent data and trends. This along with our history further allows you the ability to have instant access and knowledge of your program. As we have matured as an industry leader, we have more importantly maintained the ability to provide personalized and individualized service to our valued customers.

Gallagher Bassett offers its services to clients as a totally integrated program or on an unbundled basis. We believe our customized programs and wide range of choices have helped us to achieve our most important goal—the satisfaction of our clients. Below are some of the key services that Gallagher Bassett offers. These services, along with numerous others, have assisted in positioning our company above the competition:

- Reserve management, using the MIRA (Micro Insurance Reserve Analysis) automated loss-reserving system as a benchmarking tool, our adjusters are able to support our clients by establishing workers' compensation claim values with greater accuracy than ever before
- Aggressive investigations and claims management
- Provide loss data, which can be customized to meet the specific needs of our clients
- Development and placement of risk control programs, which are designed to reduce our client's cost
- New innovative services to reduce/manage client costs
- Customization of client programs

As you review our proposal, please take into consideration that Gallagher Bassett takes pride in the long-standing relationship with the City of Fort Lauderdale. We sincerely hope that you will afford us the opportunity to continue administering your workers' compensation claims.

Should you have any questions or require additional information, please do not hesitate to contact me at 904-826-3762. Thank you.

Sincerely,

Michael Dorne', Assistant Vice President
Account Management
Gallagher Bassett Services, Inc.
5405 Cypress Center Drive
Tampa, FL 33609
904-826-3762

4. Statement of Proposed Services

- Assessment of Capabilities
- Competencies and Qualifications
- Location of Dedicated Staff



Gallagher Bassett Services, Inc.

CITY OF FORT LAUDERDALE

Dedicated Service Model

At the request of the City of Fort Lauderdale, Gallagher Bassett has put together a service model which allows for a dedicated staff to manage the City's program. The attached proposal outlines the staffing allocation with this model.

Staffing Component

Senior Workers' Compensation Indemnity Adjuster (100% dedicated) – Donette Powers

Senior Workers' Compensation Indemnity Adjuster (100% dedicated) – Betty Lamar

Workers' Compensation Supervisor – Pamela Siler

- Oversees all Workers' Compensation Claims
- Supervise Adjusters

Branch Manager – Kristy Sands

This model includes a designated Subrogation Unit. Claims will be handled by Subrogation Specialist, James Carrow. The workers' compensation indemnity adjusters will handle the indemnity claims, with inventories capped at 130. The Medical Only claims will be handled by Alison Machulak. The flexible formatting of the dedicated service unit is designed to enhance the City's internal program and will be structured to achieve the optimum benefit from our services and the City's internal capabilities.

Capability Assessment

Administrative

Gallagher Bassett Services, Inc., will provide all Administrative Services to include, but not be limited to, full compliance with all rules and regulations identified under Florida law. Our ability to file via EDI with the State is in place and our compliance results are outstanding.

Our SAS 70 report is enclosed for your review and we will continue to provide this important document to you on a regular basis.

As noted in Section 7 our Return To Work initiatives are highly organized and well tested. When working in concert with a client who is closely aligned with our RTW philosophy we can have a very positive impact on shorting disability durations and saving costs while respecting the injured workers condition.

We have, and will continue to provide you with real time reports to help you indentify trending at the earliest possible stages. Our reporting tools are state of the art and our reports are specifically designed to meet your needs.

Workers' Compensation Claim Services

Our dedicated staff of claim professionals, who will be assigned to this program, have an average of 20 years of claim handling experience with Florida Workers' Compensation claims. They possess the necessary technical skills and have a thorough understanding of Florida law and are fully licensed.

The claims handling from investigation, to medical management, to litigation management are all measured and monitored against Gallagher Bassett's Best Practices for Workers' Compensation. A copy of this document is included in Section 13.

Our Best Practices outlines our expectations of the adjusters relative to timely contacts, detailed investigations, timely decisions on compensability, accuracy of temporary total disability payments with regular follow up, aggressive medical management, subrogation, excess reporting and coordination of litigation management. Our supervisors closely monitor all claim activities and provide regular direction to the adjusters, which assists in bringing the file to closure.

In addition to managing the claim files the staff will work closely with the client to insure our expectations are clearly communicated. This allows the client the opportunity to be involved in the process and provide their insight on the management of the claim.

First Notice of Injury

We provide 24/7/365 claim reporting capabilities. Claims can be reported via the Web, telephonic, fax or e-mail. Upon receipt of a claim we will file the First Notice with the State. We will provide immediate direction of care to injured employees and acknowledge receipt of the loss with the City.

State and Federal Filings

Gallagher Bassett will continue to file on behalf of the City all State and Federal required reports. Gallagher Bassett has a special unit housed in its Itasca, Illinois, headquarters called the State Compliance Department. Our State Compliance Department has been in existence for over 30 years and currently has a staff of 12 in the department. This department is responsible for identifying all state and bureau regulations for self-insured reporting and complying on behalf of our clients, including the filing of self-insurance reports. They use a combination of manual diaries and automated support tools to meet this task, and are in full compliance with state mandated electronic filing of first reports of injury and subsequent information. Additional reporting associated with local claim activity is the responsibility of the local branch office. We are compliant with the production of 1099s, and do extensive pre-testing with the IRS each year.

Loss Fund Management

Automated Payment and Control System (APACS) is the funding mechanism and payment control device that is an integral part of the RISX-FACS® system. Incorporated into APACS is the Self Insured Money Management System (SIMMS), which is structured through Citibank. SIMMS consists of an omnibus (zero balance) master account that Gallagher Bassett maintains at Citibank through which checks for all APACS clients clear, and sub accounts are established on each client's behalf. As checks clear through the omnibus account Citibank looks to the appropriate client sub-account for funds to return the omnibus account to 0. Each client's funds are segregated for their claim payments only.

The client is required to maintain funds in an account at his/her bank to which Citibank can send electronic requests for replenishment of the client's Citibank sub-account. Electronic transfer of funds is the only acceptable method of reimbursement. Our clients receive a monthly reconciliation package that reflects all debits and credits, paid and outstanding items, stop pays, and opening and closing balances. The reconciliations provide a third party audit trail of payments and funding activity, as well as a tool to complete the closed loop balancing of our reports.

Computer Loss Runs

Gallagher Bassett's has the ability to provide detailed loss runs through our Selex-Facs® and i-Link reporting tools. These powerful programs can capture a myriad of data which will help the City manage its Workers' Compensation program. Reports can be run at any interval requested.

Network Access and Medical Bill Review

Gallagher Bassett through GBMCS has access to the finest providers in the state of Florida. Our Network, in partnership with Coventry, can provide the City's employees access to any specialty needed.

Our Medical Bill Review process is state of the art and highly sophisticated in its ability to insure proper discounts are being taken, duplicate bills are removed, pre-certifications are authorized as needed and bills are paid timely. We can process and pay bills within 20 days of receipt.

In addition to the standard bill review process we offer Clinical Validation to address those hospital bills that exceed \$5,000. We also offer Prescription Validation, a tool to address prescriptions that appear excessive in cost and frequency.

Pharmaceutical Management Services

Gallagher Bassett recognizes this is an area of critical importance to the City. We have provided a detailed overview of our PBM program and how it will benefit the City. The PBM follows this section.

Gallagher Bassett's Competence and Staff Qualifications

Gallagher Bassett has been assisting clients with their Workers' Compensations programs since 1963. We have grown significantly over the last 48 years and today service over 485 clients in the state of Florida. Our success is due to our ability to listen to our clients and design programs that specifically address their needs. We are constantly improving our technology and we feel we have the finest RIMS system in the industry. We are the leader in the field of Third Party Management and have been recognized as the Best Third Party Administrator three years in a row by *Business Insurance Magazine*.

We make a point to hire the very best claim professionals in the market place. They bring years of expertise and technical skill to a clients program. For the City of Fort Lauderdale the adjusters and supervisor currently in place have on average 20 years of claims handling experience between them. The account manager has over 30 years of claim and risk management experience. Their resumes are included in this section for your review.

Dedicated Claim Unit

Our dedicated adjusters are identified at the top of this document. The location of the branch office is in Miramar, Florida. The specifics on the branch are provided at the end of this section.

The Miramar branch is a short 20 minute drive from the City's Risk Management offices. This makes it very convenient to schedule claim reviews or if need be, impromptu strategy sessions. We support regular face to face meetings as this helps to solidify our claim handling philosophies.

PHARMACEUTICAL MANAGEMENT SERVICES

The proposer shall recommend a prescription benefit management (PBM) vendor. It is anticipated that the successful proposer will sub-contract these services.

First Script Prescription Benefit Management (PBM) Overview

First Script offers the finest in pharmacy benefit management programs (PBM) designed specifically for workers' compensation. Our customizable formulary sensitively balances your injured workers' needs for convenience with your need to control drug costs. The program offers several convenient enrollment options, a proven first fill program as well as home delivery. We provide drug utilization review (DUR) programs that provide a complete set of utilization control tools, enabling you to manage your pharmacy costs effectively and efficiently with minimized impact on adjuster workflow. Our pharmacy network includes more than 61,000 retail pharmacy locations including all major chains, plus 97% of local independent pharmacies.

Customer Service is available to answer questions 24/7, and online tools allow adjusters to enter new enrollments, manage enrollments, communicate with First Script, and lookup network pharmacy locations. We also offer a complete set of standard monthly reports that help you to understand and better manage your pharmacy costs.

Details regarding the PBM's services should be provided, including access, utilization review services, coordination of claims data and reporting.

First Script offers Adjusters easy access via online tools with various claims management options. Adjusters can view specific data regarding a prescription that has been filled for the claimant. Adjusters can also view complete dispensing, billing, and payment information. They can access our Drug Information Database for published information on a particular medication, and send a question to First Script regarding this medication as it applies to the injured worker. Access to online tools also allows Adjusters to manually enroll a claimant at any time. Once enrolled, First Script will send out program materials (i.e. card, letter, etc.) as determined appropriate for a client. In addition, the Adjuster can print out a temporary card for the claimant and that can be used immediately.

First Fill enrollment in the First Script program allows claimants to receive medications in the most expedient manner, and with no out-of-pocket expense. First Script is so confident in the execution of this program that we take on the liability for payment of this medication should the claim involved prove to be non-compensable in the future. Several options exist for how the claimant can be made aware of this option, and First Script will work hand-in-hand with you to define the options that will best work for the client.

For clients that are able to provide First Script a daily claims file, First Script will manage the enrollments on their behalf. Each day, the First Script system will interrogate the new claims file for any new, changed, or closed claims. Once found, the claims on the First Script system will be updated accordingly, including sending out program materials to any new claimants as defined for your program. This service allows your Adjusters to maintain claim status on a single system, but ensures that your claimants PBM eligibility remains in synch.

Clients that provide both a claims file and an EOR file can choose to have First Script enroll claimants that are receiving prescriptions outside of the First Script network. These claimants will be validated against the existing claims file (to ensure they are eligible for benefits) and then will be sent program information encouraging them to utilize First Script as their Workers' Compensation prescription program.

Additionally, for those clients that provide a claims file to First Script, the burden of "managing" those claims will be taken on by First Script. Any claim that comes in the file as a new claim, a closed claim, or has claims data changed will have those specific changes also made on the First Script system. This allows a client's Adjusters to only need to make updates on one system and keeps the First Script databases in synch with your claims processing system.

The First Script program also provides customizable dispensing. fsControl is First Script's proprietary multi-step drug list program that is designed to manage the injured worker's access to needed medications while controlling costs for the payer. As the claim ages, tighter drug controls are put in place to the point where the injured worker has their own unique drug list.

The initial drug list is designed to be broad to meet the immediate need of the worker at point of injury. After a short period of time, 15 - 30 days, the injured worker is moved to a more restricted workers' compensation drug list. This drug list contains the commonly prescribed medications for a work-related injury. The third drug list, which is typically activated after 179 days from the date of injury, is completely restrictive and only those medications that have been received previously will be allowed without the approval of the claims manager.

First Script also has the ability to manage drug spend by applying injury-specific drug lists at the claimant level. First Script uses the claims file provided by the client that includes injury-specific codes (ICD-9, NCCI, or proprietary injury codes). These codes are pre-mapped to specific drug lists. The point-of-sale transactions are then edited against the claimant's injury-specific drug list.

First Script works with each client to understand how you wish to manage your drug lists during the discovery process. This is a partnership between the client and First Script in determining the drug list, the intent of including and excluding products, and the impact to the Adjuster and to the injured worker while balancing cost containment.

To manage Drug Utilization Review First Script offers a proprietary DUR process which reviews each script at point of sale and includes:

- Eligibility match with formulary, Detection of duplicates and duplication of classes of medication, Adverse drug-to-drug interaction, Generic substitution where mandated and appropriate, Early re-fill requests, Drug's relatedness to injury, Excessive dosage management, On line real time prior authorization processing

First Script's standard report package provides specific information on claims data:

Savings and Utilization Report

This report is for individuals who manage claimant accounts. The report shows detailed prescription activity for each claim, including specific drugs, dates of service, quantities, prescribing physician, and more. Billing and savings data are also included in this report.

Top 25 Drug Reports

This report shows dollar and unit utilization on the top 25 dispensed medications. Your company's utilization is also compared against all other First Script clients.

Therapeutic Class Report

This report is similar to the Top 25 Drug Report; however it is itemized by therapeutic class instead of being itemized by drug.

Controlled Medication Report

This report identifies all claimants who are receiving controlled medications through the First Script Program during a specific reporting period.

Savings Report by State

This report displays the number of prescriptions, fee schedule, First Script pricing and savings by state.

Custom and Ad Hoc Reports

In addition to the standard reports listed above, First Script can also provide you with customized reports and ad hoc reports, typically at no additional charge.

Online Reporting Tools

First Script can provide online access to report tools that generate standard and custom reports using a subset of the First Script database. Online reports can be exported into a read only PDF or Excel format for further manipulate.

Over the past few years, the City has struggled with PBM penetration as many prescriptions have been either dispensed by physicians or third party payers who were involved in the prescription payment process. Proposers are requested to describe your experiences with these issues and to detail solutions and or PBM penetration guarantees.

Experience

Gallagher Bassett has been involved with the doctor dispensing issue for some time. We finally found a partner to work with us to reduce the bills to what we believe is the right amount. We understand the issue and have addressed it.

Penetration

First Script's proven fsLink™ EDI program maximizes your savings by consistently delivering network penetration levels of 75% or better for non-physician dispensed medications. By integrating with your claim management system and your bill review system, we are able to offer a closed-loop process that continuously monitors injured worker prescription activity and pulls non-compliant workers into the First Script program.

First Script also includes an out of network process to encourage a non-network pharmacy to join our network and to encourage an injured employee to utilize a participating pharmacy is an outreach Customer Care Center phone call to the pharmacy for two reasons:

- 1) To solicit their participation in the network (—and we are successful 98% of the time at contracting with and credentialing new pharmacies when we can identify the non network provider)
- 2) To encourage the pharmacy to bill through First Script.

Our Customer Care Center also places an outbound call to the injured worker to encourage their participation into the program and to educate them about alternate pharmacy locations. Keep in mind if the injured worker declines participation in the PBM program and we have successfully negotiated with the pharmacy in question, we are able to enroll the injured worker and all bills from the pharmacy come through First Script and are billed to the client at the agreed upon rates.

FirstScript also offers solutions for those injured workers that choose to obtain their medications directly from physicians or third party billers. We offer an outreach program to the injured workers utilizing monthly reports from Bill Review that identify provider dispensed medications. This outreach program includes injured worker education on the use of their pharmacy card and the value in obtaining their medications through a First Script network pharmacy. In addition to steering injured workers on the use of their First Script cards we also have developed a program that allows for the reduction of such physician dispensed bills to the First Script contracted rate with GBMCS.

First Script guarantees a minimum of 75% of the Allowed Cost (see Note 1) for all prescriptions (see Note 2) processed by retail or mail order pharmacies will be processed through the First Script network. This guarantee becomes effective six months after the complete implementation date of this program. Complete implementation consists of:

- Electronic claim file including claim status transmitted on a daily basis to First Script
- Electronic full payment file transmitted on a weekly basis to First Script
- Electronic invoicing in place
- Copies of out-of-network invoices (paper or electronic image files) are sent to First Script within one week of receipt by client
- First Fill program (if appropriate) has been fully implemented in accordance with the specifications agreed upon by client and First Script

Note 1 - Allowed Cost is applicable fee schedule or usual and customary. Usual and customary is defined as: Brand - AWP + \$5 Generic - AWP + 10% + \$5

Note 2 - First fill prescriptions (defined as prescriptions filled within 30 days of the date of injury) are included in this guarantee only if client implements a first fill program in accordance with First Script's best practices.

Because many physicians were dispensing drugs directly to injured workers, the District's current claims administrator has recently taken steps to curtail Excessive costs and will reprice the prescriptions. Fees for pharmaceuticals or pharmaceutical services shall be reimbursable at the applicable fee schedule amount (F.S. 440.13(12)(c)), except where the employer/carrier has contracted for a lower amount. Where the employer/carrier has contracted for such services and the employee elects to obtain them through a provider not a party to the contract, the reimbursement shall be at the schedule, negotiated, or contract price, whichever is lower.

Pharmacy Validation Program

Coventry / GBMCS have partnered to develop the Pharmacy Validation program that allows further savings to be achieved on Dr. Dispensed / repackaged medications

Workflow integrates with the current GBMCS bill review program utilizing Clinical Validation.

- The Clinical Validation program uses clinical and certified coding expertise to identify medical cost savings due to inappropriate charges or incorrect coding on medical bills. After Standard Bill Review steps are completed, the eligible bills are routed to CV staff for investigation. Depending upon the types of services presented on the bill, a certified procedure coder or nurse inspects the bill, associated medical records, and claim details to determine whether the billed service codes and associated charges are appropriate. Inappropriate charges are recommended for reduction or denial.
- Further augments the product by introducing Rx bills to the nurses and coding experts
- Further integrates Coventry's Bill Review capabilities with the knowledge / expertise of Coventry's First Script program

This program takes advantage of FL Statute 440.13(12)(c) which allows GBMCS to reduce dispensed medications to their contracted rate with First Script.

Proposers are requested to address the issue of physician dispensing and the high cost of repackaged drugs. Proposers should describe how their other Florida based clients have handled this issue.

Physician dispensing and Repackaged Drugs

Clinic dispensing of medications is reimbursed at fee schedule for payers using a bill review system. The majority of medications dispensed in this setting are generic products which minimizes the cost to the payer. Patients tend to be more compliant with medication usage when the drug is handed to the patient by the prescribing physician which could lead to better therapeutic outcomes.

First Script does have relationships with occupational medical center throughout the county. Clinic users can have injured workers enrolled at the clinic on a claimant's first visit. Doctors dispense medications and clinic staff calls to enroll claimant in the First Script program. First Script information is also given to injured workers when the clinic pharmacy does not stock the medication required or the clinic pharmacy is temporarily out of stock of a standard medication.

Beyond our clinic relationships, First Script has the ability to 'normalize' the inflated repackager AWP's and then price to GBMCS contracted rates through the Pharmacy Validation program.

Scope of Services

List of all Sub-Contractors

Gallagher Bassett Services, Inc. will comply with all of the services listed in the Scope of Services document. The vendors listed below will be used for the following services:

Medical Bill Scanning

Coventry WC Services
P.O. Box 23812
Tucson, AZ 85734

Medical Bill Review, PPO Network and Provider Out-of-Network Services

Coventry WC Services
P.O. 23812
Tucson, AZ 85734
Phone: 1-800-370-0594 - prompt #1

FlexNet

Coventry WC Services
P.O. Box 23812
Tucson, AZ 85734

First Report of Injury

MountainView
350 North 400 West
Kaysville, Utah 84037
Phone: (888) 533-1122

Pharmacy and Durable Medical Equipment

First Script
3535 E. Valencia Rd
Tucson, AZ 85706
Phone: 1-866-445-7344

MMSEA Services

Gould & Lamb
101 Riverfront Boulevard
Bradenton, FL 34205-8870

Résumés
for
Gallagher Bassett's
Dedicated Claims Handling
Team

City of Fort Lauderdale

Michael Dorné
Assistant Vice President
Ponte Vedra Brach, FL

**PROFESSIONAL
EXPERIENCE**

Gallagher Bassett Services, Inc.

12/07 - Present

Account Manager, Account Management Department

Integrate client needs with Gallagher Bassett Services. Interface with appropriate parties to insure correct set-up of policy information, pyramid set-up, Risk-Facs reports, banking, etc. Keep clients informed of any relevant changes within GB that might affect their program. Develop service instructions for field operations. Resolve all service issues through appropriate channels. Single GB contact for client's risk management and claims administration.

Cunningham Lindsey, U.S. Jacksonville, Florida

7/05 - 12/07

Regional Claim Manager for this independent adjusting firm managing a staff of 12 over a five state territory.

National Grange Mutual Insurance Company, Jacksonville, Florida

3/01 to 1/05

Southeast Claims Director responsible for a staff of 38 including six direct reports over a nine state territory. Oversight responsibility for Workers' Compensation, General Liability and Auto Liability. Written premiums exceeded \$100 million.

Gallagher Bassett Services, Inc. Mt. Laurel, New Jersey

6/94 to 3/01

Branch Manager of the Mt. Laurel, NJ claim office. Managed a staff of 31 with four direct reports. Client base exceeded 100 accounts with a 90% retention ratio maintained. Assisted client's Risk Management Department in developing loss prevention programs, organizing on site training, and monitoring compliance of our best practices. Was a dedicated manager to 12 local clients.

Hanover Insurance Company, Linwood, New Jersey

6/86 - 6/94

Branch Manager for this assigned risk auto claims operation. Managed a claims staff of 68 including seven SIU investigators and five auto appraisers.

EDUCATION

Major - Business
Minor - Communications
Seton Hall University

Associate in Management (AIM)

CPCU 1, 2, 3, 4, 5, 6, 7, 10

Pamela D. Siler, AIC, CWC, CWCL
Assistant Branch Manager
Miramar, FL

**PROFESSIONAL
EXPERIENCE**

Gallagher Bassett Services, Inc.

2007 - Present

- Responsible for the overall supervision of multiple clients to include documentation of all supervisory activity in the claim notebook. Supervision specific to data quality, file direction, reserve adequacy, and conformance to product standards.
- Organize and conduct client claim reviews.
- Monitor compliance with the State of Florida division filings.
- Provide primary supervision of controlled loss reports for multiple clients and jurisdictions.
- Participate in human resource functions, including the training and development of personnel.

1998-2007

Claims Supervisor

1993 - 1998

Claims Representative

1993

Claims Assistant

1989 - 1993

Medical Only Technician

1985 - 1989

Clerk Typist/File Clerk

Consumers Insurance Group

1985

Medical Only Representative

**EDUCATION &
AFFILIATIONS**

Miami-Dade Community College

1984-1985

Criminal Justice Course

American Senior High School

1984

Diploma

**PROFESSIONAL
DEVELOPMENT**

Board Certified Workers' Compensation (1999 CWC)

Board Certified Workers' Compensation Litigation (2007 CWCL)

Associate in Claims, Insurance Institute of America (2004 AIC)

Member W.C.C.P.

State of Florida Notary Public

WC Florida License #A242756

Licensed in the following jurisdictions: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee

Donette Powers, ACA, CWC
Senior Claims Representative
Miramar, FL

**PROFESSIONAL
EXPERIENCE**

Gallagher Bassett Services, Inc.

2005 - Present

Responsible for the investigation of Workers' Compensation claims in the evaluation, disposition, and settlement of the most complex claims and highest exposures to include the investigation, determination, and evaluation of coverage, liability, and damages as well as the setting of proper reserves.

Experienced in client and/or state audits, mediations, attendance at hearings, and attendance at licensing sanctioned seminars.

Florida and multi-jurisdictional experience within the Workers' Compensation industry with exceptional skills in settlement negotiations and best practices.

Claims Control, Inc.

2000 - 2005

Workers' Compensation Claims Representative

Medical Only Adjuster

Workers' Compensation Case Manager

Community Blood Center

1999 - 2000

Phlebotomist

**INDUSTRY
EXPERIENCE**

Donette has over ten years' claims adjusting experience. She joined Gallagher Bassett Services in March of 2005 and currently holds licenses in the following jurisdictions: Alabama, Georgia, and Florida.

**EDUCATION &
AFFILIATIONS**

Dade County Community College, Kendall, FL

2003

ACA License

Concord Career Institute, Fort Lauderdale, FL

1997

Medical Assistant program

Boyd Anderson High School, Fort Lauderdale, FL

1996

Diploma

Independent Adjuster All Lines - Florida License #E031940

Workers' Compensation Board Certified

Betty A. Lamar
Senior Claims Representative
Miramar, FL

**PROFESSIONAL
EXPERIENCE**

Gallagher Bassett Services, Inc.

2000 - Present

Investigate Workers' Compensation claims to determine compensability as defined by Florida Workers' Compensation Statute. Develop strategy and negotiate claims to cost effective conclusion while keeping clients and appropriate persons informed of status of claims.

Stirling Cooke Insurance Service, Inc.

1993 - 2000

Claims Manager

Travelers Insurance Company

1983 - 1993

Claims Representative

**INDUSTRY
SKILLS**

Proficient in Risx-Facs/risxfacs.com, Microsoft Word, Lotus Notes 2000, and Internet Explorer.

**EDUCATION &
AFFILIATIONS**

Fort Lauderdale Junior College/Broward Community College

1977-1980

Business Administration

South Plantation High School

1977

Diploma

Member W.C.C.P.

WC Florida Adjuster License #A148185



Gallagher Bassett Services, Inc.

MIAMI BRANCH (004)

Huntington Corporate Park
2901 S.W. 149th Avenue, Suite 200
Miramar, FL 33027
P. O. Box 279310
Miramar, FL 33027

(954) 378-8200 • 1-800-473-9009 • Fax: (954) 437-5441

Management Staff

Kristy Sands
Branch Manager
With GB since 1999
Insurance experience: 20 years

Pamela Siler
Assistant Branch Manager
With GB since 1986
Insurance experience: 27 years

Christopher Brandes
Supervisor
With GB since 2003
Insurance experience: 9 years

Carmen Caride
Supervisor
With GB since 1985
Insurance experience: 26 years

Technical & Support Staff

Haydee Adorno
Claims Representative
With GB since 2003
Insurance experience: 9 years

Lissette Andreu
Claims Representative
With GB since 2002
Insurance experience: 9 years

Sharon Chislett
Technical Assistant

Robert Coke
Senior Claims Representative
With GB since 2011
Insurance experience: 10 years

Dorinda Derrigan
Senior Claims Representative
With GB since 2005
Insurance experience: 16 years

Joshua Hallon
Senior Claims Representative
With GB since 2003
Insurance experience: 8 years

Maria Isaza
Senior Claims Representative
With GB since 1994
Insurance experience: 23 years

Betty Lamar
Senior Claims Representative
With GB since 2000
Insurance experience: 31 years

Nehemie Legrand
Senior Claims Representative
With GB since 2005
Insurance experience: 12 years

Alison Machulak
Claims Service Representative
With GB since 2009
Insurance experience: 3 years

Maria Theresa Orejas
Claims Assistant—Medical Only
With GB since 1999
Insurance experience: 12 years

Donette Powers
Senior Claims Representative
With GB since 2005
Insurance experience: 11 years

Anthony Rubio
Technical Assistant

Lisette Skidmore
Senior Claims Representative
With GB since 2004
Insurance experience: 20 years

Jacqueline Tenn
Claims Representative
With GB since 2000
Insurance experience: 20 years

Branch Strengths

Municipal and Workers
Compensation, Multi-State
Jurisdictions



Service Area

Southern U.S.

Professional Affiliations

South Florida Claim
Association, Florida Association
of Service Companies,
Workers Compensation Claims
Professional.



5. Business Licenses

- Broward County Occupational License
- State of Florida Business License

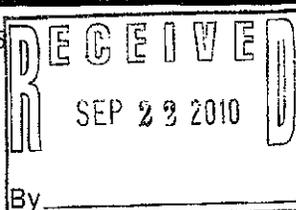


Gallagher Bassett Services, Inc.

BUSINESS TAX RECEIPT

(954) 602-3040 PHONE
(954) 602-3470 FAX

LICENSE NO: 03000346



**** RESTRICTIONS ****

MAIL & PHONE ONLY
NO EMPLOYEES AT HOME
NO WORK ON PREMISES
NO CLIENTS AT HOME
NO DELIVERIES TO HOME
HOME USED FOR OFFICE ONLY

GALLAGHER BASSETT SERVICES INC
2711 CENTERVILLE RD MAILSTOP BL
ATTN: CSC
WILMINGTON DE 19808

BEGINNING 10/01/2010
ENDING 09/30/2011

NAME & LOCATION OF LICENSEE
GALLAGHER BASSETT SERVICES INC
2901 SW 149TH AVE STE 200
MIRAMAR FL 33027

CONTACT PERSON:
MICHAEL HARTUNG

PHONE:
(954) 378-8200

DESCRIPTION:

PROFESSIONAL
FIRE INSPECT.<5000 SQ.FT.
FIRE INSPECT-EA ADD'L 1000SQFT

PRINT DATE: 09/01/2010

**** BUSINESS TAX RECEIPT MUST BE DISPLAYED ****

**** RESTRICTIONS APPLY TO ALL HOME-BASED BUSINESSES ****

BROWARD COUNTY LOCAL BUSINESS TAX RECEIPT

115 S Andrews Ave., Rm. A-100, Ft. Lauderdale, FL 33301-1895 - 954-831-4000

VALID OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

DBA:

Business Name: GALLAGHER BASSETT SERVICE

Receipt #: 327-11561

Business Type: BUSINESS/FINANCIAL/CONSULTANT
(BUSINESS/FINANCIAL/CONSULTANT)

Owner Name: VILMA PALMA BLACKMON

Business Location: 2901 SW 149 AVE 200
MIRAMAR

Business Opened: 02/15/2000

State/County/Cert/Reg:

Exemption Code: NONEXEMPT

Business Phone: 800-473-9009

Rooms Seats Employees Machines Professionals

40

| For Vending Business Only | | | | | | |
|---------------------------|--------------|---------|---------|---------------|-----------------|------------|
| Number of Machines: | | | | Vending Type: | | |
| Tax Amount | Transfer Fee | NSF Fee | Penalty | Prior Years | Collection Cost | Total Paid |
| 150 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 150 00 |

THIS RECEIPT MUST BE POSTED CONSPICUOUSLY IN YOUR PLACE OF BUSINESS

THIS BECOMES A TAX RECEIPT

WHEN VALIDATED

This tax is levied for the privilege of doing business within Broward County and is non-regulatory in nature. You must meet all County and/or Municipality planning and zoning requirements. This Business Tax Receipt must be transferred when the business is sold, business name has changed or you have moved the business location. This receipt does not indicate that the business is legal or that it is in compliance with State or local laws and regulations.

Mailing Address:

VILMA PALMA BLACKMON
TWO PIERCE PLACE ATTN CORP
TAX
ITASCA, IL 60143-3141

Receipt #WWW-09-00425928
Paid 08/23/2010 150.00

2010 - 2011

RECEIVED AUG 2010

REPRESENTING



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

March 11, 2011

Ms. Angela Espinoza
Director, State Compliance
Gallagher Bassett Services, Inc.
Two Pierce Place
Itasca, IL 60143-3141

RE: Annual Recertification of Service Company

Dear Ms. Espinoza:

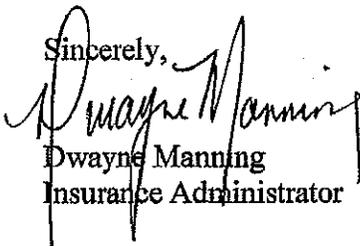
The Service Company Annual Recertification Application for your company has been received. I have reviewed this report and found that your company is in compliance with Rule Chapter 69L-5.230(11) F.A.C. (Retaining Authorization as a Service Company). This letter will confirm that your company has been recertified for the period **March 1, 2011 through February 28, 2012.**

Attached is a copy of Form DFS-F2-SI-23 (Qualified Servicing Entity Annual Report Form), to be used for future filing as we no longer mail the form prior to the due date. Also attached is a copy of Form DFS-F2-SI-19 (Certification of Servicing for Self-Insurers), this form is to be completed thirty (30) days of entering into a contract for servicing.

Your next annual report is due in our office no later than **March 1, 2012.**

Should you have any questions or need further assistance, please contact me at (850) 413-1784.

Sincerely,


Dwayne Manning
Insurance Administrator

Attachments

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
Dwayne E. Manning • Insurance Administrator
Division of Workers' Compensation • Bureau of Monitoring and Audit
200 East Gaines Street • Tallahassee, Florida 32399-4224 • Tel. 850-413-1784 • Fax 850-414-2244
Email • Dwayne.Manning@Myfloridacfo.com
Affirmative Action • Equal Opportunity Employer

6. Evidence of Insurance



Gallagher Bassett Services, Inc.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/13/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | | |
|---|----------------|--|----------------|
| PRODUCER Arthur J. Gallagher Risk Management Services, Inc. Two Pierce Place Itasca, IL 60143 nicole.nelson@ajg.com | 1-630-773-3800 | CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL: ADDRESS: PRODUCER CUSTOMER ID #: | FAX (A/C, No): |
| INSURED Gallagher Bassett Services, Inc. 2 Pierce Place, Itasca, IL 60143 | | INSURER(S) AFFORDING COVERAGE | NAIC # |
| | | INSURER A: ARCH INS CO (A XV) | 11150 |
| | | INSURER B: ST PAUL FIRE & MARINE INS CO | 24767 |
| | | INSURER C: | |
| | | INSURER D: | |
| | | INSURER E: | |
| | | INSURER F: | |

COVERAGES

CERTIFICATE NUMBER: 21702670

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL SUBR INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|---|--------------------|------------------------------|-------------------------|-------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Gen Agg per loc subj. <input checked="" type="checkbox"/> to \$10 MIL policy agg. GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC | | 41GPP4938403 | 10/01/10 | 10/01/11 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COM/OP AGG \$ 3,000,000 \$ |
| A | AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> PD Comp Ded \$150 | | 41CAB4939003 41CAB4938303 | 10/01/10 10/01/10 | 10/01/11 10/01/11 | COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ PD Coll Ded \$ 150 \$ |
| B | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000 | | QK01202527 | 10/01/10 | 10/01/11 | EACH OCCURRENCE \$ 25,000,000 AGGREGATE \$ 25,000,000 \$ \$ |
| A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N N N/A | 41WCI4938203 41WCI4938103 | 10/01/10 10/01/10 | 10/01/11 10/01/11 | <input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

City of Ft. Lauderdale

Attn: Procurement Services Department
100 N. Andrews Ave, Room 619

Ft. Lauderdale, FL 33301

USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Arthur J. Gallagher

deepchi
ACORD 25 (2009/09)
21702670

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7. Performance Capacity Measurements

- Proposed Customized Program/Understanding the Needs of the City



Gallagher Bassett Services, Inc.

2011 Performance Capacity Measurements

City of Fort Lauderdale

I. GB's plan/outline assessment of the City of Fort Lauderdale's program.

II. GB's ability to assign appropriate resources to the account in a timely manner.

I. Gallagher Bassett Services, Inc. assessment of the City of Fort Lauderdale program is listed below. We recommend that the following items are put into place. These items include:

- *Dedicated Unit*
- *Return to Work Program*
- *High Valued Closure Resolution Program*

Dedicated Unit

There are several advantages to having a dedicated unit assigned to the City of Fort Lauderdale and using GB to facilitate this program change.

- A dedicated unit will service only one account. The communication and understanding of the program requirements are enhanced by the single-client service concept.
- The City of Fort Lauderdale benefits by our adjusters' experience. We have the necessary expertise in determining loss exposures. This strengthens our ability to reserve and evaluate losses nationally.
- The central administration of the program forces a consistent claims management response. This response is forged from a clear understanding of the City of Fort Lauderdale needs, perceptions and expectations.
- Emphasis is placed on the complete understanding of the City of Fort Lauderdale and their philosophy making us an extension of their risk management department.
- The flexible formatting of the dedicated service unit is designed to enhance the City of Fort Lauderdale internal program. The unit will be structured to achieve the optimum benefit from our services and the City of Fort Lauderdale internal capabilities.
- An account manager from our Account Management department will be assigned to the unit and will act as a single point of contact for operational and procedural issues, while also acting as the service outlet on claim-related issues.

Return to Work Program

Developing and maintaining a modified/transitional duty Return-to-Work (RTW) program is essential to maintaining control of workers' compensation claims and reintroducing the injured employee as quickly as possible to rewarding, productive work. When managed correctly, RTW programs represent a win-win situation for the employee and the employer.

Statistics Related to an Effective Return-to-Work Program

- Employers report occupational RTW programs savings up to 58% of their disability costs and a return on investment of 8:1 (Source: *Washington Business Group on Health*)
- When Return-to-Work programs are in place, workers are less likely to see litigation and believe their employer was treating them fairly. (Source: *Gallup Study*)
- Studies have shown that employees who receive communication materials are more satisfied with their employers, physicians and medical care, return to work sooner and less likely to seek out litigation. (Source: *Gallup Study*)
- One day absence = 150% of employee's daily compensation (Source: *Watson Wyatt Worldwide*)
- On any given day 15% of America's workforce is not at work (Source: *DMEC*)

A successful Return-to-Work program has the following characteristics:

- Open lines of communication between the employee, co-workers, supervisor, claims adjuster, managed care vendor, and medical provider.
- Multiple levels of integration; part-time work, modified duty or restructured job duties, and reassignment.
- Flexibility in the work schedule as part of the reintegration of work.
- Support for the employee before and after they return to work.
- **Management commitment to bring the employee back to work is essential for a successful Return-to-Work program.**
- **Establishment and communication of a formal Return-to-Work program and policies is equally important as Management Commitment to the Return-to-Work program.**
- Availability of temporary alternative work or modified duty, or a means to re-employment services to another position within or outside the company.
- **Using a Return-to-Work Coordinator or champion stakeholder for managing the Return-to-Work programs and processes.**
- Mandatory participation in the Return-to-Work program for both work-related and non-work-related absences.
- Supervisory and management training about the value of Return-to-Work programs and the roles of all the program facilitators: employee, employer, adjuster, managed care services and nurse case management, and the medical care providers.
- Adherence to state and federal regulations.

Gallagher Bassett Services, Inc. can assist the City of Fort Lauderdale with the implementation of a Return to Work program.

High Value Resolution Program

Gallagher Bassett Services, Inc. will focus on closing claims that represent a significant exposure to the City. By devising a High Value Resolution Strategy we will be able to better control those exposures that are impacting the City's financial position.

- Identify by accident year those claims with exposures greater than \$100,000
- Focus on claims that are at least 4 years old
- Identify cases as probable candidates for settlement
- Meet with the City's Risk Management Department, adjusting team, and defense counsel to devise a strategy that will drive the files to closure
- Set time lines to complete Strategy Action Items
- Monitor on a quarterly basis our progress
- Measure our results after 12 months

II. GB's ability to assign appropriate resources to the account in a timely manner.

At Gallagher Bassett, we understand that no two risk management programs are exactly alike. Each client has his or her own unique goals and objectives that need to be met.

As the incumbent, Gallagher Bassett currently has the resources in place to implement the dedicated team and Account Manager effective October 1, 2011. We would recommend the following prior to implementation of the dedicated team:

- Set up meeting to discuss the City of Fort Lauderdale's specific requirements for their dedicated adjusting team
- Review of all open files and assignment of each to the dedicated adjusting team
- Revision of the current Service Instructions to reflect the dedicated service teams' program requirements
- **Review of new requirements with the dedicated service team and the City of Fort Lauderdale Risk Management department**
- **Execute new program on October 1**

8. References



Gallagher Bassett Services, Inc.



Client References

Name & Address of Account: The University of Miami

P.O. Box 248106

Coral Gables, FL 33124-1437

Contact and Title: Andrea Orange, Director, Risk Manager

Telephone #: 305-284-3163

Year proposer retained by account: 1999

Description of services provided.

Auto Liability, General Liability, Workers' Compensation

Additional Comments: The University of Miami is a private research University including undergraduate and graduate studies and was established in 1925.



Client References

Name & Address of Account: Miami-Dade County Public Schools

1500 Biscayne Boulevard

Room 324P

Miami, FL 33121

Contact and Title: Scott Clark, Risk and Benefits Officer

Telephone #: 305-995-7155

Year proposer retained by account: 1994

Description of services provided.

Auto Liability, General Liability, Workers' Compensation, Professional Liability

Additional Comments: Miami-Dade County Public Schools is the fourth largest school district in the country.



Client References

Name & Address of Account: City of Miramar

2300 Civic Center Place, 1st Floor

Miramar, FL 33025

Contact and Title: Carolyn Cervantti, Assistant HR Director

Telephone #: 954-602-3813

Year proposer retained by account: 1988

Description of services provided.

Auto Liability, General Liability, Workers' Compensation

Additional Comments: The City of Miramar consists of all aspects of municipal operations including but not limited to the City Council, City Administration, Engineering, Planning and Zoning, Police and Fire Department, Public Works, and Utilities, and Parks and Recreation.



Client References

Name & Address of Account: Palm Beach County BOCC
100 Australian Ave,
Suite 200
West Palm Beach, FL 33406

Contact and Title: Scott Marting, CSP

Telephone #: 561-233-5432

Year proposer retained by account: 1982

Description of services provided.

Auto Liability, General Liability, Workers' Compensation

Additional Comments: The Palm Beach County BOCC consists of all aspects of a municipal operation including but not limited to Legislative, Mosquito Control, Animal Control, Jails, Planning and Zoning, Road and Bridge, Parks and Recreation.





Client References

Name & Address of Account: City of Delray Beach

100 N.W. 1st Ave

Delray Beach, FL 33444

Contact and Title: Frank Babin, Risk Manager

Telephone #: 561-243-7150

Year proposer retained by account: 1986

Description of services provided.

Auto Liability, General Liability, Workers' Compensation

Additional Comments:

The City of Delray Beach consists of all aspects of municipal operations including but not limited to City Council, City Administration, Engineering, Planning and Zoning, Police and Fire Department, Public Works and Utilities, and Parks and Recreation.



9. Cost Proposal



Gallagher Bassett Services, Inc.

PART VII - PROPOSAL PAGES – COST PROPOSAL

Cost Proposal Requirements: Contractor must quote firm, fixed, annual rate for all services identified in this request for proposal, billed monthly. This firm fixed annual rate includes any costs for travel to the City. No other costs will be accepted, and includes the following services:

- A. City of Fort Lauderdale to provide dedicated office or dedicated service unit with all adjusting and supervisory staff on site, within a South Florida area located office that contains claims professionals assigned solely to the City's claims.
- B. All requested staffing
- C. Administration of all new and old claims for the life of the contract plus an additional 180 days.
- D. First notice of injury reporting services.
- E. All bill review services, including services to re-price City specific pricing agreements with medical and other service providers.
- F. Access to Internet based information system.
- G. Access to prescription benefit management services (PBM).
- H. All provider network access.
- I. Network development services, including contracting and credentialing assistance.
- J. Fees should be payable in 12 equal monthly installments each year.
- K. Proposals will not be considered which include variable pricing for any of the above noted services. No allocated loss adjusting expenses, or similar claim charges will be considered for any of these services. Fees must include the taking over of all old claims.
- L. The City required full and total transparency in its vendor relationships. Therefore, any commission, service fee or other form of remuneration paid to any agent, broker, lobbyist or third party must be identified in the proposal and throughout the term of the contract.
- M. Proposer must identify all subcontractors who will be used to provide the services outlined in this RFP. The flat fee paid by the City must be the only remuneration to the claim date. Such data shall be made available in a format generally importable into a commonly recognized database for claims administration services.

Please provide to the City your annual flat fee paid in 12 equal monthly installments for the first three years (initial contract period). This includes all costs. No other costs will be allowed except for those requested below.

TOTAL ANNUAL FIRM FIXED FEE, FOR THE FIRST THREE-YEARS (INITIAL CONTRACT PERIOD).

1. \$ _____ /ANNUAL COST X 3 YRS = \$ _____

OR

2. If, Contractor cannot offer the same annual cost for the first three years (initial contract period), please provide below, what your Firm Fixed Fee will be for each of the first three years of the initial contract period. No other costs will be allowed.

Year One: \$380,000

Year Two: \$391,400

Year Three: \$403,142

Total 3 Years: \$1,174,542

(Please provide pricing for either Item 1 or Item 2 above)

ALSO

The City also has a one-year renewal option providing all terms conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City. Please provide below, your Firm's Fixed Annual Cost for this renewal option, should both parties agree to the renewal. (Information purposes only, if renewed).

3. Annual Firm Fixed Renewal Option: Cost to the City: \$415,236

(Please provide pricing for item 3 above)

If Gallagher Bassett Services does not retain the business our cost to the City to manage the open inventory from 10/1/2011 to 12/31/2011 will be \$15,188 per month.

ALSO

During the first three months transition period, beginning (October 1, 2011 thru December 31, 2011), please provide what your firm will charge the City for each new claim as stated below:

| <u>Estimated Three months Of Claims (QTY)</u> | <u>Type of Claim (Cost per claim)</u> | <u>Total Three Month Cost</u> |
|---|---|---------------------------------------|
| 4. 30 (Estimated 10 per month) | Indemnity Claim Cost \$ _____/ea. | \$ _____ |
| 5. 63 (Estimated 21 per month) | Medical Claim Cost \$ _____/ea. | \$ _____ |

(Please provide pricing for items 4 & 5 above)

PRICING FOR THE FIRST THREE MONTHS IS BEING REQUESTED, BECAUSE IF THERE IS A NEW TPA AWARDED THE CONTRACT, THE NEW TPA WOULD NOT BE HANDLING THE RUN-IN CLAIMS FOR THE FIRST THREE MONTHS. THEY NEED TO GET DATA TRANSFERRED TO THEIR SYSTEM BEFORE THEY CAN HANDLE THE RUN-IN CLAIMS. THE CITY WILL NOT PAY A NEW TPA THE FULL AMOUNT FOR THOSE THREE MONTHS WHILE ONLY HANDLING THE NEW CLAIMS.

Award of points for this RFP for criteria Annual Cost to the City will be based on the initial contract period cost for the first three-year period (either item 1 or 2, and the three-month transition period (items 4 & 5).

Since Gallagher Bassett Services is the incumbent TPA, the above pricing for the transition period would not apply to us. Our pricing to manage the open inventory, should we not retain the business, from 10/1/2011 to 12/31/2011 is provided above.

10. Medical Management Services Fee Schedule (Exhibit 1)



Gallagher Bassett Services, Inc.

| Medical Management Services | Fees per Service |
|--|------------------------------------|
| Nurse Case Management (free pre-screening to determine TCM or FCM) | |
| <ul style="list-style-type: none"> • TCM rate | \$275 per indemnity per month |
| <ul style="list-style-type: none"> • FCM rate | Task Based Field Case Management |
| <ul style="list-style-type: none"> • Task 1: One Visit Task | \$530 per assignment |
| <ul style="list-style-type: none"> • Task 2: Two Visit Task | \$705 per assignment |
| <ul style="list-style-type: none"> • Task 3: Labor Market Survey | \$635 per assignment |
| <ul style="list-style-type: none"> • Task 4: Vocational Assessment | \$590 per assignment |
| <ul style="list-style-type: none"> • Task 5: Home Visit | \$660 (\$730 in CA) per assignment |
| <ul style="list-style-type: none"> • Catastrophic Case Management | Case by case basis |
| Vocational Case Management may be used for the following needs: | \$92 per hour plus expenses |
| <ul style="list-style-type: none"> • Vocational needs of complex claims | \$103 per hour - AK, CA, HI, NY |
| <ul style="list-style-type: none"> • Job Analysis | \$590 per assignment |
| <ul style="list-style-type: none"> • Job Placement | Case by case basis |
| <ul style="list-style-type: none"> • Labor market surveys | Case by case basis |
| <ul style="list-style-type: none"> • Vocational Assessments | \$635 per assignment |
| <ul style="list-style-type: none"> • Testimony | \$590 per assignment |
| Life Care Planning | Case by case basis |

11. Supplemental Questions (Exhibit 2)



Gallagher Bassett Services, Inc.

PART XI – SUPPLEMENTAL QUESTIONS (Exhibit 2)

Specific requirements regarding services have been outlined in prior sections of this RFP, in addition to information that may be provided in your proposal and required elsewhere in this RFP, please answer the following questions (restate question with your response)

1. How many years has your company been licensed to operate in this industry?

Gallagher Bassett has been licensed since 1963. A total of 48 years.

2. How many years of experience does your company have in handling municipal claims?

We have been handling municipal programs since 1965. A total of 46 years.

3. At the time of bid submission, how many clients does your company currently service in Florida?

Gallagher currently services 485 clients that conduct business in Florida.

4. At the time of bid submission, how many municipal clients does your company currently service in Florida?

We currently service 25 municipal programs.

5. How many years has your longest municipal client been with your company?

30 years.

6. Do you have an emergency operations plan? If so, have you ever exercised that emergency plan and what were the results?

Yes. We have an emergency plan that has been exercised many times over the years. Our results have been excellent. Our CAT team deployment was seamless to our clients. One specific example involved our handling of claims after Hurricane Wilma. We provided the City of Ft. Lauderdale along with all other Gallagher Bassett clients excellent claim service without disruption considering, the power outages in the area along with gasoline shortages.

7. In the event of a catastrophe / emergency that disables your office handling the City's claims, where are your back-up locations?

Gallagher Bassett has 8 offices in the state of Florida. The closest branch that is operational would be selected as the back-up. The adjusting team would be moved to the back-up location and accommodated in the area until it's safe to return to the City's "handling" office.

8. Do you own your own risk management information system (RMIS)? If not, who owns the data and what policy do you have in place in the event of an issue with the owner?

Yes. Gallagher Bassett's proprietary system is Risx-Facs.com® which is an internet based, real time claims management system, which was implemented in 2001.

9. Where is the office located?

Gallagher Bassett Services, Inc
2901 S.W. 149th Avenue, Suite 200
Miramar, FL 33027

10. Number of professional claim staff at your South Florida location?

The Miami, FL branch has 11 senior claims adjusters, claims adjusters and claims service representatives. We have an Assistant Branch Manager, and 2 claims supervisors, in addition to the claims handling staff.

11. Number of clerical and/or support staff at South Florida location?

We have 3 employees providing technical assistance to the claims professional staff.

12. Name, experience and professional designations of claims manager?

Kristy D. Sands, CWCL. Mrs. Sands has 20 years of claims experience, and is board certified in workers compensation.

13. Name(s) experience, license type, resume and professional designations of any supervisory level employees that will have responsibility for this account?

Pamela Siler, AIC, CWCL; Workers Compensation; 25 years experience.

14. Name, experience, license type, resume and professional designations of the designated adjusters that will have responsibility for this account?

Betty Lamar, CWC; Workers Compensation, License # A148185; 30 years insurance experience.
Donette Powers, ACA, CWC; All Lines, License # E031940; 11 years insurance experience.

15. Advise the current pending caseload for each designated adjuster?

Average caseload is 150.

16. What is the current number of monthly new assignments to each adjuster?

Each adjuster is assigned between 10-15 new/converted claims monthly, on average.

17. Will the award of this contract necessitate an increase in your staff size to meet the City's staffing and caseload requirements and will that be in place by October 1, 2011?

No.

18. Estimate the percentage of time your adjusters are out of the office doing fieldwork. If all are telephone adjusters, please indicate?

Adjusters are primarily telephonic. Estimate 1% for out of office activities.

19. What is your annual employee turnover among adjusters?

Less than 5%.

20. What tools do you use to manage adjuster caseloads?

Gallagher Bassett has internal measuring tools, such as FOCUS and SELEX-FACS®, and employs hands-on involvement by the claims management team to ensure proper caseload distribution and management.

21. Do you utilize independent contracted adjusters and under what circumstances?

Use of independent contracted employees has been limited to coverage for extended absence and coverage of any vacancies.

22. Name, address, phone and contact person for independents you utilize?

Free State Staffing; 2170 West State Road 434, Suite 386; Longwood, FL 32779
Ph: (407) 262-0544 or (800) 293-2362; Valerie Francis.

23. Can you provide all the required services with your own personnel?

Yes.

24. Do your adjusters receive any continuing education and training? Explain?

Our adjusters are provided the opportunity to receive training for CEU onsite at least once a month onsite, as well as online CEU opportunities.

25. How is communication handled with the client and local operations?

Gallagher Bassett is able to communicate with the client in the fashion that best suits the client workflow. We have opportunities to communicate via telephone, e-mail, fax, and in-person as required.

26. Do you currently file state and excess insurance forms on behalf of your clients? Explain?

Yes. Gallagher Bassett has a special unit housed in its Itasca, Illinois, headquarters called the State Compliance Department. Our State Compliance Department has been in existence for over 30 years and currently has a staff of 12 in the department. This department is responsible for identifying all state and bureau regulations for self-insured reporting and complying on behalf of our clients, including the filing of self-insurance reports. They use a combination of manual diaries and automated support tools to meet this task, and are in full compliance with state mandated electronic filing of first reports of injury and subsequent information. Additional reporting associated with local claim activity is the responsibility of the local branch office. We are compliant with the production of 1099s, and do extensive pre-testing with the IRS each year.

27. Do you have the capability to provide all the loss data reports required? Explain?

Yes. Gallagher Bassett Services currently provides and will continue to provide the City of Fort Lauderdale with real-time, on-line access to all of your loss and claim information via Risx-Facs.com®. Our report application allows you to choose from a set of preformatted reports or allows you to create a free-form report using more than 100 different individual claim elements. Our i-Link reports are on-line and available through our i-Link application. They include a pyramid security level feature, which will allow additional individuals to take full advantage of our powerful reports. They also include a graphical presentation of the report results in addition to the numerical data. These reports provide you with instantaneous access to your claims information and the user can view and print the report output in excel. Some of the available reports are: Triangle report, Claim Summary Report, Reserve Change List, New Claim List, Claim Lag Report, Large Loss List and Workers' Compensation Recap.

28. Do you have the ability to transfer the City's prior claims data to your information system by December 31, 2011?

Not applicable as Gallagher Bassett is the current claim administrator for the City of Fort Lauderdale.

29. Please describe in detail, including features, your claims management information software?

Our proprietary, internet based, real-time, state of the art RMIS system is available at your convenience via any Pentium PC containing 32 mb RAM, internet access with Internet Explorer® 4.1 (or higher) and Adobe Acrobat® (required for monthly and SELEX-FACS® Reports). There are no restrictions on the number of users that can access the system. Since the system is internet based there are no installation requirements. Full access to all claim files including: reserves, adjuster notes, supervisory notes, nurse's notes, diary items, payment records, medical bills and expense bills will continue for the city.

Through this application, the City currently has and will continue to have access to monthly loss run reports and historical loss run reports as we maintain 18 months of previous loss run reports on our system. Monthly reports are available in PDF and Microsoft Excel format.

30. Is the claims administrative software, used by your organization the same software that generates customer reporting? Describe the system/software used to generate ad hoc reports?

Yes, Gallagher Bassett's ad hoc report application, SELEX-FACS®, is a dynamic, easy-to-use reporting system that allows the user to create customized ad hoc reports based on up-to-the-minute claim information stored in the RISX-FACS® system. Simply choose the type of report you want and select from a wide range of options for the specific type of information that you require. For example, you can tailor reports to reflect data at any level of your organization, on specific groups of coverage, for selected time periods or on particular types of claims.

31. Can the City record our own notes? Are these considered part of the file?

Yes, the City has the ability to record their own notes in the claim notebook and the entries are considered part of the file.

32. Explain any fees proposed for managed care (medical case management, bill review, and UR and rehabilitation services). These are not to be included in the annual fee proposed. If you use a subcontractor, which firms do you use?

Gallagher Bassett is the incumbent and the City currently utilizes our GBMCS for bill review, and UR services. The City elected to use Corvel for rehabilitation and field case management. Gallagher Bassett currently uses Coventry as the subcontractor for managed care services.

33. Explain, in detail, any deviation from the services or fee structure type required, specifically indicating any services you cannot perform. Specifically indicate what you consider as allocated expenses and therefore not included in your annual fee proposed amount?

Allocated Expenses: Shall be your responsibility and shall include, but not be limited to:

- Legal Fees
- Medical Examinations
- Professional Photographs
- Extraordinary Travel made at client's request
- Extraordinary costs for witness statements
- Court reports
- Medical records
- Accident reconstruction
- Experts' rehabilitation costs
- Chemist
- Fees for service of process
- Collection cost payable to third parties on subrogation
- Architects, contractors
- Engineer
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss which must have the explicit prior approval of the client.

- Police, fire, coroner, weather, or other such reports
- Property damage appraisals
- Sub rosa investigation
- Official documentation and transcripts
- Pre- and post-judgment interest paid
- Outside investigation
- Subrogation at 15% of gross recovery
- Index Bureau Reporting
- Managed Care

Managed Care: Managed Care services may include, but are not limited to:

- Utilization review services
- Prescription Validation
- Clinical Validation
- Light duty/return-to-work program
- Medical case management and vocational rehabilitation network
- Prospective injury management services
- Hospital bill audit services

34. What is the average turnaround time of the payment of medical bills?

Gallagher Bassett Services typically has a 30 day turnaround on payment of medical bills; however, Gallagher Bassett Services can accommodate a turnaround of 20 days as requested by the City of Fort Lauderdale.

35. Describe your banking procedures and requirements for loss fund payments?

Automated Payment and Control System (APACS) is the funding mechanism and payment control device that is an integral part of the RISX-FACS® system. Incorporated into APACS is the Self Insured Money Management System (SIMMS), which is structured through Citibank.

SIMMS consists of an omnibus (zero balance) master account that Gallagher Bassett maintains at Citibank through which checks for all APACS clients clear, and sub accounts are established on each client's behalf. As checks clear through the omnibus account Citibank looks to the appropriate client sub-account for funds to return the omnibus account to 0. Each client's funds are segregated for their claim payments only.

To set up a client on APACS an initial deposit of an agreed-upon imprest balance and the establishment of funding frequency (reimbursement) are required. The imprest balance is based on past loss payment history and desired frequency of reimbursement. Reimbursement is done on a time basis (daily, weekly, monthly) or on a target basis (when imprest drops to a specified level), and if the imprest should deplete before the chosen funding frequency is reached. The imprest is kept at the lowest possible level considering payment history, frequency, and account costs. This gives the client the greatest use of his/her money until checks actually clear Citibank.

The client is required to maintain funds in an account at his/her bank to which Citibank can send electronic requests for replenishment of the client's Citibank sub-account. Electronic transfer of funds is the only acceptable method of reimbursement.

Our clients receive a monthly reconciliation package that reflects all debits and credits, paid and outstanding items, stop pays, and opening and closing balances. The reconciliations provide a third party audit trail of payments and funding activity, as well as a tool to complete the closed loop balancing of our reports

36. How will you measure whether there is effective delivery of services to the client during the term of the contract?

Gallagher Bassett Services currently provides and will continue to provide the City of Fort Lauderdale with a customize program to include service instructions, reports, quarterly claim reviews, and internal audits. Gallagher Bassett also offers a designated Florida Account Manager as part of the program. The Account Manager is responsible for ensuring the service needs are met.

37. Do you have any written performance standards in place? If so, please provide us with a copy of these standards, if not; are you willing to implement mutually agreed performance standards?

Yes. Gallagher Bassett Services has a Best Practices document which is a written performance standard that is a requirement for all claims personnel to abide by.

Please see a copy of our Best Practices Standards under Section 13, Appendix.

38. What do you, as a Contractor expect of the City during the transaction and implementation phase? How do you propose to get to know us?

The City of Fort Lauderdale has been a valued client since July 1, 2003. Gallagher Bassett Services will continue to focus on building a strong partnership by maintaining an open line of communication with the City of Fort Lauderdale. Gallagher Bassett is looking forward to taking the necessary steps to move the City's program to the next level. **Please see section 7 under Proposed Customized Program for additional information.**

39. Please list the excess workers' compensation carriers you are authorized to conduct business? (See Exhibit 4 – Workers Compensation Excess Insurance Carrier Report).

See attached list of Approved Carriers under Section 13, Appendix.

12. SAS70/SSAE16 Report



Gallagher Bassett Services, Inc.



June, 2011

Private and Confidential

To Whom It May Concern:

Subject: November 1, 2010 through May 31, 2011 update on the GB SAS70 Type II Report

The purpose of this letter is to provide an update concerning the control environment as described in the October 31, 2010 SAS 70 report entitled "Gallagher Bassett Services, Inc. Report on Controls Placed in Operation and Tests of Operating Effectiveness for the period November 1, 2009 through October 31, 2010". Within this report is an Independent Service Auditor's Report dated December 15, 2010 from our Independent Service Auditor, Ernst & Young LLP, describing and opining upon relevant aspects of our controls that had been placed in operation and their tests of our controls as of October 31, 2010.

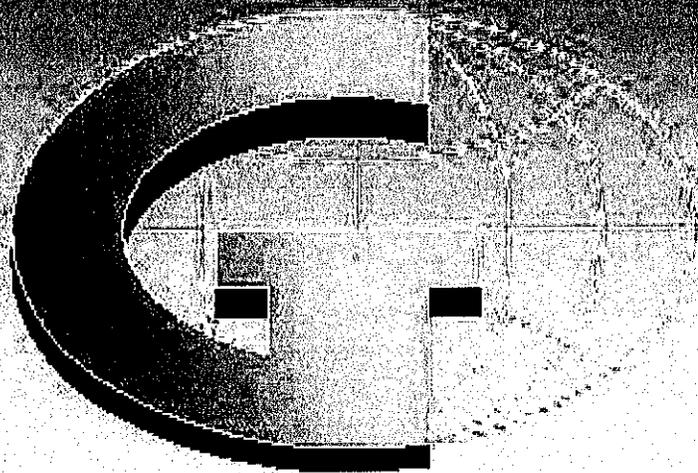
We wanted to let you know that no material changes have been made by Gallagher Bassett Services, Inc. for the November 1, 2010 to May 31, 2011 period relative to the overall control environment as described in the October 31, 2010 report referenced above. With regard to the controls outlined in the October 31, 2010 report, we believe that the description of the controls continues to present fairly, in all material respects, the controls which were in place during the November 1, 2009 through October 31, 2010 period.

Sincerely,

A handwritten signature in black ink, appearing to read "Forrest Norris", is written over a horizontal line.

Forrest Norris
Executive Vice President and
Chief Financial Officer

THE GALLAGHER CENTRE
TWO PIERCE PLACE
ITASCA, IL 60143-3141
630.773.3800
630.285.4000 FAX
www.gallagherbassett.com



Gallagher Bassett Services, Inc.

Claims Processing – U.S. Operations

***Report on Controls Placed in Operation
and Tests of Operating Effectiveness***

For the Period

November 1, 2009 to October 31, 2010

I. Independent Service Auditor's Report

The Executive Committee
Gallagher Bassett Services, Inc.

We have examined the accompanying description of controls related to the processing of transactions for RISX-FACS[®] and RISXFACS.com[®] for customers of Gallagher Bassett Services, Inc – U.S. Operations. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Gallagher Bassett Services, Inc.'s controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily and user organizations applied the controls contemplated in the design of Gallagher Bassett Services, Inc.'s controls; and (3) such controls had been placed in operation as of October 31, 2010. Gallagher Bassett Services, Inc. uses a claims imaging service organization for imaging the majority of claims and charges processed by it, managed care service organizations for the review and repricing of submitted claims, and a check printing service organization for printing and mailing of claim checks and correspondence. In addition, Gallagher Bassett Services, Inc. uses an Information Technology (IT) service organization as the data center hosting facility for its IT infrastructure. The accompanying description includes only those control objectives and related controls of Gallagher Bassett Services, Inc. – U.S. Operations and does not include control objectives and related controls of the third-party service organizations or international (i.e., non-U.S. operations). Our examination did not extend to the third-party service organizations' controls. The control objectives were specified by management of Gallagher Bassett Services, Inc. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Gallagher Bassett Services, Inc.'s – U.S. Operations controls that had been placed in operation as of October 31, 2010. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied the controls contemplated in the design of Gallagher Bassett Services, Inc.'s controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in our description of the tests of operating effectiveness, to obtain evidence about their effectiveness in meeting the related control objectives, described in our description of those tests, during the period from November 1, 2009 to October 31, 2010. The specific controls and the nature, timing, extent, and results of the tests are listed in our description of the tests of operating effectiveness. This information has been provided to user organizations of Gallagher Bassett Services, Inc. and to their auditors to be taken into consideration, along with information about the internal control at user organizations, when making assessments of control risk for user organizations. In our opinion, the controls that were tested, as described in our description of the tests of operating effectiveness, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in our description of those tests were achieved during the period from November 1, 2009 to October 31, 2010.

The relative effectiveness and significance of specific controls at Gallagher Bassett Services, Inc. and their effect on assessments of control risk at user organizations are dependent upon their interaction with controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of internal controls at individual user organizations.

The description of the controls at Gallagher Bassett Services, Inc. is as of October 31, 2010, and information about tests of the operating effectiveness of specific controls covers the period from November 1, 2009 to October 31, 2010. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at the service organization is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes made to the system or controls, or the failure to make needed changes to the system or controls, may alter the validity of such conclusions.

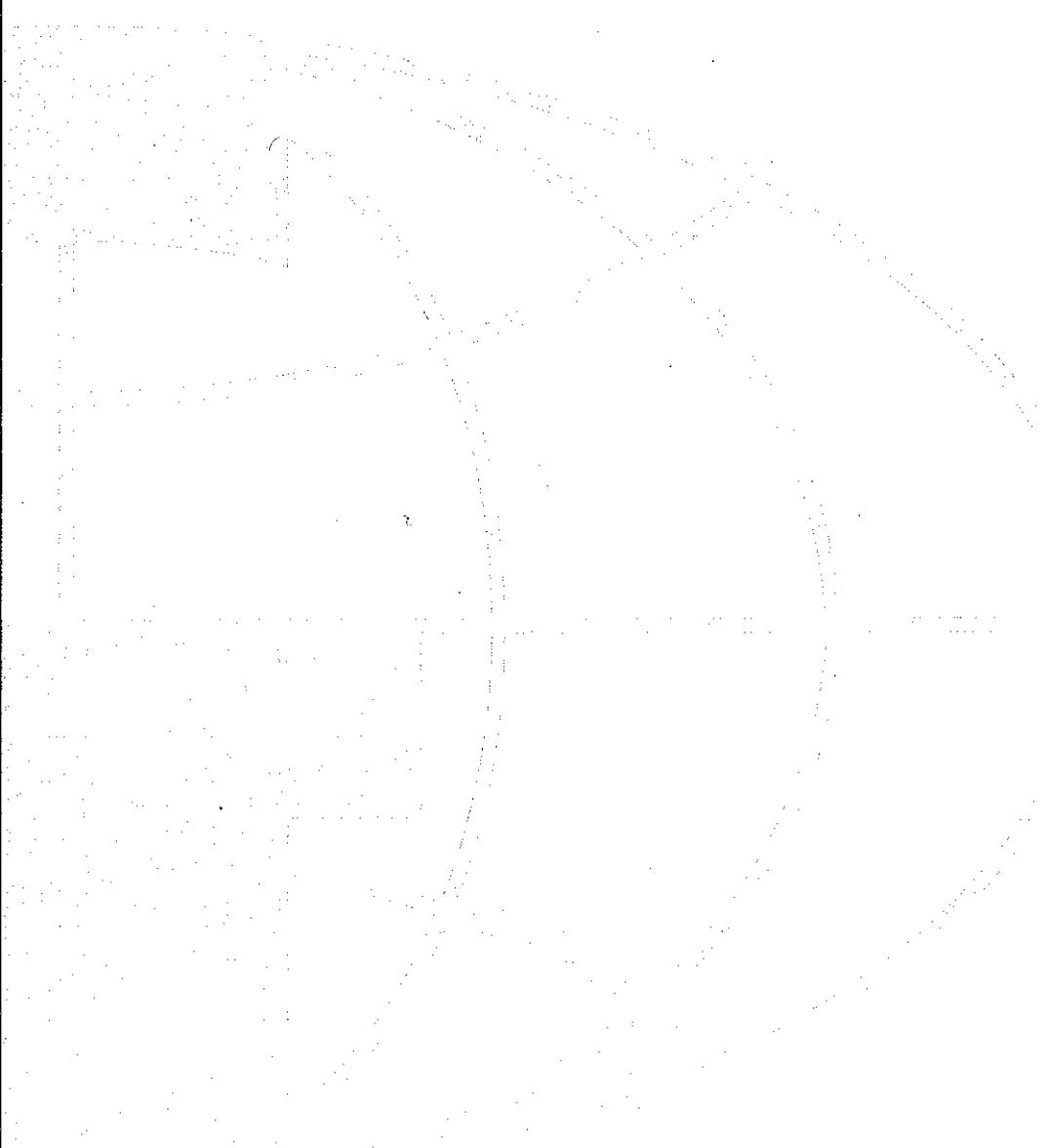
The information in Section IV describing Gallagher Bassett Services, Inc.'s disaster recovery planning and the data center hosting facility is presented by Gallagher Bassett Services, Inc. to provide additional information and is not part of Gallagher Bassett Services, Inc.'s description of controls that may be relevant to a user organization's internal control. Such information has not been subjected to the procedures applied in the examination of the description of controls applicable to the processing of transactions for user organizations, and accordingly, we express no opinion on it.

This report is intended solely for the management of Gallagher Bassett Services, Inc., its customers, and the independent auditors of its customers.

Ernst + Young LLP

December 15, 2010

13. Appendix



Gallagher Bassett Services, Inc.



Gallagher Bassett Services, Inc.

Gallagher Bassett Services, Inc.
Proprietary Disclaimer

We have diligently reviewed all the documents in this proposal for confidential and proprietary verbiage and removed it accordingly. However, in the event that we have overlooked this language on one or more of our documents, please note that this proposal is not confidential or proprietary.

WORKERS COMPENSATION CORPORATE BEST PRACTICES

Just the facts on how we act... and interact

Gallagher Bassett maintains a strong, centrally managed claim network. Our Corporate Best Practices are established by our Product Support division, and carried out by our branches. These Corporate Best Practices are based on the foundation by which our services are delivered. Gallagher Bassett's Corporate Best Practices are devised to ensure company-wide compliance and are the benchmark by which we judge the level of an office's performance.

The goal of these Best Practices is to provide you with fast, straightforward facts on how we proceed in the workers compensation arena and how we interact with you as a valued client. You'll find the details on what you need to know to stay informed and what, if anything, is required of you or your organization. If you have any questions or need more information about anything presented here, please contact us, and we'll be pleased to fill in the blanks personally and face to face.

Ground rules of general file control

Handling new claims

All new claims are evaluated, reserved, coded, and entered into RISX-FACS® upon receipt of a state employer's First Report of Injury form or other notice.

Coverage Verification

A formal Coverage Analysis Verification based on the current information available from the Client Service Instructions are documented in the Claim Notebook

File maintenance/cover warnings

File jackets are marked to indicate claim status handling procedures, including but not limited to carrier/Product Support reported, client reported, controverted, legal, subrogation, state fund and cross-referenced files, in chronological order.

Use of diary management

All open files are entered into the RISX-FACS® diary system. Diary is reviewed, and a note is filed in Claim Notebook. Any additional pertinent information is included in the "Plan of Action" section.

Index management

All claims meeting the established criteria are automatically reported to the Index System through RISX-FACS®. Subsequent filings may be necessary on long-term or complicated claims. These filings are documented in Claim Notebook.

Rules for state reporting

All state agency reporting will conform to the applicable workers compensation laws and copies of such are contained within the file or online if filed electronically.

Investigation procedures and rules of contact

Theories of compensability/denial management

Rationale for any decision of compensability is documented in Claim Notebook. Both Manager and Supervisor approval is given prior to issuance of any denial or upon the controversion for either indemnity or medical benefits on new or existing claims.

Initial Analysis Information

Initial contact information is completed, in its entirety, in Claim Notebook, for all cases claiming lost time. The contact sheet will be completed prior to the issuance of the first Temporary Total Disability (TTD) payment or prior to denial of the claim and documented in Claim Notebook.

Statements

Statements are taken from the client, claimants, and/or witnesses in the following cases:

1. All controlled loss category cases.
2. All cases with possible subrogation.
3. All cases with a pre-existing condition.
4. All cases where compensation is questionable.
5. Controverted (delayed/denied) claims.

If statements are not taken, the reasons is documented in Claim Notebook.

Three-point contact

Two valid documented attempts to make three-point contact (client, claimant, doctor) is made on all indemnity claims within one business day of knowledge of claim or conversion to indemnity by Gallagher Bassett.

Contacting you

Client contact is generally made by telephone when questions arise or when additional information is required. The client is kept informed of all pertinent ongoing developments.

Establishing claimant contact

On all cases alleging lost time, claimant contact is made prior to the issuance of the first TTD payment. Contact continues throughout the claim at least every 30 days as TTD continues, or the potential of

permanency exists. If contact is not made, an explanation appears in Claim Notebook.

Provider contact

Medical information is requested from doctors and hospitals at the time the file is set up by phone or by mail.

Witness contact

Witnesses are contacted on controlled loss cases or if the case is questionable or where there may be possible subrogation.

Disability and wage verification

All lost time is verified by the physician treating the claimant and confirmed with the client before payment is made. Verification or exceptions are noted in the file. Where indemnity payments are required and within one business day of receipt of the claim, any wage information is requested by the claim handler.

Surveillance and activity checks

On cases of extended disability, suspicion of fraud, or where activity belies the injury, checking on the activity of the claimant is prescribed. In fatal/permanent total cases, activity of those receiving benefits will be checked every 6 to 12 months. Professional surveillance is limited to certain types of cases and must have the client's prior approval.

Reserve management

Total Experience (T.E.) – the amount paid to date plus any additional anticipated cost – is based upon the information available at the time of evaluation and is determined by a number of factors. Reserve practices are closely monitored not only by you, the client, but carriers, consultants and state governing bodies.

Creating the initial reserve

We establish an initial reserve that takes into account all current information available at the time of setup. "Block" reserving is prohibited.

Subsequent reserve evaluation

Any change to the reserve will be entered into the claim file and substantiated. "Step Reserving" is unacceptable.

Reserve analysis/Total Experience worksheet & explanation

All files with Total Experience at or above \$5,000 contain a fully completed Total Experience Worksheet in Claim Notebook. GB provides a new worksheet for each Total Experience change in RISX-FACS® at or above the \$5,000 level.

Reserve Analysis/MIRA®

Total Experience, as suggested in MIRA®—our automated loss reserving system—is considered and compared to the current T.E., then a note is placed in Claim Notebook indicating agreement or disagreement; Subsequent MIRA® predictions are responded to at the next diary review.

Claim coding

All coding fields are accurate and complete based upon information available at the time.

Gallagher Bassett's active claims management

GB checks diligently on medical status, on an as-needed basis, but minimally every 4 to 8 weeks. A final report will be secured from the treating physician stating the degree of any permanent disability. In serious or questionable cases, we will request hospital records.

The claim handler directs the activities on the nurses on Medical Case Management to ensure proper utilization of services until those services are no longer needed.

GB is responsible to initiate, coordinate, and direct the rehabilitation effort. Applicable state laws govern rehabilitation.

Independent medical exams (IMEs)/second opinions

IMEs are conducted to determine the extent of injury, ability to return to work, or need for additional treatment. Most states allow IMEs and/or second opinions. Background information and a reason for the IME request is provided to the physician conducting the IME.

Managing litigation

Gallagher Bassett has the ultimate responsibility for management of all litigated claims. If laws permit, GB will handle the litigated claim portion until such time as outside counsel is required.

We also strive for prompt response to counsel inquiries, which is essential. To assist in speeding the legal process, all GB work and responsibilities are completed as quickly as possible. Counsel is required to provide an initial opinion letter within 30 days with complete periodic status reports provided after that on an as-needed basis or at least quarterly.

GB is notified of hearing dates, strategy and settlement demands. No case will be settled without approval of GB, in conjunction with the client and the excess or primary carrier when it is appropriate.

Legal billing

Billing for legal services is handled on a per-case basis. Legal bills will be submitted at least quarterly and at case conclusion. All bills will be itemized with a listing of the activity performed and the appropriate dates and rates.

Recovery management/documentation

Every claim with subrogation potential is investigated. The client and/or the carrier may request pre-approval of subrogation efforts. Typed lien letters are sent by GB to the appropriate parties. No settlement or lien compromise is made without client approval and the approval of the carrier. The statute of limitations must be recognized.

Seeking recovery from state funds

Any possible recovery from a state fund or offset from Social Security, or need for a Medicare Set-Aside Agreement will be recognized, pursued and documented.

“Non-Excess” recoveries, including subrogation, salvage, contribution, and over-payments will be processed and fully documented within 7 days of receipt, in Claim Notebook. Explanations will be detailed in the file if recovery cannot be processed for any reason.

Medicare SCHIP reporting

In order to maintain the mandatory reporting requirements, all claims contain the following information in RISX-FACS® on each claimant.

1. Legal First Name
2. Legal Last name
3. Social Security Number
4. Date of Birth
5. Gender

Missing information will be actively sought out and the efforts to do so will be documented during each subsequent diary review.

Prior to Settlement, Judgment or Award a vendor assignment will be completed on Medicare Eligible claims for Conditional Payment Research (CPR) and Medicare Set-Aside (MSA) allocation.

Settlement evaluation

Negotiations are controlled by Gallagher Bassett. Where law requires, legal counsel will negotiate under our direction. If applicable, authority to settle and approval of the settlement will be obtained from you and/or the carrier. All releases will be signed by you, not Gallagher Bassett. Mandatory Set-Aside agreements (MSA) will be considered on all qualifying files.

Vendor assignments

Branch management approval is required, prior to the assignment of outside vendors, including Surveillance and Activity Checks, and

also for any type of referral for investigation, unless otherwise noted by you or a state statute requirement.

File transfer protocol

Externally or internally transferred open claims between GB adjusters are subject to enhanced ‘file transfer protocols’

Benefit payments that fill the bill

Medical bill payment

Medical bills are repriced by the appropriate E-Bill review vendor. They are then scanned and sent electronically to GB. Responsibility for screening the bills for payment or review lies with the claim handler. All bills are paid within 21 days of receipt regardless of whether they are legal, service, or medical. Any exceptions are documented in Claim Notebook.

Documentation and reporting

At Gallagher Bassett, we strive for excellence in a number of ways. We begin with detailed plans of action. We also document everything for legal and management purposes. Some important discussions/decisions are also confirmed in writing with you (and the carrier as applicable). In-depth reports are sent to you and other important parties on a frequent basis. Having everyone on the same page, at the same time, ensures efficiency, accuracy, and positive outcomes.

Thorough documentation

All actions taken, and conversations held, will be documented in Claim Notebook.

“Thoughtful” plan of action

Since virtually anything can happen, we try to protect information that’s been gathered on a case with detailed record keeping. This is why we request that adjusters indicate their thought processes, case direction, and other important data in Claim Notebook. This allows the file to literally “speak for itself.”

Indication of supervision

Evidence of supervision and claim handler compliance are required on indemnity claims regardless of Total Experience. The initial review must be made within 30 days of file set up, with subsequent reviews at 90-day maximum intervals.

Issuance of client reports

When your contract stipulates, a Detailed Status Report must be completed at the agreed-upon level. Further DSR’s are required when conditions change. A separate claim note will be entered upon completion of the DSR that will include the name and company of the addressees.

Supervisors are responsible for ensuring that all completed DSR’s are delivered to you in a timely manner.

Controlled Loss Reporting to Carriers

Reporting requirements

A Detailed Status Report will be sent to the carrier on each case with a Total Experience at, or in excess of 50% of the self-insured retention (SIR) level or at other carrier-specified limits. A DSR will also be sent to the “Primary” carrier when the Total Experience meets the level designated by the carrier in the Client Service Instructions

Important report enclosures

Every DSR that is sent electronically to the carrier will include photocopies of medical information deemed relative, including medical and legal information, the employer’s first report, and a completed Total Experience Worksheet.

The initial report

Immediate notice by telephone will be made to the carrier when there is any serious injury category claim. Once the Gallagher Bassett branch is notified of a loss that meets certain criteria, a written DSR will be filed within 30 days and the reason for the report will be relayed to the carrier.

Subsequent reports

Status reports provide information on subsequent activity along with copies of file data. Status reports are required quarterly or when the case merits as requested by the carrier. The claim handler indicates a specific date for the next report. It is the responsibility of the GB branch office to provide and initiate both initial and subsequent status reports.

Excess recoveries are requested from the carrier to the branch and information relating to them is entered into the RISX-FACS® system.

Reporting procedures to carrier

Carrier correspondence is conducted directly by the GB branch. Supervisors are responsible for making sure the carrier receives DSR's containing the current claim status. If the Client Service Instructions indicate, all excess recoveries that are obtained are sent to the client contact.

The audit program

The audit program is assurance to you and carriers that GB has a quality control program in place which effectively measures the efforts to achieve the highest quality and adherence to the Workers Compensation Best Practices. Detailed file audits, as well as Quality Assurance (QA) audits are performed by the GB product support team and shared with branch management to monitor the compliance with the Best Practices.

Randomly selected files of each claim handler and various clients taken from RISX-FACS® are reviewed for detailed file audits utilizing the File Scoring Sheet. Results are reported at the claim handler, supervisor, and branch manager level and are then shared with the GB operations team.

QA audits are performed on a regular basis from a subset of files based off of the list of detailed file audits and are reviewed in all areas of file documentation. The QA audit results are compared side by side with

detailed file audits results to promote objective and consistent scoring within the detailed file audits.



Be sure to visit us at our website:
www.gallagherbassett.com



Approved Carrier List

(Carriers that have approved Gallagher Bassett as a TPA)

| | |
|------------------------------------|--------------------------------------|
| Ace USA | Everest National Ins. Co. |
| Ace Westchester | Fireman's Fund Specialty |
| Acceptance Insurance Co. | Genesis Underwriting |
| Aetna | Great American / Alt. Markets |
| Allied World Assurance Co. | Hanover Insurance |
| American Reliable | Hudson Insurance Group |
| American Safety Casualty | Lexington |
| American Safety Insurance Services | Meadowbrook |
| AmTrust Underwriters, Inc. | Michigan Mutual |
| ARCH Insurance Group | Midwest Employers |
| Artex | Munich Re America |
| Artis Group | Old Republic Risk Management |
| Audobon | Old Republic Insurance Company |
| AXA | One Beacon Insurance Group |
| AXIS U.S. Insurance | PMA Group |
| Benchmark Insurance Company | Arrowood Capital/Arrowood Indemnity |
| Berkley Underwriting Partners | Safety National Casualty Corporation |
| Berkshire Hathaway | Sparta Insurance Holdings |
| Brit Insurance | Star Insurance |
| Castlepoint Management | St. Paul/Travelers |
| Chartis Insurance (AIG) | Swiss Re |
| Chartwell, Inc. | The Hartford |
| Chubb Group of Insurance Companies | Tokio Marine & Fire Ins. Co. |
| CNA | Global Indemnity Group, Inc. |
| Commercial Risk | Wausau (Part of Liberty Mutual) |
| Crum and Forster | XL Insurance |
| Daimler Chrysler Ins. Co. | Zurich |
| Discover Re | |

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Gallagher Bassett Services, Inc.

STABILITY REIGNS

GALLAGHER BASSETT SERVICES VOTED "BEST THIRD-PARTY CLAIMS ADMINISTRATOR"
BUSINESS INSURANCE MAGAZINE 2010 READERS CHOICE AWARD—THIRD CONSECUTIVE YEAR

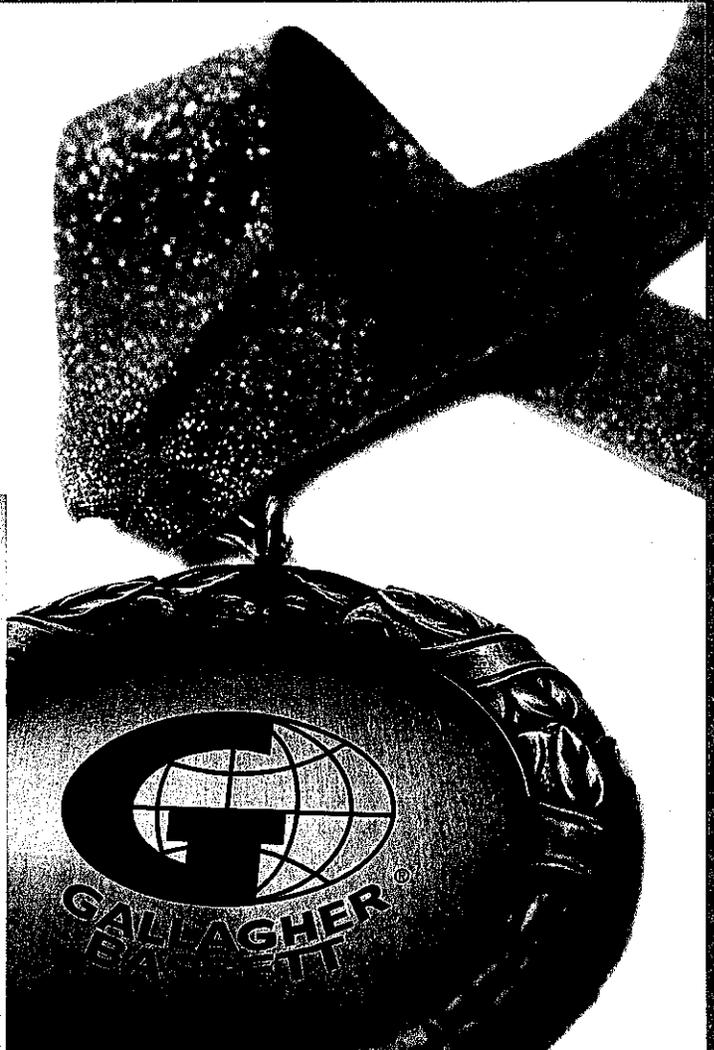


THIRD-PARTY CLAIMS ADMINISTRATOR - PROPERTY/CASUALTY

For 48 years, Gallagher Bassett has remained steadfast to its clients, adaptable to change, and grounded in productivity and professionalism. Today that commitment continues to drive the industry, as *Business Insurance* magazine readers attest.

In the magazine's sixth Annual Readers Choice Awards – and announced in the November 22, 2010, issue – readers once again voted Gallagher Bassett Services the "Best Property/Casualty Third-Party Claims Administrator." Among 16 categories of service providers in risk management, insurance, and employee benefits, Gallagher Bassett ranked at the top for the third consecutive year for best delivery of:

Service | Value | Quality | Innovation



"Each and every day, we at Gallagher Bassett wake up with the goal of being the best possible risk management partner for all of our clients and business partners. We could not be prouder that based on their feedback, we have been named Best Property/Casualty Third Party Administrator for a third straight year. We want our clients and business partners to know how much we appreciate their vote of confidence and that we have no intention of resting on our laurels. The best is yet to come."

—President, Scott Hudson

FOR MORE INFORMATION ABOUT GALLAGHER BASSETT'S AWARD-WINNING THIRD-PARTY CLAIMS
ADMINISTRATION SERVICES, CONTACT US AT WWW.GALLAGHERBASSETT.COM