



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 4/28/2026

To: Board of Supervisors of the County of Sonoma, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, and Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

Department or Agency Name(s): Human Resources Department

Staff Name and Phone Number: Janell Crane, 707-565-2885 and Tony Fortunato, 707-565-3553

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Workers' Compensation Self-Insured Program - Third Party Administration Agreement

Recommended Action:

Authorize the County Executive or designee to execute an agreement with Intercare Holdings Insurance Services, Inc. to provide workers' compensation claims administration and managed care services for employees who sustain an occupational injury or illness, for an initial three-year term from July 1, 2026 through June 30, 2029, in an amount not to exceed \$4,656,109, with the option to exercise two one-year term extensions in the amount of \$1,667,348 and \$1,734,042 option year 1 and 2, respectively.

Executive Summary:

The County has been self-insured for workers' compensation since 1976 and has contracted with various third-party administrators to provide workers' compensation claims administration, managed care and other related services since 2000. A request for proposals (RFP) was issued in October 2025. The RFP panel unanimously selected Intercare Holdings Insurance Services, Inc. (Intercare), which has been the County's third-party administrator since 2017, for contract award based on their superior response, extensive scope of services, excellent client references, and competitive pricing.

This item requests approval of an agreement with Intercare for a total estimated cost for all services of

\$4,656,109 for the initial three-year term. Based upon the competitive pricing structure proposed by Intercare, it is recommended to provide the option to exercise two one-year extensions in the amount of \$1,667,348 and \$1,734,042 option year 1 and 2, respectively.

Discussion:

Human Resources is responsible for the administration of the County's self-insured Workers' Compensation Program, providing statutory benefits to injured workers pursuant to the California Labor Code. The County of Sonoma has been self-insured for Workers' Compensation since 1976. Since February 2000, claims administration has been provided through various third-party claims administrators. Intercare has been the County's third-party administrator since 2017 and was selected through a comprehensive RFP process in 2017 and 2023.

In 2023, the County issued a three-year contract to Intercare with the ability to extend it for an additional two years. Human Resources decided not to exercise the option to extend the contract and issued a formal solicitation for services which was widely distributed in October 2025. A total of six proposals were received, five of which were deemed responsive. The evaluative process narrowed the proposals to three who most closely matched the needs of the program. These bidders were invited to an interview process conducted with staff from Human Resources, County Counsel, the Sheriff's Office, and a representative from Public Risk Innovation, Solutions, and Management (PRISM), a joint powers authority which provides Excess Workers Compensation coverage to the County and sets minimum performance audit standards for third party administrators.

Intercare provided competitive pricing and the best overall response, factoring in costs, program philosophy, management commitment to the program, commitment to achieving positive audit results, and quality of staff performance on our account. Intercare has provided workers' compensation claims administration and medical managed care services to a number of public entities throughout California. Specific to our region, Intercare works with the County of Monterey, City and County of San Francisco, and the City of Napa.

We anticipate Intercare will continue to provide responsive services to our injured workers and continue a positive trajectory in their PRISM audit performance. In addition to on-going, real-time assessment, communication, and correction of any performance issues under the contract, the proposed agreement

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includes a performance-based provision in which Intercare will incur a financial penalty if audit results do not meet expectations during the new contract term.

Based on the RFP response, the positive trajectory of the most recent audit by PRISM of Intercare, and the commitment of Intercare management to the County’s program, along with their demonstrated service and communication levels with injured workers, Human Resources recommends adoption of a new agreement with Intercare.

During the initial three-year term, fees for claims administration services are estimated to be \$4,656,109 which is an 8.6% increase (averaging 3.16% per year) from the prior third-party claims administration agreement. Medical managed care services include medical bill review, nurse case management and utilization review. The agreement includes a fee schedule for these services.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

June 6, 2017 (item 15): Initial Contract Agreement Approved.

June 9, 2020 (item 19; [File Number 2020-0509](#)): First Contract Amendment, 2 Year Extension of Contract

May 24, 2022 (item 23, [File Number 2022-0492](#)): Second Contract Amendment, 1 Year Extension of Contract.

May 16, 2023 (item 13, [File Number 2023-0380](#)): New 3 Year Contract Agreement Approved.

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses		\$1,503,887	\$1,549,004
Additional Appropriation Requested			
Total Expenditures		\$1,503,887	\$1,549,004

Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$1,503,887	\$1,549,004
Use of Fund Balance			
General Fund Contingencies			
Total Sources		\$1,503,887	\$1,549,004

Narrative Explanation of Fiscal Impacts:

Costs for third-party claims administration services are budgeted in the Workers' Compensation internal services fund 51220 and are funded by internal service charges paid by all County departments.

No additional appropriations are requested and the costs of services provided under the agreement are included in the proposed fiscal year 2026/27 recommended budget and will be included in future years' budgets.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)
N/A			

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Agreement with Intercare Holdings Insurance Services, Inc. containing Scope of Services (Exhibit A) and Fee Schedule (Exhibit B), Insurance Requirements (Exhibit C), and Business Associate Addendum (Exhibit D) for the term July 1, 2026 to June 30, 2029

Related Items "On File" with the Clerk of the Board:

N/A