

**AGREEMENT FOR WORKERS COMPENSATION CLAIMS ADMINISTRATION
SERVICES/MANAGED CARE SERVICES BETWEEN THE COUNTY OF SONOMA AND
INTERCARE HOLDINGS INSURANCE SERVICES, INC.**

This agreement ("Agreement") by and between the County of Sonoma, a political subdivision of the State of California (hereinafter "County"), and **Intercare Holdings Insurance Services, Inc.**, a California-based Third Party Administrator Claims Administrator (hereinafter "Contractor") is effective July 1, 2023 ("Effective Date")

R E C I T A L S

WHEREAS, The County of Sonoma issued a Request for Proposal for third party claims administration of its Workers' Compensation Program and managed care services in October 2022, and Contractor was selected from various vendor proposals; and

WHEREAS, Contractor represents that it is duly qualified and has extensive experience providing workers' compensation claims administration, managed care services and related services; and

WHEREAS, in the judgment of the Director of Human Resources it is necessary and desirable to employ the services of Contractor for workers' compensation claims administration, managed care and other related services.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereto agree as follows:

A G R E E M E N T

1. Scope of Services.

1.1 Contractor's Specified Services. Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (hereinafter "Scope of Work"), and within the times or by the dates provided for in **Exhibit A** and pursuant to Article 7, Prosecution of Work. In the event of a conflict between the body of this Agreement and **Exhibit A**, the provisions in the body of this Agreement shall control.

1.2 Cooperation With County. Contractor shall cooperate with County and County staff in the performance of all work hereunder.

1.3 Performance Standard. Contractor shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. County has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees to provide all services under this Agreement in accordance with generally accepted professional practices and standards of care, as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by County shall not operate as a waiver or release. If County determines that any of Contractor's work is not in accordance with such level of competency and standard of care, County, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with County to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of Article 4; or (d) pursue any and all other remedies at law or in equity.

1.4 Assigned Personnel.

- a. Contractor shall assign only competent personnel to perform work hereunder. In the event that at any time County, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform work hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from County.

- b. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by County to be key personnel whose services were a material consideration to County to enter into this Agreement, and without whose services County would not have entered into this Agreement. Contractor shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of County. With respect to performance under this Agreement, Contractor shall, subject to Contractor's hiring processes, procedures, and job requirements and make offers to employee key personnel assigned to the County's account.
- c. In the event that any of Contractor's personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness or other factors outside of Contractor's control, Contractor shall be responsible for timely provision of adequately qualified replacements.

2. **Payment.** For all services and incidental costs required hereunder, Contractor shall be paid in accordance with the budget set forth in **Exhibit B**, provided, however, that total claims administration fee payments to Contractor shall not exceed **\$4,253,913** for the contract term, without the prior written approval of County. Should the County elect to extend the agreement from July 1, 2026 through June 30, 2028, Claims Administration fees shall not exceed \$3,052,890. Managed Care fees shall be applied to individual claims at the rates provided in fee schedule (Exhibit B) based on the needs of the individual case and in accordance with workers' compensation claims administration industry best practices. Contractor shall submit its bills in arrears on a monthly basis in a form approved by County's Auditor and the Head of the County Department receiving the services. The bills shall show or include: (i) the task(s) performed; (ii) the time in quarter hours devoted to the task(s); (iii) the hourly rate or rates of the persons performing the task(s); and (iv) copies of receipts for reimbursable materials/expenses, if any. Expenses not expressly authorized by the Agreement shall not be reimbursed.

Unless otherwise noted in this Agreement, payments shall be made within the normal course of County business after presentation of an invoice in a form approved by the County for services performed. Payments shall be made only upon the satisfactory completion of the services as determined by the County.

Pursuant to California Revenue and Taxation code (R&TC) Section 18662, the County shall withhold seven percent of the income paid to Contractor for services performed within the State of California under this Agreement, for payment and reporting to the California Franchise Tax Board, if Contractor does not qualify as: (1) a corporation with its principal place of business in California, (2) an LLC or Partnership with a permanent place of business in California, (3) a corporation/LLC or Partnership qualified to do business in California by the Secretary of State, or (4) an individual with a permanent residence in the State of California.

If Contractor does not qualify, County requires that a completed and signed Form 587 be provided by the Contractor in order for payments to be made. If Contractor is qualified, then the County requires a completed Form 590. Forms 587 and 590 remain valid for the duration of the Agreement provided there is no material change in facts. By signing either form, the Contractor agrees to promptly notify the County of any changes in the facts. Forms should be sent to the County pursuant to Article 12. To reduce the amount withheld, Contractor has the option to provide County with either a full or partial waiver from the State of California.

3. **Term of Agreement.** The term of this Agreement shall be from **July 1, 2023 to June 30, 2026** with the option to renew for an additional two fiscal-year term for the period of July 1, 2026 to June 30, 2028, unless terminated earlier in accordance with the provisions of Article 4 below.

4. **Termination.**

4.1 **Termination Without Cause.** Notwithstanding any other provision of this Agreement, at any time and without cause, County shall have the right, in its sole discretion, to terminate this Agreement by giving 5 days written notice to Contractor.

4.2 Termination for Cause. Notwithstanding any other provision of this Agreement, should Contractor fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violate any of the terms of this Agreement, County may immediately terminate this Agreement by giving Contractor written notice of such termination, stating the reason for termination.

4.3 Delivery of Work Product and Final Payment Upon Termination.

In the event of termination, Contractor, within 14 days following the date of termination, shall deliver to County all reports, original drawings, graphics, plans, studies, and other data or documents, in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, Contractors, and other agents in connection with this Agreement and shall submit to County an invoice showing the services performed, hours worked, and copies of receipts for reimbursable expenses up to the date of termination.

4.4 Payment Upon Termination. Upon termination of this Agreement by County, Contractor shall be entitled to receive as full payment for all services satisfactorily rendered and reimbursable expenses properly incurred hereunder, an amount which bears the same ratio to the total payment specified in the Agreement as the services satisfactorily rendered hereunder by Contractor bear to the total services otherwise required to be performed for such total payment; provided, however, that if services which have been satisfactorily rendered are to be paid on a per-hour or per-day basis, Contractor shall be entitled to receive as full payment an amount equal to the number of hours or days actually worked prior to the termination times the applicable hourly or daily rate; and further provided, however, that if County terminates the Agreement for cause pursuant to Section 4.2, County shall deduct from such amount the amount of damage, if any, sustained by County by virtue of the breach of the Agreement by Contractor.

4.5 Authority to Terminate. The Board of Supervisors has the authority to terminate this Agreement on behalf of the County. In addition, the Purchasing Agent or Human Resources Department Head, in consultation with County Counsel, shall have the authority to terminate this Agreement on behalf of the County.

5. Indemnification. Contractor agrees to accept all responsibility for loss or damage to any person or entity, including County, and to indemnify, hold harmless, and release County, its officers, agents, and employees, from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including Contractor, that arise out of, pertain to, or relate to Contractor's or its agents', employees', contractors', subcontractors', or invitees' performance or obligations under this Agreement. Contractor agrees to provide a complete defense for any claim or action brought against County based upon a claim relating to such Contractor's or its agents', employees', contractors', subcontractors', or invitees' performance or obligations under this Agreement. Contractor's obligations under this Section apply whether or not there is concurrent or contributory negligence on County's part, but to the extent required by law, excluding liability due to County's conduct. County shall have the right to select its legal counsel at Contractor's expense, subject to Contractor's approval, which shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Contractor or its agents under workers' compensation acts, disability benefits acts, or other employee benefit acts.

6. Insurance. With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, Contractors, and other agents to maintain, insurance as described in Exhibit C, which is attached hereto and incorporated herein by this reference.

7. Prosecution of Work. The execution of this Agreement shall constitute Contractor's authority to proceed immediately with the performance of this Agreement. Performance of the services hereunder shall be completed within the time required herein, provided, however, that if the performance is delayed by earthquake, flood, high water, or other Act of God or by strike, lockout, or similar labor disturbances, the

time for Contractor's performance of this Agreement shall be extended by a number of days equal to the number of days Contractor has been delayed.

8. Extra or Changed Work. Extra or changed work or other changes to the Agreement may be authorized only by written amendment to this Agreement, signed by both parties. Minor changes, which do not exceed the delegated signature authority of the Department Head and which do not significantly change the scope of work or significantly lengthen time schedules may be executed by the Department Head in a form approved by County Counsel. The Board of Supervisors must authorize all other extra or changed work. The parties expressly recognize that, pursuant to Sonoma County Code Section 1-11, County personnel are without authorization to order extra or changed work or waive Agreement requirements. Failure of Contractor to secure such written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter Contractor shall be entitled to no compensation whatsoever for the performance of such work. Contractor further expressly waives any and all right or remedy by way of restitution and quantum meruit for any and all extra work performed without such express and prior written authorization of the County.

9. Representations of Contractor.

9.1 Standard of Care. County has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by County shall not operate as a waiver or release.

9.2 Status of Contractor. The parties intend that Contractor, in performing the services specified herein, shall act as an independent contractor and shall control the work and the manner in which it is performed. Contractor is not to be considered an agent or employee of County and is not entitled to participate in any pension plan, worker's compensation plan, insurance, bonus, or similar benefits County provides its employees. In the event County exercises its right to terminate this Agreement pursuant to Article 4, above, Contractor expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

9.3 No Suspension or Debarment. Contractor warrants that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any federal department or agency. Contractor also warrants that it is not suspended or debarred from receiving federal funds as listed in the List of Parties Excluded from Federal Procurement or Non-procurement Programs issued by the General Services Administration. If the Contractor becomes debarred, Contractor has the obligation to inform the County

9.4 Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold County harmless from any liability which it may incur to the United States or to the State of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case County is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish County with proof of payment of taxes on these earnings.

9.5 Records Maintenance. Contractor shall keep and maintain full and complete documentation and accounting records concerning all services performed that are compensable under this Agreement and shall make such documents and records available to County for inspection at any reasonable time. Contractor shall maintain such records for a period of four (4) years following completion of work hereunder.

9.6 Conflict of Interest. Contractor covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor

further covenants that in the performance of this Agreement no person having any such interests shall be employed. In addition, if requested to do so by County, Contractor shall complete and file and shall require any other person doing work under this Agreement to complete and file a "Statement of Economic Interest" with County disclosing Contractor's or such other person's financial interests.

9.7 Statutory Compliance/Living Wage Ordinance. Contractor agrees to comply with all applicable federal, state and local laws, regulations, statutes and policies, including but not limited to the County of Sonoma Living Wage Ordinance, applicable to the services provided under this Agreement as they exist now and as they are changed, amended or modified during the term of this Agreement. Without limiting the generality of the foregoing, Contractor expressly acknowledges and agrees that this Agreement may be subject to the provisions of Article XXVI of Chapter 2 of the Sonoma County Code, requiring payment of a living wage to covered employees. Noncompliance during the term of the Agreement will be considered a material breach and may result in termination of the Agreement or pursuit of other legal or administrative remedies.

9.8 Nondiscrimination. Without limiting any other provision hereunder, Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, pregnancy, disability, sexual orientation or other prohibited basis, including without limitation, the County's Non-Discrimination Policy. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated herein by this reference.

9.9 AIDS Discrimination. Contractor agrees to comply with the provisions of Chapter 19, Article II, of the Sonoma County Code prohibiting discrimination in housing, employment, and services because of AIDS or HIV infection during the term of this Agreement and any extensions of the term.

9.10 Assignment of Rights. Contractor assigns to County all rights throughout the world in perpetuity in the nature of copyright, trademark, patent, right to ideas, in and to all versions of the plans and specifications, if any, now or later prepared by Contractor in connection with this Agreement. Contractor agrees to take such actions as are necessary to protect the rights assigned to County in this Agreement, and to refrain from taking any action which would impair those rights. Contractor's responsibilities under this provision include, but are not limited to, placing proper notice of copyright on all versions of the plans and specifications as County may direct, and refraining from disclosing any versions of the plans and specifications to any third party without first obtaining written permission of County. Contractor shall not use or permit another to use the plans and specifications in connection with this or any other project without first obtaining written permission of County.

9.11 Ownership and Disclosure of Work Product. All reports, original drawings, graphics, plans, studies, and other data or documents ("documents"), in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, Contractors, and other agents in connection with this Agreement shall be the property of County. County shall be entitled to immediate possession of such documents upon completion of the work pursuant to this Agreement. Upon expiration or termination of this Agreement, Contractor shall promptly deliver to County all such documents, which have not already been provided to County in such form or format, as County deems appropriate. Such documents shall be and will remain the property of County without restriction or limitation. Contractor may retain copies of the above- described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of County.

9.12 Representation, Warranty and Responsibility as to Data Security Data Security: Contractor shall preserve and shall ensure that its sub-Contractors or vendors preserve, the confidentiality, integrity, and availability of County data with administrative, technical and physical measures that conform to generally recognized industry standards and best practices that the selected firm then applies to its own processing environment. Maintenance of a secure processing environment includes, but is not limited to, the timely application of patches, fixes and updates to operating systems and applications as

provided by Contractor and/or its sub-Contractors or vendors. Contractor agrees to, and shall ensure that its sub-Contractors or vendors, comply with the County's current and future information security policies, standards, procedures, and guidelines.

- b. Encryption Requirements: Contractor shall encrypt, and shall ensure that its sub-Contractors or vendors encrypt, confidential information whether the data is in transit, or at rest, including but not limited to Personally Identifiable Information (PII) or Protected Health Information (e.g. PHI, ePHI).
- c. Security Breach: Contractor shall comply, and shall ensure that its sub-Contractors or vendors comply, with all applicable laws that require the notification of individuals in the event of unauthorized release of personally identifiable information (PII) or protected health information (e.g. PHI, ePHI) or other event requiring notification. In the event of a breach, or other event requiring notification under applicable law, Contractor shall:
 - i. Notify the County by telephone and e-mail within twenty-four (24) hours of any suspected or actual breach of security, intrusion, or unauthorized use or disclosure of information of which Contractor or its agents become aware and/or any actual or suspected use or disclosure of data in violation of any applicable federal or state laws or regulations.
 - ii. Assume responsibility for informing all such individuals in accordance with applicable federal or state laws or regulations.
 - iii. Pursuant to Article 5 of the Agreement, provide indemnity and other protection as specified therein.
- d. Request to Audit: Contractor will accommodate and upon reasonable notice by Sonoma County, work with Sonoma County and/or its subcontractors to submit to a random information security audit. This is to ensure that the Contractors and/or vendor's information security practices or standards comply with Sonoma County's information security policies, standards, procedures and guidelines. Contractor shall ensure that its sub-Contractors or vendors comply with this requirement.
- e. Cyber Risk Insurance Requirements: Contractor shall include and shall ensure that its sub-Contractors or vendors include, cyber risk insurance requirements in compliance with County of Sonoma Risk Management standards.

9.13 Authority. The undersigned hereby represents and warrants that he or she has authority to execute and deliver this Agreement on behalf of Contractor.

10. Demand for Assurance. Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and until such assurance is received may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement, but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding thirty (30) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance. Nothing in this Article limits County's right to terminate this Agreement pursuant to Article 4.

11. Assignment and Delegation. Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented.

12. Method and Place of Giving Notice, Submitting Bills and Making Payments. All notices, bills, and payments shall be made in writing and shall be given by personal delivery or by U.S. Mail or courier service. Notices, bills, and payments shall be addressed as follows:

TO: COUNTY: Lynne Durrell, Disability Programs Manager
Human Resources Department
575 Administration Drive, Suite 116B
Santa Rosa, CA 95403

TO: CONTRACTOR: Agnes Hoeberling, Chief Executive Officer
Intercare Holdings, Insurance Services, Inc.
6020 West Oaks Boulevard, Suite 100
Rocklin, CA 95765

When a notice, bill or payment is given by a generally recognized overnight courier service, the notice, bill or payment shall be deemed received on the next business day. When a copy of a notice, bill or payment is sent by facsimile or email, the notice, bill or payment shall be deemed received upon transmission as long as (1) the original copy of the notice, bill or payment is promptly deposited in the U.S. mail and postmarked on the date of the facsimile or email (for a payment, on or before the due date), (2) the sender has a written confirmation of the facsimile transmission or email, and (3) the facsimile or email is transmitted before 5 p.m. (recipient's time). In all other instances, notices, bills and payments shall be effective upon receipt by the recipient. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this paragraph.

13. Miscellaneous Provisions.

13.1 No Waiver of Breach. The waiver by County of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

13.2 Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and County acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and County acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

13.3 Consent. Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

13.4 No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

13.5 Applicable Law and Forum. This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in Santa Rosa or the forum nearest to the city of Santa Rosa, in the County of Sonoma.

13.6 Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

13.7 Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this

Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

13.8. Survival of Terms. All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.

13.9 Time of Essence. Time is and shall be of the essence of this Agreement and every provision hereof.

13.10. Counterpart; Electronic Signatures. The parties agree that this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and together which when executed by the requisite parties shall be deemed to be a complete original agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF) or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered, be valid and effective for all purposes, and shall have the same legal force and effect as an original document. This Agreement, and any counterpart, may be electronically signed by each or any of the parties through the use of any commercially available digital and/or electronic signature software or other electronic signature method in compliance with the U.S. federal ESIGN Act of 2000, California's Uniform Electronic Transactions Act (Cal. Civil Code § 1633.1 et seq.), or other applicable law. By its use of any electronic signature below, the signing party agrees to have conducted this transaction and to execution of this Agreement by electronic means.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

CONTRACTOR: **INTERCARE HOLDINGS
INSURANCE SERVICES, INC.**

By: 


Name: Agnes Hoeberling

Title: Chief Executive Officer

Date: Apr 27, 2023

COUNTY: **COUNTY OF SONOMA**

CERTIFICATES OF INSURANCE REVIEWED, ON
FILE, AND APPROVED AS TO SUBSTANCE FOR
COUNTY:

By: 
Janell Crane
Interim Director of Human Resources

Date: Apr 28, 2023


APPROVED AS TO FORM FOR COUNTY:

By:  Tamara Curtis (Apr 28, 2023 11:11 PDT)

Title: Deputy County Counsel

Date: Apr 28, 2023

EXECUTED BY:

By: 
Janell Crane
Interim Director of Human Resources

Date: Apr 28, 2023

EXHIBIT A – SCOPE OF SERVICES

Agreement between County of Sonoma and Intercare Holdings Insurance Services, Inc. Workers' Compensation Self-Insured Program Third Party Claims Administration and Managed Care Services

I. COUNTY EXPECTATIONS

Intercare Holdings Insurance Services, Inc. ("Intercare") agrees to the following specific compliance:

A. GENERAL

1. Contractor will work cooperatively with County personnel and will coordinate all appropriate actions with designated County representatives throughout all aspects of services provided under this Agreement. Contractor will conform to all services as outlined in this Agreement and exhibits and will adhere to service instructions agreed to by County and Contractor.
2. Contractor will provide full third-party workers' compensation claims administration services as outlined in this Agreement and contained in Contractor's Proposal for Workers' Compensation Claims Administration, dated November 30, 2022.
3. Contractor will use County's computerized Risk Management Information System, for claims administration.
4. In coordination with overall claims administration, Disability Management and Return to Work support and consultation will be provided as part of claims administration services provided by Contractor and will not be a separate expense.
5. Contractor will, at its own expense, maintain claim file storage for the period of time required by law. Contractor may choose, at its own expense, to convert paper files to electronic documents and destroy the paper file with the permission of the County.
6. Contractor will cooperate fully with all audit requests of County as well as PRISM (Excess Insurance Authority) or other associated agencies.
7. Contractor will execute a contract with defense attorneys and will work with Risk Management in developing a claims-handling litigation guidelines.

B. STAFFING

1. Claims examiners assigned to the County's account will have a minimum of three years active claims adjusting experience as a claims examiner. A claims assistant may not be substituted for an experienced examiner.
2. Claims examiners will be assigned to the County's account exclusively based on the staffing coverage model needed to meet claim ratio standards in #3, below. When claim levels are low, a flexible staffing model will be used to adjust staffing levels and administration fees, accordingly. If additional staff is needed to maintain the required claim ratio, Contractor will work with County to review staffing and funding options.

Examiners must have their Self-Insured Competency Certificate within one year of employment and must be supervised by an individual with a minimum of 5 years of claims experience and who has passed the State of California test for Administrator, Self-Insurance Plans, issued by the Self Insurance Plans Division of the Department of Workers' Compensation.

3. Contractor shall provide sufficient claims examiners to maintain a caseload of no more than 150 open indemnity claims per examiner with future medical cases designated at a 2:1 ratio. Contractor will conduct periodic reviews of caseload counts at least every 3 months to determine whether Contractor is in compliance with the caseload to examiner ratio and will report to County.
4. Contractor shall assign one (1) fully qualified and certified claims supervisor. This supervisor should possess at least five (5) years' experience in the claims industry to include three (3) years of experience with Public Agency accounts.

5. Contractor or the assigned claims supervisor shall run monthly reports to evaluate current caseloads and make adjustments in staffing, if necessary.
6. County shall participate in the final selection of staff assigned to the County account.

C. CLAIM ADMINISTRATION

Claim Management

Contractor will review all reports of injury as defined by Labor Code 3208 and 3208.1.

Contractor will also adhere to the [Philosophy and Expectations of the Public Risk Innovation, Solutions, and Management \(PRISM\) Workers' Compensation Claims Administration Standards and Audit Process](#).

Payments and Expenses

1. Claims expenses are defined as all appropriate workers' compensation benefits pursuant to the California Labor Code, all Workers' Compensation Appeals Board or other court costs, interest upon awards and judgments, investigation and legal expenses, nurse case management, medical bill review, utilization review and other expenses as deemed appropriate and authorized by County personnel. Any of the above services performed by salaried employees of Contractor shall not be considered claims expense.
2. Settlement authority for all claims will be determined and agreed upon among assigned personnel of County and Contractor and require written approval from County Risk Manager or designee to ensure appropriate settlement authorization has been established. All settlements requiring payments (exclusive of permanent disability advances) require written approval from County Risk Manager and/or County Counsel depending upon authorization level. For all cases, a written analysis of the case, including settlement options and recommendations must be submitted to Risk Management at least 30 working days prior to any settlement offers or conferences. All settlements in excess of \$100,000 require Board of Supervisors' approval. Contractor must provide at least 60 days' written notice to County for review of all proposed settlements. The Contractor will not have authority to settle the County's cases, including cases that involve third-party recovery.
3. Contractor will pay on behalf of the County, from County funds, those sums that should reasonably be paid under the California Workers' Compensation Laws for each reported claim.
4. Contractor will pay on behalf of the County, out of the County's fund, all allocated loss adjustment expenses.
5. Contractor will provide any and all necessary and required accounting and reconciliation information to County and will endeavor to ensure that all information is accurate. County will incur no additional expense for such accounting information.
6. County will establish a trust account which Contractor will utilize for the payment of all claims and benefit expenses incurred in the administration of workers' compensation claims of County.
7. Penalties paid by the Contractor through no fault of the County shall be reimbursed to the County, with reimbursement made on a monthly basis. Overpayment of benefits that occurs due to no-fault of County shall be reimbursed to the County as well. Any statutory penalties incurred by Contractor due to performance of Contractor and its employees, are to be paid through claims expense and reimbursed by Contractor quarterly by check to County. A quarterly accounting of all penalty payments will be provided to County with a narrative explanation of the reason for the penalty payment. No penalty payments will be assessed until a full and thorough review has been completed with County. Any statutory penalty assessments incurred by County will be a claims expense and will only be paid upon approval by County.

Contractor will be responsible for all penalties assessed except those that are the responsibility of the County, including:

- i) Failure by the County to provide an employee claim form within twenty-four (24) hours upon request of the injured worker or his/her agent. Failure of employer to complete DWC-1 as required by the Labor Code, even when DWC-1 is submitted to the employer by an attorney.
- ii) Penalties incurred by CMS or OBAE audit due to negligence of the County.

D. REPORTING REQUIREMENTS

1. Reports generated by the Contractor will be furnished to the County in electronic form. They should be available in either hard-copy format (PDF files or an equivalent) or spreadsheet form (preferably Excel) for analysis purposes, depending on the criteria of the request.
2. Contractor will have a contractual duty and accountability to report appropriate claims to The Centers for Medicare and Medicaid Services (CMS) in accordance with the MMSEA Section 111 Mandatory Insurance Reporting Act of 2007.
3. Contractor will maintain loss data for claims reporting to State and OSHA as specified in the Request for Proposals.

E. EXCESS COVERAGE

All claims administration services performed by the Contractor shall comply with those provisions and timelines set forth in Public Risk Innovation, Solutions, and Management (PRISM) Claims Administration Guidelines (formerly the California State Association of Counties–Excess Insurance Authority (CSAC-EIA) Standards for Workers' Claims Administration Services (and the CSAC Excess Insurance Authority Workers' Compensation Claims Administration Guidelines).

In the event that those provisions and/or timelines differ from the County's provisions and/or timelines for the administration of claims, the stricter provisions and/or timelines will prevail.

F. MEDICAL MANAGED CARE SERVICES AND UTILIZATION REVIEW

Contractor will provide bill review and nurse case management (both telephonic and field) and utilization review services through various identified subcontractors and will be responsible for the work of all of its subcontractors. Payment for medical bill review services will be paid from the claim file consistent with other claim payments, with the vendor providing a monthly accounting of detailed charges to the County for reconciliation. Any discrepancies will be reviewed and resolved prior to next month's reconciliation review. Payment for utilization review and nurse case management services will be posted to the claim file as a voucher. Contractor will provide a monthly electronic invoice with detailed reporting of nurse case management and utilization review vouchers to the County for separate payment authorization.

As needed and with notice to the County, Contractor may make changes to any vendor(s) assigned to the County's program, and will replace services with a comparable vendor, pursuant to the same terms and conditions of payment for the particular service(s).

1. Bill Review

Contractor will provide bill review and preferred provider (PPO) network pricing services. Payment and reporting will be made as indicated above.

2. Utilization Review

Contractor will provide internal Utilization Review Process to approve, modify, delay, or deny treatment plans based on whether the proposed treatment is medically necessary to cure and relieve the industrial injury.

Contractor will provide the County with monthly summary reports, detailing activities, results, costs and savings.

Contractor and the County will establish utilization review referral guidelines. These guidelines will outline which treatment and services an examiner and/or nurse case manager will approve, delay or deny and which procedures are forwarded to Utilization Review.

Contractor is responsible for all required utilization review reporting to the State of California and is financially responsible for any fees and penalties imposed by the State for failure to report.

Physician file review will be made only by prior authorization of the County.

3. Nurse Case Management

Contractor will provide nurse case management personnel to work with the claims administration team. Claims administration personnel and the County's Disability Management staff will be provided direct access to assigned nurse case management personnel. Contractor will execute all training and orientation necessary to facilitate and optimize the nurse case management personnel. Contractor will ensure access to all electronic information systems to support the nurse case management personnel.

Telephonic Case Manager (TCM): The TCM will work together with the claims team and the Disability Management Unit to establish a plan of action which proactively promotes return to work.

The TCM may be involved in Field Case Management or may assign other field case managers in more severe or catastrophic cases where face to face contact is necessary. Field case managers may also be appropriate to help facilitate return to work. Contractor will provide a written analysis to the County prior to referring the claim to a field nurse for authorization. County must have access to the FCM's written report which should be in the electronic file within 10 days of service.

EXHIBIT B – FEE SCHEDULE

**Agreement between County of Sonoma and Intercare Holdings Insurance Services, Inc.
Workers' Compensation Self-Insured Program
Third Party Claims Administration and Medical Managed Care Services**

INTERCARE HOLDING INSURANCE SERVICES, INC. SCHEDULE OF FEES FOR 36 MONTH AGREEMENT – Term 7/1/2023 – 6/30/2026		
SERVICE	DESCRIPTION OF SERVICE AND FEES	COST
Claims Administration Services:		
Claims Administration	Administration of workers' compensation claims including: receipt, review, processing, adjudication, etc. – as outlined in Exhibit A.	
	Year 1: 7/1/2023 – 6/30/2024	\$1,376,269.52
	Year 2: 7/1/2024 – 6/30/2025	\$1,417,557.60
	Year 3: 7/1/2025 – 6/30/2026	\$1,460,084.33
	Fees for optional two-year extension:	
	Year 4: 7/1/2026 – 6/30/2027 \$1,503,887	
	Year 5: 7/1/2027 – 6/30/2028 \$1,549,003	
		Total = \$4,253,913

Medical Managed Care Services Fee Schedule:	
Medical Bill Review	Comprehensive bill review per appropriate statutory fee schedules for accepted workers' compensation claims. Flat Fee of \$19.00 per bill inclusive of PPO access fee. Out of network bills and medical bills that are not subject to OMFS shall be reviewed and negotiated with the medical provider as appropriate at a rate not to exceed 15% of savings.
Utilization Review	Selected medical treatment request for authorization will be reviewed by nurses and physicians, to compare guidelines or criteria deemed appropriate for such services, and making a recommendation based on that comparison to ensure that employees are receiving appropriate care at the following rates (hourly rates have 15 minute minimum billing increment): : 1) Examiner – pass through - \$0 2) Nurse Utilization Review - \$100 per request (flat rate) Medical Director/Advisor - \$235 per hour Specialty Peer Review - \$275 per hour
Nurse Case Manager	Telephonic & field case management services to assist with workers' compensation case management and return to work – as outlined in Exhibit A at the following rates (hourly rates have 15 minute minimum billing increment): <ul style="list-style-type: none">• Telephonic Nurse Case Mgmt - \$100 per hr• Field Nurse Case Mgmt - \$110 per hr

EXHIBIT C

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, Contractors, and other agents to maintain insurance as described below unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*. Any requirement for insurance to be maintained after completion of the work shall survive this Agreement.

County reserves the right to review any and all of the required insurance policies and/or endorsements but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

1. Workers Compensation and Employers Liability Insurance

- a. Required if Contractor has employees as defined by the Labor Code of the State of California.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with minimum limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. Required Evidence of Insurance: Certificate of Insurance.

If Contractor currently has no employees as defined by the Labor Code of the State of California, Contractor agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should employees be engaged during the term of this Agreement or any extensions of the term.

2. General Liability Insurance

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- b. Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Excess or Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- c. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County. Contractor is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving the County.
- d. **The County of Sonoma, its officers, agents and employees** shall be endorsed as additional insureds for liability arising out of operations by or on behalf of the Contractor in the performance of this Agreement.
- e. The insurance provided to the additional insureds shall be primary to, and non-contributory with, any insurance or self-insurance program maintained by them.
- f. The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "F" definition of insured contract in ISO form CG 00 01, or equivalent).
- g. The policy shall cover inter-insured suits between the additional insureds and Contractor and include a "separation of insureds" or "severability" clause which treats each insured separately.
- h. Required Evidence of Insurance:
 - i. Copy of the additional insured endorsement or policy language granting additional insured status; and
 - ii. Certificate of Insurance.

3. Automobile Liability Insurance

- a. Minimum Limit: \$1,000,000 combined single limit per accident. The required limits may be provided by a combination of Automobile Liability Insurance and Commercial Excess or Commercial Umbrella Liability Insurance.
- b. Insurance shall cover all owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions of the term.

- c. Insurance shall cover hired and non-owned autos.
 - d. Required Evidence of Insurance: Certificate of Insurance.
4. Professional Liability/Errors and Omissions Insurance
- a. Minimum Limits: \$4,000,000 per claim or per occurrence; \$8,000,000 annual aggregate.
 - b. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by County.
 - c. If Contractor's services include the programming, customization, maintenance of software, or access to individuals' private, personally identifiable information, the insurance shall cover:
 - a. Breach of privacy; breach of data; programming errors, failure of work to meet contracted standards and unauthorized access; and
 - b. Claims against Contractor arising from the negligence of Contractor, Contractor's employees and Contractor's subcontractors.
 - d. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work.
 - e. Coverage applicable to the work performed under this Agreement shall be continued for two (2) years after completion of the work. Such continuation coverage may be provided by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.
 - f. Required Evidence of Insurance: Certificate of Insurance.
5. Standards for Insurance Companies
- Insurers, other than the California State Compensation Insurance Fund, shall have an A.M. Best's rating of at least A:VII.
6. Documentation
- a. The Certificate of Insurance must include the following reference: **Contract for Workers' Compensation Claims Administration and Managed Care Services.**
 - b. All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with County for the entire term of this Agreement and any additional periods if specified in Sections 1 – 4 above.
 - c. The name and address for Additional Insured endorsements and Certificates of Insurance is: **County of Sonoma, Department of Human Resources, Risk Management Division, 575 Administration Dr., Suite 116C, Santa Rosa, CA 95403.**
 - d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
 - e. Contractor shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
 - f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.
7. Policy Obligations
- Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.
8. Material Breach
- If Contractor fails to maintain insurance which is required pursuant to this Agreement, it shall be deemed a material breach of this Agreement. County, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, County may purchase the required insurance, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance. These remedies shall be in addition to any other remedies available to County.



Independent Professional Service Contracts: Administrative Policy #4-6 Criteria for Determining Independent Contractor Status (Checklist)

Name of Contractor: Intercare Holdings Insurance Services, Inc.
County Department: Human Resources Date: 4/4/2023
Dept. Contact Person: Lynne Durrell Phone: 565-6089

SECTION I

Please Answer the Following Questions For Determining Consistency with IRS Contractual Relationships:

- | | YES | NO |
|---|--------------------------|-------------------------------------|
| a. Do I, as the employer, have the <u>right</u> to control not only the result of the work, but also the way in which it is done? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Am I setting the independent contractor's hours? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Is the independent contractor restricted from taking jobs from other businesses at the same time he/she is working for me? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Do I or other departments, to the best of my knowledge, have employee(s) with similar duties as the independent contractor? (Consult with the Personnel Department.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Does the County supply assistants to the contractor? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f. Does the County furnish training, tools, or equipment to the contractor? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SECTION II

Please Answer the Following Question for Determining Compliance with County Administrative Policy #4 6:

- | | YES | NO |
|---|--------------------------|-------------------------------------|
| a. Have you executed more than one contract (or any renewal, reissuance, change order, or extension of a contract) with this vendor for the same scope of work in the same fiscal year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Signature: _____ Date: _____
Department Head or Authorized Representative

COUNTY COUNSEL REVIEW (for consistency with IRS criteria for independent contractual relationships):

- ☐ All questions in Section I. have a "NO" response and personal service contract is less than \$100,000; therefore, County Counsel signature not required.
- ☐ All questions in Section I. have a "NO" response and contract is less than \$150,000 for ISD, GS, ACTTC, & CAO; therefore, County Counsel signature not required. **Contract maximum: \$4,253,913**
- ☐ Approved, even though a "yes" is marked _____ Apr 28, 2023
Tamara Curtis (Apr 28, 2023 11:11 PDT)
County Counsel Date

County Counsel explanation of exception (use back of form if necessary):

- ☐ Not approved _____
County Counsel Date

Instruction for Distribution:

This form must accompany all independent contractor agreements submitted to County Counsel for approval, the Board or Purchasing Agent for execution, and the Auditor-Controller/Treasurer-Tax Collector Department for payment. The Purchasing Agent shall not execute, nor Auditor-Controller/Treasurer-Tax Collector pay, any contract not approved. All contracts marked "not approved" will be returned to the department.

- ☐ IRS Form W-9 included for first time contract or Vendor No. _____ data incorrect.
- ☐ FAMIS Vendor No. _____ has correct 1099 information.

APPROVED LANGUAGE CHANGES

- b. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by County to be key personnel whose services were a material ~~inducement~~consideration to County to enter into this Agreement, and without whose services County would not have entered into this Agreement. Contractor shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of County. ~~With respect to performance under this Agreement, Contractor shall, subject to Consultant Contractor's hiring processes, procedures, and job requirements and make offers to employee key personnel assigned to the County's account.~~

~~For purposes of claims administration services provided to the County pursuant to this agreement, the County recognizes LuAnn Koppell and Sara Marshall as key personnel.~~

- c. ~~In the event that~~ any of Contractor's personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness or other factors outside of Contractor's control, Contractor shall be responsible for timely provision of adequately qualified replacements.

2. Payment. For all services and incidental costs required hereunder, Contractor shall be paid in accordance with the budget set forth in Exhibit B, provided, however, that total claims ~~administration fee payments~~ to Contractor shall not exceed \$4,253,913 for the contract term, without the prior written approval of County. Should the County elect to extend the agreement from July 1, 2026 through June 30, 2028, Claims Administration ~~and Managed Care~~ fees shall not exceed \$3,052,890. Managed Care fees shall be applied to individual claims at the rates provided in fee schedule (Exhibit B) based on the needs of the individual case and in accordance with workers' compensation claims administration industry best practices. Contractor shall submit its bills in arrears on a monthly basis in a form approved by County's Auditor and the Head of the County Department receiving the services. ~~The bills shall show or include:~~ (i) the task(s) performed; (ii) the time in quarter hours devoted to the task(s); (iii) the hourly rate or rates of the persons performing the task(s); and (iv) copies of receipts for reimbursable materials/expenses, if any. Expenses not expressly authorized by the Agreement shall not be reimbursed.

Unless otherwise noted in this Agreement, payments shall be made within the normal course of County business after presentation of an invoice in a form approved by the County for services performed. Payments shall be made only upon the satisfactory completion of the services as determined by the County.

Pursuant to California Revenue and Taxation code (R&TC) Section 18662, the County shall withhold seven percent of the income paid to Contractor for services performed within the State of California under this Agreement, for payment and reporting to the California Franchise Tax Board, if Contractor does not qualify as: (1) a corporation with its principal place of business in California, (2) an LLC or Partnership with a permanent place of business in California, (3) a corporation/LLC or Partnership qualified to do business in California by the Secretary of State, or (4) an individual with a permanent residence in the

LD Lynne Durrell
Danielle, similar language was added in your proposal, although I changed the last bit... I don't think we should identify staff or staff positions assigned to our account, as they may change over time. Thoughts?

DB: Agree

AH Agnes Hoerberling
Changed to Contractor as reflected in first paragraph.

AH Agnes Hoerberling
I thought we are not naming personnel?

LD Lynne Durrell
Tambra....do we have to have the names here? I would prefer not because of staff turn-over.

Tambra Curtis
You are not required to identify specific individuals unless you want to.

Michele Montgomery
We need a total contract maximum spend -- if these fees aren't included in the \$4,253,913, then we need estimated maximum spend for the Fee Schedule and need to reword the contract maximum sentence above to indicate managed care fees.

Lynne Durrell
Revised slightly....what do you think?

Michele Montgomery
I like it!

Lynne Durrell **Michele Montgomery**

Michele Montgomery
No, I deleted it

Tambra Curtis
There are some hourly billing rate references in Exhibit B, so for those charges we will want to retain this language, including specifying the minimum billing increments.

<u>Utilization Review</u>	<p>Selected medical treatment request for authorization will be reviewed by nurses and physicians, to compare guidelines or criteria deemed appropriate for such services, and making a recommendation based on that comparison to ensure that employees are receiving appropriate care at the following rates (hourly rates have 15 minute minimum billing increment); and to maintain costs – fees are as follows:</p> <ol style="list-style-type: none"> 1) Examiner – pass through - \$0 2) Nurse Utilization Review - \$100 per request (flat rate) Medical Director/Advisor - \$235 per hour Specialty Peer Review - \$275 per hour
<u>Nurse Case Manager</u>	<p>Telephonic & field case management services to assist with workers' compensation case management and return to work – as outlined in Exhibit A at the following rates (hourly rates have 15 minute minimum billing increment):</p> <p>Fees are:</p> <ul style="list-style-type: none"> • Telephonic Nurse Case Mgmt - \$100 per hr • Field Nurse Case Mgmt - \$110 per hr

TC

Tambra Curtis

Whenever an hourly rate is specified, we should specify what the minimum billing increment is.

TC

Tambra Curtis

Specify minimum billing increments.