



SCHOOL BOARD ACTION REPORT

DATE: July 27, 2020
FROM: Denise Juneau, Superintendent
LEAD STAFF: Clover Codd, Chief Human Resources Officer
clcodd@seattleschools.org, 206-252-0027
Lisa Garberg, HR Manager
lgarberg@seattleschools.org, 206-252-0371

For Introduction: August 26, 2020
For Action: September 9, 2020

1. TITLE

Contract for the Self-Insured Workers' Compensation Third Party Administration (TPA) Services.

2. PURPOSE

After advertising a Request for Proposal No. RFP12932 for Self-Insured Workers' Compensation Third Party Administration (TPA) Services, the CorVel Corporation was chosen as the preferred vendor for these services. This motion would approve the continuation of services, under a new contract, with CorVel Corporation.

3. RECOMMENDED MOTION

I move that the School Board authorize the Superintendent to execute a contract with CorVel in the estimated amount of \$762,000 (\$244,000 for services October 1, 2020 through August 31, 2021; and \$259,000 for each year, September 1, 2021 through August 31, 2022 and September 1, 2022 through August 31, 2023) for Self-Insured Workers' Compensation TPA Services in the form of the contract effective October 1, 2020 through August 31, 2023, attached to the School Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary actions to implement the contract.

4. BACKGROUND INFORMATION

a. Background

Seattle Public Schools has self-insured its workers' compensation claims since 1976. For several years, the District self-administered those claims with an in-house-claims team. In 1999, after several problems were identified in audits by the Department of Labor & Industries, L&I and Seattle Public Schools agreed that it would be in the best interest of the district to obtain the services of a qualified third-party claims administrator. SPS claims have been administered by a third party administrator ever since.

In February of 2020, the District advertised RFP 12932, Self-Insured Workers' Compensation Third Party Administration (TPA) Services. Two firms submitted proposals, including the

incumbent. A selection panel consisting of representatives of Finance, Legal, Human Resources, and Contracts was formed. The review team reviewed and rated the proposals and the incumbent was chosen based on lower administrative cost and past performance.

Since 2012, SPS has outsourced Self-Insured Workers' Compensation TPA Services to CorVel. Existing SPS staff, with responsibility for over 11,000 employees, is limited to a single Injury Management & Prevention Administrator, whose time is split between ergonomic assessments (for non-injured or disabled employees), ADA accommodations (for employees with disabilities), customer service, leave notification and payroll processing for employees with on-the-job injuries. Oversight of on-the-job injury administration is provided by the Manager of Employee Leaves, ADA Accommodations and On-the-job Injuries.

CorVel is familiar with the District's varying union groups and varying union contract provisions concerning on-the-job injuries. SPS and CorVel have worked closely together in all departments that touch on-the-job injuries including Payroll, Legal, Finance, and Human Resources (HR). CorVel has daily working interactions with internal HR department staff that handle on-the-job injuries. Over the last 8 years, CorVel has provided a 24/7 on-the-job injury report line staffed with professional nurses.

As an experienced Self-Insured Workers' Compensation TPA provider, CorVel is an expert in the daily interaction with on the job injuries, risk mitigation and the required reporting and data sharing with the Department of Labor and Industries.

CorVel's services have contributed to a high level of customer service to which employees have become accustomed and a consistent message from an expert claims team surrounding care and treatment for occupational injuries.

During CorVel's claims administration, there has been a slight increase in claims. This is a natural progression as there are more employees now than there were in 2012. The average cost per claim has remained close to the same despite the increase of employees.

This Board Action would approve a three-year contract and would also allow us the opportunity to have three subsequent one-year extensions.

b. Alternatives

Do not approve. This is not recommended. If the Board were to not approve this administrative services contract, current SPS HR staffing will have insufficient capacity and industry knowledge and skill to fully manage on-the-job injury claim administration. The result of not moving forward with the contract would mean a risk that employees would not receive benefits and time loss payments when eligible, would be offered benefits and time loss when ineligible, would not be properly notified, etc., and customer service would decline, exponentially. The Department of Labor and Industries could impose penalties, and the District could incur unnecessary costs for benefits offered unnecessarily or paid incorrectly.

Do not approve and hire internal HR staff to replace outside contract. This is not recommended. The current contract expires September 30, 2020 and there is insufficient time and resources to hire the necessary staff with adequate subject matter expertise and experience to handle on-the-

job injury claims management and administration, the transition of customer service and the creation of a 24/7 reporting hotline.

c. Research

Washington Administrative Code 296-15-310 requires that a self-insured employer have an administrative organization in place to ensure the sure and certain delivery of benefits to its injured workers.

In Washington State, our prior research found, there were 41 self-insured school districts with a TPA, including Spokane, Bellevue, Vancouver, Lake Washington, Northshore, and Highline, and there were 211 districts which were self-insured at the time with an ESD/Trust managing their claims.

One of the strengths of CorVel is their ability to provide key data on a regular basis, including monthly status of our District's new and outstanding claims. In addition, CorVel, because of its national presence, can provide comparative benchmarking data on a variety of key indicators relative to claims management and costs to similar size school systems.

The complexity and burden surrounding Self-Insured Workers' Compensation claims administration is shared by other school districts in the state. Concerns include accurate claims payment, case management and record keeping, legal review, data reporting to the Department of Labor and Industries, and complex communications with employees seeking services.

The estimated number of staff needed to handle claims administration for the District's over 11,000 employees is approximately 7.0 year-round, 3.0 to staff the 24/7 injury line, and 4.0 to handle claims management, time loss payments, data analysis and data reporting to the Department of Labor and Industries. CorVel provides two dedicated Claims Analysts, Supervisor, Manager, Contract Manager, Data Analyst, and the 24/7 staffed Claims reporting line staffed with professional nurses.

5. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be \$762,000 over three years.

The revenue source for this motion is the general fund.

Expenditure: One-time Annual Multi-Year N/A

Revenue: One-time Annual Multi-Year N/A

6. COMMUNITY ENGAGEMENT

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

- Tier 1: Inform
- Tier 2: Consult/Involve
- Tier 3: Collaborate

CorVel is already performing the Self-Insured Workers' Compensation TPA Services as part of the current administration contract, due to expire on September 30, 2020.

7. EQUITY ANALYSIS

Supporting employees who experience on the job injuries is paramount to employees' piece of mind when a work-related injury occurs. The average number of employees who annually call the CorVel 24/7 hotline is 500, and if needed, an interpreter is available for all languages. The number of employees who file on the job injury claims each year averages 350. Of these 60% are classified employees. Classified roles in the district are staffed disproportionately by people of color. Having a comprehensive response to administering claims is an important part of workforce equity.

8. STUDENT BENEFIT

When teachers and staff have their claim issues fully addressed, they can shift their focus from the burden of seeking services and worrying about payment of needed treatment to the priority of students. CorVel services will be instrumental in reducing employee frustration and confusion and addressing ongoing care needs of staff. This allows staff to better focus on their role in supporting and educating students.

9. WHY BOARD ACTION IS NECESSARY

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. _____, [TITLE], provides the Board shall approve this item
- Other: _____

10. POLICY IMPLICATION

Board Policy No. 6220 requires that all contracts exceeding \$250,000 must be approved by the Board.

11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the A&F Committee meeting on August 17, 2020. The Committee reviewed the motion and moved the item forward with a recommendation for approval by the full board.

12. TIMELINE FOR IMPLEMENTATION

Upon approval of this motion, CorVel will continue operations under the new contract effective October 1, 2020 through August 31, 2023.

13. ATTACHMENTS

For approval:

- Contract
- Stand Alone Agreement – CorVel CareMC License Agreement
- Seattle School District 1 – Tier 1 Timeliness Final Audit Report (Passed) 2018



Agreement

Self-Insured Workers' Compensation Third Party Administration (TPA) Services

Seattle Public Schools is committed to making its online information accessible and usable to all people, regardless of ability or technology. Meeting web accessibility guidelines and standards is an ongoing process that we are consistently working to improve.

While Seattle Public Schools endeavors to only post documents optimized for accessibility, due to the nature and complexity of some documents, an accessible version of the document may not be available. In these limited circumstances, the District will provide equally effective alternate access.

For questions and more information about this document, please contact the following:

Lisa Garberg:

lgarberg@seattleschools.org

After advertising a Request for Proposal No. RFP12932 for Self-Insured Workers' Compensation Third Party Administration (TPA) Services, the CorVel Corporation was chosen as the preferred vendor for these services.

The attached document, the agreement for Self-Insured Workers' Compensation Third Party Administration (TPA) Services, is a new contract with the CorVel Corporation to provide these services. Since 1999 the District has contracted for TPA services to administer Workers' Compensation claims. This contract with CorVel is for the amount of \$762,000; \$244,000 for services October 1, 2020 through August 31, 2021; and \$259,000 for each year, September 1, 2021 through August 31, 2022 and September 1, 2022 through August 31, 2023.

**AGREEMENT
SELF-INSURED WORKERS' COMPENSATION THIRD PARTY
ADMINISTRATION (TPA) SERVICES**

This Agreement, Contract No. RFP12932, is effective October 1, 2020 by and between Seattle School District No. 1, a Washington municipal corporation (District), and CorVel Enterprise Comp, Inc. (Contractor). The District and Contractor agree as follows:

1. SCOPE OF WORK AND SCHEDULE

Contractor shall provide services as described in Exhibit A, Scope of Services. Contractor is authorized to proceed upon receipt of this signed Agreement. This contract shall be in effect from the effective date through August 31, 2023. Either party may terminate this Agreement at any time upon thirty (30) days written notice.

The Vendor and the District agree that the Agreement may, pending satisfactory performance of the Vendor with the mutual approval of the Vendor and the District, be extended up to three (3) one-year extensions, beginning September 1 and ending August 31.

2. CONTRACT PRICE

District agrees to pay Contractor an amount, on a time and materials basis, estimated to be **SEVEN HUNDRED SIXTY-TWO THOUSAND DOLLARS (\$762,000)**. This amount constitutes the "Maximum Authorized Compensation" as shown in Exhibit E, Cost Proposal, for services to perform the work identified in the Request for Proposal No. RFP12932.

This amount shall constitute complete compensation for all costs and fees incurred, including any expenses for meals, travel, lodging, and Washington State sales tax, if applicable. Any increase above this amount will require agreement by the parties.

Compensation will be paid monthly to the extent that Contractor presents documented evidence of fees earned and expenses incurred during the period for which payment is requested, and in no case shall the total compensation exceed the Maximum Authorized Compensation. Contractor shall submit its invoices in the form and according to the schedule prescribed in the General Conditions, to the address listed in paragraph 3.

3. COMMUNICATION

The District's representative for this contract is Lisa Garberg, Manager Employee Leaves, Workers' Compensation and 504/ADA. All correspondence, requests, notices and other communications to the District, in relation to this Agreement, shall be in writing and shall be delivered to:

To the District:	Lisa Garberg Manager Employee Leaves Workers' Compensation & 504/ADA Mail Stop 33-380 Seattle School District No. 1 P.O. Box 34165 Seattle, WA 98124-1165	To Contractor:	CorVel Enterprise Comp, Inc. Attn: Legal Department 1920 Main St., Ste 900 Irvine, CA 92614
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Either party may from time to time change such addresses by giving the other party notice of such change in accordance with the provisions in Paragraph 3 above.

4. CONTRACTOR'S REPORTS

Contractor shall provide reports as requested by District and as specified in Exhibit A, Scope of Services.

5. **PERSONNEL**

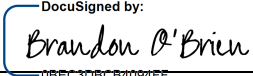
Contractor shall assign the personnel listed in Exhibit B.3, Team Organization, for the performance of the Work and shall not (for so long as they remain in Contractor’s employ) reassign or remove any of them without the prior written consent of District.

6. **THIS AGREEMENT INCLUDES THE FOLLOWING ATTACHMENTS:**

Exhibit	Topic
A	Scope of Services
B	Proposal response sections for RFP12932 dated February 25, 2020: B.1: Approach B.2: Capabilities B.3: Team Organization B.4: Availability and Capacity B.5: Experience
C	Addendum No. 1, dated February 20, 2020.
D	General Conditions of Personal Services Contract (Short Form)
E	Cost Proposal

CORVEL ENTERPRISE COMP, INC.

SEATTLE SCHOOL DISTRICT NO. 1

DocuSigned by:

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 Signature

Signature

Brandon O’Brien

(Contractor Representative)
CFO

JoLynn Berge

Title

Title

6/19/2020

Date Signed

Date Signed

CorVel Enterprise Comp, Inc.

Company Name

42-1704550

Employer I.D. No. or Social Security No.



CORVEL ENTERPRISE COMP, INC. CAREMC LICENSE AGREEMENT

Seattle Public Schools is committed to making its online information accessible and usable to all people, regardless of ability or technology. Meeting web accessibility guidelines and standards is an ongoing process that we are consistently working to improve.

While Seattle Public Schools endeavors to only post documents optimized for accessibility, due to the nature and complexity of some documents, an accessible version of the document may not be available. In these limited circumstances, the District will provide equally effective alternate access.

For questions and more information about this document, please contact the following:

Lisa Garberg:

lgarberg@seattleschools.org

This document is the CorVel Enterprise standalone CAREMC License Agreement that covers CorVel's proprietary CareMC software used to document, process and track the District's Workers' Compensation claims by CorVel.

The District agrees to the CareMC License Agreement.

District users of the software must be registered by CorVel.

Information contained in the software is protected health information, password protected, confidential and only available to CorVel and registered District users and will reside on CorVel's internet servers.

The District agrees to not rent, lease, re-license, alter, or provide access to data.

CORVEL ENTERPRISE COMP, INC. CAREMC LICENSE AGREEMENT

This CareMC License Agreement (this "License Agreement") is effective July 1, 2020 by and between Seattle School District No. 1, a Washington municipal corporation (District), and CorVel Enterprise Comp, Inc. (Contractor). The District and Contractor a.

RECITALS

WHEREAS, CorVel has developed a proprietary software solution (the "CareMC Application") which is accessible via the CorVel web site located at URL www.caremc.com (the "CareMC Site"), through which CorVel provides its customers with the option of utilizing certain Third Party Claims Administration Services and bundled Managed Care Services, including certain Bill Review Services, online (such automated and online components of CorVel's Managed Care Services, "Online Services"); and

WHEREAS, CorVel has developed a proprietary smartphone application ("My Care Services" smartphone app) for Customer and Customer's claimants accessible via claimant's own independent smartphone including but not limited to Apple's iOS 7.0+ or Android 4.0+ or other smartphone device with such access capabilities; and

WHEREAS, CorVel provides its customers with the option of accessing certain Third Party Claims Administration Services and bundled Managed Care Services by means of CorVel's proprietary software solution (the "CareMC Application") via the CorVel web site located at the URL "www.caremc.com" (the "CareMC Site"); and

WHEREAS, CorVel and Customer have entered into the Agreement Self insured Workers' Compensation Third Party Administration (TPA) Services with an effective date of July 1, 2020; and

WHEREAS, Customer desires to be provided with access to and use of the CareMC Application by means of an Internet browser under the terms and conditions set forth in this License Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the promises made herein, and other good and valuable consideration the receipt which is hereby acknowledged, the parties agree as follows:

1. ACCESS TO THE CAREMC APPLICATION

A. Terms of Use. The parties acknowledge and agree that the terms and conditions under which particular Third Party Claims Administration Services and bundled Managed Care Services are provided by CorVel and the terms and conditions under which Customer may access and use the CareMC Application in order to utilize the online and automated components of such Third Party Claims Administration Services and bundled Managed Care Service (the "Online Services") shall be governed by the terms and conditions of this License Agreement.

B. My Care App. Customer agrees and acknowledges the terms and conditions that Customer's claimants shall agree upon by utilizing CorVel's My Care App as described hereunder as Attachment A-1 to this License Agreement.

C. Registration Information. Prior to accessing the CareMC Application, Customer shall provide CorVel with certain registration information requested therein ("Registration Information"). Customer represents and warrants that (i) the Registration Information Customer provides is true, accurate, current and complete, and (ii) the Registration Information will be updated as necessary to keep such data true, accurate, current and complete.

D. Passwords and Levels of Access. As soon as practicable after the execution of this License Agreement, CorVel shall provide a master password to Customer that allows Customer initial access to the Online Services (the "Master Password"). Customer shall then designate two groups of Authorized Users. The first group of Authorized Users ("Restricted Users") shall have access to all data available on the CareMC Site except data that constitutes or contains "protected health information" ("PHI Data") as such term is defined in any applicable state or federal statutes or regulations. Each Restricted User shall initially access the Online Services by means of the Master Password, then shall be required to choose his/her own unique password (each, a "Restricted Password") for all future access. The second group of Authorized Users ("Non-Restricted Users") shall have access to all data available through the CareMC Application, including PHI Data, but shall only have access to PHI Data to the extent necessary for Customer to render payment on a claim, and then only to those portions or amounts of PHI Data that are determined by CorVel, in its sole discretion, to be the minimum necessary for Customer to render payment on such claim. Each Non-Restricted User will be required to choose a second unique password (each, a "Non-Restricted Password") which will enable his/her to access PHI Data on the foregoing terms.

E. Non-Restricted Users. Customer represents and warrants to CorVel that each Non-Restricted User who accesses PHI Data will do so solely in order for Customer to render payment on the applicable claim.

F. Security of Passwords. Customer acknowledges and agrees that it shall be solely responsible for (i) selecting Authorized Users, (ii) assigning the various levels of authority and access each Authorized User may have to the CareMC Application, Online Services and Customer Data, including by determining which Authorized Users shall be Non-Restricted Users, (iii) ensuring that only Authorized Users have access to the Master Password, only Restricted Users have access to the Restricted Passwords and only Non-Restricted Users have access to Non-Restricted Passwords, (iv) implementing a system to control, track and account for all Restricted Passwords and Non-Restricted Passwords, (v) strictly maintaining the confidentiality and integrity of the Master Password, Restricted Passwords and Non-Restricted Passwords and levels of authority among Authorized Users, and (iv) ensuring that Authorized Users shall at all times comply with the terms and conditions of this License Agreement. Customer further agrees that it shall notify CorVel immediately in writing if the security or integrity of a password has been compromised.

G. Customer Data. Responsibility for ensuring that the content and data input into the CareMC Application by Customer or Authorized Users ("Customer Data") is accurate, reflects Customer's requirements and is entered correctly lies solely with Customer.

This document contains confidential and proprietary information of the Parties and may not be disclosed or duplicated without the prior written consent of the Parties.

All data generated by and through Customer's use of the CareMC Application and Online Services shall reside on CorVel's server. CorVel reserves the right to temporarily suspend access to any Customer Data that it determines, in its sole discretion, violates the terms and conditions of this License Agreement or any applicable laws.

H. Changes to the CareMC Application. CorVel reserves the right, at any time in its sole discretion and without liability to Customer, to delete or change features of the CareMC Application, CareMC Site or Online Services provided such changes do not materially alter the functionality, efficiency or performance of the CareMC Application.

2. LICENSE AND RESTRICTIONS

A. Limited License. Subject to the terms and conditions of this License Agreement, CorVel grants to Customer during the License Term (as defined in Section 8A below) a limited, non-exclusive, non-transferable, non-sublicensable license to access and use, and allow Authorized Users to access and use, the CareMC Application via the CareMC Site solely for Customer's own internal business use and operations. Customer shall access and use the CareMC Application in accordance with the user's guides and online instruction provided to Customer by CorVel ("Documentation") and all applicable laws, statutes, rules and regulations.

B. Restrictions. Customer shall not, and shall not allow Authorized Users or any third party to (i) rent, lease, re-license or otherwise provide access to the CareMC Application or Online Services to any third party, (ii) alter, modify or create derivative works of the CareMC Application, (iii) use any reverse compilation, decompilation or disassembly techniques or similar methods to determine any design structure, concepts and construction method of the CareMC Application or replicate the functionality of the CareMC Application for any purpose, or (iv) copy the CareMC Application or any content, materials, information and other data provided by CorVel on the CareMC Site or used in providing the Online Services ("CorVel Content") and/or Documentation without CorVel's prior written consent.

C. Third Parties. Customer shall not allow any third party to have access to the CareMC Application or Online Services without prior written consent of CorVel and ensuring that (i) such third party enters into a legally enforceable written agreement with CorVel, or (ii) CorVel and Customer shall enter into a Letter Agreement whereby Customer assumes all responsibility and liability for access by such third party.

D. Ownership. CorVel owns and shall retain all right, title and interest in and to the CareMC Application, Documentation, CareMC Site, Online Services, CorVel Content and any intellectual property rights inherent therein or arising therefrom. In addition to CorVel's rights in the individual elements of the CorVel Content, CorVel owns a copyright in the selection, coordination, arrangement and enhancement of the CorVel Content. Neither Customer nor any Authorized User shall obtain any ownership rights, express or implied, or any other rights other than those expressly set forth herein in the CareMC Application, Documentation or CorVel Content.

E. Compliance Monitoring and Audits. CorVel may monitor and, at its expense, perform an audit of Customer's use of the CareMC Application and CareMC Site to verify that Customer and Authorized Users are using the CareMC Application in compliance with the terms of this License Agreement. CorVel reserves the right to temporarily suspend Customer's or any Authorized User's access to the CareMC Application in the event Customer or such Authorized User engages in, or CorVel in good faith suspects is engaged in, any unauthorized conduct. CorVel shall use reasonable efforts to immediately notify Customer in writing of its suspension in services, the reasons for such suspension, including the facts and circumstances it believes constitute Customer's unauthorized conduct and shall agree to a reasonable time to conduct the review of the suspension in access.

3. INFRASTRUCTURE, MAINTENANCE AND SUPPORT

A. CorVel Infrastructure Obligations. Subject to Customer's compliance with the terms and conditions of this License Agreement, CorVel shall be responsible for providing and maintaining the hardware, software and other equipment required to host the CareMC Application for Customer ("CareMC Infrastructure"). The CareMC Infrastructure is subject to modification by CorVel from time to time for purposes such as adding new functionality, maximizing operating efficiency and upgrading hardware, provided such modifications shall not in the aggregate degrade the performance of the Online Services utilized by Customer. Customer understands and acknowledges that such modifications may require changes to Customer's Internet access and/or telecommunications infrastructure to maintain Customer's desired level of performance. CorVel shall give Customer reasonable prior written notice of any such modifications.

B. Customer Infrastructure Obligations. Except for the CareMC Infrastructure, which will be provided by CorVel, Customer shall be responsible for obtaining and maintaining all hardware, software, equipment, Internet access and/or telecommunications services and other items or services furnished by third party vendors or providers ("Third Party Providers") required to enable Customer to access and use the CareMC Application and CareMC Site as contemplated hereunder.

C. Support. CorVel will provide general support regarding questions on the CareMC Application and CareMC Site via email and by telephone from Monday through Friday between the hours of 5:00 a.m. and 6:00 p.m. Pacific Standard Time, excluding holidays.

D. Scheduled Maintenance. CorVel will use reasonable efforts to (i) perform any scheduled downtime outside of Customer's normal business hours, (ii) notify Customer of all scheduled downtimes at least seventy-two (72) hours in advance, and (iii) perform software updates to the CareMC Application with minimal disruption to Customer's use of the Online Services.

E. System Monitoring. CorVel will use reasonable efforts to continuously monitor its web servers and database servers to ensure that they are functioning properly.

F. Security. CorVel will implement and use reasonable efforts to maintain secure systems through the use of firewalls, virtual private networks (VPN), and other security technologies. CorVel will use reasonable efforts to immediately report to Customer any security violations that affect the data of Customer.

This document contains confidential and proprietary information of the Parties and may not be disclosed or duplicated without the prior written consent of the Parties.

G. Disaster Recovery and Backup. CorVel will use reasonable efforts to perform nightly backups of essential data on its web servers and database servers. CorVel has implemented third party backup and restoration technology to enable high speed recovery of data. CorVel utilizes redundant load balanced industry standard servers for 24x7, 365 day access, except for regularly scheduled system maintenance and upgrade processes. SQL Server databases are hosted on clustered servers offering fall-over capability, redundant communication links, and load balanced application servers. Backup tapes are restored into a test environment not less than quarterly to confirm validity of backups. The CareMC Site has redundant inbound Internet and Intranet connectivity.

H. Professional Managed Care Services. If Customer requires any additional professional services relating to the CareMC Application or Online Services from CorVel including but not limited to integration with Customer's electronic data interfaces (EDIs) or other Customer systems, Customer shall submit a written request to CorVel for such services. CorVel shall, in good faith, consider providing such services at its then-current professional services fee rate and standard terms and conditions.

4. REPRESENTATIONS AND WARRANTIES

A. Customer Representations. Customer represents that (i) it has the legal authority to provide the Customer Data to CorVel hereunder, and (ii) it is fully aware and knowledgeable of and shall comply with its duties and responsibilities with respect to the privacy and confidentiality of medical records and protected health information under applicable federal and state laws, including but not limited to those imposed by applicable state and federal privacy laws. Upon written notice to Customer, CorVel may modify or temporarily suspend Customer's access to and use of the CareMC Application, Online Services and/or CareMC Site as necessary to comply with any law or regulation.

B. CorVel Warranties. CorVel warrants that (i) it shall use commercially reasonable professional practices and good workmanship in providing the CareMC Application, and (ii) Customer support will be performed consistent with generally accepted industry standards. These warranties extend only to Customer.

C. Exclusive Remedy. For any breach of the foregoing warranties, CorVel's entire liability and Customer's exclusive remedy will be the correction of the problems or errors that cause the breach of warranty, if feasible, or termination of the Agreement.

5. DISCLAIMERS AND LIMITATIONS OF LIABILITY

A. Disclaimers. TO THE EXTENT ALLOWED BY APPLICABLE LAW, EXCEPT FOR THE LIMITED WARRANTIES DESCRIBED IN SECTION 4B ABOVE, CORVEL MAKES NO OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AND EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, GOOD TITLE, SATISFACTORY QUALITY AND NONINFRINGEMENT. CUSTOMER SPECIFICALLY ACKNOWLEDGES AND AGREES AS FOLLOWS:

(i) Internet Usage. Customer acknowledges that the Internet is essentially an unregulated, insecure and unreliable environment, and that the ability of Customer to access and use the CareMC Application is dependent on the Internet and hardware, software and services provided by various Third Party Providers. CORVEL SHALL NOT BE RESPONSIBLE FOR CUSTOMER'S INABILITY TO ACCESS OR USE THE CAREMC APPLICATION TO THE EXTENT SOLELY CAUSED BY FAILURES OR INTERRUPTIONS OF ANY HARDWARE, SOFTWARE OR SERVICES PROVIDED BY CUSTOMER OR THIRD PARTY PROVIDERS.

(ii) CareMC Application. CUSTOMER ACKNOWLEDGES AND AGREES THAT CORVEL DOES NOT WARRANT THAT THE CAREMC APPLICATION OR ONLINE SERVICES ARE ERROR FREE, THAT CUSTOMER WILL BE ABLE TO ACCESS OR USE THE CAREMC APPLICATION OR ONLINE SERVICES WITHOUT PROBLEMS OR INTERRUPTIONS, OR THAT THE CAREMC SITE AND CAREMC APPLICATION ARE NOT SUSCEPTIBLE TO INTRUSION, ATTACK OR COMPUTER VIRUS INFECTION.

B. Exclusion of Damages.

(i) Exclusion of Damages. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS OR LOST REVENUES) UNDER THIS AGREEMENT, WHETHER OR NOT FORESEEABLE AND REGARDLESS OF WHETHER CLAIMS UNDER THIS AGREEMENT ARE BROUGHT UNDER TORT, CONTRACT OR ANY OTHER LEGAL OR EQUITABLE THEORY.

(iii) Acknowledgment. The parties acknowledge that the limitations and disclaimers set forth in this Agreement were an essential element in setting consideration under this Agreement.

6. INDEMNIFICATION – AS PURSUANT TO THE MASTER AGREEMENT

7. INSURANCE – AS PURSUANT TO THE MASTER AGREEMENT

8. LICENSE TERM AND TERMINATION – AS PURSUANT TO THE MASTER AGREEMENT

9. CONFIDENTIALITY

This document contains confidential and proprietary information of the Parties and may not be disclosed or duplicated without the prior written consent of the Parties.

A. Definition of Confidential Information. “Confidential Information” shall mean any non-public data, information and other materials regarding the products, services or business of a party (and/or, if either party is bound to protect the confidentiality of any third party’s information, of a third party) provided to either party by the other party where such information is marked or otherwise communicated as being “proprietary” or “confidential” or the like, or where such information should, by its nature, be reasonably considered to be confidential and/or proprietary. Without limiting the foregoing, the parties agree that (i) the CareMC Application, Documentation, CorVel Content (as defined in the in the CareMC License Agreement) and all software, source code, source documentation, inventions, know-how, and ideas, updates and any documentation and information relating thereto constitutes Confidential Information of CorVel, (ii) the Customer Data (as defined in the CareMC License Agreement) constitute Confidential Information of Customer, and (iii) this Agreement, the Exhibits and Schedules attached hereto, and the terms and conditions set forth herein and therein are Confidential Information of both parties.

B. Disclosure and Use of Confidential Information. The Confidential Information disclosed by either party (“Disclosing Party”) to the other (“Receiving Party”) constitutes the confidential and proprietary information of the Disclosing Party and the Receiving Party agrees to treat such Confidential Information in the same manner as it treats its own similar proprietary information, but in no case will the degree of care be less than reasonable care. The Receiving Party shall use the Confidential Information of the Disclosing Party only in performing under this Agreement and shall retain the Confidential Information in confidence and not disclose it to any third party (except as authorized under this Agreement) without the Disclosing Party’s express written consent. The Receiving Party shall disclose the Disclosing Party’s Confidential Information only to those employees and contractors of the Receiving Party who have a need to know such information for the purposes of this Agreement, and such employees and contractors must be bound by this Agreement or have entered into agreements with the Receiving Party containing confidentiality provisions covering the Confidential Information with terms and conditions at least as restrictive as those set forth herein.

C. Exceptions. Notwithstanding the foregoing, the parties’ confidentiality obligations hereunder shall not apply to information which: (i) is already known to the Receiving Party prior to disclosure by the Disclosing Party, (ii) becomes publicly available without fault of the Receiving Party, (iii) is rightfully obtained by the Receiving Party from a third party without restriction as to disclosure, (iv) is approved for release by written authorization of the Disclosing Party, (v) is developed independently by the Receiving Party without use of or access to the Disclosing Party’s Confidential Information, or (v) is required to be disclosed by law, rule, regulation, court of competent jurisdiction or governmental order, provided, however, that the Receiving Party shall advise the Disclosing Party of the Confidential Information required to be disclosed promptly upon learning thereof in order to afford the Disclosing Party a reasonable opportunity to contest, limit or assist the Receiving Party in crafting the disclosure, and then such disclosure shall be made only to the extent necessary to satisfy such requirements.

D. Use of Data. Nothing shall prohibit CorVel from using aggregate, non-identifying, statistical data generated through its customers’, including Customer, use of the CareMC Application and Online Services for analytical purposes, provided that CorVel shall not use or disclose any such data or information in a manner that would reveal the identity of, or other confidential information concerning, Customer. Such aggregate, non-identifying statistical data could include, without limitation, statistics regarding usage of the CareMC Application and Online Services, the number of case referrals generated through the CareMC Application and Online Services and the efficiencies gained by CorVel customers through their use of the CareMC Application and Online Services.

10. GENERAL PROVISIONS – AS PURSUANT TO THE MASTER AGREEMENT

IN WITNESS WHEREOF, the parties by their duly authorized representatives have executed this Agreement as of the Effective Date set forth above.

CORVEL ENTERPRISE COMP, INC.

SEATTLE SCHOOL DISTRICT #1

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

This document contains confidential and proprietary information of the Parties and may not be disclosed or duplicated without the prior written consent of the Parties.

EXHIBIT A

My Care Smartphone Claims App Attachment End User License Agreement

Such access shall provide Customer's claimants an opportunity to review the current status of their individual claim. For access by Customer claimant, such Customer claimant will be required to have a smartphone including but not limited to an Apple iOS 7.0+ smartphone or Android 4.0+ smartphone or other smartphone device with such access capabilities. Customer acknowledges the terms of Attachment A hereunder which shall be a part of the My Care App and which the End User ("Claimant") shall be responsible for. The My Care App is at no costs to Customer for these Services.

Terms are non-negotiable as these are part of the Smart Phone App

PLEASE READ THIS LICENSE AGREEMENT BEFORE USING THE APP. USE OF THE APP INDICATES END USER'S ACCEPTANCE OF THIS END USER LICENSE AGREEMENT. IF END USER DOES NOT AGREE WITH THE TERMS, END USER SHOULD NOT USE THE APP.

1. License Grant; License Restrictions. Either of CorVel Enterprise Comp, Inc. or CorVel Healthcare Corporation, as applicable, ("CorVel") provides the mobile software application program and user manual(s) or help files contained therein, and any modifications, updates, revisions, or enhancements thereto received by End User from CorVel (collectively, the "App"), and licenses its use solely pursuant to the terms stated below:

- a. End User is granted a nontransferable license to use the App under the terms stated in this Agreement for personal use. End User may not use the App for commercial purposes. Title and ownership of the App and of the copyright in the App remains with CorVel;
- b. The App may be used by End User on a single mobile device, which End User owns or uses and for which the App is designed to operate;
- c. End User may not make copies, translations, or modifications of or to the App. End User may not alter, obscure, or remove the copyright notice on any copy of the App;
- d. End User may not assign, sell, distribute, lease, rent, sublicense, or transfer the App or this license or disclose the App to any other person. End User may not reverse-engineer, disassemble, or decompile the App or otherwise attempt to discover the source code or structural framework of the App; and
- e. CorVel may terminate this Agreement and the license granted hereunder at any time. This Agreement and the license granted hereunder automatically terminates if End User fails to comply with any provision of this Agreement. End User agrees upon termination to: (i) cease using the App and providing or accessing any data or information by or through the App, and (ii) destroy the App, together with all copies, modifications, and merged portions in any form, including any copy on End User's mobile device or on any computer.

2. Limited Warranty. The App is provided "AS IS" and with all faults. NO WARRANTIES ARE EXPRESSED AND NONE SHALL BE IMPLIED. CORVEL SPECIFICALLY EXCLUDES ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT. CORVEL DOES NOT WARRANT THAT USE OF THE APP WILL BE UNINTERRUPTED OR ERROR-FREE.

3. Maintenance & Support. The App is maintained by CorVel or its subcontractors. From time to time, CorVel may provide modifications, updates, revisions, or enhancements, all of which are offered pursuant to the terms and conditions of this Agreement. CorVel does not provide support to End Users. All support requests should be directed at End User's employer or other person responsible to manage End User's claims and not at CorVel.

4. Consent to use Data. All data or information submitted by End User through the App shall be used by CorVel in accordance with CorVel's Privacy Policy posted at: <http://www.corvel.com/privacy-policy/>

5. Limitations of Liability (End User). IN NO EVENT WILL CORVEL'S LIABILITY FOR ACTUAL DIRECT DAMAGES ARISING OUT OF THIS AGREEMENT OR THE USE OR PERFORMANCE OF THE APP EXCEED \$100. IN NO EVENT WILL CORVEL BE LIABLE FOR ANY LOST PROFITS, SALES, BUSINESS, DATA, COSTS OF

This document contains confidential and proprietary information of the Parties and may not be disclosed or duplicated without the prior written consent of the Parties.

PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES OR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES RESULTING FROM THE USE OF THE APP OR OTHERWISE ARISING FROM THIS AGREEMENT, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. The parties agree that the above limits represent a reasonable allocation of risk.

6. Governing Law; Exclusive Jurisdiction. This Agreement is governed by the laws of California. End User agrees that the federal or state courts sitting in State of California, shall be the exclusive courts of jurisdiction and venue for any litigation, special proceeding or other proceeding as between the parties that may be brought, or arise out of, or in connection with, or by reason of this Agreement. The United Nations Convention on Contracts for the International Sale of Goods is expressly disclaimed.

7. Indemnification (End User). End User shall defend, indemnify and hold harmless CorVel from and against damages, liabilities and reasonable costs and expenses, including reasonable legal fees arising out of or relating to: (i) End User's use of the App in violation of the terms of this Agreement, (ii) data or content included in or omitted from content and data input into the App by End User or any other third party using End User's mobile device, and (iii) any claim by an employee of End User or End User's insureds brought against CorVel due to the recommendations made by CorVel through the App.

8. Disclaimer. CorVel shall not be responsible or liable for any third party claims arising from the negligent acts, errors, omissions, willful misconduct or fraud caused by End User in connection with its use of the App or otherwise attributable this Agreement.

9. Assignment. End User may not assign any of End User's rights or delegate any of End User's obligations under this Agreement without the prior written consent of CorVel. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their respective successors and permitted assigns.

10. Notice. All notices required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed by first class mail to the address listed below.

11. Severability. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force.

12. Waiver. The waiver by either party of a breach of any provision of this Agreement or the failure by either party to exercise any right hereunder shall not operate or be construed as a waiver of any subsequent breach of that right or as a waiver of any other right.

13. Export Administration. End User agrees to comply fully with all relevant export laws and regulations of the United States ("Export Laws") to assure that neither the App nor any direct product thereof is (1) exported, directly or indirectly, in violation of Export Laws; or (2) are used for any purposes prohibited by the Export Laws, including, without limitation, nuclear, chemical, or biological weapons proliferation.

14. Entire Agreement. This Agreement shall constitute the complete agreement between the parties and supersede all prior or contemporaneous agreements or representations, written or oral, concerning the subject matter of this Agreement. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party; no other act, document, usage or custom shall be deemed to amend or modify this Agreement.

15. Survival. The provisions of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 shall survive the termination of this Agreement.

Copyrights

Copyright © 2014 CorVel. All rights reserved.

This documentation and the corresponding App are the property of CorVel and are licensed to the user under the terms of this End User License Agreement. Unauthorized use or copying of the App, documentation, or any other associated materials is a violation of state and federal laws. These materials must be returned to CorVel if so demanded.



Washington State Department of Labor & Industries: Timeliness Final Audit Report

Seattle Public Schools is committed to making its online information accessible and usable to all people, regardless of ability or technology. Meeting web accessibility guidelines and standards is an ongoing process that we are consistently working to improve.

While Seattle Public Schools endeavors to only post documents optimized for accessibility, due to the nature and complexity of some documents, an accessible version of the document may not be available. In these limited circumstances, the District will provide equally effective alternate access.

For questions and more information about this document, please contact the following:

Lisa Garberg:

lgarberg@seattleschools.org

Since 2012, SPS has outsourced Self-Insured Workers' Compensation TPA Services of claims to CorVel. In 2015 L&I developed a Tiered audit approach known as Tier 1, Tier 2, and Tier 3. They start by conducting a Tier 1 audit, if the District/TPA does not pass the Tier 1 audit, they progress to a Tier 2 audit and so forth. Although CorVel has been the District's TPA since 2012, L&I's first audit of CorVel's work was conducted in 2015 with a Tier 1 audit, and CorVel passed that audit, as well as the Tier 1 audits conducted in 2016, and 2018. Attached is L&I's most recent completed Tier 1 audit from 2018. L&I did not conduct an audit in 2019. L&I has just this month requested claims information to conduct their 2020 Tier 1 audit. The 2020 audit will not be completed until approximately the 1st of November 2020.



Timeliness Final Audit Report

School District #1 Seattle / 700,128-00 – Performance-Based Timeliness
02 quarter 2018

Self-Insurance Program – Compliance Unit
Report #18-70012800

October 31, 2018

October 31, 2018

Lisa Garberg
School District #1 Seattle
PO Box 34165
MS 33-380
Seattle, WA 98124-1165

Brian Meyers
CorVel Enterprise Comp, Inc.
PO Box 230608
Portland, OR 97281

Report on Compliance – School District #1 Seattle / 700,128-00

Please find attached the Self-Insurance Compliance Unit's *Audit Report* of School District #1 Seattle's Timeliness.

The audit was conducted using a standardized approach to evaluate the timeliness of time-loss compensation payments. It was undertaken per the provisions established in *RCW 51 and WAC 296-15*.

We conducted this engagement in full compliance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. The report is not free of Personally Identifiable Information (PII), and must be handled according to the requirements in *RCW 51.28.070*.

Finally, we thank the self-insured employer and their representatives for their assistance during the audit.

Sincerely,



Brian A.P. Schmidlkofer
Compliance Operations Manager
Department of Labor & Industries

cc: Gregory Greene, Program Compliance Representative
Audit File

SECTION 1: EXECUTIVE SUMMARY

Background

In June 2013, the Self-Insurance Audit Reform Advisory Committee was formed with labor and business representatives at the direction of Labor and Industries Director, Joel Sacks, to develop a new audit process. The new system is supported by business and labor and consists of three distinct types of audits: performance-based, issue-based, and complaint-based. In addition, the performance-based audit includes three levels of review: Timeless, Wage Calculation and Entitlement of Benefits. The progression of the level of review is determined by the performance in the preceding audit.

The first level performance-based audit process focuses on the timeliness of payments. The timeliness criteria is specified in applicable RCWs and WACs.

Conclusion

School District #1 Seattle's timeliness of transactions passed the threshold for this audit.

We reviewed 50 separate transactions over 10 claims. We identified the following:

- 8 out of 10 initial (1st) time-loss payments were paid timely (80%)
- 39 out of 40 continuous time-loss payments were paid timely (98%)

Because a statistically significant sample was not used, the results do not intend to make a statement about overall performance.

Required Action

A walkthrough of the audit findings was waived.

Standards

Self-Insurance Compliance Audit has adopted and conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing (Red Book)* as established by the Institute of Internal Auditors. These standards require work to be planned and performed in a manner necessary to obtain sufficient, relevant, reliable, and useful evidence as the basis for findings and conclusions. We believe the evidence obtained by the tests used during the audit provide a reasonable basis for the conclusions expressed in this report.

SECTION 2: AUDIT PARAMETERS

Pass Threshold

A threshold of 80% is used to determine pass/fail in the Timeliness audit.

Background

The audit was conducted using a standardized approach to evaluate the timeliness of time-loss compensation payments.

Objective

To verify time-loss payments have been paid in accordance with applicable RCWs and WACs.

Criteria

RCW 51 and WAC 296-15.

Effect

By not complying with *RCW 51 and WAC 296-15* injured workers may not receive benefits in a timely manner, which could lead to unreasonable delays in the payment of benefits to workers and penalties against the self-insured employer.

Scope

The scope of review for time-loss payments includes claims with dates of injury or manifestation between October 5, 2017 and March 20, 2018.

Analysis

We reviewed documents provided by the self-insured employer, which include but are not limited to: PIR, employer incident reports, medical records from attending provider, notes from worker, SIF-2 and SIF-5 forms, electronic data submitted through SIEDRS and available in the agency legacy system.

APPENDIX A: AUDIT RESULTS

Summary of Late Transactions

<u>Injured Worker</u>	<u>Claim Number</u>	<u>Type of Payment</u>	<u>Date of Payment</u>	<u>Amount Paid</u>	<u>Number of Days Late</u>
*Kay Vu	SZ80906	Initial Time-loss	11/15/2017	\$3399.31	16
Katrina Baker	SZ80927	Continuous Time-loss	12/08/2017	\$1165.64	2
Norma Versakos	SZ80990	Initial Time-loss	02/23/2018	\$294.84	1

(*) These payments may be referred for penalty review.

Timeliness Worksheets

If individual claim timeliness worksheets were amended as a result of the walkthrough, they are attached to this report.