

**CLAIMS SERVICE CONTRACT**

**THIS AGREEMENT** is made and entered into with an effective date of October 1, 2014 between **ALTERNATIVE SERVICE CONCEPTS, LLC**, a Delaware Corporation, with principal offices at 2501 McGavock Pike, Suite 802, P.O. Box 305148 Nashville, Tennessee 37214-1213, hereinafter referred to as "ASC", and **WEBB COUNTY** with principal offices in Laredo, TX hereinafter referred to as "Client".

**WITNESS:**

**WHEREAS**, "ASC" is in the claims service business; and

**WHEREAS**, "Client" desires to contract with "ASC" as its claims service company to service the Workers' Compensation claims of "Client's" arising out of their facilities located in Laredo, TX.

**NOW, THEREFORE**, "ASC" and "Client" contract as follows:

**"ASC" AGREES:**

1. (a) To review all claim and/or loss reports with claim and/or loss dates subsequent to the retroactive date specified in the policies issued by the carriers and reported to "ASC" during the term of this Contract, which involves claims against "Client" and/or claims by "Client" under said coverages.
  - (b) To investigate, adjust, settle or resist all such losses and/or claims within the agreed discretionary settlement authority limit of Five Thousand Dollars (\$5,000).
  - (c) To investigate, adjust, settle or resist all such losses and/or claims as are in excess of the agreed discretionary settlement authority limit of Five Thousand Dollars (\$5,000) only with specific prior approval of "Client".
  - (d) To report excess claims to "Client's" excess carrier only if "Client" fulfills its obligations under "Client Agrees" Section, 4c.
2. To furnish all claim forms necessary for proper claims administration.

3. To establish claim and/or loss files for each reported claim and/or loss. Such files shall be the exclusive property of "Client". Such files are available for review by "Client" at any reasonable time, with notice.
4. To maintain adequate Automobile Liability, Errors and Omissions, Fidelity Bond, General Liability, and Workers' Compensation insurance coverage.
5. To indemnify, defend and hold harmless "Client" with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of "ASC" and/or its employees, unless the complained of actions of "ASC" were taken at the specific direction of "Client".

**"CLIENT" AGREES:**

1. To make funds available that "ASC" may draw from at any time and from time to time for claim and/or loss payments and for associated allocated expense within the discretionary settlement authority limit of Five Thousand Dollars (\$5,000) and for claim and/or loss payments in excess of the discretionary settlement authority limit of Five Thousand Dollars (\$5,000) with the prior approval of "Client".
2. To pay "ASC" fees in accordance with the Fee Schedule attached to this Contract.
3. To pay "ASC" within thirty (30) days of the effective date of all invoices. All past due invoices are subject to an interest penalty of one and one-half percent (1 1/2%) per month. In the event "ASC" brings any action or proceeding to recover any part or all of an outstanding indebtedness, "ASC" shall be entitled to recover as additional damages any reasonable attorney fees not to exceed twenty percent (20%) of the outstanding indebtedness.
4. (a) To pay all Allocated Loss Expenses in addition to the claim service fee to be paid to "ASC" as prescribed in this Contract.  
(b) "Allocated Loss Expenses" shall include but not be limited to attorneys' fees; experts' fees (i.e. engineering, physicians, chemists, etc.); fees for independent medical examinations; witnesses' fees; witnesses' travel expenses; court reporters' fees; transcript fees; the cost of obtaining public records; commercial photographers' fees; automobile appraisal or property appraisal fees; medical cost containment services, such as utilization review, provider bill audit,

preadmission authorization, hospital bill audit, and medical case management; all outside expense items; extraordinary travel expenses incurred by "ASC" at the request of "Client"; and any other similar fees, cost or expenses associated with the investigation, negotiation, settlement or defense of any claim hereunder or as required for the collection of subrogation on behalf of "Client".

- (c) To provide "ASC" with complete copies of all excess policies which apply to the claims reported during the Contract period.
5. To relinquish authority to "ASC" in all matters relating to claims service within the agreed discretionary settlement authority limit of Five Thousand Dollars (\$5,000).
  6. (a) In the event, "ASC", acting at the specific direction of "Client", becomes liable to any third party, "Client" agrees to indemnify, defend and hold "ASC" and/or its employees harmless.
    - (b) If "ASC" or any of its employees are named as defendant in any action (i) where the plaintiff's cause of action involves a claim hereunder and (ii) where there are not allegations of errors, omissions, torts, intentional torts or other negligence on the part of "ASC", "Client" will assume the defense of the action on behalf of "ASC" and/or its employees and indemnify and hold "ASC" and/or its employees harmless from any judgment rendered as a result of such action.

**"ASC" AND "CLIENT" MUTUALLY AGREE AS FOLLOWS:**

1. (a) The term of this Contract is continuous from its effective date for three (3) years. This Contract may be terminated by either "ASC" or "Client" with cause by providing sixty (60) days' prior written notice by certified mail.
  - (b) In the event that this Contract terminates or expires for any reason "Client" shall have the option:
    - (i) to have "ASC" handle open files which have been reported for an additional fee based on at our prevailing annual rate per file.
    - (ii) to have "ASC" return the files to the client with carrier approval.
2. This Contract covers Claim Service for "Client" in the United States of America.

3. Gross receipts tax or assessments in those states or jurisdictions where levied shall be in addition to the service fee.
4. In the event any one or more of the provisions of this Contract shall be determined to be invalid or unenforceable by any court or other appropriate authority, the remainder of this Contract shall continue in full force and effect, as if said invalid and unenforceable portion had not been included in this Contract.
5. This Contract shall be construed and interpreted in accordance with the laws of the state of Texas.
6. This Contract represents the entire understanding of "ASC" and "Client" and supersedes all prior oral and written communications between "ASC" and "Client" as to the subject matter. Neither this Contract nor any provisions of it may be amended, modified or waived except in writing signed by a duly authorized representative of "ASC" and "Client".
7. The failure or delay of either "ASC" or "Client" to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Contract, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either "ASC" or "Client" or operate to deprive either "ASC" or "Client" of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.
8. To not employ a person who has been employed by the other party at any time during the term of this Contract, unless the person to be employed shall not have been employed by the other party during the immediately preceding six (6) months or unless the hiring party shall have the other party's prior written consent. This provision shall survive the termination of this Contract for a period of one (1) year.
9. During the term of this Contract, "ASC" will store closed files for a period of three (3) years from the date of closure, the date of the last payment of benefits, or the retention requirements of "Client's" carrier. The storage cost is included in the administrative fees. After the three (3) year period, files will either be returned to "Client" or destroyed if permitted by Statute.

10. "ASC" will query and transmit information under MMSEA requirements to CMS.

**IN WITNESS WHEREOF**, "ASC" and "Client" have caused this Contract to be executed by the person authorized to act in their respective names.

**ALTERNATIVE SERVICE CONCEPTS, LLC**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**WEBB COUNTY**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**Alternative Service Concepts, LLC.  
Webb County  
October 1, 2014 – September 30, 2017  
Life of Contract Handling**

**New Claims**

Claim Type	Per-Claimant Fee	Estimated Total Fee
Workers' Compensation Claims		
Annual Flat Fee		\$24,428
Administrative Fee		\$ 3,000
Systems and Data Processing		\$ 2,750
<b>Total Workers' Compensation Cost</b>		<b>\$30,178</b>
Liability		
Commercial General Liability	\$495 / claim	
Employee Benefits Liability	\$495 / claim	
Auto Liability	\$495 / claim	
Public Officials Liability	\$695 / claim	
Employment Practices Liability	\$695 / claim	
Law Enforcement Liability	\$695 / claim	
Annual Flat Fee		\$ 8,626
Systems and Data Processing		\$ 2,750
<b>Total Liability Cost</b>		<b>\$11,376</b>
MMSEA-Annual Transmission Fees (includes query & submissions)		<b>\$ 2,100</b>
<b>Total Flat Fee</b>		<b>\$ 43,654</b>

“Client” agrees to pay “ASC” a flat fee of Forty Three Thousand, Six Hundred Fifty-four dollars (\$43,654) for the administration of the Workers’ Compensation and Liability claims that are reported to “ASC” for the period of October 1, 2014 to September 30, 2015. Fees for two (2) annual renewals will be as follows:

October 1, 2015 to September 30, 2016..... \$44,963.66 Year 2 (3% increase)  
 October 1, 2016 to September 30, 2017..... \$46,312.56 Year 3 (3% increase)

# ASC

Alternative Service Concepts, LLC

Claims will be handled for the life of contract with no additional per-claim fees.

The account administration fee will be \$3,000 per year. The administration fee includes:

- Account Setup
- New Claim Setup
- Client Meetings (Frequency to be Determined)
- Excess Reporting
- State Reporting
- Storage Fees

## Subrogation

All parties will automatically be placed on notice if the potential for subrogation exists. Pursuit of subrogation will be performed, at the client's request, on a time-and-expense basis at the rate of \$85 per hour.

## Additional Services and Fees<sup>1</sup>

Client Data Transmission .....	\$295 Per Release
Carrier Data Transmission .....	\$400 Per Release
Data Conversion From Prior Administrator.....	At Cost
On-Line Access (Four Users).....	No Charge
Additional Users.....	\$30 Per User Per
.....	Month
Computer Compatible Checks & Electronic Transfers .....	At Cost
Reports Produced by Client .....	No Charge
Reports Produced by ASC .....	\$50 Per Copy
Systems Training .....	T&E (\$85 Per Hour)
Customized Programming.....	T&E (\$180 Per
Hour)	
Actuarial Data Requests.....	\$50 Per Hour
Travel Over 100 Miles .....	T&E (\$85 Per Hour)
Outside Investigation.....	T&E (\$85 Per Hour)

## Invoicing and Payment Terms

Fees will be invoiced at an agreed-upon interval during the calendar year. Fees will be payable upon receipt of the invoice. ASC reserves the right to charge 1½% per month or the maximum legal rate on unpaid balances after 30 days.

## Medical Cost Management<sup>2</sup>

Fee Scheduling.....	22% of Savings
PPO Usage and Other Non-Fee Schedule Savings.....	28% of Savings
Field Medical Case Management.....	\$75 per hour

<sup>1</sup> As required or requested. Most services are optional.

<sup>2</sup> Additional pricing on managed care services will be provided upon request.

Allocated Expenses

Allocated expenses will be charged to the claim file and include fees for:

- Legal services
- State-mandated EDI
- Court reporters
- Expert witness statements
- Professional photographs
- Official documents and transcripts
- Experts' / rehabilitation services
- Architects, contractors, engineers, chemists
- Police, fire, coroner, weather reports
- Accident reconstruction
- Property damage appraisals
- Subrogation collection cost payable to third party
- Extraordinary travel at client's request
- Medical records
- IMEs, MRIs, etc.
- Managed care
- Medical bill review
- Index Bureau Reporting
- Surveillance
- Any other expense requiring client approval

At the conclusion of the contract, the following options are available for continued handling of open claims:

- Negotiated annual fee per claim
- Claims returned to client

**ALTERNATIVE SERVICE CONCEPTS, LLC**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**WEBB COUNTY**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_