

Public Employer Risk Management Association, Inc. (PERMA)
Program Agreement for Third Party Administration Services

THIS AGREEMENT dated as of _____ is entered into by and between the Public Employer Risk Management Association, Inc. (“PERMA”), a New York not-for-profit corporation having its principal place of business at 9 Cornell Road, Latham, New York 12110 and **City of Niagara Falls, having its principal place of business at P.O. Box 69, 745 Main Street, Niagara Falls, NY, 14302** (the “Member”), for administrative services to be provided by PERMA or Northeast Association Management, Inc. (“NEAMI”) in connection with the Member’s obligation to provide workers’ compensation benefits for and to its employees.

1. **Purpose.** The Member desires to engage PERMA to provide Worker’s Compensation Law claims administration services for certain “tail claims” that have arisen and PERMA is willing to provide those claims administration services upon the terms set forth in this agreement.

2. **Definitions.** For purposes of this agreement, the following terms will have the meanings indicated:

- a. **“Allocated Loss Adjustment Expenses”** means all costs and expenses PERMA and NEAMI incur that are attributed to the processing of Tail Claims, including, but not limited to, fees, costs, assessments and other charges imposed by the Workers’ Compensation Board, medical cost containment and management services, in the amounts set forth in Schedule B, attorneys’ fees and disbursements, court reporter services and transcripts, deposition charges and transcripts, fees for the service of process, court costs, courier/express mail, appeal bonds, printing costs related to trials and appeals, witness and expert fees, medical examinations and review, laboratory costs, engineering fees, independent adjustor fees, surveillance, photography and similar costs and expenses reasonably incurred and related to the investigation and defense of claims or the protection and collection of subrogation rights of the Member.
- b. **“Benefit Payments”** means payments that are required by the Workers’ Compensation Law and the rules, regulations and decisions of the Workers’ Compensation Board to be made to claimants, providers and other vendors with respect to a Tail Claim.
- c. **“Electronic Data Interchange or EDI”** means the Worker’s Compensation Board has adopted Claims Electronic Data Interchange Release 3.0, as adopted by the Workers’ Compensation Board, or such other electronic data interchange as may be adopted by the Workers’ Compensation Board.
- d. **“Tail Claim”** means existing indemnity and medical worker’s compensation claims and all Worker’s Compensation Board awards against the Member that arose prior to **9/26/2005** that the Member has assigned to PERMA to administer.

3. **Term.** This agreement will be effective on and will continue in force for one year, unless sooner terminated in accordance with paragraph 8.

4. **PERMA's obligations.** During the term of this Agreement, PERMA, either itself or through a contract between PERMA and NEAMI, will provide to the Member the services provided for in this agreement with respect to Tail Claims. PERMA will, as appropriate:

- a. Process claims and disburse Benefit Payments within the timeframe required by the Worker's Compensation Law, provided that the Member advances the funds required and approves payments in accordance with the requirements of this agreement;
- b. Contract with WellComp/CareWorks or another third party for review of medical bills, and with Optum or another third party for pharmacy benefit management services, all at the sole cost and expense of the Member;
- c. Cause all required workers' compensation forms to be prepared and filed;
- d. Contact the injured employee or employees, as appropriate;
- e. For those Members paying by wire/automated clearing house (ACH) transfer, provide to the Member, on a weekly basis, a check register for each check run the previous week and drawn on the bank account established by the member;
- f. For those Members paying by cash, provide to the Member, on a monthly basis, an invoice and check register for each check run during the previous month and drawn on the bank account established by PERMA for the member;
- g. Retain and supervise, on behalf of and at the sole cost and expense of the Member, legal counsel necessary for the prosecution or defense of any claim or litigation related to a claim, subject to the approval of counsel by the Member, which shall not be unreasonably withheld or delayed;
- h. Attend, through a representative of PERMA or NEAMI, or an attorney retained by PERMA or NEAMI, all compensation hearings;
- i. Promptly advise the Member of Worker's Compensation Board decisions related to each claim;
- j. Initiate a challenge to any other administrative decisions made by an Administrative Law Judge or seek to correct a factual error in an administrative decision, if PERMA determines that it is reasonably necessary to do so;
- k. Recommend to the Member whether to request a modification, rescission or review of an award or decision of the Worker's Compensation Board, a panel of the Board, an Administrative Law Judge issued after a hearing and after the exhaustion of administrative remedies, recommend whether to file a judicial appeal and act upon the Member's decision once made;

deposited amount to pay the Benefits Payments. If the amount of the Benefits payments exceeds the amount of the deposit that is available, PERMA will not make the Benefits Payment until the Member pays the necessary funds to PERMA. If PERMA is required by the Workers' Compensation Board to pay a penalty for paying Benefits Payments late because the Member failed to make the payments required by this section, the Member will be liable to PERMA for the penalty and PERMA will deduct the amount of the penalty from the Member's account.

- b. Pay to PERMA, within 30 days of invoice, an annual administrative fee for each claim in the amount set forth in Schedule A and all Allocated Loss Adjustment Expenses.
- c. Promptly upon the commencement of this agreement, and thereafter as may be required by PERMA, provide or cause to be provided to PERMA all required EDI and any other information required by the Worker's Compensation Board. The Member must provide the EDI and other information, at the Member's sole cost and expense, in a form reasonably acceptable to PERMA. If PERMA is required by the Workers' Compensation Board to pay a penalty because the Member has failed to provide EDI or any other information, the Member will be liable to PERMA for the penalty and PERMA will deduct the amount of the penalty from the Member's account.
- d. Cooperate fully with PERMA by (i) providing all information PERMA reasonably requests, including all information PERMA reasonably deems necessary or helpful to defend any claim; (ii) if another individual or entity is currently holding the Member's funds with respect to any Tail Claims, directing that individual or entity either to transfer those funds to PERMA or to refund those funds to the Member; (iii) when requested by PERMA, attend hearings and trials by an employee or other person knowledgeable of the facts and authorized to resolve the claim; (iv) assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting all hearings, suits and other proceedings; (v) arrange that all claims, all related inpatient and outpatient provider bills of any type and any other correspondence that is received relating to Tail Claims, are sent directly to PERMA.
- e. Pay any costs and expenses incurred in the fulfillment of these obligations of the Member.

6. Member Compliance with Worker's Compensation Law. This Agreement does not assign or delegate to PERMA any responsibility the Member has under the Worker's Compensation Law, including, but not limited to, the Member's obligation to provide workers' compensation benefits to its employees, the Member's obligation to report with respect to workers' compensation claims and the Member's record retention obligations with respect to workers' compensation claims. The Member is responsible for all fines and penalties issued under the Worker's Compensation Law as a result of the Member's failure to satisfy those obligations. PERMA does not accept or assume any such responsibility, in whole or in part.

7. **Indemnification.** PERMA assumes no liability for any obligation of the Member under the Workers' Compensation Law or any decision of the Workers' Compensation Board. The Member will indemnify, defend and hold PERMA, its subcontractors and their respective affiliates, owners, partners, members, officers, directors, shareholders, agents and employees harmless from and against any and all of any kind, including reasonable attorneys' fees and disbursements, except to the extent that the claims, liabilities, damages or expenses are solely caused by NEAMI's gross negligence or willful misconduct.

8. **Termination.** Either party may terminate this agreement on 30 days' notice to the other party. PERMA may terminate this agreement immediately upon notice to the Member if the member fails to pay any amount required to be paid by the member under this agreement. Upon termination, all amounts due PERMA from the Member will become immediately due and payable. NEAMI will promptly return all unexpended funds that the Member has deposited with NEAMI. The Member's obligations set forth in paragraphs 5 and 7 will survive the expiration or earlier termination of this agreement.

9. **Notices.** Notices under this agreement must be sent by electronic mail or facsimile to the designated contact at the email or facsimile number shown below. Notice sent to the contact person designated by the Member is notice to the Member.

If to the Member:

Attn: Thomas O'Donnell

Fax: 716-286-4424

Email: Thomas.odonnell@niagarafallsny.gov

Phone: 716-286-4409

If to PERMA:

Attn: Jerry Faiella

Fax: 1-877-737-6232

Email: memberservices@perma.org

Phone: 518-220-1111

10. **Not a contract of insurance.** This is not a contract of insurance. PERMA is not and is not, in any way, to be deemed by reason of this agreement to be an insurer, underwriter or guarantor with respect to any benefits payable for which the Member may be liable with respect to the workers' compensation claims that are the subject of this agreement. PERMA is acting under this agreement solely as a claims' administrator with respect to the Tail Claims, and not as an insurer with respect or those or any other claims. PERMA will not, under any circumstances, advance its own funds on behalf of the Member.

11. **Applicable law and forum.** This agreement will be construed under and governed by the laws of the State of New York. Any dispute under this agreement must be heard in the Supreme Court of the State of New York, County of Albany. The parties consent to the jurisdiction of that court and the venue.

12. **Force majeure.** PERMA is not responsible for nonperformance or defective or late performance of its obligations under this agreement if the nonperformance, defective or late performance is due to causes beyond its control and occur without its fault or negligence, including without limitation, acts of God, strikes, war (including civil war), acts of any state or government, fire, explosions, the elements, epidemics, quarantine restrictions, blackout, embargo or unusually severe weather.

13. **Third parties.** This agreement is not intended to benefit and may not be construed to benefit, or to create any rights in, any third party.

14. **Amendments.** This agreement may not be modified or amended except in a written document signed by both parties.

15. **Severability.** If any provision of this agreement is held to be invalid or unenforceable for any reason, such invalidity or unenforceability will not affect the remainder of the agreement, which will remain in full force and effect and will be enforceable in accordance with its terms.

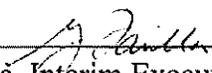
16. **Entire agreement; waiver.** This agreement constitutes the entire agreement between the parties and supersedes all prior understandings between the parties.

17. **No waiver.** No waiver or discharge of any breach of this agreement will be effective unless it is in writing signed by the party granting the waiver or discharge. The waiver of any breach of any provision of this agreement is not, and may not be deemed, a waiver of any subsequent breach of any provision of this agreement.

18. **Counterparts.** This agreement may be executed in multiple counterparts. All of the counterparts will, together, constitute a single, complete and fully executed document.

IN WITNESS WHEREOF, PERMA and the Member have duly executed this agreement as of the day and year first above written.

Public Employers Risk Management Association, Inc.

By: 
Jerry Faiella, Interim Executive Director

City of Niagara Falls

By: _____
Name and Title

Schedule A

Fees

Indemnity Tail Claims \$450 per year per claim

Medical Tail Claims \$450 per year per claim

Schedule B

Managed Care Fees

Medical Bill Review and PPO Network Charges \$8.50 per bill

Includes check fee, postage, duplicate bill fee, electronic submission and State reporting (NY HCRA Surcharge).

Enhanced Medical Bill Review 25% of Savings

Includes technical and professional review of bills for correct coding, up coding, unbundling, national condit edits, facility and surgical bill line item audit, review for non-compensable charges, review of implant charges, validation of diagnostic related group (DRG) coding, and review of non-fee scheduled services for fair and reasonable payment. Fees are calculated based on incremental savings achieved below the State mandated fee schedule.

PPO Network 25% of Savings

Includes access to proprietary national PPO network solution. Fees are calculated based on incremental savings achieved below the State fee schedule and enhanced savings.

Out of Network Negotiations 25% Savings

WellComp/CareWorks may negotiate out of network charges with a medical provider to pay an agreed upon rate. Fees are calculated based on an incremental saving achieved below the State fee schedule and enhanced savings.

Mandatory CMS MMSEA Reporting \$8.75 per transaction

Claims Indexing Bureau Fee \$9.50 per claim