

**ADDENDUM NUMBER TWO
TO
SERVICE CONTRACT FOR
WORKERS' COMPENSATION CLAIMS HANDLING**

This is the second Addendum to the Agreement entered into between Johns Eastern Company, Inc., hereinafter called the SERVICE AGENT, and NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS, hereinafter called the EMPLOYER, dated the 1st day of October, 1991.

This Addendum affects the remuneration to be paid by the EMPLOYER to the SERVICE AGENT for the handling of claims with dates of loss prior to October 1, 1994. All other terms of the above contract remain unchanged.

The remuneration to be paid to the SERVICE AGENT under this Agreement by the EMPLOYER shall be as follows:

- a) Per the original agreement, existing claims will be handled for a period of ninety (90) days at no additional charge.
- b) Following the above ninety (90) day period, fees for handling claims with dates of loss prior to October 1, 1994 will be at a rate of \$250.00 per exposure, per year.
- c) Allocated expenses will be charged to file. These will include, but are not limited to, field investigations necessary to determine compensability, liability, Special Disability Trust Fund or subrogation recoverability, claimant control, attendance at hearings and depositions, attendance at management meetings, and attendance at medical consultations or hearings.

The above fees will be charged at \$45.00 per hour, 27% of adjuster's service fee for administrative expenses, 7.3% of adjuster's service fee for local telephone expenses, \$9.40 a mile and \$2.00 per color photograph.

- d) Fees for examining and reducing hospital and medical bills as appropriate will be 10% of the reduction. This will be charged back to each individual claim file as an allocated expense charged to file and will be paid for out of the claim fund.

IN WITNESS WHEREOF, the SERVICING AGENT and the EMPLOYER have each caused this Addendum to be executed by its duly authorized representative to be effective this 1st day of October, 1994.

ATTEST:

NASSAU COUNTY BOARD OF COUNTY
COMMISSIONERS

WITNESSES:

Cathy L. Haylingsworth

Maeyh. Skel

[Signature]

Kenneth M. Johns, III
Kenneth M. Johns, III
President

**ADDENDUM NUMBER ONE
TO
SERVICE CONTRACT FOR
WORKERS' COMPENSATION CLAIMS HANDLING**

This is the first Addendum to the Agreement entered into between Johns Eastern Company, Inc., hereinafter called the SERVICE AGENT, and Nassau County Board of County Commissioners, hereinafter called the EMPLOYER, dated the 1st day of October, 1991.

This addendum affects the Agreement as follows:

- a) Nassau County Board of County Commissioners agrees to participate in Johns Eastern Company and Cost Containment Management's (CCM) managed care program.
- b) Nassau County agrees to pay CCM thirty percent (30%) of any savings to Nassau County created by CCM's cost containment efforts.

IN WITNESS WHEREOF, the SERVICING AGENT and the EMPLOYER have each caused this Addendum to be executed by its duly authorized representative to be effective the 1st day of October, 1992.

ATTEST:

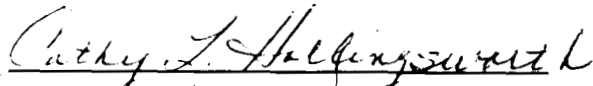
**NASSAU COUNTY BOARD OF COUNTY
COMMISSIONERS**




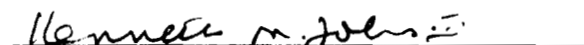


WITNESSES:

JOHNS EASTERN COMPANY, INC.







**Kenneth M. Johns, III
President**

JOHNS EASTERN COMPANY, INC. *insurance adjusters*

SPECIAL ACCOUNT SERVICES MAILING ADDRESS: P.O. BOX 3318 • SARASOTA, FL 34230
330 SOUTH PINEAPPLE AVE. • SUITE 201 • TEL: (813) 361-3100 • FAX: (813) 366-3740 • TOLL FREE 1-800-749-3044

November 4, 1992

M E M O R A N D U M

TO: Cindy Greene, Deputy Clerk
Nassau County

FROM: Kathy Cunnien, Manager - Special Accounts Services
Johns Eastern Company, Inc.

RE: Managed Care Program - Cost Containment Management (CCM)

The managed care program currently in place through joint efforts by Johns Eastern Company and CCM were developed for the following reasons:

1. The State now requires that all workers' compensation insurance carriers and/or the administrators for self-insured employers develop and implement a utilization review program. A utilization review program is designed to review the medical treatment that an injured employee receives or is planning to receive as a result of a work-related injury to assure that the treatment is both appropriate and medically necessary.
2. Control of the increasing medical costs on workers' compensation claims in Florida.

The managed care involves reviewing all medical bills in an effort to avoid paying items such as duplicate billing by the physicians, billing for services not performed, billing for services that should be included in other fees received, and such related items. It also includes the CCM nurse reviewing hospitalizations prescribed by physicians to determine the appropriate length of stay and whether or not the procedure could be performed as an out-patient versus in-patient.

The reduction of the medical bills to the Florida fee schedule is also a portion of your managed care program. The fee scheduling is a service provided by Johns Eastern Company as a part of the service fees paid.

MEMORANDUM - Managed Care Program - CCM
November 4, 1992
Page 2

CCM's fees are generated only if their efforts create a savings for Nassau County. If from their review of the medical bills or procedures they are able to save Nassau County medical expenses or days involved in a hospital stay, the fee to Nassau County would be 30% of the amount saved. Again, there is no fee if there is no savings. The fee is then allocated back to the individual claim file as an expense and is paid out of your workers' compensation checking account fund.

Since part of this program is required by the State and there are no fees to Nassau County unless there are savings, it is our recommendation that Nassau County participate in this program.

KC
KC/bs



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
P.O. Box 1010
Fernandina Beach, Florida 32034

Jim B. Higginbotham	Dist. No. 1 Fernandina Beach
John A. Crawford	Dist. No. 2 Fernandina Beach
Tom Branan	Dist. No. 3 Yulee
James E. Testone	Dist. No. 4 Hilliard
Jimmy L. Higginbotham	Dist. No. 5 Callahan

BOARD MEETING
DATE: 12-19 1992
ACTION: 8
INFO:

T.J. "Jerry" GREESON
Ex-Officio Clerk

MICHAEL S. MULLIN
County Attorney

To: Board of County Commissioners

From: T. J. "Jerry" Greeson, Ex-Officio Clerk

Re: Worker's Compensation - Addendum to Johns Eastern Contract

Date: November 30, 1992

Attached please find a copy of the proposed addendum to our present contract with Johns Eastern Company, who is our third party administrator for worker's compensation. The cost containment program allows Johns Eastern Company to implement an utilization review program which will review the medical treatment that an injured employee receives, or is scheduled to receive as a result of an on the job injury, to assure that the treatment is both appropriate and medically necessary. In cases where over utilization are found, Johns Eastern will refuse payment to that provider, which would become a cost savings to the county. Of this cost savings, 30% of the total amount saved would be paid to Johns Eastern. Funds for this service would be paid from our current worker's compensation fund.

I have also attached a copy of the memorandum that Cindy Greene received from Johns Eastern that outlines this program in more detail for your perusal.

Please approve this addendum for Cost Containment Management with Johns Eastern Company so we can be within the guidelines of the State of Florida.

attachments

TJG/cmg

(904) 225-9021 Board Room; 261-6127, 879-1029, 355-6275

An Affirmative Action / Equal Opportunity Employer

**SERVICE CONTRACT FOR WORKERS' COMPENSATION
CLAIMS HANDLING**

THIS SERVICE CONTRACT FOR WORKERS' COMPENSATION CLAIMS HANDLING is made and entered into this 1st day of Oct., 1991, but is effective for all purposes as of the 1st day of October, 1991, by and between NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS (referred to as the "Employer"), and JOHNS EASTERN COMPANY, INC. (referred to as the "Service Agent").

WITNESSETH:

WHEREAS, the Employer has undertaken to self-insure its Workers' Compensation Liability in accordance with the Florida Workers' Compensation Law and other applicable Florida statutes and regulations; and

WHEREAS, the Service Agent is engaged in the supervision and administration of programs for self insured employers;

WHEREAS, the Employer desires to engage the Service Agent for, and the Service Agent desires to assist the Employer in, workers' compensation claims handling;

NOW, THEREFORE, for and in consideration of the premises and of the mutual obligations, performance of services, and payment of compensation set forth herein, the parties agree as follows:

1. **Engagement.** The Employer hereby engages the Service Agent to supervise and administer the Self-Insured Workers' Compensation Program of the employer in accordance with the Workers' Compensation Law as adopted and amended by the State of Florida (the "Law") and the applicable rules and regulations as promulgated by the applicable agencies of the State of Florida relating to the Law (the "Rules"), all in accordance with the Service Agent's proposal dated August 27, 1991, a copy of which is attached hereto and incorporated herein by this reference (the "Proposal").
2. **Term.** Subject to termination pursuant to paragraph 8, the term of this Agreement shall begin as of October 1, 1991 and shall terminate on September 30, 1992; provided, however, that this Agreement shall renew automatically for two additional one-year terms unless otherwise terminated.

3. **Fund for Payment of Claims.** The Employer has the sole obligation and responsibility for funding the payment of claims made by its employees under the Law and Rules.

The Service Agent assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for any such payment. The Employer agrees to maintain all necessary funds for payment of claims in accordance with the Law and Rules and to inform the Service Agent of all relevant details with respect to any such accounts in order for the Service Agent to perform its duties under this Agreement. The Employer shall add to or increase the amount in any such accounts as needed, and, in any event, within five (5) business days from the Service Agent's notice to the Employer to such effect.

4. **Allocated Claims Expenses.** "Allocated Claims Expenses" shall be defined as the following expenses arising in connection with the settlement of claims, which shall be directly allocated to a particular claim to be discharged from the accounts funded by the Employer specified in paragraph 3:

- a. Attorneys' and legal assistants' fees for claim and any lawsuits, before and at trial, on appeal, or otherwise;
- b. Court and other litigation and settlement expenses, including, without limitation:
 - (i) Medical examinations to determine extent of liability;
 - (ii) Expert medical and other testimony;
 - (iii) Laboratory, X-ray and other diagnostic tests;
 - (iv) Autopsy, surgical reviews, and other pathology services;
 - (v) Physician and related fees and expenses in reading, interpreting, or performing any of the foregoing tests or services;
 - (vi) Stenographer, process server, and other related trial preparation, trial, settlement, and court costs;
 - (vii) Witnesses fees and expenses before and at trial, deposition, settlement discussions, or otherwise; and

(viii) Fees and expenses for surveillance, private investigators, or otherwise.

c. Photocopying and review of relevant documentation.

5. Compensation for the Service Agent. For performing its services under this Agreement, the Service Agent shall be entitled to the following compensation:

- a) For claims with a dates of loss falling between October 1, 1991 through September 30, 1992, the fee will be \$350.00 for each indemnity case, and \$85.00 for each medical only case handled and will be subject to a \$10,500.00 minimum and deposit, which may be paid in quarterly installments of \$2,625.00 each.
- b) For claims with dates of loss falling between October 1, 1992 through September 30, 1993, the fee will be \$375.00 for each indemnity case, and \$90.00 for each medical only case handled and will be subject to a \$10,500.00 minimum and deposit, which may be paid in quarterly installments of \$2,625.00 each.
- c) For claims with dates of loss falling between October 1, 1993 through September 30, 1994, the fee will be \$385.00 for each indemnity case, and \$95.00 for each medical only case handled and will be subject to a \$10,500.00 minimum and deposit, which may be paid in quarterly installments of \$2,625.00 each.
- d) Fees for the above contract periods will be subject to audit based upon the claims volume at the end of each period.
- e) The above fees do not include loss control. Loss control fees will be \$600.00 per day plus expenses for the first year, \$650.00 per day plus expenses for the second year, and \$700.00 per day plus expenses for the third year. There will be a minimum of four loss control days required during each contract period.

Notwithstanding anything in this paragraph to the contrary, the Employer agrees to bear the cost of printing checks in connection with the payment of claims or otherwise under this Agreement. This cost is an annual charge of \$650.00 per year.

6. Continuing Handling of Claims After Termination. Upon termination of this Agreement as set forth in paragraph 8, the Service Agent agrees to continue handling all claims that have been made and reported to it prior to such date of termination for ninety (90) days unless the parties have agreed otherwise in writing.
7. Disputes Subject to Arbitration. Any dispute or claim arising out of or relating to this Agreement or any breach thereof shall be resolved by submission of such dispute or claim to an arbitration panel composed as follows: The Employer and the Service Agent shall each select one member of the panel and the two selected members shall select a third member. The parties agree to follow the rules of the American Arbitration Association.
8. Termination. This Agreement may be terminated by either the Employer or Service Agent by giving prior written notice of ninety (90) days. In the event of such termination, compensation paid or payable to Service Agent under paragraphs 5.a) through 5.e) shall be prorated as appropriate. Notwithstanding anything in this paragraph 8 to the contrary, the insolvency or filing for relief from creditors of any party pursuant to the United States Bankruptcy Code or the material breach of a material provision of this Agreement by any party shall permit the other party to cancel this Agreement immediately upon written notice.
9. Covenants of the Service Agent and the Employer. Each of the Service Agent and the Employer agrees to use its normal and ordinary professional care and diligence in the performance of its duties under this Agreement and will use its best efforts to comply at all times with the Law and the Rules.
10. Indemnification. Each party agrees to indemnify and hold harmless the other and its directors, officers, employees, stockholders, and agents against any and all claims, lawsuits, settlements, judgments, costs, penalties, and expenses, including, without limitation, attorneys' and legal assistants' fees before and at trial, on appeal, or otherwise, resulting from the breach of, or negligence or misconduct in performing, any provision of this Agreement, by such party or by its directors, officers, employees, stockholders or agents, whether acting alone or in collusion with others.

11. Miscellaneous.

- a. Each party represents and warrants that it has full power and authority to enter into this Agreement.
- b. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic telephone line facsimile transmission, or other similar electronic or digital transmission method; the day after it is sent, if sent by recognized expedited delivery service; and five (5) days after it is sent, if mailed, certified or registered mail, return receipt requested, postage prepaid. In each case, notice shall be sent to:

If to the Employer:

Nassau County Board of County
Commissioners
P. O. Box 456
Fernandina Beach, FL 32034

If to the Service Agent:

Johns Eastern Company, Inc.
330 South Pineapple Avenue
P. O. Box 4175
Sarasota, FL 34230

or to such other address as either party may have specified in writing to the other using the procedures specified above in this paragraph.

- c. (i) This Agreement shall be construed pursuant to and governed by the substantive laws of the State of Florida (and any provision of Florida law shall not apply if the law of a state or jurisdiction other than Florida would otherwise apply).
- (ii) The headings of the various paragraphs in this Agreement are inserted for the convenience of the parties and shall not affect the meaning, construction, or interpretation of this Agreement.
- (iii) Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the

validity, enforceability or legality of such provision in any other jurisdiction. In any such case, such determination shall not affect any other provision of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision or term of this Agreement is susceptible to two or more constructions or interpretations, one or more of which would render the provision or term void or unenforceable, the parties agree that a construction or interpretation which renders the term or provision valid shall be favored.

- d. This Agreement constitutes the entire Agreement, and supersedes all prior agreements and understandings, oral and written among the parties to this Agreement with respect to the subject matter hereof.
- e.
 - (i) If, within ten (10) days after demand to comply with the obligations of one of the parties to this Agreement served in writing on the other, compliance or reasonable assurance of compliance is not forthcoming, and the other party takes steps to enforce rights under this Agreement pursuant to paragraph 7 or otherwise, the prevailing party in any action shall be entitled to recover all reasonable costs and expenses (including reasonable attorneys' and legal assistants' fees before and at trial, on appeal, or otherwise.)
 - (ii) If any monies shall be due either of the parties to this Agreement hereunder and shall not be paid within thirty (30) days from the due date of such payment, interest shall accrue on such unpaid amount at the rate of 1% per annum in excess of the prime rate announced from time to time by Citibank, N.A., New York, New York, or such lower rate as may be required to comply with applicable law.
- f. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties.
- g. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements, or instruments and shall cooperate with one another in all respects for the purpose of carrying out the transactions contemplated by this Agreement.

- h. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute one and the same instrument and shall become effective when each of the parties has executed at least one of the counterparts even if all the parties have not executed the same counterpart.

IN WITNESS WHEREOF, the SERVICING AGENT and the EMPLOYER have each caused this Addendum to be executed by its duly authorized representative to be effective this 1st day of October, 1991.

WITNESS:

NASSAU COUNTY BOARD OF COUNTY
COMMISSIONERS

Joanna Carson

Jim B. [Signature]

WITNESSES:

Bertie L. Hagen
Cathy L. Hollingsworth

Kenneth M. Johns, III
Kenneth M. Johns, III
President

RECEIVED
NOV 20 1991

JOHNS EASTERN CO., INC.
HOME OFFICE