SFM Risk Solutions, Inc.
Agreement for Third Party Claims Administration Services

Parties and Purpose: SFM Risk Solutions, Inc. is a Minnesota corporation and licensed third party administrator, ("SFM Risk"); **Minneapolis Park & Recreation Board** (MPRB) is an employer self-insured for workers' compensation liability ("Employer"). Employer wishes to contract with SFM Risk to provide workers' compensation claims administration services as described in this Agreement.

Term of Agreement: This Agreement is effective from **11/01/2024 through 10/31/2027** unless amended and/or terminated as described under Section II - Terms and Conditions.

Sections: The following Sections are attached and are part of this Agreement:

I. Services
II. Terms & Conditions
III. Claim Definitions
IV. Banking
V. Fees

Notices/Contact: All notices, requests and other communications required under this Agreement shall be in writing and delivered: (i) personally; (ii) by certified mail, return receipt requested; or (iii) by nationally recognized express courier service. Notices will be deemed given as of the earlier of (i) the date of actual receipt when notice is given by personal delivery, (ii) three (3) days after mailing in the case of certified U.S. mail or (iii) the next business day when notice is sent via express courier. Any Notices shall be addressed as follows: LaFonda Leshovsky, SFM Risk Solutions, Inc., 3500 American Blvd. West, Suite 700, Bloomington, MN 55431; or to Jennifer Ringold, Minneapolis Park & Recreation Board, 2117 West River Road, Minneapolis, MN 55411.

Authority and Counterparts: The parties have signed this Agreement by authorized representatives as of the date written. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but which together constitute one contract. Any party may enter into this Agreement by signing any such counterpart and each counterpart may be signed and executed by the Parties and transmitted by facsimile or electronic transmission and shall be valid and legally binding as if executed as an original.

Date: _____

SFM RISK SOLUTIONS, INC.

_____
LaFonda Leshovsky, TPA Business Leader

Date: _____

Minneapolis Park & Recreation Board

_____
Jennifer Ringold, Secretary to the Board

Date: _____

_____
Margret Forney, President of the Board

SFM®
The Work Comp Experts
Risk Solutions

Section I: Services

SFM Risk agrees to perform the following services:

1. First Reports. SFM Risk will review all First Reports of Injury upon receipt and establish a file for each reported claim. SFM Risk will promptly investigate the compensability of a claim, including the relevant facts surrounding the occurrence, the claimant's pre-existing medical history, and potential third-party liability for contribution, indemnity, subrogation, or special compensation fund reimbursement. When, in the judgment of SFM Risk, the location of an injury, or the nature of the circumstances of the incident giving rise to a claim or potential claim make it advisable to engage an independent investigation firm, SFM Risk will arrange for such investigation, but only upon prior approval by Employer. The Employer will be responsible for the cost of an independent investigation.
2. Reserving. SFM Risk will establish timely and reasonable reserves for each claim, and will promptly revise such reserves to reflect changes in the claim.
3. Denial of Liability/Payment of Claims. SFM Risk will make every effort to promptly pay workers' compensation benefits or promptly deny non-meritorious claims, as required by law, making all necessary administrative filings. SFM Risk will not be responsible for penalties or sanctions incurred for late payment or late denial where such late payment or denial is attributable to late reporting or other acts by the Employer.
4. Outside Counsel: SFM Risk may refer contested cases for legal defense to outside legal counsel of Employer's choosing. SFM Risk will consult with outside counsel and arrange for representation of the Employer's interests at conferences and hearings.
5. Settlement. SFM Risk may attempt to settle a contested claim on behalf of the Employer. Any compromised settlements will be negotiated and based on SFM Risk's evaluation of the Employer's liability exposure. Settlements may be consummated only with prior approval of the Employer. Upon settlement of any claim, SFM Risk will document the basis of the settlement and the amount paid. SFM Risk will prepare or request the preparation of all settlement agreements, forms, filings, and other documents necessary to effectuate settlement of the claim, retaining outside counsel as needed.
6. Adjustment and Resolution of Claims. SFM will use its best claims judgment to facilitate/monitor appropriate medical and rehabilitation services for the earliest possible return to work. Adjusting activities include but are not limited to:
    a. Maintaining contact with Employer, claimant, medical provider(s), and rehabilitation providers;
    b. Obtaining independent medical exams or functional capacity evaluations where there are questions of disability, causal relationship, appropriate treatment, or where reports from treating providers are not provided;
    c. Returning the claimant to work as soon as medically feasible, whether to the former position or to modified/light-duty consistent with medical restrictions; and
    d. Arranging for any vocational rehabilitation, job placement, or retraining as appropriate or required by law.
7. Reimbursement, Contribution, Indemnity and Subrogation. SFM Risk will evaluate the potential for reimbursement or contribution for benefits paid to claimants on behalf of the Employer from other workers' compensation insurers, the Workers' Compensation Reinsurance Association, or from other responsible third parties, retaining investigative or outside counsel resources as needed to pursue third-party recoveries.
8. Loss Reports: SFM Risk will provide monthly and/or quarterly claim loss reports to the Employer.
9. Reports and Filings. For any periods covered by this Agreement, SFM Risk will file or provide the necessary information to the Employer for filing, all claim related reports required by the Department of Labor and Industry, Department of Commerce, MWCIA, WCRA, CMS, and other regulatory organizations.
10. Medical/Disability Management Services. SFM Risk retains physicians licensed in the State of Minnesota to consult with SFM Risk and/or the Employer regarding medical causation issues significant to the determination of compensability

and the propriety of diagnosis, treatment, and claimed disability.

11. Medical Billing Review Services. SFM Risk will review medical, hospital, chiropractic, physical therapy, pharmacy, and rehabilitation billings on Employer's claims to (including but not limited to the following examples):
    a. Determine appropriate billed amounts after application of the Minnesota Workers' Compensation Fee Schedule, if applicable.
    b. Identify noncompliance with prevailing billing practices and guidelines as prescribed by the State of Minnesota.
    c. Identify treatments for a longer duration, greater frequency or higher service level than is typical of other claimants with the same diagnosis.
    d. Distinguish services that are related and not related to the work injury. SFM Risk will generate explanatory letters to service providers outlining the reasons for nonpayment or reduced payment for each billing.

Section II: Terms & Conditions

Removed Excluded Expenses

1. Employer's Liability Exclusion. This Agreement does not include administration of any claims against the Employer for other than regular workers' compensation benefits falling within the jurisdiction of the workers' compensation system. Any other claims against the Employer are the exclusive responsibility of the Employer, including civil claims asserted pursuant to Minn. Stat. sec. 176.82, and all claims normally within the scope of the Employer's or "Coverage B" liability section of a workers' compensation insurance policy.
2. Data and Records. SFM Risk will provide data processing and statistical recordkeeping services as warranted to fulfill its obligations under this Agreement. SFM Risk will record and maintain information essential to claims handling, financial transactions, and other obligations. SFM Risk will not destroy claim records without the approval of the Employer, although SFM Risk may retain records in retrievable images rather than in paper form. Records will be retained for time periods as are customary in the insurance industry.
3. Confidential Information.
    a. "Confidential Information" means all proprietary or confidential technical and non-technical information of either party, including but not limited to specifications, reports, pricing, plans, forecasts, ideas, customer lists, employee lists, current or historical data, computer programs, medical and job premised claimant data, rating programs or files, underwriting data, programs or plans, business plans, financial projections, and all technical, financial, claims, and/or business data disclosed by one party to the other that is not generally available to the public, and/or any other information which the Disclosing Party designates, orally or in writing, as confidential or proprietary information or which the Receiving Party has reason to know is confidential or proprietary information.
    b. Confidential Information shall be kept in confidence by the Receiving Party using the same degree of care as such party uses to prevent unauthorized disclosure of its own Confidential Information, but in any event not less than a reasonable degree of care, and the Receiving Party shall not disclose such Confidential Information to third parties nor use it except to carry out the purposes of this Agreement. This obligation of confidentiality shall not apply to information which (a) is or becomes in the public domain through no breach by the Receiving Party, (b) is previously known or independently developed by the Receiving Party; (c) is learned by the Receiving Party from a third party entitled to disclose it; or (d) is required to be disclosed by the Receiving Party pursuant to a valid order of a court or other competent government body or any political subdivision thereof; provided, however, that to the extent that it may lawfully do so, the recipient of their Confidential Information shall first have given notice to the Disclosing Party and given the Disclosing Party a

reasonable opportunity to interpose an objection or obtain an order requiring that the information and/or documents so disclosed be used only for the purposes for which the order was issued. Notwithstanding the forgoing, Personally Identifiable Information shall be protected under the law applicable to such information.

c. The Receiving Party agrees that the Receiving Party does not intend nor will it, directly, or indirectly, export or transmit any Confidential Information to any country to which such export or transmission is restricted by regulation or statute, without the express prior written consent of the Disclosing Party.

d. Upon discovery of any unauthorized intentional, unintentional, or accidental disclosure of Confidential Information, a Receiving Party shall promptly notify the Disclosing Party in writing of such disclosure. The notice shall contain, to the extent known, a description of the Confidential Information disclosed, the approximate date of disclosure, to whom the Confidential Information was disclosed, and the circumstances surrounding the disclosure.

4. Compensation. Employer shall pay SFM Risk compensation for services rendered, as described in Section V. Employer agrees to report all Medical Only and Lost Time Claims to SFM Risk. Fees will be invoiced monthly and are due within thirty (30) days after the date of invoice. The Employer agrees to pay: (a) reasonable attorney fees and costs incurred by SFM Risk to enforce the provisions of this Agreement or to collect delinquent fees or expenses, and (b) interest on such fees and expenses which will accrue from and after the due date at the rate of eighteen percent (18%) per annum, or as otherwise allowed by law.

5. Termination or Modification of Agreement. SFM Risk or the Employer may, at any time, with or without cause, terminate this Agreement by providing at least ninety (90) days' prior written notice to the other party.

   Upon termination of the Agreement, SFM Risk will have no further obligation to administer claims of the Employer or to provide any other services with respect to such claims, regardless of when incurred or reported. In the event a Claim Petition or medical bill, or any other communication related to a claim, is received by SFM Risk following termination, this information will be forwarded to Employer for further handling.

   If Employer terminates this Agreement without cause less than ninety (90) days prior to termination, Employer is responsible for paying the balance of the fees owing under the contract, and any outstanding expenses incurred by SFM Risk in the performance of this Agreement.

   SFM Risk will, upon the Employer's request, and upon SFM Risk's receipt of an agreed upon administration fee, transfer data or deliver claim records to the Employer in an electronic format, which are essential to the ongoing administration of claims.

   This Agreement may not be modified, altered, or amended except by a written agreement signed by both parties.

6. Indemnification and Limitation of Liability. Employer will indemnify SFM Risk and hold SFM Risk harmless from any and all third party claims, liabilities and expenses, including reasonable attorney fees and defense costs, asserted or incurred in connection with, or resulting from any claim, action, proceeding, or any related appeal arising out SFM Risk's performance under this Agreement, so long as SFM Risk has not engaged in willful misconduct or gross negligence in the performance of its duties or obligations under the Agreement.

7. Force Majeure. Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any obligation under this Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the party, including but not limited to fire, floods, embargoes, war, acts of war, insurrections, riots, strikes, lockouts or other labor disturbances, pandemics, public health emergencies, or acts of God; provided, however, that the party so affected shall use reasonable commercial efforts to avoid or remove such causes of nonperformance or minimize such delay. Either party shall provide the other party with prompt

written notice of any delay or failure to perform that occurs by reason of force majeure.

8. Severability. If a court of competent jurisdiction shall hold any term or provision invalid or unenforceable, such invalidity shall not affect the validity or operation of any other term or provision and such invalid term or provision shall be deemed to be severed from the Agreement.
9. Governing Law. This Agreement is governed by the laws of the State of Minnesota.

Section III: – Claim Definitions

- New Claims are claims that are originally reported to SFM Risk during the current contract period.
- Existing Claims are claims that were originally reported to and opened by Employer's previous claim administrator.
- Incident Only Claims are claims for which no payments are made. SFM Risk provides data entry services only indicating pertinent information from the First Report of Injury.
- Indemnity Claims (Lost Time Claims) are claims on which indemnity benefits are payable (or potentially payable or claimed to be payable).
- Medical Only Claims are claims on which medical expenses are payable (or potentially payable or claimed to be payable) but no indemnity benefits are payable (or potentially payable or claimed to be payable).
- Reopened Claims are claims that have been opened by or handled by SFM Risk or a previous administrator, then subsequently closed, and are reopened twelve months or more after the last date the file was opened or reopened.
- Subsequent Year refers to a subsequent year charge, which attaches to claims originally opened by SFM Risk or a previous claims administrator and still open on the anniversary of the claim's referral to SFM Risk.
- With Tail provides an additional 12-month handling period in the event of non-renewal.

Section IV – Banking

Employer and SFM Risk agree to the following banking procedures:

Banking Procedures. SFM Risk will issue payments for claims it administers on checks provided by SFM Risk drawn against SFM Risk's account at a bank designated by SFM Risk. Employer will make an initial deposit of $200,000 in the account and will replenish the account with the dollars necessary to equal the initial deposit upon receipt of the weekly itemized check register. SFM Risk will notify Employer in writing with a list of itemized checks drawn against the account for claim or expense payments on a monthly basis.

If, at any time during the month, payments are made by SFM Risk that result in insufficient funds in Employer's account, SFM Risk will contact Employer. Employer agrees to deposit the necessary funds to cover the checks already generated. The specific dollar amount deposited into the account by Employer will cover the amount of the shortfall plus the contractually stated minimum balance. If sufficient funds are not received in the SFM Risk account within 48 hours of notice, the Employer agrees to pay SFM Risk an administrative fee of $500 plus interest charged against the cash shortfall at the interest rate set forth under Section II.

Section V – Fees

	Policy Year 2024 – 2025	Policy Year 2025 – 2026	Policy Year 2026 - 2027
Incident Only Claims	0	0	0
Medical Only Claims (MO)	$187	$195	$203
Lost Time Claims (LT)	$1,329	$1,382	$1,437
Subsequent Year MO	$94	$98	$102
Subsequent Year LT	$665	$691	$719

Excluded Expenses. SFM Risk may incur claims administration expenses on behalf of the Employer, including, without limitation, independent medical examinations, loss control reports, medical records, outside legal counsel, court reporter services/reports, filing fees, surveillance, police reports, outside investigative services, commercial photographs, and other services/reports. SFM Risk is not liable for penalties or fees incurred because of acts or omissions by the Employer in violation of law or this Agreement; the Employer will be solely responsible for such penalties and/or fees. Assessments, including Special Compensation Fund assessments, are payable by the Employer, except that SFM Risk will file any necessary reports with state authorities regarding such assessments. Costs or expenses for any special reinsurance, aggregate reinsurance, or surety bond requested by the Employer will be the exclusive responsibility of the Employer.

Subsequent year charges apply to all claims reported or open in the previous contract period(s) and which remain open on the anniversary of the claim's initial referral to SFM Risk Solutions, unless the claim is closed on or within ten (10) days of its anniversary, in which case the charge noted above will be credited to Employer.

*Medical Only claims that exceed $2,500 in medical costs paid will be billed the difference between the Lost Time Claim fee and the Medical Only fee.

Vendor Utilization Fees

SFM Risk has contracted with a variety of vendors including ISO Claim Search, preferred provider and bill review vendors, as well as a pharmacy benefit network vendor. These firms employ pharmaceutical, as well as medical specialists with extensive training in pharmacology, surgical procedures, inpatient stays and other medical treatments that may be bundled, mislabeled, or misrepresented on a bill. Vendor savings may also result from the bills being compared to "usual and customary" charges for treatment and from access to state fee schedules and database information across the United States. Vendor bill review re-pricing, PPO and Pharmacy network savings will be paid from the individual claims for which the savings apply. The index bureau, CMS, and bill entry fees will be invoiced on your monthly statement.

ALAE (Expense) Fees –

Service	**Fee**
Bill Entry Fee*	$11 per bill
CMS Reporting	$16 per claim
Claim Regulatory Fee	$3.00 per submission
Text Messaging Fees	$250 per year
Bill Review Re-pricing**	30% of savings
PPO & Pharmacy Network	30% of savings
Non-litigated subrogation (by recovery specialist)	15% of recovery
RMIS/Report System Access	3 registered users included with contract, $500.00 per registered user per year beyond the 3 users.

In-house physician review – only upon approval	$125 per visit
Nurse Prescription drug review – only upon approval	$90 hour
Closed files box storage fee	$8 per box annually
Telephonic Nurse Case Management	$110 per hour
Loss Prevention Services	$150 per hour plus expenses
Attend hearings (by adjuster)	No additional charge
Quarterly Claim Reviews	No additional charge
Web reporting	No additional charge
Fax reporting	No additional charge
Telephonic reporting	No additional charge
SFM Hotline Reporting	$85 per report
Ad Hoc Reports	Sorting and filtering options available through CompOnline
IT Programming Fees**/Data Transfer Fees	$400 per hour
Account Management	$3,000

*Does not include provider access fee

**Programing time for specialty reports requested by the Employer that require additional programming time by the Information Services Department and does not include the pre-determined list of available loss reports, check registers, regulatory reports, or reports available through CompOnline.