Add info #25

APR 26 2012

Contract Document C

RE: City of Chandler RFP
Wilkerson, Debra
to:
Montoya, Louis
04/04/2012 09:43 AM
Cc:
"Sanbet, Jennifer", "Jones, Molly", "Ventre, Brian", "Lyons, Chris", "Olmsted, Leslie", "Kristy.Garcia@chandleraz.gov"
Hide Details
From: "Wilkerson, Debra" <Debra_Wilkerson@corvel.com> Sort List...
To: "Montoya, Louis" <Louis.Montoya@buckconsultants.com>,
Cc: "Sanbet, Jennifer" <Jennifer_Sanbet@CORVEL.COM>, "Jones, Molly" <Molly_Jones@Corvel.com>, "Ventre, Brian" <Brian_Ventre@Corvel.com>, "Lyons, Chris" <Chris_Lyons@corvel.com>, "Olmsted, Leslie" <Leslie_Olmsted@corvel.com>, "Kristy.Garcia@chandleraz.gov" <Kristy.Garcia@chandleraz.gov>
History: This message has been forwarded.

Lou,
I have checked with the Team and CorVel is agreeable to this provision. Please don't hesitate should you have further questions.
Best regards,
Deb

Debra Wilkerson RN BSN CCM | AZ District Manager
CorVel Corporation | Phoenix Office
1850 N. Central Ave. Suite 1200|Phoenix, AZ 85004
T 602-288-1838|VoIP 82003|F 866-392-2564|C 623-363-7997
debra_wilkerson@corvel.com | www.corvel.com

From: Montoya, Louis [mailto:Louis.Montoya@buckconsultants.com]
Sent: Tuesday, April 03, 2012 12:32 PM
To: Wilkerson, Debra
Cc: Sanbet, Jennifer; Jones, Molly; Ventre, Brian; Lyons, Chris; Olmsted, Leslie; Kristy.Garcia@chandleraz.gov
Subject: RE: City of Chandler RFP

Debra,

Thank you for the follow-up on this item. We appreciate your suggestion for the 180 days/$5K in TI/Reserves as the benchmark for a MO to indemnity claim, however, as we indicated the City would like to have no set days or reserve threshold be the indicator of an Indemnity claim. Is Corvel agreeable to this provision?

Warm regards,

Louis Montoya
Sr. Consultant, Health and Productivity
Buck Consultants, An ACS Company
3200 N. Central, Suite 2200
Phoenix, AZ 85012
Phone (602) 864-3591
Fax (602) 864-3535
Cell (602) 295-7741
louis.montoya@buckconsultants.com

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From: Wilkerson, Debra [mailto:Debra_Wilkerson@corvel.com]
Sent: Wednesday, March 21, 2012 5:36 PM
To: Montoya, Louis
Cc: Sanbet, Jennifer; Jones, Molly; Ventre, Brian; Lyons, Chris; Olmsted, Leslie
Subject: City of Chandler RFP

Lou and Kristy,
It was a pleasure to speak with you both this afternoon. Your questions related to the MO files and exceptions in our RFP response. I am summarizing our response so you may have the information in writing.

We can be completely flexible on MO files and can setup the conversion process as the City outlines. We have clients that run the field on how they would like their files classified. In the absence of a preference we will defer to the CorVel Standard Handling guides: 120 days / $3k in TI / Reserves. Based on our understanding of the City, may we suggest 180 days/$5K in TI/Reserves.

The exceptions have some verbiage changes and we are very willing to discuss. As we discussed, it would probably be better to defer to our mutual legal departments. In any case, CorVel will work diligently for mutual contract agreement.

Thank you for reaching out to us for additional clarification. Don't hesitate to contact me or Jenn with any further questions.
Best regards,

Debra Wilkerson RN BSN CCM | AZ District Manager
CorVel Corporation | Phoenix Office
1850 N. Central Ave. Suite 1200|Phoenix, AZ 85004
T 602-288-1838|VoIP 82003|F 866-392-2564|C 623-363-7997
debra_wilkerson@corvel.com | www.corvel.com

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Attachment B: Claim Sample Reports

CORVEL

Claim Detail

For all claims

Claim status and finance amounts as of 07/15/2010

ABC Company - EC

Additional filters applied, see first page for details.

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Claim Number:	CE-09-000014	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/MO/	**Status:**	Closed	**Status Date:**	07/12/2010	**Recovery:**	
Claimant:		**Jurisdiction:**	Ohio	**Injury Date:**	10/06/2009	**Avg WW:**	$0.00
Accident Description:	Raising baker scaffold from 4' to 6' high. While doing this right calf muscle popped. ()	**Claimant Age:**	46	**Received:**	10/09/2009	**Comp Rate:**	$0.00
Nature of Injury:	STRAIN	**Occupation:**					
Part of Body:	Right Ankle						
Accident Type:	Strain or injury by lifting						
Source of Injury:	HOISTING EQUIPMENT						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$99.17	$0.00	$99.17
MED	$1,347.89	$0.00	$1,347.89
Total	**$1,447.06**	**$0.00**	**$1,447.06**

Claim Number:	CE-09-000015	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/MO/	**Status:**	Closed	**Status Date:**	01/08/2010	**Recovery:**	
Claimant:		**Jurisdiction:**	Ohio	**Injury Date:**	09/02/2009	**Avg WW:**	$0.00
Accident Description:	Moving stack of drywall with pallet jack to continue framing wall. Left knee twisted and felt a pop. ()	**Claimant Age:**	30	**Received:**	10/14/2009	**Comp Rate:**	$0.00
Nature of Injury:	STRAIN	**Occupation:**					
Part of Body:	Left Knee						
Accident Type:	Twisting, strain or injury by						
Source of Injury:	WALK/PATH/SIDEWALK						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$130.00	$0.00	$130.00
Total	**$130.00**	**$0.00**	**$130.00**

Claim Number:	CE-09-000016	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/IND/	**Status:**	Open	**Status Date:**	11/05/2009	**Recovery:**	
Claimant:		**Jurisdiction:**	Ohio	**Injury Date:**	10/27/2009	**Avg WW:**	$0.01
Accident Description:	Employee was carrying steel grating across job site then pulling pieces up to mezz floor and laying them out. He felt a pull and tightening in lower back. ()	**Claimant Age:**	47	**Received:**	11/05/2009	**Comp Rate:**	$0.01
Nature of Injury:	STRAIN	**Occupation:**					
Part of Body:	Back, lower						
Accident Type:	Strain						
Source of Injury:	HEAVY OBJECT						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$2,929.62	$3,570.38	$6,500.00
MED	$6,408.55	$591.45	$7,000.00
Total	**$9,338.17**	**$4,161.83**	**$13,500.00**

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CORVEL

Claim Detail

For all claims

Claim status and finance amounts as of 07/15/2010

ABC Company - EC

Additional filters applied, see first page for details.

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	Category Level 2	Paid-to-Date	Reserved	Incurred
	ALE	$21,351.64	$8,964.05	$30,315.69
	IND	$35,300.76	$14,482.29	$49,783.05
	MED	$76,056.89	$11,584.42	$87,641.31
	PER	$3,202.64	$0.00	$3,202.64
Report Total		**$135,911.93**	**$35,030.76**	**$170,942.69**

	Open	Closed	Total
# of Claims	4	27	31

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Claim Detail

For all open claims

Claim status and finance amounts as of 07/15/2010

ABC Company - EC

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Claim Number:	CH-00-0001070	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/IND/	**Status:**	Open	**Status Date:**	08/07/2000	**Recovery:**	
Claimant:		**Jurisdiction:**	Colorado	**Injury Date:**	08/07/2000	**Avg WW:**	$477.82
Accident Description:	CLMT LIFTING HEAVY BAG OF LAUNDRY/LOW. BACK STRAIN	**Claimant Age:**	53	**Received:**	08/07/2000	**Comp Rate:**	$318.55
Nature of Injury:	STRAIN	**Occupation:**	*Captured Data				
Part of Body:	LOWER BACK AREA INC:LUMB/SACR)						
Accident Type:	LIFTING						
Source of Injury:	CONGESTION/HOUSEKEEP						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$13,207.01	$1,056.74	$14,263.75
IND	$23,182.09	$0.00	$23,182.09
MED	$32,331.44	$14,513.00	$46,844.44
PER	$8,539.50	$0.00	$8,539.50
Total	**$77,260.04**	**$15,569.74**	**$92,829.78**

Claim Number:	CH-00-0001245	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/IND/	**Status:**	Open	**Status Date:**	09/27/2000	**Recovery:**	
Claimant:		**Jurisdiction:**	Colorado	**Injury Date:**	09/27/2000	**Avg WW:**	$0.00
Accident Description:	CLMT FELL BACKWARDS OUT OF CHAIR/HURTING NECK,BACK	**Claimant Age:**	48	**Received:**	09/29/2000	**Comp Rate:**	
Nature of Injury:	ALL OTHER (NOT VALID IN DE OR PA)	**Occupation:**	*Captured Data				
Part of Body:	MULTIPLE BODY PARTS						
Accident Type:	FALL/SLIP ON SAME LEVEL						
Source of Injury:	EQUIPMENT						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$48,748.34	$2,218.27	$50,966.61
IND	$20,885.32	$0.00	$20,885.32
MED	$43,360.79	$16,330.10	$59,690.89
PER	$16,590.08	$5,000.00	$21,590.08
Total	**$129,584.53**	**$23,548.37**	**$153,132.90**

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Claim Detail

For all open claims

Claim status and finance amounts as of 07/15/2010

ABC Company - EC

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	Category Level 2	Paid-to-Date	Reserved	Incurred
				$0.00
	ALE	$1,724,011.41	$518,673.05	$2,242,684.46
	IND	$1,197,040.08	$219,547.89	$1,416,587.97
	MED	$3,894,698.87	$1,082,655.32	$4,977,354.19
	PER	$1,776,243.81	$1,197,816.68	$2,974,060.49
Report Total		**$8,591,994.17**	**$3,018,692.94**	**$11,610,687.11**

	Open	Reopened	Total
# of Claims	258	52	310

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Payment Register Detail

For all Checks dated 06/01/2010 - 06/30/2010

ABC Company - EC

Additional filters applied, see first page for details.

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Check Number	Date Issued / Class	Payee / Claim Number	Type / Service Dates	Description / Claimant	Payment Amount
Check Number: 1007598					
1007598	06/09/2010		DOCTOR	011012569641	$117.05
	IND	CH-10-000070	05/05/2010 - 05/05/2010	Patient	
				Category Level 2	
				MED	$117.05
Total for Check Number: 1007598			**# of Payments: 1**		**$117.05**
Check Number: 1007602					
1007602	06/09/2010		DOCTOR	011012456831	$79.29
	IND	CH-10-000432	11/24/2009 - 11/24/2009	Patient	
				Category Level 2	
				MED	$79.29
Total for Check Number: 1007602			**# of Payments: 1**		**$79.29**
Check Number: 1007607					
1007607	06/09/2010		DOCTOR	011012594941	$189.78
	IND	CH-10-000070	05/10/2010 - 05/12/2010	Patient	
				Category Level 2	
				MED	$189.78
Total for Check Number: 1007607			**# of Payments: 1**		**$189.78**

CORVEL

Payment Register Detail

For all Checks dated 06/01/2010 - 06/30/2010

ABC Company - EC

Additional filters applied, see first page for details.

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		Category Level 2	Payment Amount
		ALE	$28,277.49
		IND	$4,340.76
		MED	$11,016.49
Report Total	**# of Payments: 288**		**$43,634.74**

CORVEL

Loss Experience Summary

ABC Company - EC

For all claims with Injury Year (FY) 2009

Quarter Issued: Qtr 1

Claims										
Open	Close	Total	%Closed		Indemnity	Permanency	Medical	Expense	Total	Recovery
Month Issued: 01 January										
Totals for Month Issued: 01 January										
7	90	97	92.78%	**Paid**	$ 52,728.84	$ 0.00	$ 143,779.54	$ 78,030.68	$ 274,539.06	$ 0.00
				Reserves	$ 31,913.21	$ 184,146.34	$ 35,821.31	$ 32,614.88	$ 284,495.74	
				Incurred	$ 84,642.05	$ 184,146.34	$ 179,600.85	$ 110,645.56	$ 559,034.80	
Month Issued: 02 February										
Totals for Month Issued: 02 February										
3	80	83	96.39%	**Paid**	$ 8,286.69	$ 44,652.89	$ 118,710.38	$ 51,127.39	$ 222,777.35	$ 0.00
				Reserves	$ 0.00	$ 52,355.83	$ 5,660.20	$ 16,235.17	$ 74,251.20	
				Incurred	$ 8,286.69	$ 97,008.72	$ 124,370.58	$ 67,362.56	$ 297,028.55	
Month Issued: 03 March										
Totals for Month Issued: 03 March										
2	67	69	97.10%	**Paid**	$ 13,166.24	$ 301.03	$ 98,163.49	$ 22,842.23	$ 134,472.99	$ 0.00
				Reserves	$ 0.00	$ 16,996.34	$ 2,006.69	$ 6,522.53	$ 25,525.56	
				Incurred	$ 13,166.24	$ 17,297.37	$ 100,170.18	$ 29,364.76	$ 159,998.55	
Totals for Quarter Issued: Qtr 1										
12	237	249	95.18%	**Paid**	$ 74,181.77	$ 44,953.92	$ 360,653.41	$ 152,000.30	$ 631,789.40	$ 0.00
				Reserves	$ 31,913.21	$ 253,498.51	$ 43,488.20	$ 55,372.58	$ 384,272.50	
				Incurred	$ 106,094.98	$ 298,452.43	$ 404,141.61	$ 207,372.88	$ 1,016,061.90	

CORVEL

Loss Experience Summary

ABC Company - EC

For all claims with Injury Year (FY) 2009

	Claims										
	Open	Close	Total	%Closed		Indemnity	Permanency	Medical	Expense	Total	Recovery
Report Totals	37	987	1024	96.39%	**Paid**	$ 318,741.66	$ 230,752.98	$ 1,067,715.59	$ 344,298.92	$ 1,961,509.15	$ 0.00
					Reserves	$ 66,608.27	$ 339,006.21	$ 142,520.35	$ 118,933.49	$ 667,068.32	
					Incurred	$ 385,349.93	$ 569,759.19	$ 1,210,235.94	$ 463,232.41	$ 2,628,577.47	

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Claim Detail

For all claims with Incurred amount greater than $25,000.00 for the total claim

Claim status and finance amounts as of 01/01/2009

ABC Company- EC

Additional filters applied, see first page for details.

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Claim Number:	CH-04-0000880	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/IND/	**Status:**	Open	**Status Date:**	09/05/2004	**Recovery:**	
Claimant:		**Jurisdiction:**	Colorado	**Injury Date:**	09/05/2004	**Avg WW:**	$0.00
Accident Description:	CLAIMANT ALLEGES WHILE MOVING PT ON BACKBOARD TO GURNEY SHE HAD PAIN IN LT FOOT	**Claimant Age:**	45	**Received:**	10/01/2004	**Comp Rate:**	
Nature of Injury:	STRAIN	**Occupation:**					
Part of Body:	FOOT						
Accident Type:							
Source of Injury:	OTHER PERSON						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$3,887.82	$0.00	$3,887.82
MED	$15,913.21	$0.00	$15,913.21
PER	$6,182.76	$0.00	$6,182.76
Total	**$25,983.79**	**$0.00**	**$25,983.79**

Claim Number:	CH-04-0000917	**Location Level 1:**				**Subrogation:**	No
Cov/Class/SubClass:	WC/IND/	**Status:**	Open	**Status Date:**	09/19/2004	**Recovery:**	
Claimant:		**Jurisdiction:**	Colorado	**Injury Date:**	09/19/2004	**Avg WW:**	$0.00
Accident Description:	CLAIMANT ALLEGES WHILE TURNING TO PUT SHARPS IN CONTAINER SHE TRIPPED AND HIT THE WALL HURTING RT SHOULDER, ELBOW AND HAND	**Claimant Age:**	55	**Received:**	09/23/2004	**Comp Rate:**	
Nature of Injury:	CONTUSION	**Occupation:**					
Part of Body:	MULTIPLE BODY PARTS						
Accident Type:							
Source of Injury:	BUILDINGS						

Category Level 2	Paid-to-Date	Reserved	Incurred
ALE	$335.00	$0.00	$335.00
IND	$5,193.17	$0.00	$5,193.17
MED	$22,497.50	$0.00	$22,497.50
PER	$2,052.80	$0.00	$2,052.80
Total	**$30,078.47**	**$0.00**	**$30,078.47**

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CORVEL

Claim Detail

For all claims with Incurred amount greater than $25,000.00 for the total claim

Claim status and finance amounts as of 01/01/2009

ABC Company- EC

Additional filters applied, see first page for details.

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	Category Level 2	Paid-to-Date	Reserved	Incurred
	ALE	$982,116.19	$0.00	$982,116.19
	IND	$719,766.39	$0.00	$719,766.39
	MED	$2,014,882.74	$0.00	$2,014,882.74
	PER	$1,648,396.93	$0.00	$1,648,396.93
Report Total		**$5,365,162.25**	**$0.00**	**$5,365,162.25**

	Open	Total
# of Claims	85	85

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Attachment C: Resumes of Key Personnel

CORVEL

BRIAN VENTRE
DISTRICT VICE PRESIDENT

SUMMARY OF QUALIFICATIONS

- **16 years of managerial experience**
- **Brian has over 8 years of insurance industry experience**
- **Extensive experience with workers' compensation insurance.**

PROFESSIONAL HISTORY

- **2009 to Present: CorVel Corporation, District Vice President.** Responsible for the total operation of CorVel offices in Arizona, Nevada and New Mexico. Responsibilities include, revenue and profit growth, budget management and new business development including sales and marketing activities.
- **2007 to 2009: Metlife Auto and Home, Regional Sales Director.** Regional director given full autonomy over sales growth in region through 3 distribution channels, group worksite and voluntary benefits agents and brokers, property and casualty captive agents, and financial reps selling personal lines insurance. Capitalize on channel efforts and guarantee seamless transition from one product channel to another to assist with decreasing acquisition costs and boosting retention.
- **2003 to 2007: Nationwide Insurance, Agency Executive/Owner.** Agency Executive charged with creating business progression and roll-out plans based on extensive competitive, product and market intelligence while handling $650K annual budget.
- **1998-2003: Ventre Incorporated, Owner.** Principal launched entrepreneurial venture and controlled organizations continuous growth in terms of new stores, acquisitions, sales and revenue. Lead company from start up to seven locations with annual sales over $9M.

EDUCATION

- **Bachelor of Science in Management**, Rochester Institute of Technology, Rochester, NY

CREDENTIALS AND AFFILIATIONS

- **Licenses:** Arizona Life & Health and Property & Casualty and series 6 financial license
- **Member:** Arizona Technology Council, member of SEVAR, Gilbert and Mesa Chamber of Commerce and the Knights of Columbus.

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CORVEL

DEBRA WILKERSON, RN, BSN, CCM
DISTRICT MANAGER

SUMMARY OF QUALIFICATIONS

- **District Manager of Operations for Arizona Managed Care including medical and vocational rehabilitation, Independent Medical Evaluation, Imaging, DME, Ancillary Services and Bill Review for Worker's Compensation, Auto, Liability and Group Health.**
- **Annual Operations in excess of $5 million with total operations profit margin in excess of 25%.**
- **Professional Career in Managed Care for over 17 years.**
- **Registered Professional Nurse, Certified Case Manager, Active in Claims Organizations in Arizona since 2001.**

PROFESSIONAL HISTORY

- **CorVel Corporation: Medical Case Manager, Case Management Supervisor, Branch Manager, District Manager of Operations Arizona.**
- **Marion Memorial Hospital: Operating Room Nurse, Unit Manager, Interim OR Manager**
- **P.K. Patton, M.D. : History, Physical and Assessment and Patient Education.**
- **Union Hospital: ED RN, ED Unit Supervisor, Code Team Member.**
- **Franklin Hospital: RN Critical Care and ED.**

EDUCATION

- **Bellarmine University, BS in Nursing**
- **Kaskaskia College, Associate Degree in Nursing - Cum Laude Graduate**

CREDENTIALS AND AFFILIATIONS

- **Bachelor of Science in Nursing.**
- **Certified Case Manager – Department of Labor-OWCP**
- **Certified Case Manager (CCM)**
- **Certified Nurse Operating Room (CNOR).**
- **ACLS Certified/IP**
- **Ring Board Member and Officer**
- **Arizona Work Comp Association**

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CORVEL

LESLIE OLMSTED
ACCOUNT MANAGER

SUMMARY OF QUALIFICATIONS

- **CorVel Account Manager-Arizona Operations**
- **Customer Service Representative-CorVel Arizona**
- **PPO Developer-CorVel Arizona**
- **Coordinates set up of all new accounts, report completion and document preparation**
- **Strong marketing and interpersonal skills**
- **Assists with Prospective Client Development**
- **Develops marketing material, brochures and educational materials**
- **Chairman of Annual CorVel Educational Seminar**

PROFESSIONAL HISTORY

- **2007 to present:** CorVel Corporation. Customer Service Representative and Account Manager. Responsible for delivery of high quality service to local customer base.

- **1998 to 2007:** PPO Developer for Arizona. Contracting with hospitals, facilities, physicians and services for CorCare PPO in Arizona. Maintained current contracts and credentialing of PPO network.

- **1996 to 1998:** Olsten Staffing Services-Administrative Assistant. Responsible for recruiting, communications and projects.

EDUCATION

- Brooks College- Associate of Arts
- Lassen College

CREDENTIALS AND AFFILIATIONS

- Chairman CorVel Quality Assurance Committee
- Chairman CorVel Annual Educational Seminar
- Editor CorVel-AZ Newsletter
- CorVel Employee of the Month

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MOLLY JONES, WCCP
CLAIMS ADJUSTER

SUMMARY OF QUALIFICATIONS

- **19 years experience in adjusting workers' compensation claims**
- **Complete handling of claims from detailed documentation skills on investigations, subrogation/restitution, and litigation with settlement negotiations**
- **Extensive knowledge of medical protocol for common industrial injuries with prescription usage**
- **Knowledge and handling of multi-state jurisdictions**
- **Supervision of workers' compensation unit (support staff and Adjusters), including evaluation of employees for performance reviews, interviewing new hires, coordinating and leading team meetings**
- **Understanding of risk analysis from calculation of rates in underwriting**
- **Proactive, daily communication with injured workers', medical providers, employers, and attorneys for investigation, evaluation, negotiation, and settlement of claims**
- **Service-oriented interaction with risk managers and clientele / brokers of large line accounts, including conducting claim reviews and reporting to excess carriers**
- **Completion and presentation of renewal packages for customers**

PROFESSIONAL HISTORY

CorVel Enterprise Comp	**Phoenix, AZ**	**Sr. Claims Adjuster**	**2/09 to present**
Pinnacle Risk Mgmt	**Phoenix, AZ**	**Sr. Claims Adjuster**	**4/07-2/09**
Eoscomp, llc	**Phoenix, AZ**	**Sr. Claims/Supervisor**	**5/05-4/1/07**

EDUCATION

Arizona WCCP Designation
California Self-Insurance Administrator's Certificate
IEA Certificate (Work Comp Administration)
LOMA 1 (Life Office Management Association)
Group HIAA (Health Insurance Association of America) Parts A,B&C

CREDENTIALS AND AFFILIATIONS

Executive Committee Chair, Kids Chance of Arizona, Inc. (2007-2009)
Member, Arizona Workers' Compensation Claims Association Member
President 2001-2002, Arizona Workers' Compensation Claims Association Member
Vice President 2000-2001, Arizona Workers' Compensation Claims Association Member

CORVEL

RENEE ENGLEN
BILL REVIEW MANAGER

SUMMARY OF QUALIFICATIONS

- **Reviewing and processing medical claims utilizing multiple states workers compensation fee schedules, usual and customary data for automobile claims, Relative Values for Physicians, ICD-9, CPT codes, and medical terminology.**
- **Strong customer service skills**
- **Supervisory experience in a high volume production based environment**

PROFESSIONAL HISTORY

- **09/1996 - present: CorVel Corporation, Bill Review Manager.** Review and process medical claims for Arizona workers' compensation and auto liability claims for multiple states within 48-72 hours. In charge of hiring, training, daily work flow issues and quality control within the department. Work closely with R.N.'s in utilization review and reviewing surgical claims. Performed special reviews for out-of-state workers' compensation claims by obtaining information from other CorVel offices and industrial commission offices. Interact with the systems department and PPO Developer to continually update the information in our system.
- **02/1995 – 09/1996: USA Health Network, Claims Liaison.** Verified provider contracts to resolve disputed charges/claims. Repriced physician and hospital claims to determine payment allowances to the provider based on the individual PPO contract including: percent discounts, per diems, DRG's, ASC Groupers, carve outs and stop losses. Electronic repricing- repricing bills without the benefit of a hard copy.
- **02/1994 – 01/1995: Occupational Medical Center, Supervisor of Billing/Collection Department.** Responsible for accurate medical billing for multiple clinics. Interacted with major insurance companies, self insured's, and third party administrators regarding collections. Incorporated Workers Compensation Physicians Fee Schedule rules and regulations into billing practices. Familiarity with pre-authorization, case management and managed care philosophies.
- **11/1984 – 11/1993: Intracorp/Accumed, Supervisor.** In charge of 12 employees of various job levels. Responsible for extensive training for new and existing employees. Provided customer service requiring tactful written and oral communication. Performed telephonic concurrent utilization review. Responsible for total review of high volume of workers' compensation medical and hospital claims for multiple states. Adjusted reviewing process to increase return on investment for customers. Maintained quantity/quality guidelines on a daily basis.
- **09/1980 – 11/1984: Medata, Billing Analyst Specialist.** Responsible for analyzing medical bills. Experience with reviewing claims for several states. Determining dollar recommendations for services without values.

EDUCATION

- **General Education- Cypress College – Supervisory Skills Training, Basic Management Skills, Interpersonal Skills**

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Attachment G: Bill Review Sample Reports

CORVEL

Sample Bill Review Reports

CORVEL

Bill History

For all bills Invoiced 01/01/2011 - 01/31/2011 (All LOB's)

Claim Patient	Site/Bill # Provider	DOS From - To	DOI Network Primary ICD9	Bill Charges	Savings FS/U&C	PPO	Other	Total	% Svgs	Payment
10000502946	6/4599578-1	05/02/08 - 02/13/09	02/23/05 842.00 - Sprain&Strain Unspec Site Wrist	$496.96	$377.33	$0.00	$119.63	$496.96	100.0%	$0.00
30000402406	6/4599602-1	03/21/07 - 01/21/09	03/30/04 Interplan - WC 717 - Internal Derangement Of Knee	$1,475.95	$814.11	$0.00	$661.84	$1,475.95	100.0%	$0.00
10008900979	6/4599731-1	10/26/10 - 10/26/10	09/20/88 CorCare II WC 840.4 - Rotator Cuff Sprain And Strain	$5,283.14	$972.48	$1,943.77	$0.00	$2,916.25	55.2%	$2,366.89
10008900979	6/4599801-1	11/22/10 - 11/22/10	09/20/88 CorCare II WC 840.4 - Rotator Cuff Sprain And Strain	$185.00	$63.24	$121.76	$0.00	$185.00	100.0%	$0.00
10009600787	6/4599865-1	11/02/10 - 11/02/10	09/03/95 722.10 - Displcmt Lumbar Disc W/O Myelopathy	$4,700.00	$3,988.72	$0.00	$80.04	$4,068.76	86.6%	$631.24
10009800448	6/4599925-1	09/02/08 - 10/09/08	07/23/97 959.9 - Injury Other&Unspec Unspec Site	$2,727.82	$1,682.42	$0.00	$1,045.40	$2,727.82	100.0%	$0.00
10000700376	6/4600271-1	06/28/10 - 06/28/10	04/29/06 Interplan - WC 840.9 - Sprain&Strain UNS Site Shldr&Up Arm	$4,770.99	$4,770.99	$0.00	$0.00	$4,770.99	100.0%	$0.00
10001001773	6/4600418-1	11/23/10 - 11/23/10	12/03/09 959.9 - Injury Other&Unspec Unspec Site	$909.48	$739.48	$0.00	$0.00	$739.48	81.3%	$170.00
10009502254	6/4600481-1	11/29/10 - 11/29/10	07/14/94 CorCare II WC 722.10 - Displcmt Lumbar Disc W/O Myelopathy	$3,400.00	$2,263.60	$70.47	$0.00	$2,334.07	68.6%	$1,065.93
10009700588	6/4600510-1	11/15/10 - 11/15/10	07/12/96 211.3 - Benign Neoplasm Of Colon	$770.00	$770.00	$0.00	$0.00	$770.00	100.0%	$0.00
10008569194	6/4600745-1	03/01/10 - 03/01/10	05/08/85 CorCare II WC 780.53 - Hypersomnia With Sleep Apnea	$618.86	$0.00	$39.78	$414.00	$453.78	73.3%	$165.08
30000800042	6/4601041-1	12/08/10 - 12/08/10	12/08/91 959.9 - Injury Other&Unspec Unspec Site	$534.15	$534.15	$0.00	$0.00	$534.15	100.0%	$0.00

Page Groups: ; Detail Groups:

HIPAA WARNING - This report contains protected patient information

CORVEL

Bill Review Savings

For all bills Invoiced with Date of Injury 01/01/2010-03/31/2010 (All LOB's), Bill Type(s) - AMB,ASC,CHI,CIQ,DME,HI,HO,LIR,MCB,SNF,SUR,

			Savings					Fees					Net	
Bills	Lines	Bill Charges	FS/R&C	PPO	Total	%Sav	Payment	FS/R&C	PPO	Tax	Total	Net Savings	%Sav	ROI
Provider Tax ID:														
2	2	$73.74	$0.00	$22.12	$22.12	30.0%	$51.62	$3.00	$3.98	$0.00	$6.98	$15.14	20.5%	3.17
Provider Tax ID:														
1	9	$472.98	$133.00	$33.99	$166.99	35.3%	$305.99	$6.00	$6.12	$0.00	$12.12	$154.87	32.7%	13.78
Provider Tax ID:														
1	6	$603.21	$191.36	$54.57	$245.93	40.8%	$357.28	$4.50	$9.82	$0.00	$14.32	$231.61	38.4%	17.17
Bill Type: HI														
5	75	$284,497.10	$240,419.67	$1,730.01	$242,149.68	85.1%	$42,347.42	$56.25	$311.41	$0.00	$367.66	$241,782.02	85.0%	658.62
Provider Tax ID:														
1	16	$85,029.76	$71,135.22	$1,389.45	$72,524.67	85.3%	$12,505.09	$12.00	$250.11	$0.00	$262.11	$72,262.56	85.0%	276.70
Provider Tax ID:														
1	11	$40,943.34	$34,726.62	$0.00	$34,726.62	84.8%	$6,216.72	$8.25	$0.00	$0.00	$8.25	$34,718.37	84.8%	4,209.29
Provider Tax ID:														
1	13	$22,480.89	$14,358.66	$0.00	$14,358.66	63.9%	$8,122.23	$9.75	$0.00	$0.00	$9.75	$14,348.91	63.8%	1,472.68
Provider Tax ID:														
1	8	$17,475.24	$12,983.16	$0.00	$12,983.16	74.3%	$4,492.08	$6.00	$0.00	$0.00	$6.00	$12,977.16	74.3%	2,163.86
Provider Tax ID:														
1	27	$118,567.87	$107,216.01	$340.56	$107,556.57	90.7%	$11,011.30	$20.25	$61.30	$0.00	$81.55	$107,475.02	90.6%	1,318.90
Bill Type: HO														
75	367	$156,507.82	$126,459.36	$13,583.41	$140,042.77	89.5%	$16,465.05	$469.52	$2,444.99	$0.00	$2,914.51	$137,128.26	87.6%	48.05
Provider Tax ID:														
1	1	$3,231.00	$2,719.00	$0.00	$2,719.00	84.2%	$512.00	$1.50	$0.00	$0.00	$1.50	$2,717.50	84.1%	1,812.67
Provider Tax ID:														
2	5	$2,414.65	$1,911.97	$159.73	$2,071.70	85.8%	$342.95	$3.75	$28.75	$0.00	$32.50	$2,039.20	84.5%	63.74
Provider Tax ID:														
1	8	$2,191.87	$1,874.94	$0.00	$1,874.94	85.5%	$316.93	$91.43	$0.00	$0.00	$91.43	$1,783.51	81.4%	20.51
Provider Tax ID:														
1	9	$2,163.00	$1,585.34	$335.91	$1,921.25	88.8%	$241.75	$6.75	$60.47	$0.00	$67.22	$1,854.03	85.7%	28.58
Provider Tax ID:														
1	10	$2,278.64	$1,941.24	$0.00	$1,941.24	85.2%	$337.40	$64.41	$0.00	$0.00	$64.41	$1,876.83	82.4%	30.14
Provider Tax ID:														
1	20	$7,092.00	$5,168.29	$1,178.60	$6,346.89	89.5%	$745.11	$15.00	$212.15	$0.00	$227.15	$6,119.74	86.3%	27.94

Page Groups: *Business Unit* ; **Detail Groups:** *Month, Bill Type, Provider Tax ID*

CORVEL

Bill Review ICD9 Detail

For all bills Invoiced in 01/01/2010 - 03/31/2010 All Sites

ABC Company- BU 1234

									Claim Averages				Visit Averages			Procedure Averages		
ICD9	ICD9 Description	Bills	Claims	Visits	Procs	Bill Charges	Savings	Payment	Charges	Savings	%Sav	Visits	Charges	Savings	%Sav	Charges	Savings	%Sav
354.0	Carpal Tunnel Syndrome	6	2	2	30	$3,926.43	$2,057.35	$1,869.08	$1,963.22	$1,028.68	52.40%	1	$1,963.22	$1,028.68	52.40%	$130.88	$68.58	52.40%
354.2	Lesion Of Ulnar Nerve	1	1	1	3	$293.62	$164.52	$129.10	$293.62	$164.52	56.03%	1	$293.62	$164.52	56.03%	$97.87	$54.84	56.03%
372.00	Unspecified Acute Conjunctivitis	1	1	1	1	$306.12	$181.92	$124.20	$306.12	$181.92	59.43%	1	$306.12	$181.92	59.43%	$306.12	$181.92	59.43%
401.9	Unspecified Essential Hypertension	1	1	0	11	$675.00	$497.86	$177.14	$675.00	$497.86	73.76%	0	$0.00	$0.00	0.00%	$61.36	$45.26	73.76%
493.9	Unspecified Asthma	1	1	1	1	$142.30	$83.97	$58.33	$142.30	$83.97	59.01%	1	$142.30	$83.97	59.01%	$142.30	$83.97	59.01%
719.46	Pain In Joint, Lower Leg	2	1	0	4	$584.00	$483.54	$100.46	$584.00	$483.54	82.80%	0	$0.00	$0.00	0.00%	$146.00	$120.89	82.80%
723.1	Cervicalgia	1	1	0	1	$1,325.00	$743.60	$581.40	$1,325.00	$743.60	56.12%	0	$0.00	$0.00	0.00%	$1,325.00	$743.60	56.12%
723.4	Brachial Neuritis/Radiculitis Nos	1	1	1	0	$550.00	$550.00	$0.00	$550.00	$550.00	100.00%	1	$550.00	$550.00	100.00%	$0.00	$0.00	0.00%
726.10	Unspec D/O Burs&Tend Shldr Region	1	1	0	2	$375.00	$375.00	$0.00	$375.00	$375.00	100.00%	0	$0.00	$0.00	0.00%	$187.50	$187.50	100.00%
729.1	Unspecified Myalgia And Myositis	1	1	1	4	$720.00	$485.81	$234.19	$720.00	$485.81	67.47%	1	$720.00	$485.81	67.47%	$180.00	$121.45	67.47%
784	Symptoms Involving Head And Neck	1	1	0	15	$3,669.25	$1,856.24	$1,813.01	$3,669.25	$1,856.24	50.59%	0	$0.00	$0.00	0.00%	$244.62	$123.75	50.59%
784.0	Headache	1	1	1	0	$247.00	$176.81	$70.19	$247.00	$176.81	71.58%	1	$247.00	$176.81	71.58%	$0.00	$0.00	0.00%
840.9	Sprain&Strain UNS Site Shldr&Up Arm	1	1	1	8	$484.27	$437.62	$46.65	$484.27	$437.62	90.37%	1	$484.27	$437.62	90.37%	$60.53	$54.70	90.37%
842.09	Other Wrist Sprain And Strain	2	1	2	8	$712.52	$712.52	$0.00	$712.52	$712.52	100.00%	2	$356.26	$356.26	100.00%	$89.07	$89.07	100.00%
845.09	Other Ankle Sprain And Strain	1	1	1	2	$245.05	$212.69	$32.36	$245.05	$212.69	86.79%	1	$245.05	$212.69	86.79%	$122.53	$106.35	86.79%
924.11	Contusion Of Knee	2	1	2	2	$565.35	$361.35	$204.00	$565.35	$361.35	63.92%	2	$282.68	$180.68	63.92%	$282.68	$180.68	63.92%
959	Injury, Other And Unspecified	15	3	2	150	$8,163.90	$7,792.85	$371.05	$2,721.30	$2,597.62	95.45%	1	$4,081.95	$3,896.43	95.45%	$54.43	$51.95	95.45%
959.3	Injury Oth&Unspec Elb Forearm&Wrist	2	1	0	6	$302.00	$257.11	$44.89	$302.00	$257.11	85.14%	0	$0.00	$0.00	0.00%	$50.33	$42.85	85.14%
Totals for CA:		**41**	**12**	**16**	**248**	**$23,286.81**	**$17,430.76**	**$5,856.05**	**$1,940.57**	**$1,452.56**	**74.85%**	**1**	**$1,455.43**	**$1,089.42**	**74.85%**	**$93.90**	**$70.29**	**74.85%**

CORVEL

Bill Review ICD9 Detail

For all bills Invoiced in 01/01/2010 - 03/31/2010 All Sites

				Bill			Claim Averages				Visit Averages			Procedure Averages		
Bills	Claims	Visits	Procs	Charges	Savings	Payment	Charges	Savings	%Sav	Visits	Charges	Savings	%Sav	Charges	Savings	%Sav
41	12	16	248	$23,286.81	$17,430.76	$5,856.05	$1,940.57	$1,452.56	74.85%	1	$1,455.43	$1,089.42	74.85%	$93.90	$70.29	74.85%

Attachment H: Bill Review Screenshots

Care^{MC} Home Page

This screen can be customized by user and is the primary entryway to all claims data. The top menu selections include Referral Basket, Claims Center, Bill Review and Reporting Center.

CorVel form of License Agreement (the "CareMC License Agreement") must be signed before access to the CareMC system is granted

REFERENCE LINKS
- Service(s)
- ICD9s
- CM Savings
- Physician
- Facility
- Attorney Assigned
- RTW Plan
- Treatment Calendar
- Hospital Alert
- Hospital
- PPO Channel
- Work Queue Calendar
- Work Flow Questions
- **Treatment Plan**
- Medical Bills Images
- Flags

ACTION ITEMS

Case Management Services
- Early Intervention
- Med Case Mgt
- Misc Other Service
- PCR Precert
- Tele Case Mgt
- Utilization Rev
- Voc Eval/ Rehab

Network Services
- Radiology
- Ince'd Rep't Inj / Ill
- IME
- Investigation
- Peer Review

Summary Information

Claimant Name	Selman, Edrena C	Claimant Contact No.	(325) 325-3251
Employer Name	Mega Stores #2	Employer Contact No.	
Insurer Name	Friendly Insurance	Insurer Contact No.	
FNOL Reference No.		Claim No.	200407053920001NE
Primary Physician		Date of Incident	04/10/2009
ICD9 Codes	(Run ICD9s link for detail)	NCCI Codes	CAU-1400

RTW Date

Est. RTW Date		MDA Minimum	
MDA Optimum		MDA Maximum	

Treatment Plan

Export to Excel

ID	Service	Name	Status	Created	Last Updated	Effective	Termination
-1	OPC-1		Draft	4/24/2008 3:39:32 PM	4/24/2008 8:04:12 PM	04/24/2008	04/24/2008
-1	0		Draft	4/25/2008 4:18:18 PM	4/25/2008 4:18:18 PM	04/25/2008	04/25/2009

Displaying records 1 to 2 of 2 | page 1 of 1

TOP

Privacy Statement | Webmaster

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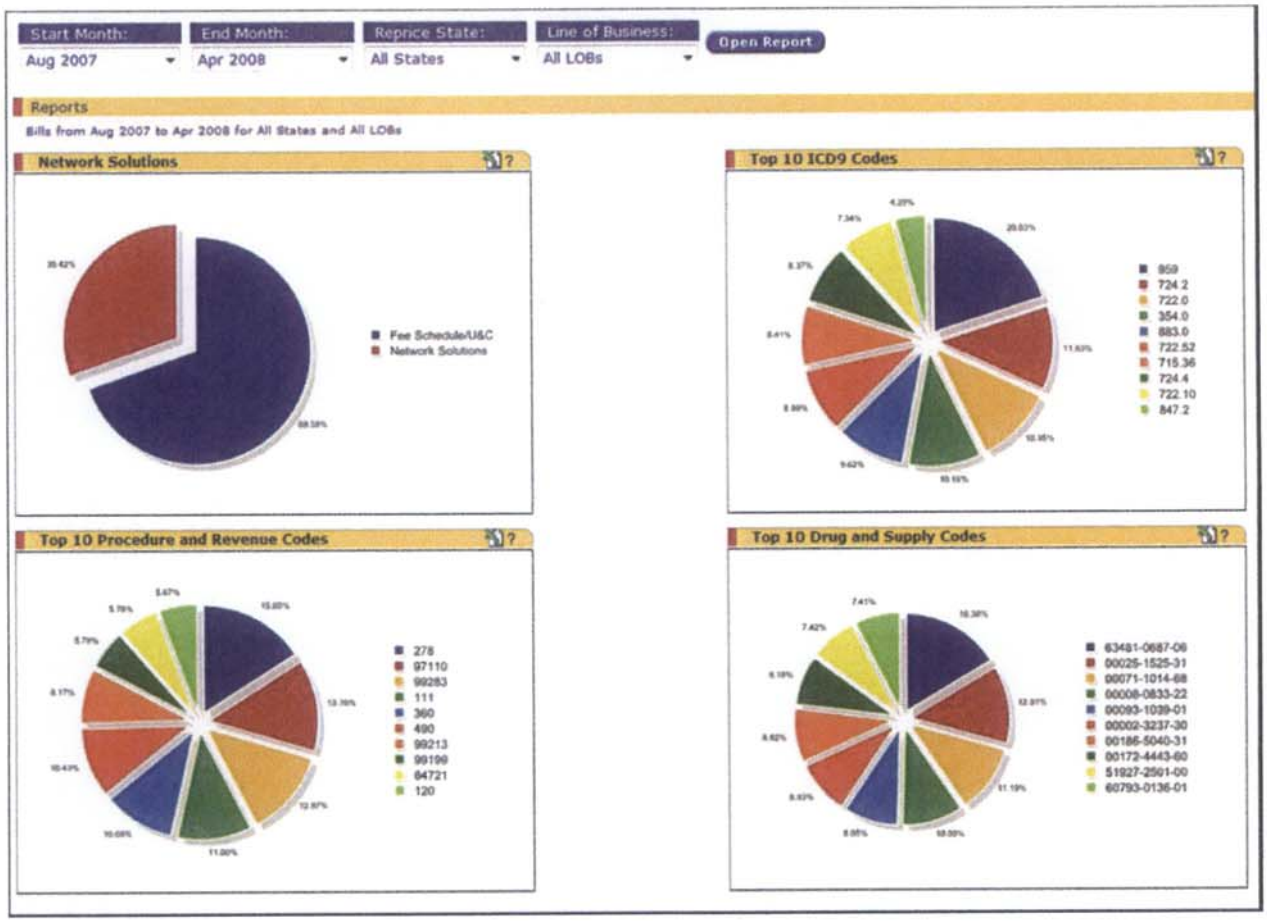
Treatment Plans

Create and track appointments to alert of any unapproved treatments or exceeeded thresholds.



Medical Review Dashboard

Displays key claims data that can be sorted by customer driven metrics.

Caremc

Friday, Aug 28 | LOGOUT | Welcome Claims Professional | HOME

REFERRAL BASKET | CLAIM CENTER | BILL REVIEW | REPORTING CENTER | MY TOOLS

My Work
My Team
Tools

My Work

Pending Approval(1140) | Pending Information(4) | Approved for Payment(171)

View | Modify | Status | Status Dates: Any | Customer: | Flag Status:

		Customer Rcvd	Reprice State	Claim #	Patient	Provider TaxID	Bill#	Bill Type	Audit Date	Charges	Allowed	Diag.	Provider Name	Flag					Service From	Service Thru	Juris. State
	Details	10/23/06	PA	200310156870001NE	Dietz, Richard	251555689	98815 - 1	DME	10/25/06	$1,281.84	$1,254.47	344.1	Home Health Resource						08/29/06	09/20/06	PA
	Details	10/23/06	PA	200310156870001NE	Dietz, Richard	231352155	100018 - 1	HO	11/01/06	$294.20	$74.18	285.9	Altoona Hospital						09/28/06	09/28/06	PA
	Details	11/02/06	PA	200310156870001NE	Dietz, Richard	251799048	101455 - 1	HO	11/06/06	$795.32	$413.34	707.0	Bon Secours Holy Family						09/17/06	09/17/06	PA
	Details	11/02/06	PA	200310156870001NE	Dietz, Richard	251799048	101690 - 1	HO	11/06/06	$801.32	$416.71	959	Bon Secours Holy Family						10/03/06	10/03/06	PA
	Details	01/10/07	PA	200310156870001NE	Dietz, Richard	742152396	102786 - 2	DME	01/10/07	$1,931.72	$1,438.89	707.0	Kci USA, Inc.						09/28/06	10/11/06	PA
	Details	11/16/06	PA	200310156870001NE	Dietz, Richard	251555689	103517 - 1	DME	11/16/06	$106.60	$92.48	344.1	Home Health Resource						09/18/06	09/18/06	PA
	Details	01/23/07	PA	200310156870001NE	Dietz, Richard	742152396	103591 - 2	DME	01/23/07	$2,469.66	$1,834.35	707.0	Kci USA, Inc.						10/12/06	10/19/06	PA
	Details	11/02/06	PA	200310156870001NE	Dietz, Richard	251813976	103651 - 1	OUT	11/19/06	$270.00	$217.67	707.00	Blair Surgical Associates						10/03/06	10/03/06	PA
	Details	11/02/06	PA	200310156870001NE	Dietz, Richard	593260476	103652 - 1	DME	11/19/06	$35.00	$35.00	344.1	Cambria Medical Supply						10/03/06	10/03/06	PA
	Details	10/19/06	PA	200310156870001NE	Dietz, Richard	251555689	103945 - 1	DME	11/20/06	$164.40	$104.81	344.1	Home Health Resource						09/17/06	09/17/06	PA

1 2 3 4 5 6 7 8 9 10 ...

Bill Review Approval

Displays detailed bill review information.

Treatment Calendar | **Patient Information**

Name (Last, First MI) **Dietz, Richard** Claim Number **200310156870001NE**

Select Year of Injury 2009 Refresh

Legend
PT [0] Chiro [0] Hospital [263] Medical [0] Multiple [279] DME [61] Rx [1] Non-Medical [8]

January 2009						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2009						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March 2009						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April 2009						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May 2009						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June 2009						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July 2009						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2009						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2009						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2009						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2009						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2009						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Treatment Calendar

Access treatment calendar to view scheduled services.

Caremc

Friday, Aug 28 LOGOUT Welcome Claims Professional HOME

REFERRAL BASKET | CLAIM CENTER | BILL REVIEW | REPORTING CENTER | MY TOOLS

- Referral
- FNOL
- Bill Review
- Payment Date Entry
- Claim Reports
- What's New
- Provider Look-Up
- Calendar
- Email
- Address Book
- Resources

Most Visited Links

Customize Links

Most Visited Claims

200407053920001NE
200310156870001NE
200308068450001NE
WCP507404820060630A01
WCP193667120070226A01

MedCheck Ad Hoc Reports New

New Scheduled(2) Completed(17)

	Description	Category
Select	Bill Review ICD9 Detail	Bill Review Reports
Select	Bill Review ICD9 Summary	Bill Review Reports
Select	Closed Claim Report	Bill Review Reports
Select	CorVel Bill Review PPO Penetration and Reduction	Bill Review Reports
Select	EDI Reconciliation	Bill Review Reports
Select	Medcheck Bill Review PPO Penetration and Reduction	Bill Review Reports
Select	MedCheck Bill Review PPO Provider Type	Bill Review Reports
Select	MedCheck Bill Review Savings	Bill Review Reports
Select	Medcheck Bill Review Savings Classic	Bill Review Reports
Select	Turnaround Time	Bill Review Reports

1 2

Ad Hoc Reports

Customer generated reports with customizable filtering and grouping options

Provider Lookup / search results

Network: Workers Compensation
Address: 97212
Distance: 5 Miles
Providers Found: 51
Results Shown: 1 thru 10

PREVIOUS NEXT PRINT NEW SEARCH

Map Grid Both

Map Satellite Hybrid

Quickmed Supply Inc (503) 232-1868
2608 NE Sandy Blvd
Portland OR, 97232
1.0 miles Driving Directions

Hanger Prosthetics & Orthotics, Inc
Durable Medical Equipment, Orthotics, Prosthetics
1627 NE Broadway
Portland , OR 97232
(503) 287-0459
0.5 miles Driving Directions

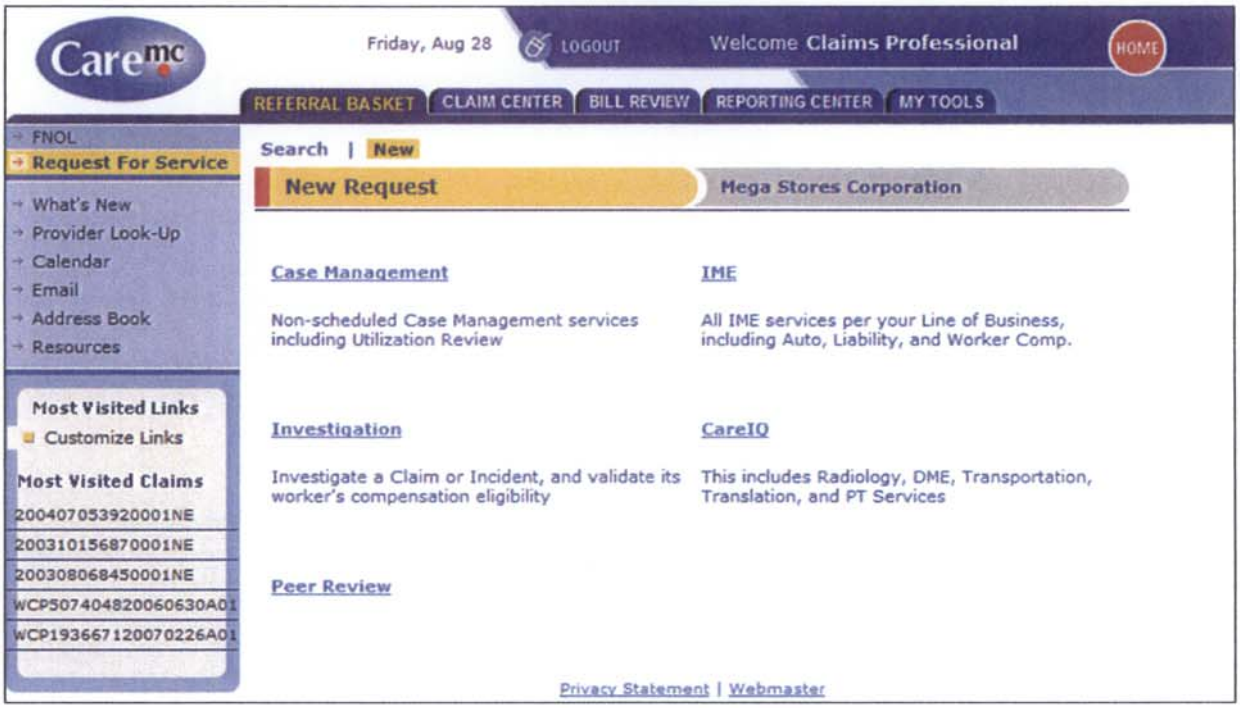
American Homepatient Incorporated
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(800) 482-1993
0.6 miles Driving Directions

Care Medical Equipment Inc
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(503) 288-8174
0.6 miles Driving Directions

Homelink DME of Oregon 1
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(866) 271-1815
0.6 miles Driving Directions

PPO Lookup

Access provider locations and print maps with driving directions.



Request for Service

Online acceess for requests for any of CorVel's services.

CORVEL

Attachment K: CorVel's Sample Implementation Milestones

Six to eight weeks prior to the contract commencement date, CorVel representatives will meet with representatives of City of Chandler. A thorough discussion of reporting and operational procedures will be undertaken. The representatives will exchange appropriate operational forms and instructions regarding their use. A clear understanding of all policies and procedures will be established so claims handling will be efficient, cooperative and in accordance with the City's policies.

The specific plan of action for an account transfer assumes a minimum six-week transition period. In the event a shorter period is required, timelines for implementation will be condensed. All costs incurred during the pre-contract period will be absorbed by CorVel.

WEEK 1

MILESTONE: Meet with the City representatives to discuss and review the transition plan details and sign contracts.

MILESTONE: Notify the State Department of Self-Insurance Plans of the anticipated transfer of TPA service providers to ensure compliance with all regulatory requirements.

MILESTONE: Meet with the City representatives to implement policies and procedures, as well as implement a panel of providers including legal and investigation.

WEEK 2

MILESTONE: Schedule training sessions with the City personnel.

- Initiate formation or, if necessary, recruitment of a qualified claims staff to administrate the City's account (includes in-house and open recruitment).
- Notify the incumbent TPA of the change of administrators and provide a detailed plan for transition.

WEEK 3

- Create a letter for vendors and claimants announcing the change and the effective date of the change.
- Complete development of the CorVel/the City team.
- Conduct in-house training of all staff regarding the City's tailored requirements.

WEEK 4

MILESTONE: Introduce CorVel claims team to the City representatives and conduct training sessions regarding the specifics of the City's claims handling practices.

MILESTONE: Notify all the City personnel of the change in administrators via check attachments or internal memorandum.

- Provide the City with claims packets.
- Provide the City with online system access and training.

WEEK 5

MILESTONE: The incumbent TPA will pre-pay all disability benefit payments for thirty (30) days to afford an orderly transition.

MILESTONE: Initiate transition with incumbent TPA in accordance with usual and customary practices in the industry including the following:

- Box claims alphabetically or provide a numerical system to identify files by claimant name.
- All boxes should be of standard "bankers" size and the contents identified in writing.
- Separately box all indemnity claims for which benefits are due following the pre-pay period noted above.
- Provide a list of all delayed claims and the due dates for response.
- Provide a copy of all the City annual reports and any necessary interim reports, and respond to any unanswered mail.
- Forward all mail to CorVel on a daily basis for the first thirty (30) days and on a weekly basis thereafter.

MILESTONE: Mail notice of changes to all claimants with open files.

WEEK 6

MILESTONE: Complete the audit of all transferred claims;

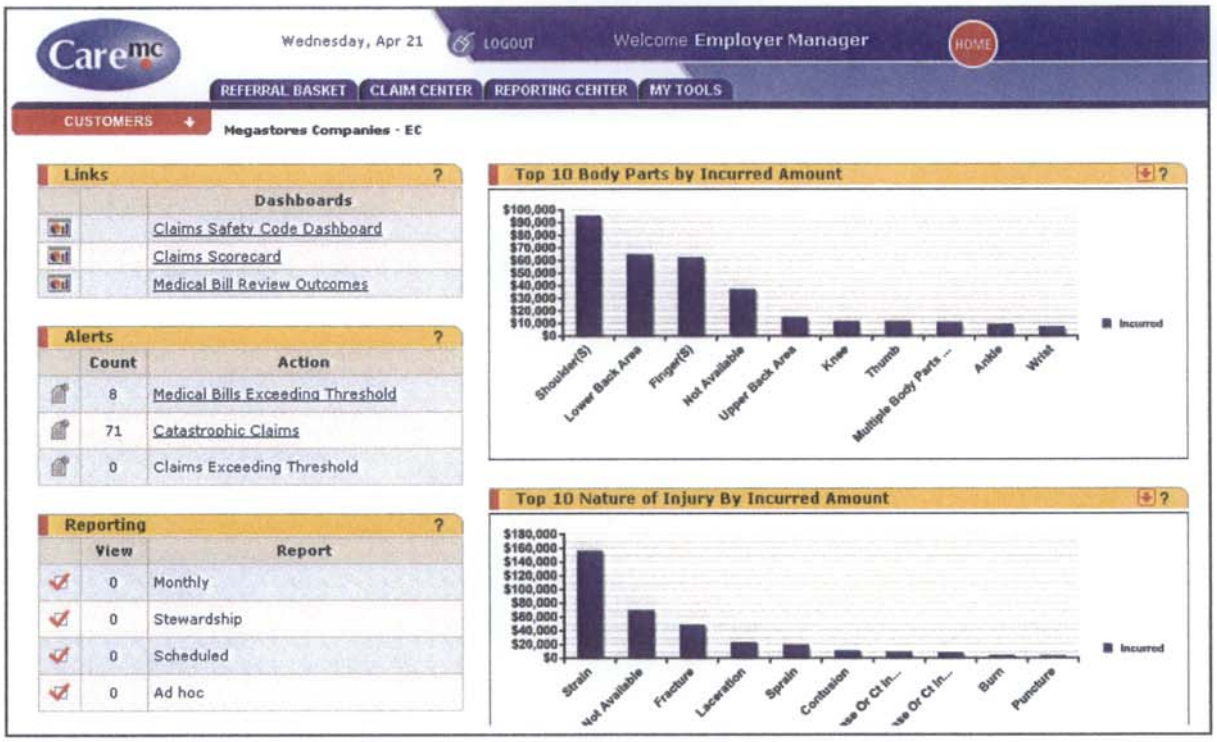
MILESTONE: Input all claims into the data processing system;

MILESTONE: Initiate TPA services on all files.

CorVel will notify all injured workers, vendors and associated parties of the change in administrators by mail and/or email. The letter will go out within two weeks of identification of all appropriate parties. In addition, we recommend that each employee be provided with a memorandum notifying them of the change in administrators. This gives the City an opportunity to educate their employees about CorVel's role and function.

An extensive claims review will be completed one hundred and eighty days after contract inception. At this time, CorVel will meet with the City representatives. Reserves will be adjusted according to the known exposures of the claims. Any cases that are in a position to be closed will be discussed.

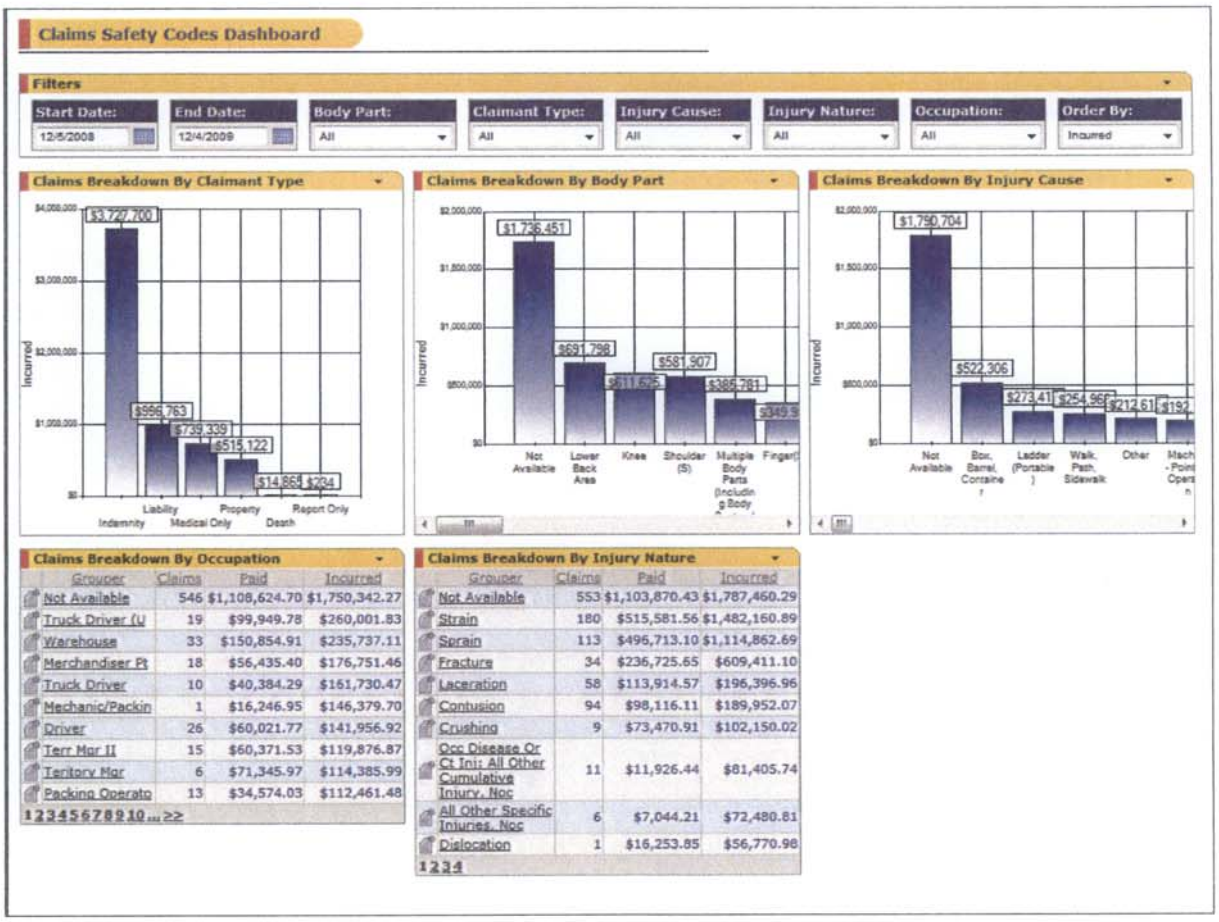
Attachment F: Screenshots of Claims System



Claims Dashboard

Displays summary of top ten injuries and links to additional dashboards and reporting.

CorVel's form of License Agreement (the "CareMC Agreement") must be signed before access to the CareMC system is granted



Claims Breakdown By Occupation

Grouper	Claims	Paid	Incurred
Not Available	546	$1,108,624.70	$1,750,342.27
Truck Driver (U	19	$99,949.78	$260,001.83
Warehouse	33	$150,854.91	$235,737.11
Merchandiser Pt	18	$56,435.40	$176,751.46
Truck Driver	10	$40,384.29	$161,730.47
Mechanic/Packin	1	$16,246.95	$146,379.70
Driver	26	$60,021.77	$141,956.92
Terr Mgr II	15	$60,371.53	$119,876.87
Teritory Mgr	6	$71,345.97	$114,385.99
Packing Operato	13	$34,574.03	$112,461.48

1 2 3 4 5 6 7 8 9 10 ... >>

Claims Breakdown By Injury Nature

Grouper	Claims	Paid	Incurred
Not Available	553	$1,103,870.43	$1,787,460.29
Strain	180	$515,581.56	$1,482,160.89
Sprain	113	$496,713.10	$1,114,862.69
Fracture	34	$236,725.65	$609,411.10
Laceration	58	$113,914.57	$196,396.96
Contusion	94	$98,116.11	$189,952.07
Crushing	9	$73,470.91	$102,150.02
Occ Disease Or Ct Ini: All Other Cumulative Injury, Noc	11	$11,926.44	$81,405.74
All Other Specific Injuries, Noc	6	$7,044.21	$72,480.81
Dislocation	1	$16,253.85	$56,770.98

1 2 3 4

Claims Safety Dashboard

Displays breakdown of claims by injury, body part, occupation and nature of injury.

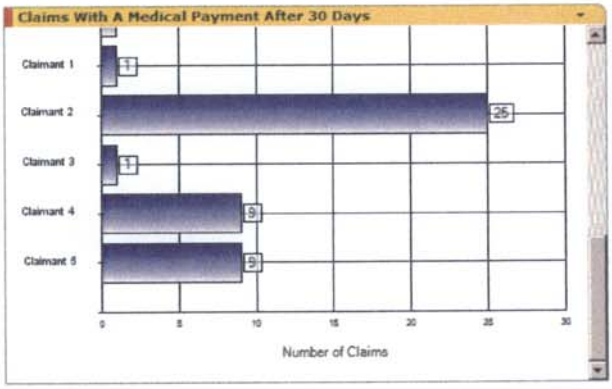
Customers ↓ Sample Company Edit La

Claims Specialist Supervisor Dashboard

Filters

Start Date: 6/6/2009 End Date: 7/31/2009

Claims With A Medical Payment After 30 Days

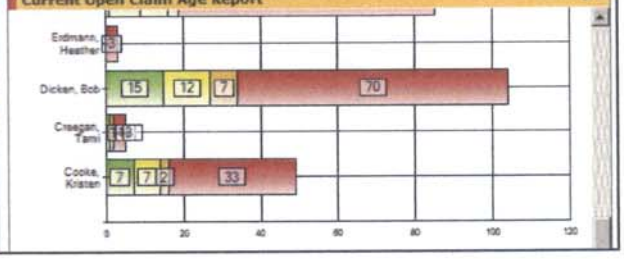


eRoster Bills Currently Pending Approval

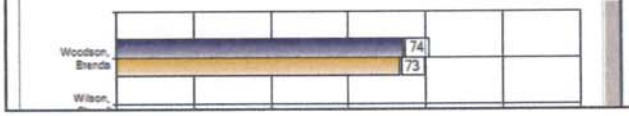
Claims Specialist	0-7	8-14	15-29	30+
Claim Specialist 1	10	9	1	0
Claim Specialist 2	8	0	0	0
Claim Specialist 3	7	0	0	8
Claim Specialist 4	1	2	0	0
Claim Specialist 5	1	0	0	0
Claim Specialist 6	7	0	0	0
Claim Specialist 7	11	0	0	0
Claim Specialist 8	0	5	0	0
Claim Specialist 9	5	0	5	0
Claim Specialist 10	1	0	9	0

1 2

Current Open Claim Age Report

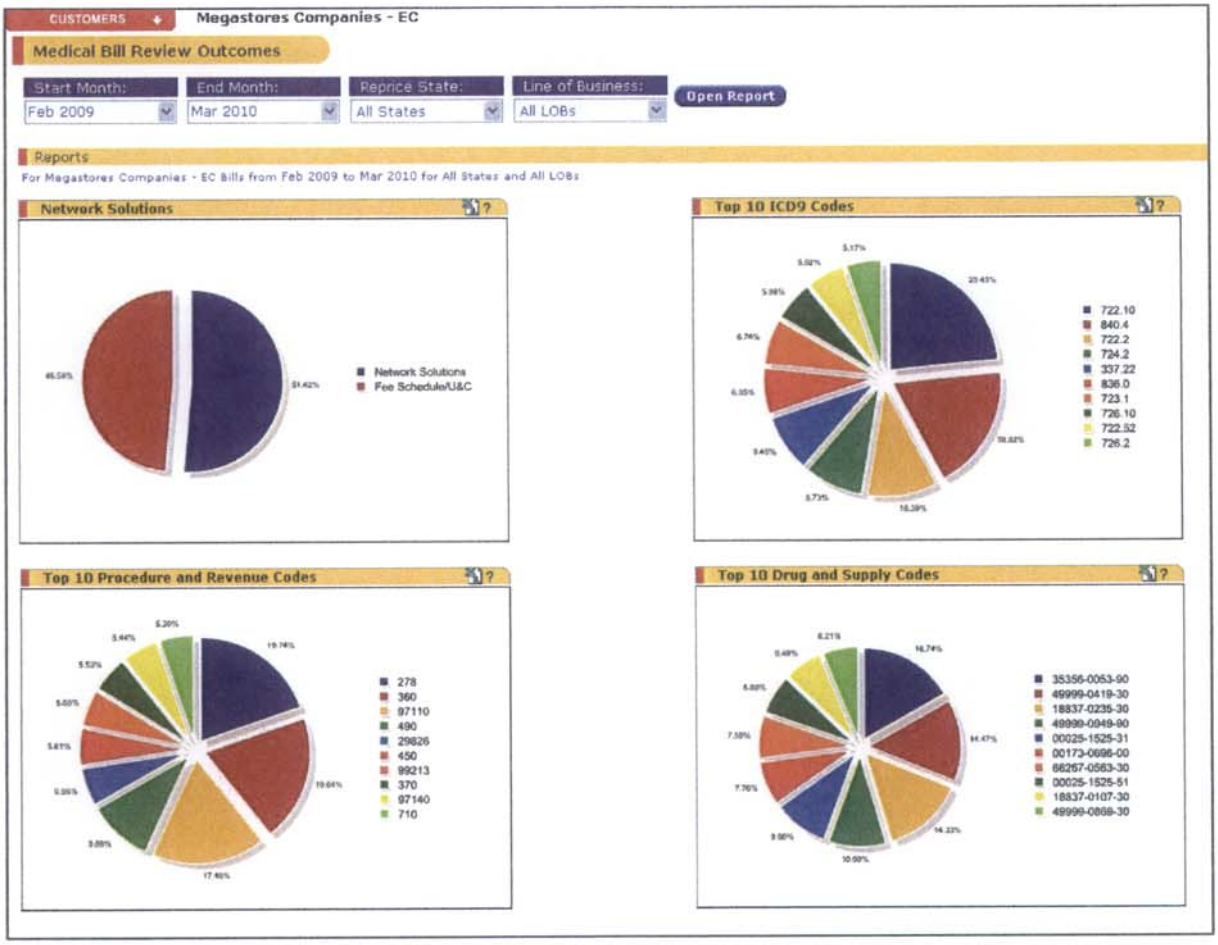


Claims Inventory Between 6/6/2009 And 7/31/2009



Supervisor Dashboard

Summary of aging of medical claims, bills pending approval and claims inventory.



Medical Review Dashboard

Displays claims savings including top ICD9 codes, top procedures and drugs.

Caremc | Tuesday, Dec 22 | LOGOUT | Welcome Employer Manager | HOME

REFERRAL BASKET | CLAIM CENTER | REPORTING CENTER | MY TOOLS

- FNOL
- Claim Reports
- What's New
- Provider Look-Up
- Calendar
- Email
- Address Book
- Resources

Most Visited Links
Customize Links

Most Visited Claims
KW-08-010422
KW-09-000077
KW-05-000694

FNOL

* indicates required information

Claimant Name	baiz (last, first)	Claimant SSN	(digits only)
Reference Number	(numeric only)	Submitted By	(last, first)
Referral Dates *	1/1/2008 - 12/22/2009	Pay Customer	
Vendor	CORVEL - CORPORATE	State	

Search

Export to Excel

Drag a column header here to group by that column

Ref Num	Date Submitted	Claimant	Pay Customer
337217-CO	10/28/08	Baiz, Michael	Megastores

FNOL Form — For The State of Colorado

FNOL 337217-CO completed 10/28/2008 2:47:00 PM by Marcia Gray

* indicates required information

COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT
DIVISION OF WORKERS' COMPENSATION
(WC1 Rev. 1/04)
Please read instruction sheet carefully.

Employee

Name - First *	Michael (Search)
Middle	
Last *	Baiz
Prefix/Suffix	Prefix Suffix
Social Security Number *	100-25-0971
Gender	Male Female
Home phone # *	(303) 904-0802 x
Address - No & St *	11020 CANNONADE DR
City *	PARKER
State *	CO - Colorado
ZIP Code *	80138 - 0138
Birth date *	1/25/1970 (mm/dd/yyyy)
Marital status	- Choose one -
Date of hire *	2/28/2000 (mm/dd/yyyy)
Occupation *	TERRITORY MGR II
Employment status *	Full Time

Employer

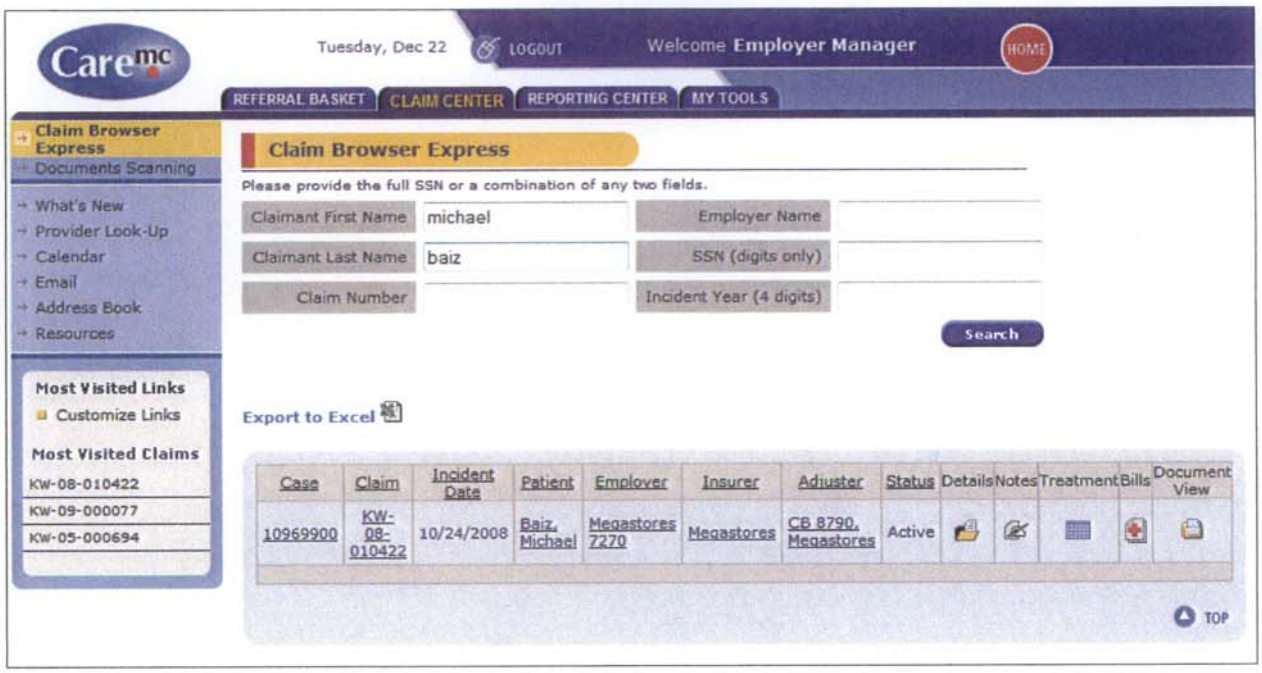
Name *	Megastores 7270
Federal I.D. #	
Phone # *	(303) 252-4300 x
Mailing address - No & St	4740 Florence Street
City	Denver
State	CO - Colorado
ZIP Code	80238 -

Wage Information

Average weekly wage at time of injury *	$
Does employee receive:	Are these benefits included in AWW?
Tips:	Yes No — Yes No
Meals:	Yes No — Yes No
Room:	Yes No — Yes No
Health Insurance:	Yes No — Yes No
Is the employer self-insured?	Yes No
were full wages paid for the DOI?	Yes No
Are wages continued per C.R.S. 8-42-124?	Yes No

First Notice of Loss (FNOL)

Displays FNOL required for state reporting.



Claims Browser Express

A simplified way to search for claims using just two data elements.
Detailed results are displayed and data can be exported to Excel for additional reporting.

REFERENCE LINKS
- Service(s)
- ICD9s
- Physician
- Facility
- Attorney Assigned
- RTW Plan
- Treatment Calendar
- Payment Register
- Hospital
- Upload Documents
- View Documents
- Work Queue Calendar
- Claim Financials

Summary Information

Claimant Name	Baiz, Michael	Claimant Contact No.	(303) 904-0802
Employer Name	Megastores 7270	Employer Contact No.	(303) 252-4300
Insurer Name	Megastores	Insurer Contact No.	(123) 456-7890
FNOL Reference No.	337217-CO	Claim No.	KW-08-010422
Primary Physician	Melissa Land	Date of Incident	10/24/2008
ICD9 Codes	(Run ICD9s link for detail)	NCCI Codes	POB-9960008 INJ-9964086 CAU-9962404
Claim in Dispute		Claim Denied	

RTW Date

Est. RTW Date		MDA Minimum	
MDA Optimum		MDA Maximum	

Claim Services

Export to Excel

Service Seq Num	Status	Referral Date	Opened Date	Closed Date	Reason	Case Workers	Case Notes	Diary Notes	Create Cover Page	Invoices	Document View
ADJ-1	ACT	10/14/2009	10/14/2009				0			0	
CT-1	CLS	10/31/2008	10/31/2008	11/3/2008 12:33:42 PM	Assignment Completed		0			1	
FRI-1	CLS	10/28/2008	10/28/2008	10/28/2008			0			0	
MIM-1	ACT	03/26/2010	3/26/2010				0			0	
TCM-1	CLS	10/31/2008	10/31/2008	2/19/2009 9:25:26 AM	RTW - Same ER, Same Job		0			4	

Displaying records 1 to 5 of 5 | page 1 of 1

TOP

Claim Details

Displays detailed information for a claim.

Enterprise Comp Claims Scorecard

Megastores

Last 3 Months: Summary of Claim Expenditures + Recovery

FY	Indemnity	Permanency	Medical	Expense	Total	Recovery
200906	$671,421	$86,769	$682,240	$186,146	$1,626,576	$0
200907	$795,272	$210,959	$570,555	$129,587	$1,706,372	$0
200908	$611,455	$76,660	$609,819	$162,562	$1,460,496	$0
Total	$2,078,148	$374,387	$1,862,614	$478,295	$4,793,444	$0

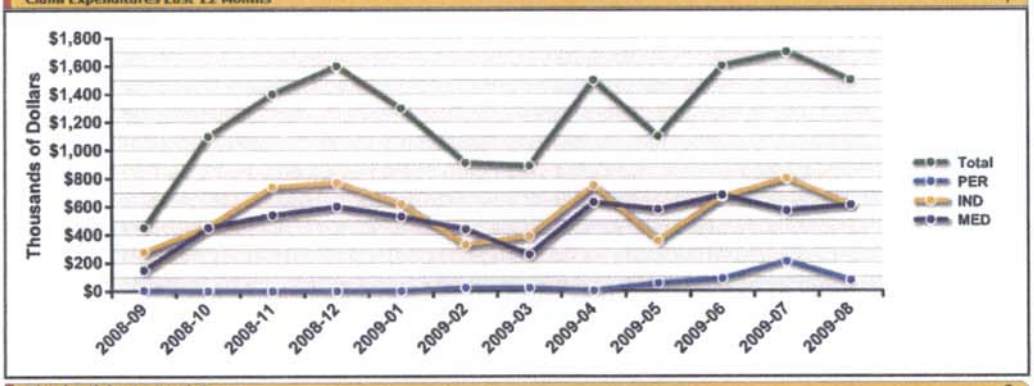
Last 3 Months: Change in Claims Volume

Per	Beg Open	New	Reopen	Closed	Wash	End Open	Change
200906	800	69	34	125	64	794	6 ↓
200907	794	65	48	91	43	826	32 ↑
200908	826	3,845	30	122	47	859	33 ↑
Total	800	3,979	112	338	154	859	59 ↑

Payment Comparison

Month over Month			Year over Year		
Oct. 09	Nov. 09	Change	FY 09 Thru Nov.	FY 10 Thru Nov.	Change
$1,755,678	$1,516,302	($239,376)	$165,080	$4,946,305	$4,781,225

Claim Expenditures Last 12 Months



Fiscal Activity 12 Month Recap

FY	Beg Open	New	Reopen	Closed	End Open	Total	Pending	Payments	Reserve Change	Total Incurred	Change In Incurred	Per Claim Average
2010	102	74	0	20	170	185	68 ↑	$156,275	$275,609	$1,123,487	$431,884 ↑	$6,073
2009	331	4	12	71	278	1,502	53 ↓	$423,122	($233,014)	$7,894,810	$190,108 ↑	$5,256
2008	132	0	6	18	120	1,579	12 ↓	$310,177	$135,846	$10,913,926	$446,023 ↑	$6,912
2007	56	0	4	6	54	1,614	2 ↓	$172,296	($371,704)	$11,243,111	($199,408) ↓	$6,966
2006	45	0	2	2	45	1,641	0 =	$180,872	($224,134)	$14,345,353	($43,262) ↓	$8,742
2005	34	0	0	2	32	1,507	2 ↓	$54,879	($94,152)	$17,240,473	($39,273) ↓	$11,440
2004	22	0	1	1	22	1,631	0 =	$15,076	$33,412	$13,274,050	$48,489 ↑	$8,139
2003	12	115	2	0	16	1,716	4 ↑	$585,635	$45,125	$15,064,816	$630,761 ↑	$8,779
2002	16	120	0	0	19	2,026	3 ↑	$830,324	($15,890)	$15,998,620	$814,434 ↑	$7,897
2001	15	137	0	1	17	2,291	2 ↑	$2,071,191	$75,046	$18,658,651	$2,146,237 ↑	$8,144
Prior	61	3,395	3	1	86	2,593	25 ↑	$32,682,156	$13,725,055	$207,632,717	$46,407,210 ↑	$80,074
Total	0	3,845	30	122	859	0	33 ↑	$37,482,002	$13,351,202	$333,390,014	$50,833,203 ↑	$18,233

Worst Incurred Increases

Worst Incurred Increases for the Month

Claim No.	Claimant	D/A	Amount
KW-99-0020108	J. Hall	02/06/1999	$786,994
KW-81-0002302	J. Holt	07/05/1980	$633,366

Worst Incurred Increases for the Fiscal Year

Claim No.	Claimant	D/A	Amount
KW-95-000301	M. Tabak	07/25/1994	$1,753,956
KW-02-001574	B. Neiman	05/10/2002	$1,559,966

Claims Scorecard

Track and compare experiences for claims in the CorVel system.

REFERENCE LINKS
- Service(s)
- ICD9s
- Physician
- Facility
- Attorney Assigned
- RTW Plan
- Treatment Calendar
- Payment Register
- Hospital
- Upload Documents
- View Documents
- Work Queue Calendar
- Claim Financials

Summary Information

Claimant Name	Baiz, Michael	Claimant Contact No.	(303) 904-0802
Employer Name	Megastores 7270	Employer Contact No.	(303) 252-4300
Insurer Name	Megastores	Insurer Contact No.	(123) 456-7890
FNOL Reference No.	337217-CO	Claim No.	KW-08-010422
Primary Physician	Melissa Land	Date of Incident	10/24/2008
ICD9 Codes	(Run ICD9s link for detail)	NCCI Codes	POB-9960008 INJ-9964086 CAU-9962404
Claim in Dispute		Claim Denied	

RTW Date

Est. RTW Date		MDA Minimum	
MDA Optimum		MDA Maximum	

CS Financial Data

Reserves & Payments | Reserve History

Claim # KW-08-010422 Claimant #

Company Megastores Claimant Michael Baiz

Posted Summary

	Category	Count	Payments	O/S Reserve	Total Incurred	Last Reserve Change
Detail	Allocated Expense	44	$340.95	$159.05	$500.00	3/26/2009
Detail	Indemnity	7	$10,519.37	$11,056.76	$21,576.13	7/7/2009
Detail	Medical	53	$12,836.35	$16,463.65	$29,300.00	7/30/2009

Posted Detail

Category	Pay Type Description	Count	Payments	Last Payment
Medical	MEDICAL	0	$0.00	1/1/1900
Medical	MEDICAL PAYMENT - DOCTOR	11	$3,784.12	9/3/2009
Medical	MEDICAL PAYMENT - OTHER	10	$3,108.43	9/3/2009
Medical	PHYSICAL THERAPY	27	$4,857.44	7/16/2009
Medical	TELEPHONIC CASE MANAGEMENT (TCM)	5	$1,086.36	7/9/2009

Financial Data

View details for medical, idemnity and allocated expenses.

Caremc

Tuesday, Dec 22 LOGOUT Welcome **Employer Manager** HOME

REFERRAL BASKET | CLAIM CENTER | REPORTING CENTER | MY TOOLS

- FNOL
- Claim Reports
- What's New
- Provider Look-Up
- Calendar
- Email
- Address Book
- Resources

Most Visited Links
- Customize Links

Most Visited Claims
- KW-08-010422
- KW-09-000077
- KW-05-000694

Claim Reports | **Choose Report Options**

Reports | My Settings | Reporting Schedule

Claim Detail

Parameters | Groups | Filters | Save Options | Generate

Customer	Megastores
Report As Of	09/05/2009 mm/dd/yyyy
Claim Status	All Claims, Open, Reopened Only, Closed
Location Level	Level 1, Level 2, Level 3, Level 4, Level 5
Location Description	996/1156 - Division 1156 of Megastores 996/1157 - Division 1157 of Megastores 996/1158 - Division 1158 of Megastores 996/1159 - Division 1159 of Megastores
Finance Detail Level	Level 1, Level 2, Level 3
Finance Amount Category Level	No Filter, Total Claim, Level 1, Level 2, Level 3
Finance Amount Category	No Filter
Finance Amount Type	No Filter
Finance Amount	Equal, Not Equal, Less Than, Greater Than, None

Claims Reports

Create and view reports with filtering and grouping options.

Case Notes Close

Patient Name: Bone, Bill
Claim Number: 10-503766
Service: Follow-Up
Note Type: Claim Notes | Note Category:
Date Range: 11/12/2009 - 5/12/2010 Search

Export to Excel

Date	Time	User	Svc Code	Category	Note	Edit
04/13/2010	04:57AM	AHUGHES		Reassignment	Claim Reassigned	
04/13/2010	04:56AM	AHUGHES		Status	Transferred to medical only - no loss time	
04/13/2010	04:55AM	AHUGHES		Provider Contact	iniitally seen by Anson Cournty ER - returned to light duty - 4/8 - f/u with Americare 4/12 - return to work light duty	
04/13/2010	04:53AM	AHUGHES		Client Consultation	- - injury to finger - returned to work - 4/8 light duty - claimant has chosen not to show - claimant is treating with Americare - 4/13 return to light duty -	

Drop down menu to select note type.

Case Notes Close

Patient Name: Bone, Bill
Claim Number: 10-503766
Service: Follow-Up
Note Type: Medical Notes | Note Category:
Date Range: 11/12/2009 - 5/12/2010 Se

Export to Excel

Date	Time	User	Svc Code	Category	Note	Edi
04/19/2010	03:39PM	Nanci Lewis	TRR	Comments	Verified RTW - no comp lost time expected.	
04/08/2010	01:12PM	MaryAnne Bifulco	FOL	Non-Complex Follow-Up	-Need to obtain medical records. -Unexpected follow up after receiving a FD release. Recommend triage for this case.	
04/08/2010	01:09PM	MaryAnne Bifulco	FOL	Comments	Received email back from WCA in regard to status and the RTWFD release note in his file, which she will fax over to me today. According to the WCA email:	

Claims Notes

View notes from adjusters and case managers. All notes can be viewed to show collaboration between all parties.

Add/View Diary Notes & Milestones Claim Number: KW-09-000077

Close

Patient Name (& SSN)	**Selman, Edrena** (100-08-1305)
Service	**Adjusting**
Note Category *	– Select a category, and enter note below –

Add

** Entries with the white background contain diary notes.
** Entries with the gray background contain the milestone entries and additional notes.

Export to Excel

Name	User Type	Date/time Entered (PST)	Milestone	Category	Diary Note	Edit
Employer Manager		10/19/2009 02:20 PM	Diary	Claimant Contact	T/c from IW, regarding Comp check. Verified check went out 10/19/2009, verified address. Advised he would wait another couple of days and call me back if it still hasn't arrived.	

TOP

Privacy Statement | Webmaster

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Diary Notes

View detailed adjuster diary notes.

REFERENCE LINKS
- Service(s)
- ICD9s
- Physician
- Facility
- Attorney Assigned
- RTW Plan
- **Treatment Calendar**
- Medical Bills Images
- Hospital
- Upload Documents
- View Documents
- Work Queue Calendar
- CS Financials

Summary Information

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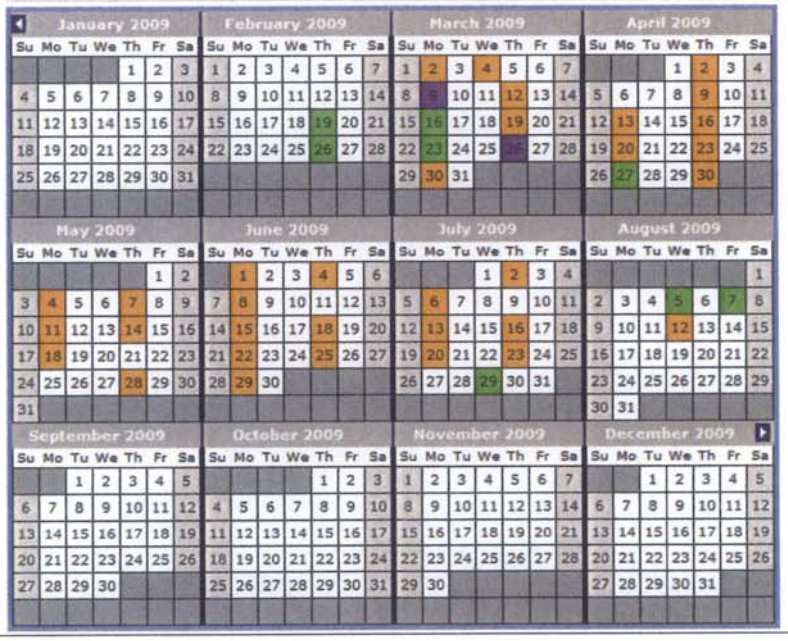
Employer Name	Megastores 7270	Employer Contact No.	(303) 252-4300
Insurer Name	Megastores	Insurer Contact No.	(123) 456-7890
FNOL Reference No.	337217-CO	Claim No.	KW-08-010422
Primary Physician	Melissa Land	Date of Incident	10/24/2008
ICD9 Codes	(Run ICD9s link for detail)	NCCI Codes	POB-9960008 INJ-9964086 CAU-9966304

RTW Date

Est. RTW Date		MDA Minimum	
MDA Optimum		MDA Maximum	

Treatment Calendar

Legend
PT [33] Chiro [0] Hospital [10] Medical [0] Multiple [7] DME [0] Rx [0] Non-Medical [0]



Treatment Calendar

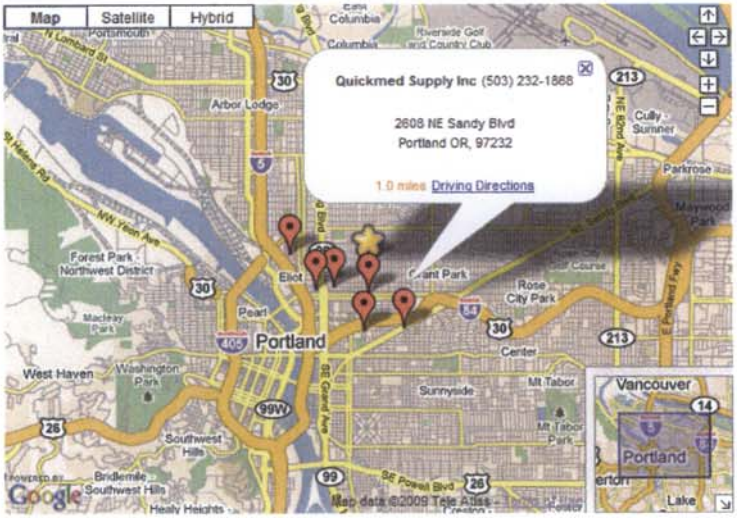
View color-coded treatment calender.

Provider Lookup / search results

Network: Workers Compensation
Address: 97212
Distance: 5 Miles
Providers Found: 51
Results Shown: 1 thru 10

PREVIOUS NEXT PRINT NEW SEARCH

Map Grid Both



Hanger Prosthetics & Orthotics, Inc
Durable Medical Equipment, Orthotics, Prosthetics
1627 NE Broadway
Portland , OR 97232
(503) 287-0459
0.5 miles Driving Directions

American Homepatient Incorporated
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(800) 482-1993
0.6 miles Driving Directions

Care Medical Equipment Inc
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(503) 288-8174
0.6 miles Driving Directions

Homelink DME of Oregon 1
Durable Medical Equipment
1877 NE 7th Ave
Portland , OR 97212
(866) 271-1815
0.6 miles Driving Directions

PPO Lookup

Access provider locations and print maps with driving directions.

Reserve Change Transaction Entry

Claim No.: 123456789 Claimant: John Doe

Categories	O/S Reserve	Paid-to-Date	Total Incurred	Last Payment
Allocated Expense	$5,158.75	$1,341.25	$6,500.00	09/24/2007
Indemnity	$8,095.42	$14,925.12	$23,020.54	09/24/2007
Medical	$3,098.04	$10,401.96	$13,500.00	09/24/2007
Total	$16,352.21	$26,668.33	$43,020.54	09/24/2007

Increase
Reduce

The Reserve in the Amount of

The Reason for this Reserve Change is

Clear
Submit

Reserve Changes Pending Posting

Set Amount of New Reserve | Set Change in Reserve (+/-) | Set Amount of New Incurred

Post Pending | Exit

Reserve Change Transaction History

This is an internal screen used by CorVel professionals to track and report all changes for reserves. Details include allocated expenses, indemnity and medical costs.

OSHA's Form 300 (Rev. 01/2004)

Log of Work-Related Injuries and Illnesses

Attention: This form contains information relating to employee health and must be used in a manner that protects the confidentiality of employees to the extent possible while the information is being used for occupational safety and health purposes.

Year 2009
U.S. Department of Labor
Occupational Safety and Health Administration

Form approved OMB no. 1218-0176

You must record information about every work-related injury or illness that involves loss of consciousness, restricted work activity or job transfer, days away from work, or medical treatment beyond first aid. You must also record significant work-related injuries and illnesses that are diagnosed by a physician or licensed health care professional.
You must also record work-related injuries and illnesses that meet any of the specific recording criteria listed in 29 CFR 1904.8 through 1904.12.
Feel free to use two lines for a single case if you need to. You must complete an injury and illness incident report (OSHA Form 301) or equivalent form for each injury or illness recorded on this form. If you're not sure whether a case is recordable, call your local OSHA office for help.

Establishment name Megastores
City Portland State OR

Identify the person			Describe the case			Classify the case: CHECK ONLY ONE box for each case based on the most serious outcome for that case:				Enter the number of days the injured or ill worker was:		Check the "Injury" column or chose one type of illness:					
(A) Case No.	(B) Employee's Name	(C) Job Title (e.g., Welder)	(D) Date of injury or onset of illness	(E) Where the event occurred (e.g. Loading dock north end)	(F) Describe injury or illness, parts of body affected, and object/substance that directly injured or made person ill (e.g. Second degree burns on right forearm from acetylene torch)	Death (G)	Days away from work (H)	Remained at Work: Job transfer or restriction (I)	Remained at Work: Other record-able cases (J)	Away from work (K)	On job transfer or restriction (L)	(1) Injury	(2) Skin disorder	(3) Respiratory condition	(4) Poisoning	(5) Hearing loss	(6) All other illnesses
KW-09-000002	Moss, Diane		01/02						X								X
KW-09-000441	Huffman, Victoria		01/02						X								X
KW-09-000001	Leath, Neville		01/04					X			5 days						X
KW-09-000002	Bustamante, Sean		01/04						X								X
KW-09-000003	Durphy, Diane	Territory Manager	01/04	ATLANTA ZONE SNK 7237	Employee was working the bottom shelf pulling up Cheez-Its and when she stood up it pinched (Sciatic nerve) ()				X			X					
KW-09-000004	Morgan, Diane		01/05						X								X
KW-09-000005	Carter, James		01/05				X			1 day							X
KW-09-000006	Prenzel, Richard	warehouse	01/05	loading dock	low back groin strain			X			4 days						X

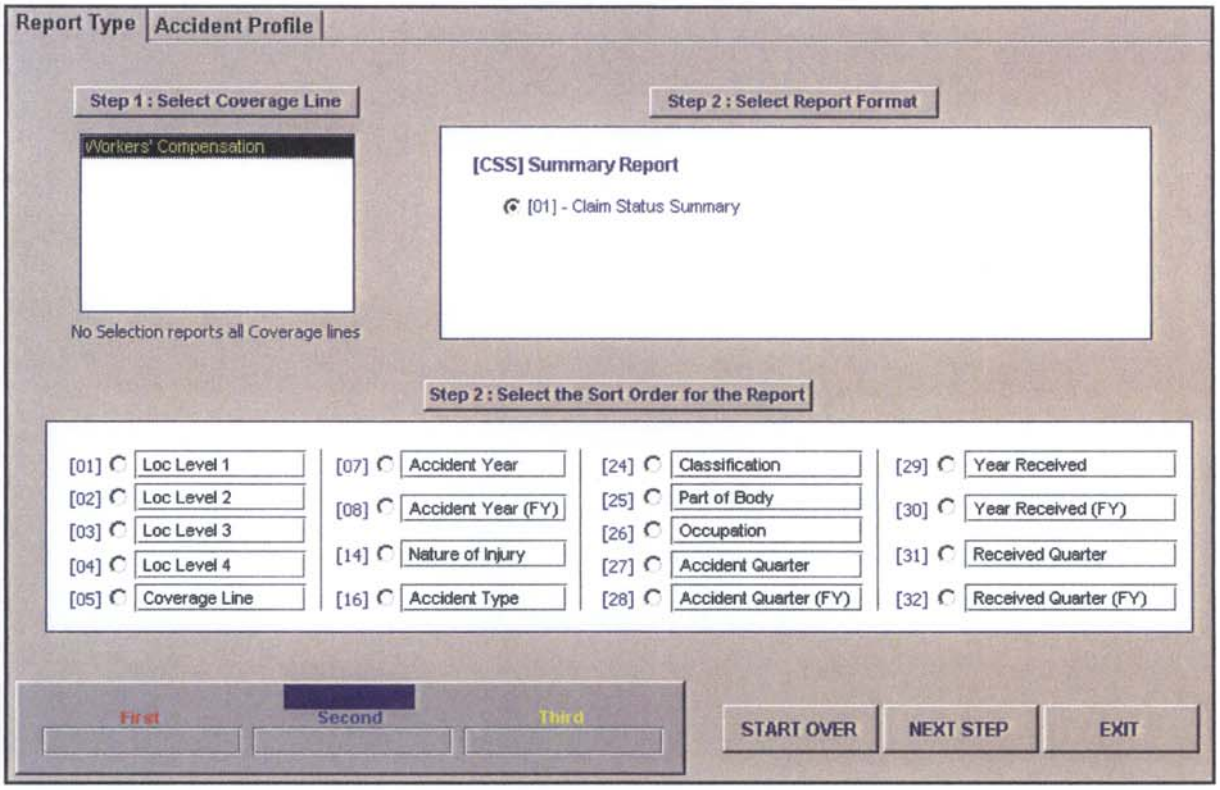
Public reporting burden for this collection of information is estimated to average 14 minutes per response, including time to review the instruction, search and gather the data needed, and complete and review the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about these estimates or any aspects of this data collection, contact: US Department of Labor, OSHA Office of Statistics, Room N-3644, 200 Constitution Ave, NW, Washington, DC 20210. Do not send the completed forms to this office.

Prepared: 04/21/2010 Page 1 of 85

(1) Injury (4) Poisoning
(2) Skin disorder (5) Hearing loss
(3) Respiratory condition (6) All other illnesses

OSHA

This is an internal screen that can be used to capture information for OSHA reporting.



Safety Reporter

This is an internal screen used by CorVel professionals to view claim counts, total payments, payment average, and total and average reserves according to the filters selected.

Add info #25

APR 26 2012

Memorandum of Agreement
Between City of Chandler and
CorVel Enterprise Comp, Inc.

PROPOSAL NO.: RM2-953-3045
SUBJECT MATTER: Third Party Claims Administration – Workers' Compensation
OPENING DATE & TIME: December 2, 2011

This Contract made and entered into by and between the City of Chandler, Arizona, a municipal corporation, hereinafter called the "City", and CorVel Enterprise Comp, Inc., a Delaware corporation, hereinafter called the "Contractor."

WITNESSETH:

THAT WHEREAS, the Mayor and City Council/City Manager of the City are authorized and empowered by the provisions of the City Charter to execute contracts for professional services.

NOW THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter contained, it is agreed by and between the City and the Contractor, as follows:

SECTION I – DESCRIPTION OF PROJECT

Under this Contract, Contractor shall provide third party claims administrative services to the City of Chandler for the City's workers' compensation benefits. The initial term of the Agreement shall be for a three year period from July 1, 2012 through December 31, 2015. The Agreement shall continue in effect for the initial term and may be renewed for two additional two year periods. City shall provide notice to Contractor of City's desire to either renew or not renew this Contract, 60 days prior to the end of the initial term and 60 days prior to end of each subsequent term, as specified in Contract Document A.

Notwithstanding any other provision of this Agreement and/or any other provision of the Contract Documents, the rates are set forth in Contract Document D, titled Company's Response to Request for Best and Final Offer signed by Contractor March 13, 2012, attached hereto and incorporated by reference.

SECTION II – CONTRACT DOCUMENTS

A. The Contract Documents, which comprise the entire agreement between the City and Contractor, include this Memorandum of Agreement and Contract Documents A through J, which are attached hereto and incorporated herein by this reference. The Contract Documents and Order of Precedence are the following:

1. This Memorandum of Agreement;

2.	Contract Document A	City of Chandler Services Agreement Third Party Claims Administrator/Workers' Compensation Agreement No. RM2-953-3045 with CorVel Enterprise Comp, Inc.;
3.	Contract Document B	CorVel Enterprises Comp., Inc., CAREMC License Agreement with City of Chandler;
4.	Contract Document C	E-Mail dated 04/04/2012 from Debra Wilkerson Company to Louis Montoya, Buck Consulting (confirming Company's Revisions to its Response to Question Supplemental Questionnaire, Question No. 5);
5.	Contract Document D	Company's Response to Request for Best and Final Offer, dated March 13, 2012;
6.	Contract Document E	City's E-mail Request for Best and Final Offer, dated March 9, 2012;
7.	Contract Document F	Company's Response to City's Supplemental Questionnaire dated February 9, 2012;
8.	Contract Document G	E-mail from Lisa Moore, Buck Consultants, to Ms. Sanbet, dated February 3, 2012, and attached City's Supplemental Questionnaire, dated February 3, 2012;
9.	Contract Document H	Company's Response to Request for Proposal from Chandler, Arizona, dated December 2, 2011 ("Response to RFP);
10.	Contract Document I	City's Addendum No. 1 to RFP, dated November 17, 2011;
11.	Contract Document J	City's Request for Proposal, No. RM2-953-3045, dated October 24, 2011;

In the event that there is any conflict between Contract Documents, the conflict shall be resolved based on the order of precedence set forth above. For example, if there is a conflict between the City's Request for Proposal ("RFP") Contract Document J and the Company's Response to Request for Proposal, Contract Document H, the Contract Document H will take precedence.

B. Any amendment to these Contract Documents must be in writing and executed by both the City and the Contractor.

SECTION III – GENERAL TERMS AND CONDITIONS

A. The Contract Documents and this Agreement set forth the terms and conditions under which the Contractor shall provide third party claims administrative services for workers' compensation benefits to the City employees.

SECTION IV – PAYMENTS

For and in consideration of the performance of the work herein as set forth in the Contract Documents, which are a part hereof and in accordance with the direction of the City of Chandler, the City of Chandler agrees to pay the Contractor pursuant to the fee schedules set forth in Contract Document D.

SECTION V – TERMINATION

The City and the Contractor hereby agree to the full performance of the covenants contained herein, except that the City reserves the right, at its discretion, to terminate the service provided for in this Contract by the Contractor.

a. The City's and Contractor's rights to terminate this Contract are set forth in Section 8, Contract Document A.

b. The Contractor shall receive, as compensation in full for services performed to date of such termination, a fee for the services performed up to the date of termination. The City shall make this final payment within 30 days after the date of termination.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names this _____ day of _____, 2012.

City of Chandler:

By: _____
Mayor

Attest: _____
City Clerk

(SEAL)

Approved as to Form:

_____
City Attorney

Contractor:

By: Richard Schwoppe
Richard Schwoppe, Dir. Finance
CorVel Enterprise Comp, Inc.

ATTEST: Richard Schwoppe
Richard Schwoppe

Contract Document A

CITY OF CHANDLER SERVICES AGREEMENT
THIRD PARTY CLAIMS ADMINISTRATOR / WORKERS' COMPENSATION
AGREEMENT NO.: RM2-953-3045

THIS AGREEMENT is made and entered into this 20th day of April, 2012, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and CorVel Enterprise Comp, Inc., a Corporation of the State of Delaware, hereinafter referred to as "CONTRACTOR".

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. Contract Administrator. CONTRACTOR shall act under the authority and approval of the Human Resources Director /designee (Contract Administrator), to provide the services required by this Agreement.

1.2. Key Staff. This Contract has been awarded to CONTRACTOR based partially on the key personnel proposed to perform the services required herein. CONTRACTOR shall not change nor substitute any of these key staff for work on this Contract without prior written approval by CITY.

1.3. Subcontractors. During the performance of the Agreement, CONTRACTOR may engage such additional SUBCONTRACTORS as may be required for the timely completion of this Agreement. In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Agreement rests with CONTRACTOR.

1.4. Subcontracts. CONTRACTOR shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of CITY. The subcontract shall incorporate by reference the terms and conditions of this Contract.

2. SCOPE OF WORK: CONTRACTOR shall provide third party claims administration / workers compensation services all as more specifically set forth in the Scope of Work, labeled Exhibit B, D and E, attached hereto and made a part hereof by reference and as set forth in the Specifications and details included therein.

2.1. Non-Discrimination. The CONTRACTOR shall comply with State Executive Order No. 99-4 and all other applicable City, State and Federal laws, rules and regulations, including the Americans with Disabilities Act.

2.2. Licenses. CONTRACTOR shall maintain in current status all Federal, State and local licenses and permits required for the operation of the business conducted by the CONTRACTOR as applicable to this contract.

2.3. Advertising, Publishing and Promotion of Contract. The CONTRACTOR shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the CITY.

2.4. Compliance With Applicable Laws. CONTRACTOR shall comply with all applicable Federal, state and local laws, and with all applicable licenses and permit requirements.

2.4.1 Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration

laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").

2.4.2 A breach of the Contractor Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

2.4.3 The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.

2.4.4 The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verifications.

2.4.5 The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

2.4.6 In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Iran.

2.4.7 In accordance with A.R.S. §35-391.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Sudan.

2.4.8 The Contractor certifies that it is licensed to provide the work to be performed under this Contract, in the State of Arizona, if services require such licensure.

2.4.9 Confidentiality of Records. The Contractor shall establish and maintain procedures and controls acceptable to the City for the purpose of assuring that information or data in its possession is not mishandled, misused, released, disclosed, or used in an inappropriate manner by it, its agents, officers or employees. The Contractor shall take all reasonable steps and precautions to safeguard this information and data and shall not divulge the information or data to parties other than those needed for the performance of the duties under the Contract. The Contractor shall comply with all confidentiality requirements of federal and state law.

3. ACCEPTANCE AND DOCUMENTATION: Each task shall be reviewed and approved by the Contract Administrator to determine acceptable completion.

3.1. Records. The CONTRACTOR shall retain and shall contractually require each SUBCONTRACTOR to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract.

3.2. Audit. At any time during the term of this Contract and five (5) years thereafter, the CONTRACTOR'S or any SUBCONTRACTOR'S books and records shall be subject to audit by the City to the extent that the books and records relate to the performance of the Contract or Subcontract. Upon request, the CONTRACTOR shall produce a legible copy of any or all such records.

3.3. Property of CITY. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of CITY. CONTRACTOR is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. CONTRACTOR shall not use or release these materials without the prior written consent of CITY.

4. PRICE:

4.1. CITY shall pay to CONTRACTOR an amount not to exceed Two Hundred Fifty-Five Thousand Dollars ($255,000) for the completion of all the work and services described herein. CONTRACTOR shall be paid only as service(s) are provided and invoiced, payable as set forth in Exhibit G, attached hereto and made a part hereof by reference.

4.2. **Taxes.** CONTRACTOR shall be solely legally responsible for any and all tax obligations, which may result out of CONTRACTOR'S performance of this Contract. CITY shall have no legal obligation to pay any amounts for taxes, of any type, incurred by CONTRACTOR. City agrees that Contractor may bill the City for applicable privilege license taxes which are paid for by Contractor and that the City will reimburse Contractor for privilege license taxes actually paid by Contractor. If Contractor obtains any refund of privilege license taxes paid, City will be entitled to a refund of such amounts.

4.3. **Payment.** Payments are conditioned upon receipt of applicable, accurate, and complete reports to be submitted by the contractor. Billing must be sent to the Risk Management and Safety Division for all services. Invoices/monthly statements must be itemized and sent in billing format indicated. Invoices must be individually numbered to guard against administrative double billing errors and must include employee name, department and service(s) rendered.

4.4. **IRS W9 Form.** In order to receive payment CONTRACTOR shall have a current I.R.S. W9 Form on file with CITY, unless not required by law.

4.5. **Acceptance by City.** CITY reserves the right to accept or reject the request for a price increase. If CITY approves the price increase, the price shall remain firm for the renewal term for which it was requested. If a price increase is agreed upon a written Contract Amendment must be approved and executed by the Parties.

5. TERM:

5.1. The contract term is for a three year period, July 1, 2012 through June 30, 2015, with option to renew for two additional two-year periods. Additionally, the contract may be extended unilaterally for a period of thirty-one days or a portion thereof.

6. USE OF THIS CONTRACT:

6.1. **Cooperative Use of Contract.** In addition to the City of Chandler and with approval of the CONTRACTOR, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of eligible entities may be found at www.maricopa.gov/materials and then click on 'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

6.2. **Emergency Purchases:** CITY reserves the rights to purchase from other sources those items, which are required on an emergency basis and cannot be supplied immediately by the CONTRACTOR.

7. CITY'S CONTRACTUAL REMEDIES:

7.1. **Right to Assurance.** If the City in good faith has reason to believe that the CONTRACTOR does not intend to, or is unable to perform or continue performing under this Contract, the Contract Administrator may demand in writing that the CONTRACTOR give a written assurance of intent to perform. Failure by the CONTRACTOR to provide written assurance within the number of Days specified in the demand may, at the City's option, be the basis for terminating the Contract in addition to any other rights and remedies provided by law or this Contract.

7.2. **Stop Work Order.** The City may, at any time, by written order to the CONTRACTOR, require the CONTRACTOR to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the City after the order is delivered to the CONTRACTOR. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the CONTRACTOR shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

7.3. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the CONTRACTOR shall resume work. The Contract Administrator shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

7.4. **Non-exclusive Remedies.** The rights and the remedies of the City under this Contract are not exclusive.

7.5. **Nonconforming Tender.** Services and materials supplied under this Contract shall fully comply with Contract requirements and specifications. Services or materials that do not fully comply constitute a breach of contract.

7.6. **Right of Offset.** The City shall be entitled to dispute and withhold payment of any disputed sums due to CONTRACTOR, any disputed expenses or costs incurred by the City, or damages assessed by the City concerning the CONTRACTOR'S non-conforming performance or failure to perform the Contract and both parties shall agree to a resolution before payment is made by the City.

8. TERMINATION:

8.1 **Termination for Convenience:** CITY reserves the right to terminate this Agreement or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONTRACTOR shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subCONTRACTORs to cease such work. As compensation in full for services performed to the date of such termination, the CONTRACTOR shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONTRACTOR and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed under each task detailed in the Scope of Work and the CONTRACTOR'S compensation shall be based upon such determination and CONTRACTOR'S fee schedule included herein.

8.2 Termination for Cause:

City may terminate this Agreement for Cause upon the occurrence of any one or more of the following events:

1) If CONTRACTOR fails to perform pursuant to the terms of this Agreement
2) If CONTRACTOR is adjudged a bankrupt or insolvent;
3) If CONTRACTOR makes a general assignment for the benefit of creditors;
4) If a trustee or receiver is appointed for CONTRACTOR or for any of CONTRACTOR'S property;
5) If CONTRACTOR files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
6) If CONTRACTOR disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONTRACTOR then existing or which may thereafter accrue.

The CONTRACTOR may terminate this Agreement upon sixty (60) days written notice to the CITY if the CITY fails to pay undisputed invoices within thirty (30) days of receipt of CONTRACTOR'S invoice.

8.3. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, CITY may cancel this Contract after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the City is or becomes at any time while this Contract or an extension of this Contract is in effect, an employee of or a consultant to any other party to this Contract. The cancellation shall be effective when the CONTRACTOR receives written notice of the cancellation unless the notice specifies a later time.

8.4. Gratuities. CITY may, by written notice, terminate this Contract, in whole or in part, if CITY determines that employment or a Gratuity was offered or made by CONTRACTOR or a representative of CONTRACTOR to any officer or employee of CITY for the purpose of influencing the outcome of the procurement or securing this Contract, an amendment to this Contract, or favorable treatment concerning this Contract, including the making of any determination or decision about contract performance. The CITY, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by CONTRACTOR.

8.5. Suspension or Debarment. CITY may, by written notice to the CONTRACTOR, immediately terminate this Contract if CITY determines that CONTRACTOR has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a SUBCONTRACTOR of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the CONTRACTOR is not currently suspended or debarred. If CONTRACTOR becomes suspended or debarred, CONTRACTOR shall immediately notify CITY.

8.6. Continuation of Performance Through Termination. The CONTRACTOR shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

8.7. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

8.8. Availability of Funds for the next Fiscal Year. Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.

9. FORCE MAJEURE: Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or earthquakes.

10. DISPUTE RESOLUTION:

10.1 Alternative Dispute Resolution. The parties hereby agree that there shall be a sixty (60) day moratorium on litigation commencing on the day that a claim is filed by CONTRACTOR pursuant to A.R.S. § 12-821.01 during which time the parties will negotiate in good faith to resolve the dispute and evaluate the viability of pursuing alternative dispute resolution procedures such as mediation and arbitration.

10.2 Arizona Law. This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

10.3 Jurisdiction and Venue. The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and

concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

10.4 **Fees and Costs**. Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

11. **INDEMNIFICATION:** To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees individually and collectively; from and against all third party losses, claims, suits, actions, payments and judgments, demands, expenses, damages, including consequential damages and loss of productivity, attorney's fees, defense costs, or actions of any kind and nature relating to, arising out of, or alleged to have resulted from CONTRACTOR'S work or services. CONTRACTOR'S duty to defend, hold harmless and indemnify the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees shall arise in connection with any claim or amounts arising or recovered under Worker Compensation Laws, damage, loss or expenses relating to, arising out of or alleged to have resulted from any negligent acts, errors, mistakes, omissions, work or services in the performance of this Contract including any employee of CONTRACTOR, anyone directly or indirectly employed by them or anyone for whose negligent acts CONTRACTOR may be liable. The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The CONTRACTOR'S indemnification obligations under this Section 11 are contingent upon: (i) the CITY giving written notice to the CONTRACTOR of any claim under this Section (provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent, and only to the extent, that the CONTRACTOR shall have been actually prejudiced as a result of such failure).

12. **INSURANCE:**

12.1. **Insurance Representations and Requirements:**

A. CONTRACTOR, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of A-6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.

B. With the exception of the CONTRACTOR'S Professional (E&O) Liability policy, all other policies written on a "Claims made" basis are not acceptable without written permission from the City's Risk Manager.

C. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of CITY, constitute a material breach of this Agreement and may result in termination of this contract.

D. If any of the insurance policies are not renewed prior to expiration, payments to the CONTRACTOR may be withheld until these requirements have been met, or at the option of the City, the City may pay the Renewal Premium and withhold such payments from any monies due the CONTRACTOR.

E. **CONTRACTOR shall provide to the CITY blanket additional insured endorsements specific to its General Liability and Auto Liability insurance policies**.

F. CONTRACTOR'S insurance shall be primary insurance over any insurance available to the CITY and as to any claims resulting from this contract, it being the intention of the parties that the insurance

policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.

G. Blanket waiver of subrogation endorsements specific to the CONTRACTOR'S Auto and General Liability insurance policies shall be provided to the CITY.

H. The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of CONTRACTOR. CONTRACTOR shall be solely responsible for the deductible and/or self-insured retention. The amounts of any self-insured retentions shall be noted on the Certificate of Insurance. CITY, at its option, may require CONTRACTOR to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit. Self-insured retentions (SIR) in excess of $25,000 will only be accepted with the permission of the Management Services Director/Designee.

I. The CONTRACTOR shall provide the CITY with written notice prior to any policy cancellation, reduction in coverage or expiration.

J. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the CONTRACTOR with reasonable promptness in accordance with the CONTRACTOR'S information and belief.

K. In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under this contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the CONTRACTOR until such time as the CONTRACTOR shall furnish such additional security covering such claims as may be determined by the CITY.

12.2. Proof of Insurance – Certificates of Insurance

A. Prior to commencing work or services under this Agreement, CONTRACTOR shall furnish to CITY Certificates of Insurance, issued by CONTRACTOR'S insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect and obtain from the City's Risk Management Division approval of such Certificates.

B. If a policy does expire during the life of this Agreement, a renewal certificate must be sent to the City of Chandler five (5) days after the expiration date.

C. All Certificates of Insurance shall identify the policies in effect on behalf of CONTRACTOR, their policy period(s), and limits of liability. Each Certificate shall include the job site and project number and title. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents. Information required to be on the certificate of Insurance may be typed on the reverse of the Certificate and countersigned by an authorized representative of the insurance company.

D. In the event of a claim arising out of the performance of the contracted services under this Agreement, and which names Chandler or its agents, representatives, officers, directors, officials or employees as a codefendant, Company agrees to make the applicable insurance policy available for review in a secured format.

12.3. Coverage

A. Such insurance shall protect CONTRACTOR from claims set forth below which may arise out of or result from the operations of CONTRACTOR under this Contract and for which CONTRACTOR may be

legally liable, whether such operations be by the CONTRACTOR or by a SUBCONTRACTOR by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. **Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to severability of interest and waiver of subrogation clauses.**

B. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;

C. Claims for damages because of bodily injury, occupational sickness or disease, or death of the CONTRACTOR'S employees;

D. Claims for damages because of bodily injury, sickness or disease, or death of any person other than the CONTRACTOR'S employees;

E. Claims for damages insured by usual personal injury liability coverage;

F. Claims for damages, other than to work itself, because of injury to or destruction of tangible property, including loss of use resulting there from;

G. Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; Coverage will be at least as broad as Insurance Service Office, Inc., coverage Code "1" "any auto" policy form CA00011293 or equivalent thereof.

H. Claims for bodily injury or property damage arising out of completed operations;

I. Claims involving contractual liability insurance applicable to the CONTRACTOR'S obligations under the Indemnification Agreement;

J. Claims for injury or damages in connection with one's professional services;

K. Claims involving construction projects while they are in progress. Such insurance shall include coverage for loading and off-loading hazards. If any hazardous material, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included.

12.4. Commercial General Liability - Minimum Coverage Limits. The Commercial General Liability insurance required herein shall be written for not less than $1,000,000 limits of liability. Any combination between general liability and excess general liability alone amounting to a minimum of $2,000,000 per occurrence (or 10% per occurrence) and an aggregate of $5,000,000 (or 20% whichever is greater) in coverage will be acceptable. The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc's (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for CONTRACTOR'S operations and products, and completed operations.

12.5. Automobile Liability. CONTRACTOR shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than $1,000,000 each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in performance of the CONTRACTOR'S work. Coverage shall be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

12.6. Workers' Compensation and Employer's Liability. CONTRACTOR shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over CONTRACTOR'S employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than $1,000,000 for each accident, $1,000,000 disease coverage for each employee, and $1,000,000 disease policy limit.

If CONTRACTOR is a sole proprietor and has no employees, CITY will accept a Sole Proprietor's waiver of Workers' Compensation benefits in lieu of Workers' Compensation insurance

In case any work is subcontracted, CONTRACTOR will require the SUBCONTRACTOR to provide Workers' Compensation and Employer's Liability to at least the same extent as required of CONTRACTOR.

12.7. Professional Liability. CONTRACTOR shall maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by CONSULTANT, or any person employed by CONTRACTOR, with a claims made policy limit of not less than $1,000,000.

13. NOTICES: All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of the CITY

Contract Administrator:	Human Resources Director
Contact:	Debra Stapleton
Mailing Address:	PO Box 4008, MS 703
Physical Address:	175 S. Arizona Ave., 2nd Floor
City, State, Zip	Chandler, AZ 85225
Phone:	480-782-2351
FAX:	480-782-2345

In the case of the CONTRACTOR

Firm Name:	CorVel Enterprise Comp, Inc.
Contact:	Jennifer Fox Sanbet
Address:	1850 N. Central Ave., Suite 1200
City, State, Zip	Phoenix, AZ 85004
Phone:	602-288-1838
FAX:	866-449-5057
EMAIL:	Jennifer_sanbet@corvel.com

In the case of the CONTRACTOR (Copy)

Firm Name:	CorVel Enterprise Comp, Inc.
Contact:	Director of Legal Services
Address:	2010 Main Street, Suite 600
City, State, Zip	Irvine, CA 92614

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

14. CONFLICT OF INTEREST:

14.1. No Kickback. CONTRACTOR warrants that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. Section 38-501. Any such interests were disclosed in CONTRACTOR'S proposal to the CITY.

14.2. Kickback Termination. CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONTRACTOR to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice from CITY is received by all other parties, unless the notice specifies a later time (A.R.S. §38-511).

14.3. No Conflict: CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

15. GENERAL TERMS:

15.1. Ownership. All deliverables and/or other products of the Contract (including but not limited to all software documentation, reports, records, summaries and other matter and materials prepared or developed by CONTRACTOR in performance of the Contract) shall be the sole, absolute and exclusive property of CITY, free from any claim or retention of right on the part of CONTRACTOR, its agents, sub-contractors, officers or employees.

15.2. Entire Agreement. Subject to limitations set forth in the Memorandum of Agreement between the City of Chandler and CorVel Enterprise Comp, Inc., dated _____ 2012, this Agreement, including all Exhibits attached hereto, constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

15.3. Arizona Law. This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

15.4. Assignment: Services covered by this Agreement shall not be assigned in whole or in part without the prior written consent of the CITY.

15.5. Amendments. The Contract may be modified only through a written Contract Amendment executed by authorized persons for both parties. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the City in writing or made unilaterally by the CONTRACTOR are violations of the Contract. Any such changes, including unauthorized written Contract Amendments shall be void and without effect, and the CONTRACTOR shall not be entitled to any claim under this Contract based on such changes.

15.6. Independent CONTRACTOR. The CONTRACTOR under this Contract is an independent CONTRACTOR. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

15.7. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

15.8. Authority: Each party hereby warrants and represents that it has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to enter this Agreement. Each party further acknowledges that it has read this Agreement, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this ___ day of _____ 2012.

FOR THE CITY OF CHANDLER

_____
MAYOR

ATTEST:

_____
City Clerk

Approved as to form:

_____
City Attorney CH for

FOR THE CONTRACTOR

By: Richard Schwippe
Signature

ATTEST: If Corporation

SEAL

Richard Schwippe
Secretary

EXHIBIT A

Contractor Immigration Warranty
To Be Completed by Contractor Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: RM2-953-3045 Third Party Claims Admin/Workers' Comp		
Name (as listed in the contract): CorVel Enterprise Comp, Inc.		
Street Name and Number: 1850 N. Central Ave., Suite 1200		
City: Phoenix	**State: AZ**	**Zip Code: 85004**

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:

_____

Printed Name: _____

Title: _____

Date (month/day/year): _____

EXHIBIT B
SCOPE OF WORK

CLAIMS HANDLING SERVICES

CONTRACTOR shall provide claims handling services. CONTRACTOR shall provide a toll-free phone and fax number for use by CITY, claimants, and medical provider, and shall accept delivery of Industrial Commission of Arizona (ICA) Form 101's via internet email.

CONTRACTOR shall provide, at a minimum, the following 3rd Party Claims administration services:

1. CLAIMS HANDLING SERVICE AND MEDICAL CONTROL SERVICES:

1.1 Review and process all industrial injury or illness claims in accordance with the requirements of the Industrial Commission of Arizona, and related applicable statues, rules, and guidelines. Must comply with Section 111.

1.2 Follow-up on each claim shall be made every 2 weeks via email or other electronic means. In addition, viewing of all attachments shall be made available electronically.

1.3 Determine compensation for injuries and illnesses in accordance with Arizona Workers' Compensation laws and ICA rules, guidelines, and formulas.

1.4 Authorize independent medical examination, as necessary, to determine the nature and extent of temporary and/or permanent partial or total disability, if claimant is permanent and stationary, and/or if further treatment is needed.

1.5 Determine eligibility for and authorize payment of medical treatment in accordance with Arizona Workers' Compensation rules, make payments in a timely manner, and utilize available cost containment measures.

1.6 Administer permanent disability compensation and/or death benefits in accordance with State of Arizona Workers' Compensation laws, awards, or settlement agreements.

1.7 Maintain files and computerized records of all reported claims, cross-referenced by the name of the claimant, date of loss, claim number and current reserves, estimated recoveries and total incurred.

1.8 Retain files administered under this agreement until notified of disposition by CITY. All files shall be the property of CITY.

1.9 Have knowledge of Phoenix area medical providers of Workers' Compensation treatment and their specialties and providers for diagnostic, pharmaceutical, and ancillary medical services.

1.10 Have knowledge of Phoenix area medical providers and their specialties for referral and/or independent medical examinations.

1.11 Notify CITY immediately when any claimant is represented by legal counsel, and work with any legal counsel retained by CITY to defend contested cases or other ICA-related matters, including making any information available and providing legal counsel with appropriate assistance.

1.12 Treat all files and claims information as strictly confidential, and not discuss the nature of any claim or the amount paid or reserved under it, with any person who is not a party to the contract, except when and to the extent CITY authorizes, or when ordered to do so by a court of competent jurisdiction.

1.13 Alert CITY to statute changes, court decisions and ICA procedures, which impact the Workers' Compensation program.

1.14 Monitor treatment programs every two weeks or sooner for injured or ill employees, including review of all medical reports.

1.15 Recommend and schedule independent medical examinations no later than 5 days after receiving the physician's report that an IME is needed.

1.16 Maintain a close working relationship with treating physicians and CITY's contact clinics.

1.17 Work with CITY to optimize return to work and light duty programs.

1.18 Monitor and adjust medical bills in compliance with Arizona Workers' Compensation medical fee schedule, through use of bill review or PPO agreements, and/or usual, reasonable and customary fee schedules. Date of Services and Vendor's name should be included in the bill processing and notations in order for the City to make sure the billing is correct and there are no double payments. A penalty for double payment is subject to 33 % of the billing error.

1.19 Promptly notify and seek approval from CITY on questionable claims, which may benefit from claimant activity checks or investigation with approval from the CITY. Arrange for activity or investigational services and promptly report back findings, on questionable cases. as necessary and appropriate.

1.20 Recommend vocational assessment of injured employees, when necessary and appropriate, with approval of CITY.

1.21 Obtain prior claim and medical history, and when applicable submit the claim to the Second Injury Fund at ICA for apportionment of compensation.

1.22 Subrogate against third parties when they are liable for *any* injuries to employees. CONTRACTOR shall notify employee or the employee's attorney, of the existence of a Workers' Compensation lien, and provide information to the responsible party, the CITY, or to the court of the lien amount. All lien or recovery checks shall be made payable to CITY and sent to CITY's Risk Manager. Any waiver or reduction of any lien or other settlement shall receive prior approval from CITY's Risk Manager or designated representative.

1.23 Provide 1099 forms for each respective medical provider as required by IRS.

1.24 Assist CITY with the determination of appropriate Workers' Compensation rate settings, reserve limits, actuarial projects, and reporting to excess and/or reinsurance carriers as required.

1.25 Provide narrative written initial status, and settlement evaluation reports on all claims/cases with an indemnity reserve of $25,000 or greater.

1.26 The claims adjustor selected to handle claims for the City of Chandler shall carry a total case load of no more than 150 active claims at any one time, in order for there to be no compromise of care to City employees.

1.27 The claims adjustor will obtain **all** medical records (ex. MRI's, Cat scan, PT and medical notes) and any other pertinent information on each claim that has had a pre-existing issue on the same body part before accepting the claim.

1.28 This RFP only references the contract is for claims management only. If there are ancillary services available, the Offeror should provide a list and price for those services, but the City does not guarantee those services will be awarded as part of this contract. Background qualifications on the ancillary services must be provided.

1.29 The IME companies being used will be a decision between the City's Risk Management Division and the Third Party Claims Administrator.

2. REPORTING REQUIREMENTS: CONTRACTOR shall:

2.1 Make available electronically, check registers that can be sorted by check number, claim number, payee, payment type, and date of service.

2.2 Make available for review at facility by claimant bills, bill review documents and payment history.

2.3 Make available electronically reports that show paid medical, reserves for medical and indemnity claims, allocated expenses, and total incurred by claim. The report shall summarize information by department, division, and CITY as a whole. The loss runs, at a minimum, shall contain claims data by year, with field of information detailing date of loss, claimant's name, description of accident, medical paid, medical reserved, indemnity paid, indemnity reserved, expenses paid, expense reserves, and total incurred loss. Reports shall include status on all claims.

2.4 Provide CITY with copies of all Notice(s) of Claim Status issued to claimant at the time of issuance.

2.5 Provide quarterly written status reports and meet quarterly with CITY on all claims originated during the previous quarter as well as all open claims.

2.6 Share all relevant internal and external Workers' Compensation audit reports with CITY generated during the term of the contract.

2.7 Provide any data and/or reports required by the ICA, such as the preparation and submission of annual Self-Insurers Statement.

2.8 Pull all subrogations and provide a quarterly report on recoveries.

2.9 Prepare loss run and other reports to supplement CITY's excess Workers' Compensation insurance application or renewal.

2.10 Claim administrator shall be required to meet with CITY to review outstanding claim status at least Four (4) times per contract year.

3. DELINEATION OF RESPONSIBILITIES:

3.1 Responsibilities of CONTRACTOR:

3.1.1 CONTRACTOR shall be responsible to undertake the services identified under Section 2 above and as delineated in CONTRACTOR's response to the Questionnaire (Exhibit C) as negotiated and directed by CITY.

3.1.2 All invoices shall be submitted in duplicate, and no more often than on a monthly basis. Mail all invoices to CITY OF CHANDLER; Human Resources, PO Box 4008 – Mail Stop 703, Chandler, Arizona, 85244-4008.

3.2 Responsibilities of CITY:

3.2.1 CITY will make available to CONTRACTOR all documents, which will be useful in completing the project work. However, it shall remain CONTRACTOR's responsibility to request and verify all data and information provided by CITY.

3.2.2 CITY will pay invoices submitted in conformance with the contract within thirty (30) calendar days after submittal, but no more than once per month.

EXHIBIT C
QUESTIONNAIRE

Contractor's Qualifications. Claims Management Services.

1. Using a five (5) year history, provide CONTRACTOR background, including ownership, number of employees, staff size and turnover rate.

2. Identify any other business services provided by CONTRACTOR other than 3rd Party Workers' Compensation claims administration.

3. Provide resumes of those persons in charge of this account, including their experience and job history, and identify average active caseload for time loss/ medical only claim adjuster.

4. List location, including any toll-free phone and/or fax numbers, of CONTRACTOR's offices where claims will be administered, and number of employees at each location involved in claims administration.

5. List three (3) current self-insured Workers' Compensation clients for which CONTRACTOR provided third party administration services that are considered similar to the scope of work described herein for self-insured Workers' Compensation, specifically for governmental entities, if possible. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact as a reference, regarding CONTRACTOR's performance.

6. List three (3) self-insured Workers' Compensation client references, governmental entities, if possible, that no longer use CONTRACTOR's services. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact regarding CONTRACTOR's performance.

7. Provide a copy of CONTRACTOR's claims handling protocol and/or a copy of the claims procedure manual reflecting CONTRACTOR's processes for claims handling.

8. Describe internal and external audit procedures and provide the most recent report.

9. Provide CONTRACTOR's method of establishing and monitoring reserves, if not outlined in response to Question 7 above.

10. Detail how CONTRACTOR will control medical expenses, get employees back to work, use subrogation techniques, and claim closure procedures to CITY's benefit, while maintaining quality of care.

11. Explain the extent to which CONTRACTOR, and/or legal assistance, is available for claims requiring employer representation at hearings and how litigation or subrogation claims are handled. CITY retains the right to select and/or approve of legal counsel and to control litigations and/or settlements.

12. List handling fee charges for subrogation against a third party or recovery from the second injury fund, or retention of any portion of the recovery from a third party or the second injury fund.

13. Explain CONTRACTOR's policy and/or procedure on assignment to vocation rehabilitation.

14. Explain CONTRACTOR's policy and/or procedure on assignment for sub rosa activity.

15. Explain CONTRACTOR's policy and/or procedure on retaining outside case management assistance. CITY retains the right to select and/or approve case management services.

16. Provide details regarding claims risk management information system capabilities, including whether or not the system will be accessible by CITY.

17. Describe security to ensure client data confidentiality and privacy.

18. Describe how CITY can assess CONTRACTOR's on-line claim management and reporting system and any fee for this service.

19. Provide sample printouts showing what information and analysis is available through CONTRACTOR's system.

20. Provide a sample monthly or quarterly report and an annual report that allows CITY to complete its self-insured, reports, tax forms, that meet requirements of the ICA.

21. List any limitations on CONTRACTOR's ability to provide CITY requested custom reports, and provide CITY a listing of any fees associated with custom reporting.

Medical Cost Management/Bill Review

22. Describe the medical cost containment / management program, including any Preferred Provider Organization (PPO) type networks.

23. Describe procedures and available cost containment options to ensure that all medical bills are reviewed and paid per schedule or best available pricing.

24. Indicate if these services are provided in-house or by third party Contractor(s).

25. Indicate any fees associated with any bill review or reduction services.

26. Describe the process to ensure that claims are not double-paid.

27. Describe the procedure for handling provider challenges of re-pricing.

28. If there are fees for medical cost management / bill review, describe how the fees are applied to individual claim.

29. Currently, all bills are reviewed. If no savings, there is no charge. Bills reviewed with savings are charged 30% of savings and this fee is monthly, charged to the individual claim.

30. Provide average time for payment of medical bills from date CONTRACTOR receives the bill with supporting documents to check being issued.

31. Most indemnity checks are to be sent to CITY, c/o Risk Management Division, payable to the claimant and CITY. Will this present any problems for CONTRACTOR? (Injured workers wages and benefits are kept whole by CITY for most employees).

32. System should be compatible with Risk Master: this is preferred but not required.

Start-Up Activities

33. Provide a detailed action plan, with time-lines, to implement the new claims handling and for transition of records and initiation of claims management for existing claims.

Legal Issues

34. Has CONTRACTOR ever been sued or had other legal action initiated by claimants or providers for cost management services or decisions? If yes, describe the nature of each suit, the outcome, and the settlement amount. A response is also required for each third-party Contractor that CONTRACTOR contracts with for services.

35. Has CONTRACTOR ever been the subject of any complaint filed with the Industrial Commission of Arizona (ICA) or any other Workers' Compensation board or regulatory agency in any state for CONTRACTOR's cost management services or decisions? If yes, describe the nature of each complaint, location, and outcome. Provide same information for each third-party Contractor.

Banking

36. Advise and explain the current system for check issuance, including who will have check signing authority for the City's account, and whether these employees are bonded, security procedures to ensure the safeguard of funds, and process by which checks are requested, processed and mailed.

37. CITY uses a positive pay system to monitor all transactions daily. This requires CONTRACTOR's system to nightly upload electronically to CITY's bank, the checks that were issued that day. Is CONTRACTOR's system capable of electronic data transmission to CITY's financial institution? Are there any fees associated with this process?

38. Discuss CONTRACTOR's process for handling stop pays, voided checks, and reimbursements.

39. Explain security procedures to ensure the safeguard of funds, and process by which checks are requested, processed, and mailed.

40. Who will have check signing authority for CITY's account? Are these employees bonded?

Miscellaneous

41. CITY anticipates a long-term relationship with CONTRACTOR. However, in the event of a termination of the relationship, detail how records and electronic files would be provided to the new TPA and the timeline for transition.

42. Are ISO fees included in the claim handling fee? If no, explain the ISO fee.

EXHIBIT D
SCOPE OF WORK

PHARMACY

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Pharmacy Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY, claimants, and medical providers. The provider will accept the Occupational Health Nurse to approve any/all medications if the Contractors above are not available

1. Review and process all prescriptions on all industrial or illness claims and meet the requirements of the ICA on fee schedule. The prescription will be approved in 1-2 hours of the employee delivering the script to the pharmacy.
2. Each claimant will be delivered a card that will approve continuation as medications get refilled.
3. Medications will be approved by the TPA or the Occupational Health Nurse and a number will be made available to the pharmacies so there will be no delays in treatment.
4. The TPA will advise the Contractor when a claim is closed.
5. Treat all files and information as strictly confidential and not discuss the nature of any/all medication(s), or amount paid.
6. Retain file administered under this agreement until notified of disposition of the TPA/ or as the law dictates.
7. Alert the TPA or the City of Chandler's Occupational Nurse of any discrepancies that might be noticed.
8. Have knowledge of Phoenix providers, diagnosis and medications that are applicable to the injury/illness.

EXHIBIT E
SCOPE OF WORK

BILL REVIEW

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Bill Review Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY.

1. Determine eligibility for an authorize payment of medical bills within 1-3 days after receiving the official bill.
2. Review and process all bills on industrial or illness claims and meet the requirements of the ICA on fee schedule.
3. Have knowledge of the fee schedule and any changes made and to make the City aware of any Changes.
4. Document each bill approved, each service provider, and the date of the service provided.
5. The contractor will send a monthly report to the Occupational Nurse for all approved bill payments.
6. Retain files administered under this agreement until notified of disposition of the TPA/ or as law dictates.
7. Treat all files and information as strictly confidential and not discuss the nature of any/all bill (s), or amount paid.
8. Any questionable bills submitted shall be inspected and either the TPA or the Occupational Health Nurse will approve or give the Contractor the approval.

EXHIBIT F
CITY OF CHANDLER POSITION – CLASSIFICATIONS

FY10/11

TOTAL # OF EE		
WORK CODE	Total	WORK CODE DESCRIPTION
5506	50	STREETS
7423	3	AIRPORT
7520	90	WATER
7580	8	WASTEWATER
7704	224	FIREFIGHTERS
7720	431	POLICE OFFICERS
8380	10	MECHANICAL MAINTENANCE-VEHICLES
8810	613	ADMINISTRATIVE/CLERICAL
8820	27	LAW
9015	82	BUILDINGS,GROUNDS,WAREHOUSE/MAINT
9063	205	RECREATION CENTERS
9102	400	PARKS MAINTENANCE
9403	14	SANITATION
9410	90	BUILDING INSPECTORS
Grand Total	2247	

EXHIBIT G
COST SUMMARY

The term of the contract shall be for three years with options to renew for two additional two-year terms. Multiple year pricing is highly recommended but not mandatory.

Assume an average of 121 medical and 40 indemnity claims per year. See Exhibit H for claims history.

CLAIMS HANDLING			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
Cost for handling claims: A. Open at inception of contract and/or B. Reported during each contract year: Medical only, per claim Indemnity, per claim Report only, per claim C. Annual fee for claims that continue to be open or are reopened: Medical only, per claim Indemnity only, per claim	 $250 Indemnity $95 Medical Only $125 $600 $0* $0 $300	 $0 $125 $600 $0* $0 $300	 $0 $125 $600 $0* $0 $300
Charge per claim if more than 121 medical and / or 40 indemnity claims reported in one-year period	$ Per Schedule Above	$ Per Schedule Above	$ Per Schedule Above
If claim fees are not all inclusive, list other applicable fees:	$0	$0	$0
Estimated total annual fees: Preferred method of payment: □ Monthly ■ Quarterly □ Annually	$39,125	$39,125	$39,125

*If reported electronically

Included At No Additional Charge:
- Electronic First Notice of Loss Intake
- 24/7 Nurse Triage
- Annual Administration Fee
- 5 Care[MC] User ID's
- Annual Banking Fees (one account)
- Indexing

EXHIBIT G
COST SUMMARY (CONTINUED)

PHARMACY			
DESCRIPTION	YEAR 1	YEAR 2	YEAR 3
List standard fees			
a. Retail - Brand	AWP – 7% + $5	AWP – 7% + $5	AWP – 7% + $5
b. Retail - Generic	AWP – 18% + $5	AWP – 18% + $5	AWP – 18% + $5
c. Mail Order - Brand	AWP – 10% + $4	AWP – 10% + $4	AWP – 10% + $4
d. Mail Order - Generic	AWP – 20% + $4	AWP – 20% + $4	AWP – 20% + $4
Fees for optional Services			
a.			
b.			
c.			

BILL REVIEW			
DESCRIPTION	YEAR 1	YEAR 2	YEAR 3
List standard fees			
a. Bill Review	$7.50/Bill	$7.50/Bill	$7.50/Bill
b. PPO/Professional Review	23% of Incremental Savings	23% of Incremental Savings	23% of Incremental Savings
Fees for optional Services			
a. Case Management	$85/ Hour	$85/ Hour	$85/Hour
b.			
c.			

Richard Schweppe
Authorized Representative Signature

3/13/2012
Date

CorVel Enterprise Comp, Inc.
CONTRACTOR

Billing and Payments for Pharmacy Program:

(a) Charges for medications processed through the Pharmacy Program will be applied to the claim file.

(b) CorVel uses the Medi-Span AWP at pre-settlement levels. To maintain pricing neutrality CorVel applies the established multiplier to impacted prescriptions.

(c) Relative to state fee schedules, CorVel will apply the lesser of the Customer's contracted pharmacy rate or the applicable state fee schedule. The following exceptions apply:

(i) All California pharmacy prescriptions will be priced at the California fee schedule.

(ii) To the extent that the fee schedules rate in any state other than California is less CorVel's acquisition costs, CorVel will apply the lesser of Customer's contracted rate or CorVel's acquisition cost.

(d) Both parties understand that pricing indices historically used (including under this Agreement) for determining the financial components of pharmacy billing rates are outside the control of CorVel and Customer. The parties also understand there are extra-market industry, legal, governmental and regulatory activities which may lead to changes relating to, or elimination of, these pricing indices that could alter the financial positions and expectations of both parties as intended under this Agreement. Both parties agree that, upon entering into this Agreement and thereafter, their mutual intent has been and is to maintain pricing neutrality as intended and not to benefit one party to the detriment of the other. Accordingly, to preserve this mutual intent, CorVel may undertake any or all of the following:

:

(i) Changes the AWP source across its book of business (e.g., from Medi-Span to First Databank); or

(ii) Maintains AWP as the pricing index with an appropriate adjustment in the event the AWP methodology and/or its calculation is changed, whether by the existing or alternative sources; or

(ii) Transitions the pricing index from AWP to another index or benchmark (e.g., to Wholesale Acquisition Cost).

(d) Pharmacy rates will be modified as reasonably and equitably necessary to maintain the pricing intent under this Agreement. CorVel shall provide Customer with at least ninety (90) days prior written notice of the change (or if such notice is not practicable, as much notice as is reasonable under the circumstances), and written illustration of the financial impact of the pricing source or index change (e.g., specific drug examples). If Customer disputes the illustration of the financial impact of the pricing source, both parties agree to cooperate in good faith to resolve such disputes.

(e) CorVel assumes no obligation or liability if Customer's claimant pays for medications outside of the claim.

EXHIBIT H

FUTURE AMENDMENT FOR DATA FILE EXPORT REGULARITY AND EXIT DATE FILE DELIVERY UPON TERMINATION OF AGREEMENT

1. **Future Amendment of Service Agreement.**

Upon City's request, subject to agreement by both parties this Service Agreement may be amended to provide for the export of specific data from CONTRACTOR to City at regular intervals. The specific terms and conditions of any such amendment will be agreed upon at that time.

2. **Data Recovery and Transition Upon Termination of Agreement.**

Data Recovery and Transition: CorVel shall provide the City of Chandler an encrypted export of City of Chandler's data from the database and its records from the inception of input of City claims into the source database environment upon termination of agreement and or contract for any reason. The City of Chandler shall be entitled to ownership of City employee's claimant data via the following:

(a) Upon termination of the engagement and contracts with, CorVel pursuant to contract terms for notifications of severance and its clauses set forth in the contract, CorVel shall make a full encrypted backup and export all records over the span of the contract life cycle and provide said export of City of Chandler's data from the database to the City in CorVel's standard format such that the data can be imported into a Relational Database Management System (RDBMS) such as Microsoft MSSQL or Oracle RDBMS. The database schema and field headers shall be defined and made available for such import to a database that the City can continue to support staff claims. Under no circumstance shall the export be in plain human readable text unencrypted at the time or during transfer. The data shall be decrypted by the City using the keys necessary to render the export readable and import ready.

(b) CorVel shall provide and exchange with the City of Chandler any and all necessary CorVel public keys and City specific public encryption keys to decode and render readable the data to continue business in case of severance of agreement or contract.

(c) An encrypted, agreed and finalized data export, transfer and transport mechanism shall be used such as but not limited to; CorVel secure web site portal download to the City's encrypted file store, encrypted DVD or approved media, encrypted compressed file direct from CorVels Server or transport via CorVel Server to City Server transfer via approved SSH login initiated by the City, or a supported encrypted electronic data interchange. Necessary encryption keys shall be provided as stated in (b) to decrypt and use the data once data is retrieve and now stored on City systems for continuation of claimant processing in case of contract severance.

(d) The transfer, and authorized recipient functions shall be limited to solely the authorized users in section 8 terms of use and authorized users representing the City of Chandler and CorVel.

Contract Document B

CORVEL ENTERPRISE COMP, INC.
CAREMC LICENSE AGREEMENT

This CareMC License Agreement (this "License Agreement") is entered into as of April ____, 2012, (the "Effective Date") by and between CorVel Enterprise Comp, Inc., a wholly-owned subsidiary of CorVel Corporation ("CorVel"), 2010 Main Street, Suite 600, Irvine, CA 92614 ("CorVel") and the City of Chandler, a Municipal Corporation of the State of Arizona, ("Customer" or "City").

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 Managed Care and Claims Administration Services, including certain Bill Review Services, online (such automated and online components of CorVel's Managed Care Services, "Online Services"); and

WHEREAS, CorVel provides its customers with the option of accessing certain Managed Care and Claims Administration 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, 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 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 Managed Care and Claims Administration Services (the "Online Services") shall be governed by the terms and conditions of this License Agreement.

B. 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.

C. 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 45 CFR Section 164.501 of the regulations promulgated by the U.S. Department of Health and Human Services under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"). 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.

D. 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.

E. 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.

F. 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. 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.

G. Use of Customer Data. CorVel shall have the right to use Customer Data to fulfill its obligations under this License Agreement. Further, nothing shall prohibit CorVel from using aggregate, non-identifying, statistical data generated through its

customers', including Customer, use of the CareMC Application, Online Services and CareMC Site for marketing 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 the usage of, number of case referrals generated by and/or efficiencies gained by CorVel customers through their use of the CareMC Application, Online Services and/or CareMC Site.

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) such third party enters into a legally enforceable written agreement with Customer consistent with the terms of this License Agreement and which shall include terms at least as protective of CorVel as the following Sections of this License Agreement: Sections 1B, 1D, 1E, 1H, 2B, 2D, 3B, 3I , 4A-4C and 9.

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. To the extent CorVel requires access to Customer's facilities to conduct an audit hereunder, such access shall be made upon reasonable notice and conducted during Customer's regular business hours. If an audit conducted during any portion of the Term in which Customer is required to pay fees under this Agreement reveals that Customer has underpaid fees to CorVel or is using the CareMC Application beyond the license restrictions and/or any terms of this Agreement, Customer will be invoiced for any such underpaid fees and will pay such fees within thirty (30) days of notice. The foregoing remedies shall be in addition to, and shall not limit CorVel's ability to terminate this Agreement based on material breach or pursue damages or other remedies available under law and equity.

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 venders 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.

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 Win 2000 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 HIPAA. 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.

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.

(iii) Network Intrusions. CUSTOMER AGREES THAT CORVEL WILL NOT BE LIABLE FOR DAMAGES ARISING FROM ANY BREACH, UNAUTHORIZED ACCESS TO, MISUSE OF, OR INTRUSION INTO, CUSTOMER DATA RESIDING ON CORVEL'S SERVER(S) OR ANY NETWORK USED BY CUSTOMER TO THE EXTENT SUCH DAMAGES WERE BEYOND CORVEL'S REASONABLE CONTROL, UNLESS DUE TO CORVEL'S NEGLIGENT ACTS, ERRORS, OMISSIONS, WILFULL MISCONDUCT OR FRAUD.

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, PROVIDED, HOWEVER, NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED TO LIMIT THE OBLIGATIONS FOR INDEMNIFICATION AS SET FORTH IN SECTION 6 OF THIS LICENSE AGREEMENT.

(ii) 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

To the fullest extent permitted by law, CorVel shall defend, indemnify and hold harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees individually and collectively; from and against all third party losses, claims, suits, actions, payments and judgments, demands, expenses, damages, including consequential damages and loss of productivity, attorney's fees, defense costs, or actions of any kind and nature relating to, arising out of, or alleged to have resulted from CorVel's work or services. CorVel's duty to defend, hold harmless and indemnify the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees shall arise in connection with any claim or amounts arising or recovered under Worker Compensation Laws, damage, loss or expenses relating to, arising out of or alleged to have resulted from any negligent acts, errors, mistakes, omissions, work or services in the performance of this License Agreement including any employee of CorVel, anyone directly or indirectly employed by them or anyone for whose negligent acts CorVel may be liable. CorvVel shall have no obligation to defend, indemnify or hold harmless the City from or against any losses arising out of or relating to any suit or action resulting from (a) the negligent acts or omissions or willful misconduct of the City, its officers or employees, or (b)actions taken by CorVel at the direction of the City relating to the services provided under this License Agreement; and provided, further, that for purposes of computing losses hereunder in connection with any suit or action there shall be deducted an amount equal to the amount of any insurance proceeds, indemnification payments, contribution payments or reimbursements received directly or indirectly by the City in connection with such suit or action.

Conditions. CorVel's indemnification obligations under this section 6 are contingent upon the City giving written notice to CorVel of any claim under this section (provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except and only to the extent, the CorVel shall have been actually prejudiced as a result of such failure).

7. INSURANCE

A. CorVel Insurance. CorVel, at its sole expense, agrees to maintain, at all times during the term of the Agreement, the required professional liability, errors and omissions, workers' compensation, general, cyber insurance and auto liability insurance coverages as set forth on the Certificate of Insurance provided with the executed Service Agreement with an effective date of _____ 2012.

B. Customer Insurance. Customer, at its sole expense, agrees to keep in force comprehensive general liability insurance and professional liability insurance with coverage limits in accordance with acceptable industry standards for the term of this Agreement. Upon request by CorVel, Customer shall furnish CorVel with a certificate of such insurance. Customer shall provide CorVel with prior written notice of any cancellation, non-renewal or material change to any such insurance coverages pursuant to its insurance policies. It is agreed that Customer shall be deemed in compliance with this Section 7B by being self-insured under terms and conditions and with sufficient reserves as is customary within the industry for governmental entities companies of comparable size and operations.

8. LICENSE TERM AND TERMINATION

A. Term. Unless provided otherwise, the initial term of this Agreement shall begin on the Effective Date and continue for a period of one (1) year from the Effective Date (the "Initial Term"). Thereafter, the Agreement shall be renewed automatically for subsequent one (1)-year terms (each a "Renewal Term"), unless either party gives written notice of its intent to terminate no less than thirty (30) days prior to the end of the then-current term. The Initial Term and any subsequent Renewal Term(s) are collectively referred to herein as the "Term".

B. Termination for Convenience. Either party shall have the right to terminate this License Agreement for any reason or for no reason, upon ninety (90) days written notice to the other party.

C. Termination for Cause. This License Agreement may be terminated by either party for cause as follows: (i) upon thirty (30) days written notice if the other party breaches or defaults under any material provision of this Agreement and does not cures such breach prior to the end of such thirty (30) day period, (ii) effective immediately and without notice if the other party ceases to do business, or otherwise terminates its business operations, except as a result of an assignment, as permitted under the terms and conditions of this License Agreement, or (iii) effective immediately and without notice if the other party becomes insolvent or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within ninety (90) days).

D. Effect. Except to the extent expressly provided to the contrary herein, any right of action for breach of the License Agreement prior to termination, and the following provisions shall survive the termination of this License Agreement: Sections 1G, 2D, 4, 5 and 6. Additionally, upon termination or expiration of the License Agreement (i) CorVel shall provide Customer

with any proprietary data belonging to Customer, in the current format in which it is stored at CorVel at the termination of the License Agreement, (ii) all licenses granted under this License Agreement shall terminate immediately, (iii) all rights to use the CareMC Application and Online Services shall cease immediately, and (iv) each party shall promptly return all information, documents, manuals and other materials belonging to the other party related to this License Agreement, whether in printed or electronic form, except as otherwise provided in this License Agreement, including without limitation all confidential information of the other party then currently in its possession.

E. Funding Out Clause. This agreement depends on continued availability of appropriated funds and expenditure authority from the Chandler City Council for this purpose. If for any reason the Chandler City Council fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by Customer upon a thirty (30) day prior written notice. Termination for any of these reasons is not a default by the Customer nor does it give rise to a claim against Customer.

9. CONFIDENTIALITY

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, and (ii) the Customer Data (as defined in the CareMC License Agreement) constitute Confidential Information of Customer.

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. CorVel may mark as "Confidential" items that it wishes to keep confidential. If Customer receives a public records request, Customer will notify CorVel three business days prior to release of such information so that CorVel may seek to obtain an order in Maricopa County Superior Court prohibiting disclosure of such marked documents. CorVel understands that Customer is subject to the Arizona Public Records Law. Customer will NOT defend the right of CorVel to avoid disclosure pursuant to the Arizona Public Records Law of any document relating to or part of This Agreement

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 marketing 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

A. Choice of Law. This Agreement shall be governed by and construed under the laws of the State of Arizona and the United States without regard to conflicts of laws provisions thereof. The parties expressly agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement. The

parties submit to the jurisdiction of the United States federal courts for the District of Arizona and agree, that said courts have the sole and exclusive jurisdiction over any cause of action arising under or in connection with this Agreement.

B. Compliance with Laws. Both parties shall comply with all federal, state, and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

C. Contacts for Notices. All written notice required or permitted hereunder shall be in writing and shall be sufficient if personally delivered or sent by facsimile or internationally recognized delivery service to the address or fax number set forth below, unless such address or fax number is changed by notice, to the other party, as permitted hereunder. Any notices shall be deemed given on the date received, as indicated (i) by receipt of electronic answer back in the case of facsimile, or (ii) the records of the delivery service, if by courier.

If to CorVel:

CorVel Corporation
2010 Main Street, Suite 600
Irvine, California 92614
Attn: Director, Legal Services
Phone: (949) 851-1473
Fax: (949) 851-1469

If to Customer:

City of Chandler
P.O. Box 4008, M.S. 703
175 S. Arizona Avenue, 2nd Floor
Attn: Debra Stapleton, Human Resources Director
Phone: 480-782-2351
Fax: __480-782-2345
E-mail:_debra.stapleton@chandleraz.gov

D. Assignment. Neither this Agreement nor any rights, licenses or obligations hereunder, may be assigned by either party without the prior written consent of the non-assigning party. Notwithstanding the foregoing, CorVel may assign this Agreement to any acquiror of all or of substantially all of CorVel's equity securities, assets or business related to the subject matter of this Agreement. No assignment will be valid unless 1) it is approved by Chandler City Council; and 2) assignee enters a signed agreement with City, wherein assignee agrees to be bound by all of CorVel's rights, duties and obligations under both this License Agreement and the Memorandum of Agreement City shall not unreasonably withhold approval of such assignment. Any attempted assignment in violation of this Agreement shall be void and without effect.

E. Severability. Should any term of this Agreement be declared void or unenforceable by any arbitral tribunal or court of competent jurisdiction, such declaration shall have no effect on the remaining terms hereof, which shall continue in full force and effect.

F. Waiver. The failure of either party to enforce any rights granted hereunder or to take action against the other party in the event of any breach hereunder shall not be deemed a waiver by that party as to subsequent enforcement of rights or subsequent actions in the event of future breaches.

G. Relationship of the Parties. The relationship of CorVel and Licensee established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed (i) to give either party the power to direct or control the day-to-day activities of the other, or (ii) to constitute the parties as partners, franchisee-franchiser, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, or otherwise give rise to fiduciary obligations between the parties.

H. Force Majeure. Except for the obligation to make payments, nonperformance by either party shall be excused to the extent that performance is rendered impossible by war, acts of terrorism, strikes, fire, flood, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the control of the non-performing party.

I. Entire Agreement. . Subject to the limitations set forth in the Memorandum of Agreement Between the City of Chandler and CorVel Enterprise Comp, Inc., dated _____, 2012, this Agreement constitutes the entire, final, complete and exclusive agreement between the parties and supersedes all previous agreements or representations, oral or written, relating to 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. Both parties acknowledge having read the terms and conditions set forth in this Agreement and all attachments hereto, understand all terms and conditions, and agree to be bound thereby

J. Counterparts. This Agreement may be executed in two counterparts, each of which shall be an original and together shall constitute one and the same instrument.

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

City of Chandler
~~CORVEL ENTERPRISE COMP, INC.~~

By: _____

Name: _____

Title: _____

Date: _____

CorVel Enterprise Comp Inc.
~~CITY OF CHANDLER~~

By: Richard Schwepe

Name: Richard Schwepe

Title: Dir. Finance/ Secretary

Date: 4/24/2012

Approved as to Form:

_____
City Attorney CH for

Contract Document C

RE: City of Chandler RFP
Wilkerson, Debra
to:
Montoya, Louis
04/04/2012 09:43 AM

[redacted]

From: "Wilkerson, Debra" [redacted] Sort List...
To: "Montoya, Louis" [redacted]

History: This message has been forwarded.

Lou,
I have checked with the Team and CorVel is agreeable to this provision. Please don't hesitate should you have further questions.
Best regards,
Deb

Debra Wilkerson RN BSN CCM | AZ District Manager
[redacted]

From: Montoya, Louis [redacted]
Sent: Tuesday, April 03, 2012 12:32 PM
To: Wilkerson, Debra
[redacted]
Subject: RE: City of Chandler RFP

Debra,

Thank you for the follow-up on this item. We appreciate your suggestion for the 180 days/$5K in TI/Reserves as the benchmark for a MO to indemnity claim, however, as we indicated the City would like to have no set days or reserve threshold be the indicator of an Indemnity claim. Is Corvel agreeable to this provision?

Warm regards,

Louis Montoya
Sr. Consultant, Health and Productivity
Buck Consultants, An ACS Company
[redacted]

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From: Wilkerson, Debra [redacted]
Sent: Wednesday, March 21, 2012 5:36 PM
To: Montoya, Louis
[redacted]
Subject: City of Chandler RFP

Lou and Kristy,
It was a pleasure to speak with you both this afternoon. Your questions related to the MO files and exceptions in our RFP response. I am summarizing our response so you may have the information in writing.

We can be completely flexible on MO files and can setup the conversion process as the City outlines. We have clients that run the field on how they would like their files classified. In the absence of a preference we will defer to the CorVel Standard Handling guides: 120 days / $3k in TI / Reserves. Based on our understanding of the City, may we suggest 180 days/$5K in TI/Reserves.

The exceptions have some verbiage changes and we are very willing to discuss. As we discussed, it would probably be better to defer to our mutual legal departments. In any case, CorVel will work diligently for mutual contract agreement.

Thank you for reaching out to us for additional clarification. Don't hesitate to contact me or Jenn with any further questions.
Best regards,

Debra Wilkerson RN BSN CCM | AZ District Manager
CorVel Corporation | Phoenix Office
[redacted]

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Contract Document D

EXHIBIT G
COST SUMMARY

The term of the contract shall be for three years with options to renew for two additional two-year terms. Multiple year pricing is highly recommended but not mandatory.

Assume an average of 121 medical and 40 indemnity claims per year. See Exhibit H for claims history.

CLAIMS HANDLING			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
Cost for handling claims: A. Open at inception of contract and/or B. Reported during each contract year: Medical only, per claim Indemnity, per claim Report only, per claim C. Annual fee for claims that continue to be open or are reopened: Medical only, per claim Indemnity only, per claim	$250 Indemnity $95 Medical Only $125 $600 $0* $0 $300	$0 $125 $600 $0* $0 $300	$0 $125 $600 $0* $0 $300
Charge per claim if more than 121 medical and / or 40 indemnity claims reported in one-year period	$ Per Schedule Above	$ Per Schedule Above	$ Per Schedule Above
If claim fees are not all inclusive, list other applicable fees:	$0	$0	$0
Estimated total annual fees: Preferred method of payment: □ Monthly ■ Quarterly □ Annually	$39,125	$39,125	$39,125

*If reported electronically

Included At No Additional Charge:
- Electronic First Notice of Loss Intake
- 24/7 Nurse Triage
- Annual Administration Fee
- 5 Care[MC] User ID's
- Annual Banking Fees (one account)
- Indexing

EXHIBIT G
COST SUMMARY (CONTINUED)

PHARMACY			
DESCRIPTION	YEAR 1	YEAR 2	YEAR 3
List standard fees			
a. Retail - Brand	AWP – 7% + $5	AWP – 7% + $5	AWP – 7% + $5
b. Retail - Generic	AWP – 18% + $5	AWP – 18% + $5	AWP – 18% + $5
c. Mail Order - Brand	AWP – 10% + $4	AWP – 10% + $4	AWP – 10% + $4
d. Mail Order - Generic	AWP – 20% + $4	AWP – 20% + $4	AWP – 20% + $4
Fees for optional Services			
a.			
b.			
c.			

BILL REVIEW			
DESCRIPTION	YEAR 1	YEAR 2	YEAR 3
List standard fees			
a. Bill Review	$7.50/Bill	$7.50/Bill	$7.50/Bill
b. PPO/Professional Review	23% of Incremental Savings	23% of Incremental Savings	23% of Incremental Savings
Fees for optional Services			
a. Case Management	$85/ Hour	$85/ Hour	$85/Hour
b.			
c.			

Richard Schwepp
Authorized Representative Signature

3/13/2012
Date

CorVel Enterprise Comp, Inc.
CONTRACTOR

Contract Document E

Request for Best and Final Offers on RFP No. RM2-953-3045 3rd Party Claims Admin - Workers' Comp

Kristy Garcia to: jennifer_sanbet 03/09/2012 10:44 AM
Cc: louis.montoya, lisa.moore

Hello Ms. Sanbet,

Pursuant to the RFP's terms, the City's Evaluation Committee ("Committee") hereby requests a Best and Final Offer from your firm. This represents an opportunity to formally amend your proposal with any changes, including financial, that would make your proposal more competitive.

Should your Best and Final Offer modify your originally submitted Scope of Work or Price Proposal, please modify those sections as a whole and resubmit them.

The Best and Final Offer must be submitted to myself no later than Wednesday, March 14, 2012 at 2:00 pm. You can send to me via email (word document preferred). Your submittal must be signed by an authorized representative of your company. If you do not submit a revised offer, your previous offer will be considered your final offer.

Please feel free to contact me should you have any questions.

Sincerely,

Kristy Garcia, CPPB
Procurement Officer
City of Chandler Purchasing Division
PO Box 4008, MS 901
Chandler, AZ 85244-4008
Ph: 480.782.2402
Fx: 480.782.2410
kristy.garcia@chandleraz.gov

Contract Document F

City of Chandler
Workers' Compensation Program
Supplemental Questionnaire: **CorVel Corporation**

1. Please provide your staffing model, clearly distinguishing between resources who are dedicated exclusively to the City, and those who are shared, or primarily designated:

Role	**# Dedicated**	**# Designated**	**# Shared/Pool**
Account Manager		1	
Operational Manager/Supervisor		1	
Claim Examiner		1	
Case Manager		1	
Consulting MD			50
Others (specify):		(1) Claims Manager (1) Account Executive (1) District Vice President	

2. Please provide the expected case load (# of open cases at any time), and the maximum case load, for the claim examiner assigned to the City. Outline your plans in the event that the case load exceeds the maximum, and how you provide coverage for periods of illness or vacation. In addition, how do you ensure continuity in the event that the City's designated claim examiner leaves the organization?

CorVel's Best Practices dictate that caseloads for a workers' compensation Adjuster range from 100 - 125 open and active indemnity files depending on the severity of the claims and the jurisdiction. Adjustor's claim volume and complexity dictate new claim assignments. In the majority of cases, a Supervisor review is conducted to provide direction to the future handling of the claim. The Claims Supervisor does not carry a caseload and will review Adjuster caseloads monthly. Management reports are utilized to provide caseloads by claim type at the Adjuster, office and client level. If an Adjuster is nearing a saturation point, either temporary support is provided from a Supervisor or case files are transferred to another Adjuster to decrease caseload.

In the event of a Claims Adjuster or Supervisor absence, the Claims Adjuster will discuss the length of absence with the Claims Manager. Depending on the length of absence, the Claims Supervisor or another Claims Adjuster will manage the files. In the event of an extended length of absence, the files will be reassigned to another Adjuster.

Any file reassignments will be discussed with the Claims Adjuster or Supervisor, Claims Manager and City of Chandler prior to the transition. When possible, the incumbent Claims Adjuster or Supervisor will also attend the transition meeting.

3. Please provide the biographies of the team you are proposing for the City. If you have not identified an individual to fill a particular role, provide the job description for that role, clearly indicating experience and education requirements. Provide a diagram or description of the reporting relationships between the members of this team. At a minimum, this team should include the executive sponsor, client/account manager, operational manager, claim examiner and case manager roles.

   Please see Attachment A for resumes.

   Please see Attachment B for Organizational Chart.

4. Please outline your pricing assumptions, inclusions and exclusions. Be very clear about which service components are optional. Please clearly list any exceptions or caveats to your proposed pricing, such as volume limits or assumptions. Please clearly identify services that might be vended by a subsidiary or sister organization, at additional cost to the City.

   Our pricing model was based on the averages provided in the City's RFP. As our proposed pricing is per claim, we did not propose volume limits. We can provide an annual fee for our services that would include volume limits, if that is the preference of the City.

   Items included at no additional charge:
   Data conversion from previous administrator
   Annual administration fee
   Electronic FNOL intake
   Incident only reporting
   24/7 Nurse triage
   5 claims system user ID's
   Annual banking fees (one account)
   Indexing

   CorVel's goal is to significantly reduce the City's overall claims costs and impact your total workers' compensation program. To deliver these results, we would require the implementation of CorVel's fully integrated claims management and cost containment solution.

   All services proposed are proprietary to CorVel. Therefore, no additional costs would be incurred by the City.

5. Please outline your definition of "medical only" and any provisions for when/how these cases are converted to indemnity claims for the purposes of pricing.

   CorVel defines a Medical Only claim as when the injured worker only needs medical attention and does not miss work outside of the initial waiting period.

CorVel's standard for converting a medical only to an indemnity claim (dollar or time threshold) is when total incurred reaches $3,000.00 or the claim has been open for more than 120 days.

6. Please outline your current experience in the following areas. Indicate the # of clients you have in each of these categories, and the covered headcount (# of employees).

Workers' Compensation Experience Grid	**# of Clients**	**# of Covered Employees**
Total for all Clients	2,000	*
Clients in the State of Arizona	25	*
Public sector clients	Approximately 1,400 of CorVel's clients are in the public sector.	*
Cities	Approximately 1,400 of CorVel's clients are in the public sector.	*
Cities with 1,500 – 2,000 employees	*	*
All clients with 1,500 – 2,000 employees	*	*
Clients with public safety employees (fire, police, sheriff, etc.)	*	*

*** CorVel does not currently track our customers by number or type of employees. CorVel provides workers' compensation services to over 2,000 clients nationwide in both the public and private sector. Employee counts of our customers vary from a large private company with over 350,000 employees to a large state public agency with over 120,000 employees and smaller private accounts with under 5,000 employees.**

7. Please describe your approach to handling "Critical Incidents" – these are catastrophic events that typically involve multiple employees at the same time, such as a shooting, car or airplane accident, etc. Specifically address how you may involve additional resources, particularly those addressing the psychological impacts of these types of incidents.

CorVel understands the importance of handling critical incidents within the first 24 hours. CorVel works with additional resources as necessary in the debriefing process. The key points that are incorporated into the process are assessing the impact of the incident on the employees/survivors; identifying issues involving security and safety; predicting events and/or reactions post event; use of defusing to allow individuals an avenue for ventilation of

thoughts and emotions; evaluate for maladaptive behavior or responses to the incident; bringing closure to the incident and providing resources to start the "rebuilding" process; and work on a process for re-entry back into the work place.

In addition, CorVel has established procedures in place for all emergency and/or catastrophic claims. Catastrophic or large loss claims are handled as a priority and immediate investigation will take place.

The Case Manager is responsible for initial contacts with the injured worker and/or family members to make sure proper medical attention is being provided including, wherever possible, the use of appropriate network providers. CorVel will provide immediate response with onsite case management and utilization review when it is determined that the injury qualifies as a severe or catastrophic injury claim. Onsite intervention will continue in conjunction with telephonic case management until onsite investigation can be discontinued without adversely affecting the recovery of the injured worker and the outcome of the claim.

The Claims Adjuster will immediately begin their investigation into coverage and compensability as well as any potential third party involvement. The Claims Adjuster is responsible for communication with City of Chandler and managing any field investigation that may be indicated by the facts and circumstances in accordance with specific City of Chandler instructions.

The Claims Adjuster is responsible for overall supervision and coordination of the Case Manager's activities. The Claims Adjuster will make proper notifications to any excess carrier as required, coordinate activities in communication with City of Chandler, and where applicable, the excess carrier's representative.

Initial and subsequent reserving will be established using a team approach consisting of the Case Manager, Claims Adjuster, City of Chandler, and in some situations, City of Chandler's legal representative and/or the primary care physician.

City of Chandler will be provided with the contact information of the Account Manager, Branch Manager and Claims Adjuster for immediate notification should a critical incident or catastrophic situation occur. At that time, CorVel and City of Chandler will discuss the handling of the incident.

8. Please provide samples of typical claim communications, including initial claim letters and letters notifying claimants of the need for an IME, and a denial letter.

Please see Attachment C for sample claims communications.

9. Please describe your philosophy and approach to balancing the need for empathy to the claimant's situation, and management of their claim. How do you ensure that your communication and management approach doesn't polarize a case?

CorVel's innovative claims management solution connects injured employees to a range of medical services that ensure employees feel cared for, while employers have the confidence of knowing they are utilizing the most effective measures available to manage their workers' comp costs. CorVel has created an environment of advocacy for the injured worker, responsiveness and efficient workflows for the employer, and provides full transparency and access to critical information throughout the claim process.

During CorVel's incident triage process, the Level II Triage Nurse, the Claim Adjuster, and Case Manager coordinate contact with the injured worker, provider and / or employer to gather additional information. The information is used by CorVel's system to drive RTW and MMI activities, identify potential for dispute, and finally to determine complex vs. non-complex claims.

CorVel Adjusters understand the importance of proper communication with injured workers. For complex and/or high cost injuries, CorVel's best practices exceed the standard first day contact by initiating regular, frequent and personalized interaction with City of Chandler's injured workers. This continuous contact provides our Adjusters with in-depth knowledge about the injured worker, their medical condition, recovery progress and any anxiety or dissatisfaction they are experiencing. This contact fosters a trust worthy relationship that can be of great value to City of Chandler and the recovery of the injured worker.

CorVel has learned that most work injury claims are legitimate and most injured workers want to return to work as quickly as possible. This perspective causes us to initiate interaction with injured workers with a positive approach. We help them understand the claims management process and develop confidence in our professionalism. We review medical and administrative procedures, explain their rights and duties, and confirm this information in writing. If surgery is prescribed, CorVel will explain that it is in their best interest (as well as the City of Chandler's) to have a second opinion that confirms the need, extent and timing. When lifestyle changes such as weight loss, diet limitations, or smoking cessation are required, we collaborate with family and others in an attempt to establish a sustainable healthy situation. This also includes seeking the assistance of third parties such as counselors in dealing with problems arising out of work related illness or injuries, including depression and anxiety. Our Adjusters' knowledge of disability norms help injured workers set realistic expectations about recovery time, pain management and other topics of concern.

10. Would you be willing to use our BCBS pharmacy and provider networks? Have you made similar arrangements for other clients? If so, please describe how these arrangements were structured, and provide your assessment as to whether these were cost effective and efficient.

    CorVel has an exclusive arrangement with Blue Cross and Blue Shield of Arizona (BCBSAZ) to offer the most PPO savings possible. CorVel is the only managed care company that has this arrangement with the BCBSAZ network.

11. In the event that an injured worker seeks care with a private physician, and receives a prescription for medication, and presents this to a network pharmacy after business hours (say, 8 pm), how do you handle the approval process for this prescription? Please describe this from the perspective of the injured worker – what can s/he expect? How would you use the City's Occupational Nurse Case Manager in these circumstances?

CorVel offers a First Fill Program in order to capture first fill prescriptions. When reporting an incident to CorVel, whether through our 24/7 Nurse Triage Service or entered online by the employer, the injured worker is instantly provided with an initial treatment authorization that includes a temporary First Fill pharmacy card. This may be emailed, faxed, or handed to the injured worker or the authorized initial treating provider by the City or by CorVel's 24/7 Triage Nurse. We may also supply the City of Chandler with pre-printed temporary pharmacy cards, to be distributed by the Office, Supervisor or Occupational Health Nurse (distribution is decided by City of Chandler).

There are no out-of-pocket expenses to the patient as long as they obtain their temporary pharmacy card and use it to fill their first prescription. With the temporary pharmacy card, the pharmacy is instructed to fill any prescription written by the doctor to whom the patient was sent by the employer. The drugs are dispensed whether or not the patient's claim is accepted as a workers' compensation claim. Most claims will ultimately be accepted; however, in some rare cases, we would make arrangements for those claims that are ultimately not accepted. If CorVel receives a pharmacy bill from a third party biller, we will contact the submitting pharmacy and instruct them to reverse the bill. We will then have the pharmacy re-index the claim to ensure the next fill and subsequent fills are processed through the pharmacy program.

The City's Occupational Health Nurse will have real-time access to CorVel's online web portal, which will enable the City's Nurse to view incident reports and first fill pharmacy card distribution that occur after business hours. Ongoing, proactive communication is maintained with the City's Occupational Health Nurse to ensure that the claim proceeds to optimum resolution, including timely return to work. We ensure that all communication is fact based and respectful. We know that effective claims management is the product of developing trust and credibility while collecting and integrating information.

12. Describe how you use investigational services in the course of administering a claim.

As with all investigation referrals, it is CorVel's practice to discuss any sub-rosa activities with City of Chandler prior to assignment. Before a referral, the Claims Adjuster conducts a cost/benefit analysis to determine if the sub-rosa has the potential to derive the savings necessary to employ the expense.

Criteria for initiating sub-rosa include:

- **Reason to believe that the injured worker is working while collecting temporary disability or salary continuation**

- **Reason to believe that the injured worker is engaging in activities outside of their restrictions**
- **Injured worker's permanent disability is grossly inconsistent with reported activities or objective findings**

CorVel does not recommend sub-rosa assignments on files with very limited potential exposure. Usually sub-rosa investigations are reserved for those cases where we expect a high cost benefit ratio of return for our clients. CorVel will discuss all sub-rosa assignments with City of Chandler and obtain their approval prior to referral, if required. Any request by City of Chandler for sub-rosa will be honored. CorVel has a provider list for sub-rosa investigators and will honor any vendor selection by City of Chandler for case referrals. Sub-rosa assignments are to be completed and submitted within 30 days.

Scenarios

To help us appreciate your approach to claim management, your culture and what differentiates you from your competitors, please outline your approach to two claim scenarios outlined below. Provide us with bullets and brief descriptions of how you would work to ensure the optimal outcome for both claimant and the City in these circumstances. Describe the resources you would deploy to address some of the more challenging aspects of these cases. Assume both cases were found to be compensable, and there is no dispute as to the nature of the initial incident/injury.

Scenario 1: A Critical Incident with Stagnated Recovery

Three public safety employees were involved in a critical event that left one dead, one seriously injured and one slightly injured. The two surviving employees, Adam and Alex, have been on claim since the incident, over 18 months ago:

- Adam had serious injuries, with a subsequent series of surgeries. His injuries are healing well, and a recent IME showed him capable of work from a physical perspective. He remains incapacitated due to PTSD. He is receiving EDMR therapy. This provider has discouraged him from having any contact with the workplace, co-workers, etc., with the exception of Alex who is also treating with the same provider, and who is Adam's best friend. The IME estimated recovery from the psychological impacts of the incident as up to 3 years.
- Alex's injuries were minor, and he is incapacitated due to PTSD. As mentioned above, he is treating with the same provider as Adam, receiving EDMR therapy. As with Adam, he has been told by the provider to distance himself from the employer. He had returned to work on modified duty/hours (20 hours a week), for several months, but on advice of this provider, he was given full restrictions, and has not worked at all in many months.

Both men appear to be in a "limbo" state – physically improved, but becoming more and more isolated from the prospect of return to work. IMEs for both men indicate continued disability for up to 3 years. It also appears that the provider is strongly arguing against any efforts to re-integrate these men back into the workplace in any capacity.

What would your approach be from this point forward?

- **Assign a nurse case manager knowledgeable in PTSD treatment and recovery that will assist with protection/prevention/promotion of the employee.**
- **Adjuster and nurse case manager to meet with both employees to help establish rapport and discuss provider discouraging contact with employer? Need to ask needs/wants/expectations. (Meeting should be with both employees' together to assist in strategy for motivation, since they both have the same provider, EMDR therapist, and are only instructed to interact with one another). The purpose being that both employees need to come to a realization that another provider might be a consideration for them to re-integrate, so a change of physician can be facilitated. (In AZ, for this insured, only the employee can change their medical provider).**
- **Discussion of completing a short outpatient counseling to focus on motivation to achieve recovery and ability for return to work.**
- **Current EMDR therapy not benefiting the employee; is the clinician certified and qualified? Very specific training is necessary for a successful clinician. Maybe consideration for a different method such as cognitive therapy, mediation or biofeedback might be of value.**
- **Discuss the benefits of an HR meeting from employer to employee for purpose of emphasizing value as their employee's and those they are part of their support network. This is also an opportunity to outline their future options that could be affected from non-return to work (salary continuation ending, payment of work comp benefits which are limited by state laws, inability to keep job open for extended length of time).**

- Employees should consider attending a self-help group or trauma support group.
- Address need for marriage or family counseling (family support is essential to the employee recovering from PTSD).
- Have physician outline continuing care and if this could be done under supportive care for relapse prevention to assure injured worker has treatment available.
- If the above options are exhausted, and employees are not willing to re-integrate then adjuster suggest surveillance, and IME to address stationary status/supportive care needs.

Scenario 2: Endless Therapy Extending Return to Work

Brad, a public safety officer, was injured by falling off a porch during a field assignment. He is very fit, a distance bicyclist, and this injury initially appeared relatively minor (soft tissue damage to the ankle). Initially, he was treated conservatively, but he later sought treatment with a podiatrist. The podiatrist eventually performed a tendon repair, with poor post-surgical outcomes. Brad is now depressed and angry, because he cannot be as active as he was prior to the injury. The notification of the need for an IME further polarized the situation, because he interpreted this as "second guessing" his provider, to whom he is loyal and credits with trying to get him back to functionality.

Consequently, Brad is in an endless loop of receiving treatment and therapies, but not progressing toward return to work. According to his IME, he is greatly motivated to "get well" but seems quite hopeless.

What would your approach be from this point forward?

- **Limited nurse case manager assigned to meet with injured worker to assist with encouraging /motivating employee to recovery and return to work potential.**
- **FCE to determine employee's physical abilities for return to work.**
- **Utilization Review study to be done by CorVel's Utilization Review Department for the therapies that have been provided to determine therapy/ treatment effectiveness and determine ongoing needs/ duration.**
- **Provide FCE report to existing medical provider to address return to work.**
- **If provider doesn't address return to work, then coordinate surveillance for activity check on employee. Contact IME physician and ask for an addendum to be provided addressing stationary status, MMI/discharge. This evaluator will also review the utilization and FCE reports along with any surveillance results to make recommendations.**
- **Coordinate HR meeting with employer and employee to discuss the IME addendum results. Also this opportunity to outline their future options that could be affected from non-return to work (salary continuation ending, payment of work comp benefits which are limited by state laws, inability to keep job open for extended length of time).**

CORVEL

Jennifer Fox Sanbet
Jennifer_sanbet@corvel.com

Summary of qualifications

- **Consultative based sales and business development in Colorado, Utah, Idaho, Nevada, and Arizona.**
- **9+ years experience in local/ regional account management specific to CorVel's suite of Workers' Compensation services as well as GL service offerings with one of the Company's highest client retention rates.**
- **Develops and oversees implementation of customized operational workflows and service agreements; oversees customer service programs and IT initiatives for new clients**

Professional History

- **Account Executive- CorVel Corporation, 2009-Present**
- **Account Manager- CorVel Corporation, 2005-2009**
- **Customer Service Representative- CorVel Corporation, 2002-2005**

Education

- **Bachelor of Arts, University of Colorado at Boulder, 2000**

Credentials and Affiliations

- **Memberships: Colorado PRIMA, Self Insured Associations, Professionals in Workers Compensation, Colorado Claims Association, RIMS**

CORVEL

LESLIE OLMSTED
ACCOUNT MANAGER

SUMMARY OF QUALIFICATIONS

- **CorVel Account Manager-Arizona Operations**
- **Customer Service Representative-CorVel Arizona**
- **PPO Developer-CorVel Arizona**
- **Coordinates set up of all new accounts, report completion and document preparation**
- **Strong marketing and interpersonal skills**
- **Assists with Prospective Client Development**
- **Develops marketing material, brochures and educational materials**
- **Chairman of Annual CorVel Educational Seminar**

PROFESSIONAL HISTORY

- **2007 to present:** CorVel Corporation. Customer Service Representative and Account Manager. Responsible for delivery of high quality service to local customer base.

- **1998 to 2007:** PPO Developer for Arizona. Contracting with hospitals, facilities, physicians and services for CorCare PPO in Arizona. Maintained current contracts and credentialing of PPO network.

- **1996 to 1998:** Olsten Staffing Services-Administrative Assistant. Responsible for recruiting, communications and projects.

EDUCATION

- Brooks College- Associate of Arts
- Lassen College

CREDENTIALS AND AFFILIATIONS

- Chairman CorVel Quality Assurance Committee
- Chairman CorVel Annual Educational Seminar
- Editor CorVel-AZ Newsletter
- CorVel Employee of the Month

CORVEL

BRIAN VENTRE
DISTRICT VICE PRESIDENT

SUMMARY OF QUALIFICATIONS

- **16 years of managerial experience**
- **Brian has over 8 years of insurance industry experience**
- **Extensive experience with workers' compensation insurance.**

PROFESSIONAL HISTORY

- **2009 to Present: CorVel Corporation, District Vice President.** Responsible for the total operation of CorVel offices in Arizona, Nevada and New Mexico. Responsibilities include, revenue and profit growth, budget management and new business development including sales and marketing activities.
- **2007 to 2009: Metlife Auto and Home, Regional Sales Director.** Regional director given full autonomy over sales growth in region through 3 distribution channels, group worksite and voluntary benefits agents and brokers, property and casualty captive agents, and financial reps selling personal lines insurance. Capitalize on channel efforts and guarantee seamless transition from one product channel to another to assist with decreasing acquisition costs and boosting retention.
- **2003 to 2007: Nationwide Insurance, Agency Executive/Owner.** Agency Executive charged with creating business progression and roll-out plans based on extensive competitive, product and market intelligence while handling $650K annual budget.
- **1998-2003: Ventre Incorporated, Owner.** Principal launched entrepreneurial venture and controlled organizations continuous growth in terms of new stores, acquisitions, sales and revenue. Lead company from start up to seven locations with annual sales over $9M.

EDUCATION

- **Bachelor of Science in Management**, Rochester Institute of Technology, Rochester, NY

CREDENTIALS AND AFFILIATIONS

- **Licenses:** Arizona Life & Health and Property & Casualty and series 6 financial license
- **Member:** Arizona Technology Council, member of SEVAR, Gilbert and Mesa Chamber of Commerce and the Knights of Columbus.

CORVEL

DEBRA WILKERSON, RN, BSN, CCM
DISTRICT MANAGER

SUMMARY OF QUALIFICATIONS

- District Manager of Operations for Arizona Managed Care including medical and vocational rehabilitation, Independent Medical Evaluation, Imaging, DME, Ancillary Services and Bill Review for Worker's Compensation, Auto, Liability and Group Health.
- Annual Operations in excess of $5 million with total operations profit margin in excess of 25%.
- Professional Career in Managed Care for over 17 years.
- Registered Professional Nurse, Certified Case Manager, Active in Claims Organizations in Arizona since 2001.

PROFESSIONAL HISTORY

- CorVel Corporation: Medical Case Manager, Case Management Supervisor, Branch Manager, District Manager of Operations Arizona.
- Marion Memorial Hospital: Operating Room Nurse, Unit Manager, Interim OR Manager
- P.K. Patton, M.D. : History, Physical and Assessment and Patient Education.
- Union Hospital: ED RN, ED Unit Supervisor, Code Team Member.
- Franklin Hospital: RN Critical Care and ED.

EDUCATION

- Bellarmine University, BS in Nursing
- Kaskaskia College, Associate Degree in Nursing - Cum Laude Graduate

CREDENTIALS AND AFFILIATIONS

- Bachelor of Science in Nursing.
- Certified Case Manager – Department of Labor-OWCP
- Certified Case Manager (CCM)
- Certified Nurse Operating Room (CNOR).
- ACLS Certified/IP
- Ring Board Member and Officer
- Arizona Work Comp Association

CORVEL

DENISE MAIER
DENISE_MAIER@CORVEL.COM

SUMMARY OF QUALIFICATIONS

- **Over 20 years' experience in Case Management, with 9 years in Management, 7 years of Federal Workers Compensation, and over 12 years of Arizona State Workers Compensation.**
- **Provided Case Management services on Workers Compensation files, Auto Liability files, Long-Term Disability files, and Group Health Catastrophic injury/illness files.**
- **Developed and maintained Self-Insured Clients.**
- **Designed and presented educational classes on topics related to Case Management at Federal Workers Compensation National Seminars.**
- **Personnel Management as Branch Manager and District Occupational Health Nurse.**
- **National Account Contact as Branch Manager.**
- **Excellent presentation skills.**
- **Strong interpersonal skills with superb written and oral communication.**

PROFESSIONAL HISTORY

- **June 2011 to present:** CorVel Corporation. Account Executive. Responsible for acquisition sales of CorVel Managed Care services to large insurers and self-insured employer groups. Marketing and Business Development. Maintain accounts and promote additional services to existing clients.

- **March 2010 to May 2011:** Orchard Medical Consultant, VP of Case Management Services/Nurse Case Manager. Recruited for the position of VP of Case Management Services. Customer Service to new and existing accounts. Management of employees in several states. Provided case management training to new and existing staff. Gave presentations at seminars/events. Reviewed/created policy and procedure to provide a streamline work product.

  August: Field Based Case Management for Workers Compensation files. Received direct referrals and handled accounts including Circle K, Maricopa County, Safeway and Glendale Unified School District.

- **2003 to 2010:** US Postal Service. District Occupational Health Nurse Administrator/Nurse Case Manager. Began employment as the Nurse Case Manager. Provided Case Management Services on Federal Workers Compensation cases. Assisted with return to work programs, ergonomic evaluations, and District Assessment Team. Provided ergonomic evaluations to assist employees in a safe and timely return to productive work. Followed benchmarks and proactively managed files to decrease the number of employees on limited duty. Initiated Fit for Duty exams in a timely manner. Worked closely with the medical community to communicate the job tasks and available accommodations.

  As the Occupational Health Nurse Administrator I initiated a Light Duty SOP that resulted in the reduction of average light duty days from 300 to 155. I actively participated in the Serious Accident Board meetings, Threat Assessment Team meetings, and District Reasonable Accommodation Committee meetings. I maintained a staff of two Occupational Health Nurses who, under my direction, provided Case Management Services for the employee. In cooperation with Family Medical Leave Act Coordinators, and Labor Relations, the nurses are able to assist Postal Operations with returning employee's to productive work in a safe and timely manner. I also presented my program as a training module for all USPS Health Units nationwide.

- **1999 to 2003:** Hogan Medical Management. Nurse Consultant/Owner Operator. Provided Case Management Services on Workers Compensation cases primarily in the State of Arizona. Developed and maintained clients such as Costco, Phelps Dodge, Hertz, and Kemper. Assisted on Auto Liability claims, General Liability claims, Long-Term Disability files, and Bill Review.

- **1996 to 1999**: GAB Robins/MedInsights. Branch Manager/Nurse Case Manager. Began as the Nurse Case Manager. Provided Case Management Services in the State of Arizona, and New Mexico. Responsible for maintaining client base and handling catastrophic injury cases for Self-Insured clients.

As Branch Manager, I was responsible for Nurse Case Managers in Arizona, New Mexico, Nevada and Colorado. I was also responsible for assisting in new business development, and maintaining current client base. I assisted in presentations to obtain new clients and became primary account contact on one national account.

- **1991 to 1996:** Genex. Nurse Case Manager. Responsible for Case Management Services on State of Arizona Workers Compensation files for self-insured and insured clients. Assisted on Auto Labiality claims, General Liability claims, Long-Term Disability files and Bill Review.

EDUCATION

- University of Iowa - BSN
- University of Phoenix - MBA
- Bradford Business School – Pittsburgh, Pennsylvania
- Current Arizona Life Accident/Health License.

CREDENTIALS AND AFFILIATIONS

- Certified in Case Management – CCM
- Certified Ergonomic Analysis Specialist - CEAS

CORVEL

RENEE ENGLEN
BILL REVIEW MANAGER

SUMMARY OF QUALIFICATIONS

- **Reviewing and processing medical claims utilizing multiple states workers compensation fee schedules, usual and customary data for automobile claims, Relative Values for Physicians, ICD-9, CPT codes, and medical terminology.**
- **Strong customer service skills**
- **Supervisory experience in a high volume production based environment**

PROFESSIONAL HISTORY

- **09/1996 - present: CorVel Corporation, Bill Review Manager.** Review and process medical claims for Arizona workers' compensation and auto liability claims for multiple states within 48-72 hours. In charge of hiring, training, daily work flow issues and quality control within the department. Work closely with R.N.'s in utilization review and reviewing surgical claims. Performed special reviews for out-of-state workers' compensation claims by obtaining information from other CorVel offices and industrial commission offices. Interact with the systems department and PPO Developer to continually update the information in our system.
- **02/1995 – 09/1996: USA Health Network, Claims Liaison.** Verified provider contracts to resolve disputed charges/claims. Repriced physician and hospital claims to determine payment allowances to the provider based on the individual PPO contract including: percent discounts, per diems, DRG's, ASC Groupers, carve outs and stop losses. Electronic repricing- repricing bills without the benefit of a hard copy.
- **02/1994 – 01/1995: Occupational Medical Center, Supervisor of Billing/Collection Department.** Responsible for accurate medical billing for multiple clinics. Interacted with major insurance companies, self insured's, and third party administrators regarding collections. Incorporated Workers Compensation Physicians Fee Schedule rules and regulations into billing practices. Familiarity with pre-authorization, case management and managed care philosophies.
- **11/1984 – 11/1993: Intracorp/Accumed, Supervisor.** In charge of 12 employees of various job levels. Responsible for extensive training for new and existing employees. Provided customer service requiring tactful written and oral communication. Performed telephonic concurrent utilization review. Responsible for total review of high volume of workers' compensation medical and hospital claims for multiple states. Adjusted reviewing process to increase return on investment for customers. Maintained quantity/quality guidelines on a daily basis.
- **09/1980 – 11/1984: Medata, Billing Analyst Specialist.** Responsible for analyzing medical bills. Experience with reviewing claims for several states. Determining dollar recommendations for services without values.

EDUCATION

- **General Education- Cypress College – Supervisory Skills Training, Basic Management Skills, Interpersonal Skills**

CORVEL

YVENTTE PENTLAND
CLAIMS MANAGER

SUMMARY OF QUALIFICATIONS

- 19 years experience in the administration and provision of workers' compensation benefits and managed care services
- 13 years of supervisory and managerial experience
- 5 years experience in the administration and supervision of school district Workers' Compensation benefits
- Worked for both Insurance Carriers and Third Party Administrators
- Worked as a claims examiner, claims supervisor, PPO contractor and site auditor, account manager and manager

PROFESSIONAL HISTORY

- 2012 to present: CorVel Enterprise Comp. / Claims Manager
- 2009 to 2011: CorVel Enterprise Comp. / Claims Supervisor
- 2008 to 2009: CorVel Enterprise Comp. / Assistant Claims Manager
- 2005 to 2008: CorVel Enterprise Comp. / Claims Supervisor
- 2004 to 2005: CorVel Enterprise Comp. / Senior Claims Examiner
- 2003 to 2004: ATI Claims Service / Senior Claims Examiner
- 2000 to 2003: CorVel Corporation / Branch Manager
- 2000 to 2000: Professional Dynamics / Research Analyst (Corporate) – R&D
- 1999 to 2000: Professional Dynamics / So. California Field Svc. Mgr.
- 1998 to 1999: Professional Dynamics / So. California Account Manager
- 1997 to 1998: State Compensation Insurance Fund / District Office Med. Liaison
- 1994 to 1997: State Compensation Insurance Fund / Claims Supervisor
- 1992 to 1994: State Compensation Insurance Fund / Claims Examiner

EDUCATION

- B.S. Business Management- San Diego State University (1992)

CREDENTIALS AND AFFILIATIONS

- CA Self-Insured Administrator's Certificate, June 2006
- Professionals in Workers' Compensation – Active Member

CORVEL

MOLLY JONES, WCCP
CLAIMS ADJUSTER

SUMMARY OF QUALIFICATIONS

- 19 years experience in adjusting workers' compensation claims
- Complete handling of claims from detailed documentation skills on investigations, subrogation/restitution, and litigation with settlement negotiations
- Extensive knowledge of medical protocol for common industrial injuries with prescription usage
- Knowledge and handling of multi-state jurisdictions
- Supervision of workers' compensation unit (support staff and Adjusters), including evaluation of employees for performance reviews, interviewing new hires, coordinating and leading team meetings
- Understanding of risk analysis from calculation of rates in underwriting
- Proactive, daily communication with injured workers', medical providers, employers, and attorneys for investigation, evaluation, negotiation, and settlement of claims
- Service-oriented interaction with risk managers and clientele / brokers of large line accounts, including conducting claim reviews and reporting to excess carriers
- Completion and presentation of renewal packages for customers

PROFESSIONAL HISTORY

CorVel Enterprise Comp	Phoenix, AZ	Sr. Claims Adjuster	2/09 to present
Pinnacle Risk Mgmt	Phoenix, AZ	Sr. Claims Adjuster	4/07-2/09
Eoscomp, llc	Phoenix, AZ	Sr. Claims/Supervisor	5/05-4/1/07

EDUCATION

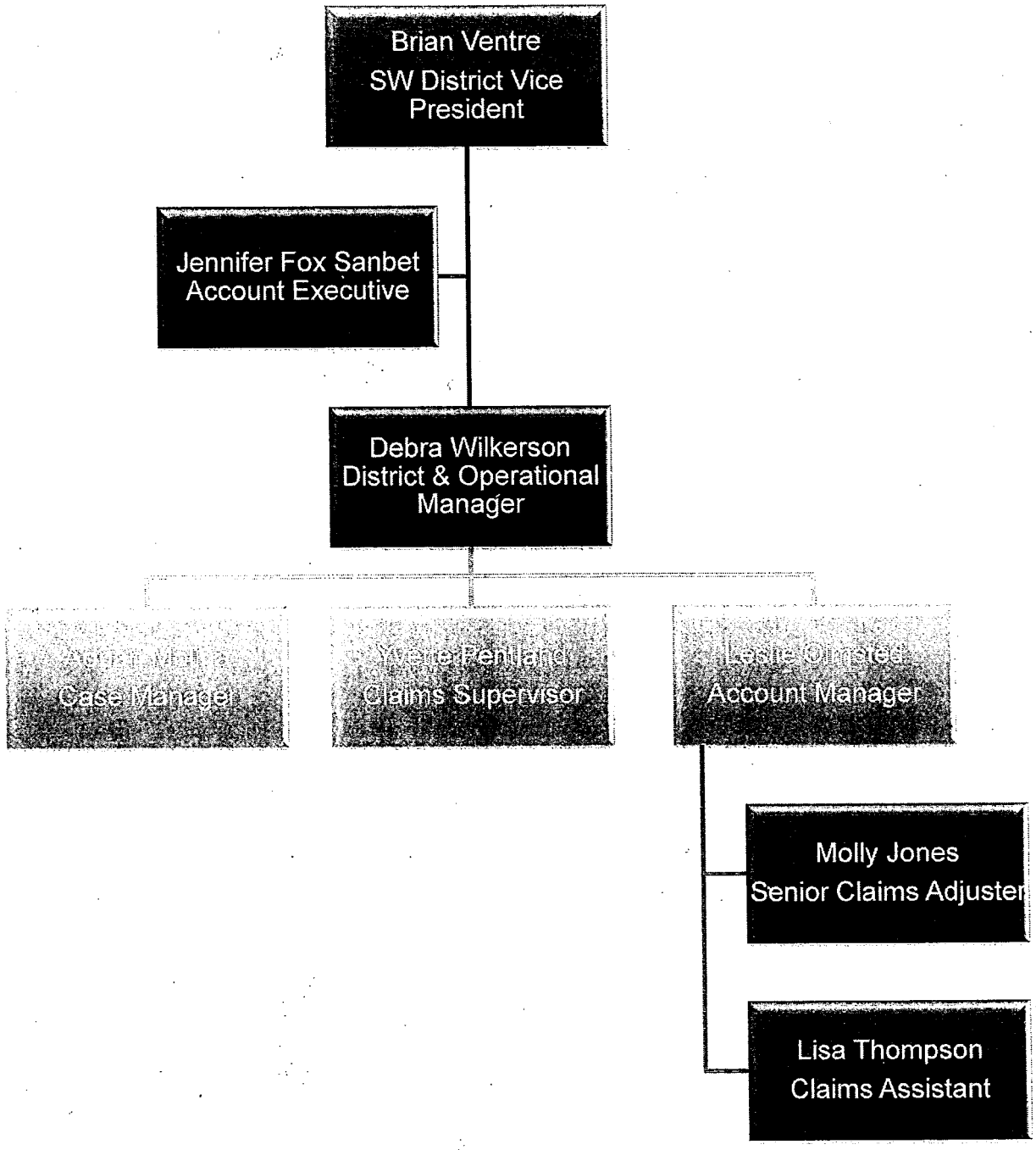
Arizona WCCP Designation
California Self-Insurance Administrator's Certificate
IEA Certificate (Work Comp Administration)
LOMA 1 (Life Office Management Association)
Group HIAA (Health Insurance Association of America) Parts A,B&C

CREDENTIALS AND AFFILIATIONS

Executive Committee Chair, Kids Chance of Arizona, Inc. (2007-2009)
Member, Arizona Workers' Compensation Claims Association Member
President 2001-2002, Arizona Workers' Compensation Claims Association Member
Vice President 2000-2001, Arizona Workers' Compensation Claims Association Member
Vice President 2011-2012, Arizona Workers' Compensation Claims Association Member

CORVEL

Organization Chart



CORVEL

ICA PRIORS REQUEST

Industrial Commission of Arizona
Attn: File Room
800 W. Washington Street
Phoenix, AZ 85007-2922

Re: Claimant:
Employer:
Claim #:
DOI:
DOB:
SS#:

To File Room:

We are the administrator assigned to handle workers' compensation claims for .

I respectfully request a list of ALL PRIOR INDUSTRIAL CLAIMS listed on the above referenced file.

If you have any questions, or if you would like to discuss this claim, please call me. I can be reached at 1-800-230-8288, ext. between the hours of 8:00am to 4:00pm.

Sincerely,

CorVel Corporation

CorVel Corporation
Corporate Headquarters
www.corvel.com

1850 N. Central Avenue
Suite 1200
Phoenix, Arizona 85004

602.288.1914 phone
866.401.3827 fax
800230.8288x82014

RE: Independent Medical Evaluation
Claim #:
DOI:

Dear :

We have been requested by the adjuster to arrange an Independent Medical Evaluation. An Independent Medical Evaluation is a history, examination, and evaluation performed by a doctor who has not previously provided treatment to you, to give an opinion of your medical condition.

Your appointment has been scheduled for:

Date:
Time:

This evaluation has been scheduled with:

Dr. Name:
Location Address:
City, State, Zip Code:
Contact #:

As instructed by your adjuster, please be aware if you fail to appear for the scheduled appointment **your benefits can be suspended in accordance with the following regulation(s):**

ARS 23-1026 Effect of Refusal to Submit to Examination:

> **If the employee refuses to submit to the medical examination or obstructs the examination, his right to compensation shall be suspended until the examination has been made, and no compensation shall be payable during or for such period.**

R20-5-114 Examination at Request of Commission, Carrier or Employer Motion for relief:

> **If an employee unreasonably fails to attend or promptly advise of the employee's inability to attend an examination under this Section, the party requesting the examination may charge the employee or deduct from the employee's entitlement to present or future compensation, any reasonable expense of the missed appointment.**

It is very important that you contact our office to confirm your appointment and that any X-rays, CT Scans, or MRI films be hand carried to the appointment with you. If you have any questions, please feel free to contact our office at **602-288-2013**.

Sincerely,

CorVel Corporation

CORVEL

RE: Claimant:
Employer:
Claim Number:
Date of Injury:

Dear :

Please be advised that CorVel Corporation has received notice of your above-referenced Workers' Compensation Claim, and will be administering the benefits on behalf of your employer. ***My name is and I will be handling your claim.*** Enclosed is a pamphlet explaining the benefits you may be entitled to receive under workers' compensation.

We will be paying for appropriate medical care and will reimburse you for any necessary out of pocket expenses that are required **upon acceptance of the claim.**

If you have any questions, or if you would like to discuss your claim, please call me. I can be reached at 1-800-230-8288, ext. between the hours of 8:00am to 4:00pm.

Sincerely,

CorVel Corporation

Enclosure(s): Workers' Compensation Information for the Injured Worker

CorVel Corporation
Corporate Headquarters
www.corvel.com

1850 N. Central Avenue
Suite 1200
Phoenix, Arizona 85004

602.288-1914 phone
866.401.2837 fax
800230.8288x82014

CORVEL

RE: Employer:
Claim Number:
Date of Injury:

Dear :

Please be advised that CorVel Corporation has received notification from the Industrial Commission of Arizona to accept or deny your claim by . See your attached **Notice of Claim Status** that is due to the Industrial Commission of Arizona.

This claim will be **denied** at this time due to the following:

☐ **Investigation is not complete.** The claim is denied until additional information is reviewed to determine the compensability for this incident. A rescinded notice shall follow if the claim is accepted for workers' compensation benefits.

☐ **Investigation is complete.** The claim is denied for workers' compensation benefits.

NOTICE TO CLAIMANT: If you do not agree with the NOTICE and wish a hearing on the matter, your written Request for Hearing must be received at either office of the Industrial Commission listed below within NINETY (90) DAYS after the date of mailing, pursuant to A.R.S. 23-941 and 23-947. IF NO SUCH APPLICATION IS RECEIVED WITHIN THAT NINETY DAY PERIOD, THE NOTICE IS FINAL.

If you have any questions, or if you would like to discuss your claim, please call me. I can be reached at 1-800-230-8288, ext between the hours of 8:00am to 4:00pm.

Sincerely,

CorVel Corporation

Enclosure(s): Notice of Claim Status

CorVel Corporation
Corporate Headquarters
www.corvel.com

1850 N. Central Avenue
Suite 1200
Phoenix, Arizona 85004

602.288-1914 phone
866.401.2837 fax
800230.8288x82014

CORVEL

RE: Claimant:
Employer:
Claim Number:
Date of Injury:

Dear :

In order to process your claim quickly, it is necessary to obtain prior medical information. Please sign and return the attached medical record release form and include a list of medical providers with whom you have been seen by both before and after your injury. It is imperative you complete, sign, and return this form to this office as soon as possible. Please provide details of all medical conditions on the attached form, including the names of the treating medical providers and the facilities where examinations, tests, studies, and treatment were obtained for all conditions, both work-related and not work-related.

Return the form to the address above. Failure to fully disclose medical treatment information may be detrimental to your claim and delay benefits.

Sincerely,

CorVel Corporation, Inc.

CorVel Corporation
Corporate Headquarters
www.corvel.com

1850 N. Central Avenue
Suite 1200
Phoenix, Arizona 85004

602.287.8722 phone
866-401-2837 fax
800230.8288x82014

CORVEL

AUTHORIZATION FOR RELEASE OF PATIENT HEALTH INFORMATION

PATIENT NAME: DOB:

CLAIM NUMBER: SS#:

REQUESTOR: CorVel Corporation, Inc.

I, the undersigned, hereby authorize the following health care providers to release any and all medical information including but not limited to mental health records, if any, to an agent, designee or representative of the Requester for the specific purpose of handling my workers' compensation claim in compliance with Arizona law. This authorization is effective now and will remain in effect for one year following the execution of this authorization.

Provider _____ Phone: _____
Address: _____
_____
Diagnosis: _____

Provider _____ Phone: _____
Address: _____
_____
Diagnosis: _____

Provider _____ Phone: _____
Address: _____
_____
Diagnosis: _____

Provider _____ Phone: _____
Address: _____
_____
Diagnosis: _____

Provider _____ Phone: _____
Address: _____
_____
Diagnosis: _____

Name: _____

Signature: _____ Date: _____

CorVel Corporation
Corporate Headquarters
www.corvel.com

1850 N. Central Avenue
Suite 1200
Phoenix, Arizona 85004

602.287.8722 phone
866-401-2837 fax
800230.8288x82014

Contract Document G

City of Chandler - Solicitation Number: RM2-953-3045
Moore, Lisa
to:
jennifer_sanbet
02/03/2012 11:28 AM
Cc:
Kristy.Garcia
Hide Details
From: "Moore, Lisa" <Lisa.Moore@buckconsultants.com>
To: <jennifer_sanbet@corvel.com>,
Cc: <Kristy.Garcia@chandleraz.gov>
History: This message has been replied to.

1 Attachment

City of Chandler Supplemental Questionnaire v2.doc

Hello Ms. Sanbet,

The City of Chandler's Evaluation Committee ("Committee") has received and made an initial review of your response to the above referenced RFP.

In accordance with the instructions contained in the RFP, the City hereby requests that your firm provide a response to the attached list of questions/clarifications. Please provide a detailed explanation and answers to all questions. Responses will be incorporated as part of your initial response and evaluated accordingly.

Please reply no later than ***Thursday, February 9, 2012 at 1:00 p.m. (Arizona time)***. Your response should be send via e-mail in a Microsoft Word format to my attention at the e-mail address below.

Warm regards,

Lisa Moore
Consultant
Buck Consultants
3200 N. Central Ave., Suite 2200
Phoenix, AZ 85012
(602) 864-3537
Lisa.Moore@buckconsultants.com

P Please consider the environment before printing this email

CONFIDENTIALITY NOTICE: This email message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the original message.

City of Chandler
Workers' Compensation Program
Supplemental Questionnaire

1. Please provide your staffing model, clearly distinguishing between resources who are dedicated exclusively to the City, and those who are shared, or primarily designated:

Role	# Dedicated	# Designated	# Shared/Pool
Account Manager			
Operational Manager/Supervisor			
Claim Examiner			
Case Manager			
Consulting MD			
Others (specify):			

2. Please provide the expected case load (# of open cases at any time), and the maximum case load, for the claim examiner assigned to the City. Outline your plans in the event that the case load exceeds the maximum, and how you provide coverage for periods of illness or vacation. In addition, how do you ensure continuity in the event that the City's designated claim examiner leaves the organization?

3. Please provide the biographies of the team you are proposing for the City. If you have not identified an individual to fill a particular role, provide the job description for that role, clearly indicating experience and education requirements. Provide a diagram or description of the reporting relationships between the members of this team. At a minimum, this team should include the executive sponsor, client/account manager, operational manager, claim examiner and case manager roles.

4. Please outline your pricing assumptions, inclusions and exclusions. Be very clear about which service components are optional. Please clearly list any exceptions or caveats to your proposed pricing, such as volume limits or assumptions. Please clearly identify services that might be vended by a subsidiary or sister organization, at additional cost to the City.

5. Please outline your definition of "medical only" and any provisions for when/how these cases are converted to indemnity claims for the purposes of pricing.

6. Please outline your current experience in the following areas. Indicate the # of clients you have in each of these categories, and the covered headcount (# of employees).

Workers' Compensation Experience Grid	# of Clients	# of Covered Employees
Total for all Clients		
Clients in the State of Arizona		
Public sector clients		
Cities		
Cities with 1,500 – 2,000 employees		
All clients with 1,500 – 2,000 employees		
Clients with public safety employees (fire, police, sheriff, etc.)		

7. Please describe your approach to handling "Critical Incidents" – these are catastrophic events that typically involve multiple employees at the same time, such as a shooting, car or airplane accident, etc. Specifically address how you may involve additional resources, particularly those addressing the psychological impacts of these types of incidents.
8. Please provide samples of typical claim communications, including initial claim letters and letters notifying claimants of the need for an IME, and a denial letter.
9. Please describe your philosophy and approach to balancing the need for empathy to the claimant's situation, and management of their claim. How do you ensure that your communication and management approach doesn't polarize a case?
10. Would you be willing to use our BCBS pharmacy and provider networks? Have you made similar arrangements for other clients? If so, please describe how these arrangements were structured, and provide your assessment as to whether these were cost effective and efficient.
11. In the event that an injured worker seeks care with a private physician, and receives a prescription for medication, and presents this to a network pharmacy after business hours (say, 8 pm), how do you handle the approval process for this prescription? Please describe this from the perspective of the injured worker – what can s/he expect? How would you use the City's Occupational Nurse Case Manager in these circumstances?
12. Describe how you use investigational services in the course of administering a claim.

Scenarios

To help us appreciate your approach to claim management, your culture and what differentiates you from your competitors, please outline your approach to two claim scenarios outlined below. Provide us with bullets and brief descriptions of how you would work to ensure the optimal outcome for both claimant and the City in these circumstances. Describe the resources you would deploy to address some of the more challenging aspects of these cases. Assume both cases were found to be compensable, and there is no dispute as to the nature of the initial incident/injury.

Scenario 1: A Critical Incident with Stagnated Recovery

Three public safety employees were involved in a critical event that left one dead, one seriously injured and one slightly injured. The two surviving employees, Adam and Alex, have been on claim since the incident, over 18 months ago:

- Adam had serious injuries, with a subsequent series of surgeries. His injuries are healing well, and a recent IME showed him capable of work from a physical perspective. He remains incapacitated due to PTSD. He is receiving EDMR therapy. This provider has discouraged him from having any contact with the workplace, co-workers, etc., with the exception of Alex who is also treating with the same provider, and who is Adam's best friend. The IME estimated recovery from the psychological impacts of the incident as up to 3 years.
- Alex's injuries were minor, and he is incapacitated due to PTSD. As mentioned above, he is treating with the same provider as Adam, receiving EDMR therapy. As with Adam, he has been told by the provider to distance himself from the employer. He had returned to work on modified duty/hours (20 hours a week), for several months, but on advice of this provider, he was given full restrictions, and has not worked at all in many months.

Both men appear to be in a "limbo" state – physically improved, but becoming more and more isolated from the prospect of return to work. IMEs for both men indicate continued disability for up to 3 years. It also appears that the provider is strongly arguing against any efforts to re-integrate these men back into the workplace in any capacity.

What would your approach be from this point forward?

Scenario 2: Endless Therapy Extending Return to Work

Brad, a public safety officer, was injured by falling off a porch during a field assignment. He is very fit, a distance bicyclist, and this injury initially appeared relatively minor (soft tissue damage to the ankle). Initially, he was treated conservatively, but he later sought treatment with a podiatrist. The podiatrist eventually performed a tendon repair, with poor post-surgical outcomes. Brad is now depressed and angry, because he cannot be as active as he was prior to the injury. The notification of the need for an IME further polarized the situation, because he interpreted this as "second guessing" his provider, to whom he is loyal and credits with trying to get him back to functionality.

Consequently, Brad is in an endless loop of receiving treatment and therapies, but not progressing toward return to work. According to his IME, he is greatly motivated to "get well" but seems quite hopeless.

What would your approach be from this point forward?

Contract Document H

CORVEL

December 2, 2011

City of Chandler
175 S. Arizona Ave, 3rd Floor
Chandler, Arizona 85225
Attn: Kristy Garcia, CPPB

Dear Ms. Garcia,

Thank you for considering CorVel Corporation as a strategic partner to help City of Chandler ("the City") reach its risk management goals. CorVel's extensive experience in serving municipalities has facilitated our understanding of the unique challenges faced by employers like the City. Our innovative claims management and cost-containment program was designed with this in mind, and we are delivering improved outcomes to customers facing similar challenges every day.

CorVel's approach to workers' compensation is proven to reduce lost time and claims severity and expedite file closure, and is distinguished by these key differentiators:

- **Success in tackling the issues that have traditionally plagued workers' compensation.** CorVel's approach has created a paradigm shift in workers' compensation, reversing the adversarial environment to one of advocacy for the injured worker; one of sluggish communication to one of timely responsiveness for the employer; and one from unknown information to total transparency – a shift that benefits all key stakeholders.
- **A connected program that delivers results.** Unlike other claims solutions that promise to be fully "integrated," CorVel's connected solution was built from the ground up. Based on our depth of industry intelligence, the result is a fully connected solution that changes the claims landscape in your organization – we reduce the number of lost time claims by proactively managing claims from the moment an injury occurs. ***By changing the mix, our clients have seen a reduction in total claims costs of up to 11% in the first year alone.***
- **A companywide commitment to outstanding customer service.** CorVel's national presence means that associates live in the same communities as our customers, so we can provide the local attentiveness they have come to appreciate in addition to providing access to superior technology and resources. At the same time, we are results-driven and will help you design a program measured by objective, performance driven standards.

The program described in our proposal has been based on the objectives and services contained in your RFP. We look forward to working collaboratively with your team to tailor a program based on the City's philosophy and goals so we can help you achieve the same outstanding results realized by CorVel's other clients.

Jennifer Fox Sanbet, Account Executive will serve as the primary contact for this proposal shall any communication or questions arise. She can be reached via telephone at (720) 250-0769. Thank you again for your consideration.

Sincerely,

Richard J. Schweppe
Secretary

Jennifer Fox Sanbet
Account Executive

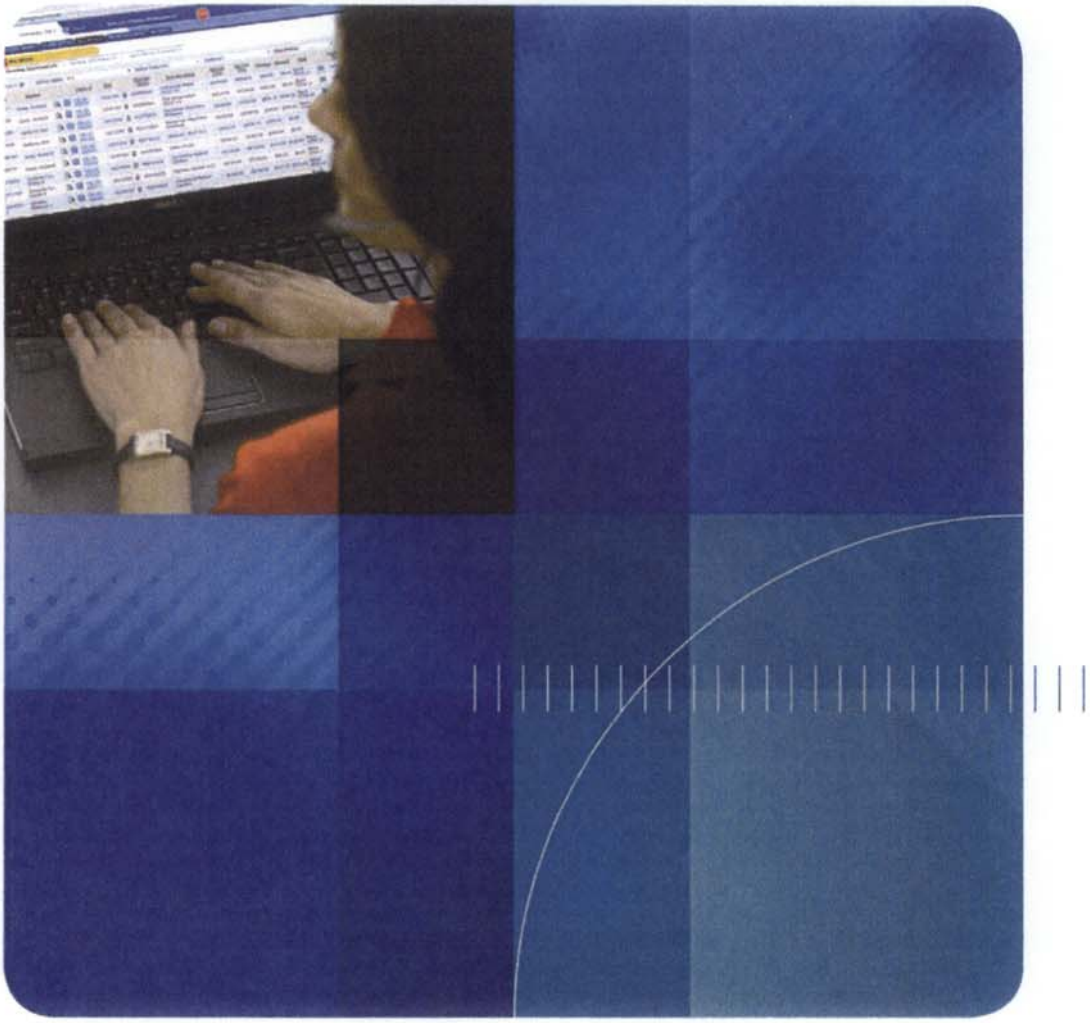
Response to Request for Proposal for City of Chandler

Third Party Claims Administrator
Workers' Compensation

RM2-953-3045

December 2, 2011

Copy



CORVEL

www.corvel.com

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Attachment C: Resumes of Key Personnel
Attachment D: CorVel's Claims Management Best Practices
Attachment E: SSAE 16 Compliance Letter
Attachment F: Screenshots of Claims System
Attachment G: Bill Review Sample Reports
Attachment H: Bill Review Screenshots
Attachment I: Bill Review Workflow
Attachment J: Exhibit G: Cost Summary
Attachment K: CorVel's Sample Implementation Milestones
Attachment L: Chandler Forms
Attachment M: 2011 & 2010 Annual Reports
Attachment N: Exceptions

CorVel offers a unique approach to claims administration and cost containment for municipalities. Our experience with municipalities across the country provides an innovative, integrated service model that controls claims by advocating medical management at the onset of the injury. Nurse advocacy services are available by telephone before and after working hours to ensure immediate access to care for your unique mix of occupations that can include government administrators, maintenance workers, engineers and planners, parks and recreation, utility services, law enforcement and fire, construction, and human services.

A fully connected solution

CorVel's innovative claims management solution connects injured employees to a range of medical services that ensure employees feel cared for, while employers have the confidence of knowing they are utilizing the most effective measures available to manage their workers' comp costs. CorVel has created an environment of advocacy for the injured worker, responsiveness and efficient workflows for the employer, and provides full transparency and access to critical information throughout the claim process.

Responding immediately and intelligently makes all the difference

Our early intake includes cost-saving, innovative features including access to 24/7 nurse hotline for first aid advice or referral to preferred providers, capturing first fill prescriptions, and smart processing. CorVel has also added the convenience of consumer-friendly, readily-available technology via smart phones, tablet computers, and a web platform to make access immediate. All proprietary services are connected in a single database; healthcare intervention, reporting, analytics and claims data are accessible to our professionals within hours of the injury, reducing costly lag times.

We make it easier for you, the employer, to be in control

Our solution includes automated, rules-based technology that provides a personalized treatment program for each injured employee, using precise treatment protocols to meet the dynamic needs of patients on a daily basis. This tailored, proactive approach allows more control over your claims program, expediting claim closure and reducing the total cost of claims.

Being connected matters

Incidents and injuries can be reported on our industry-unique on-line claims system, via mobile Apps or to our call center. Reports are immediately processed by our proprietary rules engine, which provides alerts and recommendations throughout the life of a claim. Our technology instantly assigns an expert claims professional, determines if a claim requires any immediate attention, identifies potential complex claims, alerts the appropriate persons when claims require special attention, reevaluates the claims, and makes recommendations, such as, investigation, subrogation or case management.

The CorVel difference

The utilization of our intelligently designed technology and leading medical expertise from the moment an incident is reported can have a transformative effect on your workers' comp program. Our solution literally changes the mix: more claims remain medical only while lost time claims are reduced significantly – resulting in a 11% savings for most clients in the first year alone. CorVel offers the most comprehensive and connected solution for your workers' compensation program. We are committed to developing a partnership to create a program based on your unique needs and program objectives.

CONTRACTOR shall provide claims handling services. CONTRACTOR shall provide a toll-free phone and fax number for use by CITY, claimants, and medical provider, and shall accept delivery of Industrial Commission of Arizona (ICA) Form 101's via internet email.

CorVel represents and warrants that we have the necessary knowledge, skills and experience to perform the claims handling services in accordance with the terms and conditions, and we will perform the services in a diligent, professional manner using an appropriate number of qualified individuals and in accordance with applicable industry standards. CorVel will provide a toll-free phone and fax number for use by the City, claimants, and medical providers, and will accept delivery of Industrial Commission of Arizona (ICA) Form 101's via internet email.

Please see Attachment A: CorVel's Claims Handling Process.

CONTRACTOR shall provide, at a minimum, the following 3rd Party Claims administration services:

1. CLAIMS HANDLING SERVICE AND MEDICAL CONTROL SERVICES:

1.1 Review and process all industrial injury or illness claims in accordance with the requirements of the Industrial Commission of Arizona, and related applicable statues, rules, and guidelines. Must comply with Section 111.

CorVel will review and process all industrial injury or illness claims in accordance with the requirements of the Industrial Commission of Arizona, and related applicable statues, rules, and guidelines. CorVel will also comply with Section 111.

CorVel's Medicare Agent Services handle all elements of compliance with Section 111. Based on patient information, CorVel queries once per month per RRE to determine who among the claim set is Medicare eligible, and continues to do so for the lifetime of the claim, based on settlement, state law, general ongoing responsibility and other claim elements.

1.2 Follow-up on each claim shall be made every 2 weeks via email or other electronic means. In addition, viewing of all attachments shall be made available electronically.

CorVel will follow-up on each claim at minimum every 2 weeks via email or other electronic means. The City will have access to all attachments online via CorVel's claims system.

Central to CorVel's claims management program is the automation of the claims management process. This leads to the elimination of the traditional diary system and its attendant delays, lack of attention to deteriorating claims, and the elimination of inevitable mistakes inherent in manual processes.

Diary activity is based on expected needs of the file and is set aggressively at the beginning of the claim to capitalize on the Arizona seven day waiting period. Notes are entered as activities occur, not just on the diary date; and events such as medical appointments trigger timely and appropriate diary for follow up. Diary dates are established for continued action and follow up as

circumstances dictate. When establishing an action plan or providing continued daily updates, the Adjuster inputs all information into the diary system. The Adjuster identifies and triggers a date in the future that the action will be completed and/or acted upon.

An automatic ninety (90) day diary for review by a Supervisor is generated on all active indemnity claims. Supervisor diaries are appropriate to ensure the quality of claims handling and to follow up on direction previously given in such cases. Spot reviews of other claims occur to ensure quality investigation and handling. Supervisor file reviews are documented in the file.

CorVel operates in a paperless environment unless otherwise directed by the client, and therefore all attachments and medical notes are visible and accessible in real time via CorVel's online claims system. The City will have full access to real-time case notes, attachments, reports, and diaries.

1.3 Determine compensation for injuries and illnesses in accordance with Arizona Workers' Compensation laws and ICA rules, guidelines, and formulas.

CorVel will make a determination of compensability in accordance with Arizona Workers' Compensation jurisdictional statues, rules, guidelines and formulas, obtaining the necessary documentation and medical records necessary from the City and other sources as needed. Because CorVel's automated rules engine allows us to begin investigation by the appropriate level of intervention within 24 hours, CorVel is equipped to quickly and efficiently obtain necessary records and information, when needed, so that the decision to accept or deny a claim may occur within the timeframe allowed by Arizona statute. If there are any questions regarding compensability, we will follow mutually agreed upon protocols for review and discussion with the City.

1.4 Authorize independent medical examination, as necessary, to determine the nature and extent of temporary and/or permanent partial or total disability, if claimant is permanent and stationary, and/or if further treatment is needed.

CorVel will authorize independent medical examination (IME), as necessary, to determine the nature and extent of temporary and/or permanent partial or total disability, if claimant is permanent and stationary, and/or if further treatment is needed. CorVel will send a report to the City within 24 hours when an IME is authorized.

With more than 20 years of return to work experience in Arizona, CorVel has a proficient understanding of the IME process and the effectiveness it has on the claims management process. In addition, CorVel offers experience and in-depth understanding of the expertise of the local IME physician network. CorVel locally credentials and contracts qualified IME physicians, allowing our clients preferred appointment scheduling, report turnaround time of 10 business days, preferred IME rates, and a clear, defensible, independent medical opinion on issues of relatedness, apportionment, causality, treatment frequency/duration, achievement of MMI, ability to work and perform previous job requirements. Reports are reviewed for completeness and impartiality, and to ensure that questions related to the medical issues have been addressed.

1.5 Determine eligibility for and authorize payment of medical treatment in accordance with Arizona Workers' Compensation rules, make payments in a timely manner, and utilize available cost containment measures.

CorVel will determine eligibility for and authorize payment of medical treatment in accordance with Arizona Workers' Compensation rules, make payments in a timely manner, and utilize available cost containment measures.

CorVel's connected cost containment program eliminates delays inherent to traditional TPA cost containment models which typically utilize third party vendors or software for medical bill review. CorVel's local medical bill review team will use our proprietary software, PPO network, and protocols to scan bill and medical record images, apply fee schedule, PPO and other bill review discounts, and post pending payments for Adjuster approval within 72 hours of receipt of the medical bill. CorVel's bill review software is integrated into our claims management software, allowing Adjusters to approve bills the moment the processing is complete, all in real time. The Adjuster's approval of the payment will trigger check issuance within 24 hours, if daily checkwriting is desired.

CorVel's bill review artificial intelligence engine includes over ten million individual rules, creating a comprehensive review process that is more efficient than the traditional manual bill review, achieving industry-leading savings results. All medical bills are processed at CorVel's Phoenix office by local fee schedule experts who specialize in processing only Arizona jurisdiction bills, allowing them to apply their expertise of both Arizona statute and local provider nuances. CorVel is the only TPA to maintain a direct relationship with Blue Cross/Blue Shield of Arizona and delivers a PPO penetration rate of 83% in Arizona.

CorVel will maintain a checking trust account funded by the City to be used for guaranteed timely payments of all legitimate and authorized expenses associated with handling the City's claims.

Checks are printed weekly for most clients, although bi-weekly and daily printing are available. Given there are adequate funds in the trust account, it is CorVel's policy to pay all bills within fourteen days of receipt to avoid double payments and potential penalties. Funding for the trust account can be in the form of an ACH transfer, wire or check. CorVel will send the City weekly or monthly check registers that document all the payments processed. Additionally, CorVel can perform monthly bank reconciliations.

1.6 Administer permanent disability compensation and/or death benefits in accordance with State of Arizona Workers' Compensation laws, awards, or settlement agreements.

CorVel will administer permanent disability compensation and/or death benefits in accordance with State of Arizona Workers' Compensation laws, awards, or settlement agreements.

CorVel's experience has proven that coordination between our local claims staff and various employer representatives has been very effective when dealing with FMLA, ADA, STD, LTD and PTO issues. This process will include in-person meetings as desired.

CorVel will develop procedures in conjunction with the City at the inception of the contract. We will develop a protocol and ensure coordination efforts will be followed for timely disability payments. CorVel will coordinate with other leave benefits provided by the City.

1.7 Maintain files and computerized records of all reported claims, cross-referenced by the name of the claimant, date of loss, claim number and current reserves, estimated recoveries and total incurred.

In accordance with established best practices and the City's specific claim handling instructions, claim files will contain electronic or scanned copies of all correspondence including letters, faxes, reports and emails. Adjuster and Case Manager notes will summarize documents received and sent. Electronic file documentation will include the following as appropriate: monetary transactions, recorded statements and summaries, index reports, expert reports, legal opinions, current reserves, claim number, date of loss, name of claimant, medical authorizations, medical bills, medical reports, independent Adjuster reports, excess carrier reports, official reports, scene diagrams, photos and damage verifications. This information is available to the City in real time via CorVel's online system. We hope to demonstrate our claims system for the City to show ease of the system's use for the end user.

Guidelines require that all loss reports identify the time and date the loss was received. Phone calls will be documented in online file notes to reflect Adjuster activity.

1.8 Retain files administered under this agreement until notified of disposition by CITY. All files shall be the property of CITY.

CorVel will maintain electronic copies of all City files for a period of seven (7) years or in accordance with corresponding jurisdictional requirements, whichever is longer. CorVel acknowledges and agrees that all files shall be the property of the City.

1.9 Have knowledge of Phoenix area medical providers of Workers' Compensation treatment and their specialties and providers for diagnostic, pharmaceutical, and ancillary medical services.

CorVel's local staff includes medical Case Managers and Adjusters who are well experienced in the Arizona jurisdiction, and are able to apply their local intelligence to the proprietary development of our diagnostic, pharmaceutical, and ancillary medical services networks. This ensures quality of care and provider integrity, in addition to providing the City with network discounts. CorVel's depth of applied medical intelligence, in addition to the experience of our claims staff, will provide the City with practical knowledge of Phoenix area medical providers of workers' compensation treatment and their specialties and providers for diagnostic, pharmaceutical, and ancillary medical services.

1.10 Have knowledge of Phoenix area medical providers and their specialties for referral and/or independent medical examinations.

Our knowledge of Phoenix area medical providers and their specialties for referral and/or independent medical examinations is extensive. CorVel has more than 20 years of hands-on return to work and medical management experience in Arizona. In addition to the experience with local medical and IME providers contributed by our claims staff, CorVel Adjusters have immediate access to our local staff of medical Case Managers to assist in providing referral recommendations to accommodate the individual needs and claims circumstances of injured employees. CorVel employs a staff dedicated to coordinating IME's through our locally contracted IME physician network.

1.11 Notify CITY immediately when any claimant is represented by legal counsel, and work with any legal counsel retained by CITY to defend contested cases or other ICA-related matters, including making any information available and providing legal counsel with appropriate assistance.

CorVel will notify the City immediately when any claimant retains legal counsel. Legal defense referrals are closely monitored for need and effectiveness CorVel will work closely with counsel retained by the City in evaluating and making recommendations for claims management. CorVel is accustomed to working in partnership with various reputable law firms in the Phoenix area.

CorVel will work closely with the City in evaluating legal counsel and make recommendations regarding suitable panel attorneys. We can use existing City attorneys if preferred.

Legal assignments or recommendations are made after reviewing:

- **Complexity of the case**
- **Presence of opposing counsel**
- **Degree of litigation expected**
- **Need for a particular defense strategy**
- **Existence of appealable issues**

During implementation, CorVel will review the entire inventory of litigated claims to determine if the files are being handled properly. We will prepare an analysis of all legal cases, outlining exposures and evaluating possible defense options. CorVel will handle all non-complex legal claims in-house as needed and deemed appropriate by the City.

1.12 Treat all files and claims information as strictly confidential, and not discuss the nature of any claim or the amount paid or reserved under it, with any person who is not a party to the contract, except when and to the extent CITY authorizes, or when ordered to do so by a court of competent jurisdiction.

CorVel agrees to treat all files and claims information as strictly confidential, and will not discuss the nature of any claim or the amount paid or reserved under it, with any person who is not a party to the contract, except when and to the extent the City authorizes, or when ordered to do so by a court of competent jurisdiction.

CorVel understands the sensitivity of health information and we continue to make company-wide initiatives to protect informational privacy and security. Our systems, software and services are continually enhanced to safeguard Protected Healthcare Information (PHI) and assure our clients and trading partners that exchanging data with CorVel will take place within the bounds of HIPAA compliance. Access to our network and web-based services entails user-specific authentication and role based security. In addition to our technical safeguards, administrative and physical safeguards have been put into place throughout CorVel. Our staff is fully trained in HIPAA compliance and we continue to keep our staff updated through a corporate driven initiative which encompasses all aspects of training, documentation and execution pertaining to HIPAA.

1.14 Monitor treatment programs every two weeks or sooner for injured or ill employees, including review of all medical reports.

CorVel will monitor treatment programs every two weeks or sooner for injured or ill employees, including review of all medical reports. CorVel's claims diary system is event-driven, instead of calendar driven, and is designed to ensure timely follow-up in sync with the injured employee's individual treatment schedule.

CorVel's best practices include effective communication with all parties involved on a claim. Our Claims Adjusters and Case Managers, as applicable, practice quality, ongoing communication with treating physicians and possess the skills to read and interpret medical reports and monitor treatment plans.

CorVel will provide all medical notes to the City upon receipt. In addition, medical notes will be date stamped and scanned into the system for view within 48 hours.

Communication is a key philosophy that results in timely, improved medical outcomes, and is critical to our proven success rate in reducing clients' indemnity exposures and rates.

1.15 Recommend and schedule independent medical examinations no later than 5 days after receiving the physician's report that an IME is needed.

CorVel will recommend and schedule independent medical examinations no later than 5 days after receiving the physician's report that an IME is needed.

1.16 Maintain a close working relationship with treating physicians and CITY's contact clinics.

Claims Adjusters and/or Case Managers stay in close contact with treating physicians through the life of a claim, including early intervention to explore options for modified duty and justification for the claimant to remain out of work. We request treatment plans for all claimants and hold physicians accountable to the plan by maintaining a diary for key follow up dates after office visits. As CorVel continues to monitor the treatment plan, we will question the

treating physician as to the adequacy of the treatment plan, maximum medical improvement and the possibility of referral to a specialist as needed.

1.17 Work with CITY to optimize return to work and light duty programs.

CorVel will work closely with the City to effectively utilize the City's return to work program to maximize outcomes. CorVel's staff is proficient in creating approaches to encourage a quick return to work, and our experience has proven that coordination between the CorVel Adjuster and the various personnel has been very effective in this regard.

1.18 Monitor and adjust medical bills in compliance with Arizona Workers' Compensation medical fee schedule, through use of bill review or PPO agreements, and/or usual, reasonable and customary fee schedules. Date of Services and Vendor's name should be included in the bill processing and notations in order for the City to make sure the billing is correct and there are no double payments. A penalty for double payment is subject to 33 % of the billing error.

CorVel will monitor and adjust medical bills in compliance with Arizona Workers' Compensation medical fee schedule, through use of bill review or PPO agreements, and/or usual, reasonable and customary fee schedules.

All Arizona jurisdiction bills are reviewed by local fee scheduling experts who specialize in the Arizona fee schedule and understand local billing nuances, providing for accurate and improved fee schedule savings. In addition, CorVel delivers discounts below workers' compensation fee schedule and reasonable and customary rates through our national, proprietary PPO. CorVel's PPO includes board certified providers selected from a demanding criteria based on quality, range of service, price and location. Our dedicated local and regional PPO developers are responsible for local recruitment, contract negotiations, credentialing and re-credentialing of providers as well as developing customer specific provider networks. CorVel is the only TPA/ medical bill review provider in Arizona to maintain a proprietary agreement with Blue Cross/ Blue Shield of Arizona, yielding an 83% PPO Penetration rate. CorVel's provider networks in conjunction with our bill review and enhanced bill review solutions for any out of network medical bill, offer a complete savings package.

<u>Avoiding Double Payments</u>
CorVel offers electronic intake of medical bills and a state-of-the-art rules engine. The system reviews all charges and utilization on each bill. Our proprietary system identifies unbundled services, re-bundling opportunities, reasonable and customary review, fee schedule analysis, pharmacy review and PPO management. Our software has the ability to adjust charges, re-price bills and apply network discounts.

Bill review audit alerts vary by state based on the state guidelines. In general such criteria would include: hospital bills, DRG assignments, APC validations, multiple surgery procedures, CCI edits, multiple claims, multiple injuries incurred, emergency room visits beyond initial treatment, repeat exams/testing, physical therapy treatment, extensive testing, multiple/extensive office visits, bundled/unbundled charges, all bills in excess of $1,500, services/diagnosis that does not correlate w/DOI or injury description (CCI), charges for undocumented services, incorrect time

increment charges, quantity discrepancies, utilization review of diagnosis, treatment frequency and duration of care, exploded charges, unauthorized charges, unlisted/undefined (generic) or by report (BR) codes.

Once the bill enters the system, our advanced rules engine application routes the eBill to the most appropriate analyst. The expert review matrix allows specialists in each diagnosis category, regulatory jurisdiction or benefit category access to bills across the country through a secure server. This access permits specialists to utilize their knowledge and provide optimum review for each bill.

The following data elements are reviewed by the CorVel processing analyst in each bill processed: all duplicates identified via claims feed vs. manual reprice only, correct client claimant, correct client claim number, correct provider, correct claim jurisdiction (per claims feed), correct LOB (WC vs. Auto), correct client business unit, correct dates of service, correct CPT or ICD9 code, missed CorVel PPO hit.

<u>Data Validation Program</u>
CorVel's automated data validation program seeks to identify claimant name, claim number and provider tax ID number at the header level to identify all duplications. Our artificial intelligence engine automatically reviews all bills for relatedness, matching CPT and ICD9 codes. Frequency and duration of treatment are also flagged for review as a component of utilization review.

The review time is the same as for either the reasonable and customary, fee schedule or PPO review. Duplicates are noted at both the line level and the bill level. At the line level, the duplicate is identified on the EOR; at the bill level, another copy of the EOR is produced and marked as a duplicate. This high level of automation and multiple data matching reduces the potential for human error.

CorVel has one of the only medical review solutions to offer in-house Optimal Character Recognition (OCR). OCR translates the characters into a standard text format before the bill is loaded electronically into the bill review system. The use of OCR and electronic data interchange significantly cuts back on manual data entry and paper shuffling and eliminates duplicates. Without recognizing duplicates, savings are inflated and do not represent real savings.

1.19 Promptly notify and seek approval from CITY on questionable claims, which may benefit from claimant activity checks or investigation with approval from the CITY. Arrange for activity or investigational services and promptly report back findings, on questionable cases. as necessary and appropriate.

CorVel will promptly notify and seek approval from the City on questionable claims, which may benefit from claimant activity checks or investigation with approval from the City. CorVel will promptly report back findings, on questionable cases.

CorVel's early intake process promotes immediate access to report an injury or incident to improve return to work results. Our early intake provides various avenues that offer flexibility and convenience for the initial reporting of an injury or incident via Advocacy 24/7, our FNOL call center, treatment authorization or incident report. Claims are immediately processed by our

proprietary rules engine and assigned to a Claims Adjuster within one business day or less of initial receipt.

This allows for a thorough investigation before the timeframe for admittance expires, including collecting all necessary documentation from the City and other sources. Contact with the injured worker, employer, and physician (three point contact) will be initiated within 24 hours and completed within 48 hours. Situations preventing completion within 48 hours will be documented and additional efforts will be made to contact each party, including the use of email and regular mail (certified letter to the injured worker).

1.20 Recommend vocational assessment of injured employees, when necessary and appropriate, with approval of CITY.

CorVel will recommend vocational assessment of injured employees, when necessary and appropriate, with approval of the City.

1.21 Obtain prior claim and medical history, and when applicable submit the claim to the Second Injury Fund at ICA for apportionment of compensation.

CorVel will obtain prior claim and medical history, and when applicable submit the claim to the Second Injury Fund at ICA for apportionment of compensation.

1.22 Subrogate against third parties when they are liable for *any* injuries to employees. CONTRACTOR shall notify employee or the employee's attorney, of the existence of a Workers' Compensation lien, and provide information to the responsible party, the CITY, or to the court of the lien amount. All lien or recovery checks shall be made payable to CITY and sent to CITY's Risk Manager. Any waiver or reduction of any lien or other settlement shall receive prior approval from CITY's Risk Manager or designated representative.

CorVel will subrogate against third parties when they are liable for *any* injuries to employees. CorVel will notify employee or the employee's attorney, of the existence of a Workers' Compensation lien, and provide information to the responsible party, the City, or to the court of the lien amount. All liens or recovery checks will be made payable to the City and will be sent by CorVel to the City's Risk Manager. CorVel will get approval from the City's Risk Manager or designated representative for any waiver, reduction to any lien or other settlement.

1.23 Provide 1099 forms for each respective medical provider as required by IRS.

CorVel gathers form 1099 information from all our accounting systems and merges them into one database. Tax ID numbers that meet the 1099 criteria are generated and mailed out on or before January 31. 1099 data is sent to the IRS electronically prior to the reporting deadline. We can supply the City with a report that shows the tax ID and amount they contributed to the 1099 if necessary.

1.24 Assist CITY with the determination of appropriate Workers' Compensation rate settings, reserve limits, actuarial projects, and reporting to excess and/or reinsurance carriers as required.

CorVel will assist the City with the determination of appropriate Workers' Compensation rate settings, reserve limits, actuarial projects, and reporting to excess and/or reinsurance carriers as required. In addition, CorVel has proven to set reserves more accurately due to the depth of data collected through our proprietary bill review and patient management systems.

1.25 Provide narrative written initial status, and settlement evaluation reports on all claims/cases with an indemnity reserve of $25,000 or greater.

CorVel will provide a narrative written initial status, and settlement evaluation reports on all claims/cases with an indemnity reserve of $25,000 or greater.

1.26 The claims adjustor selected to handle claims for the City of Chandler shall carry a total case load of no more than 150 active claims at any one time, in order for there to be no compromise of care to City employees.

CorVel's Best Practices dictate that caseloads for a workers' compensation Adjuster range from 100 - 125 open and active indemnity files depending on the severity of the claims and the jurisdiction. Adjustor's claim volume and complexity dictate new claim assignments. In the majority of cases, a Supervisor review is conducted to provide direction to the future handling of the claim.

1.27 The claims adjustor will obtain **all** medical records (ex. MRI's, Cat scan, PT and medical notes) and any other pertinent information on each claim that has had a pre-existing issue on the same body part before accepting the claim.

CorVel agrees that the Claims Adjuster will obtain all medical records and other pertinent information on each claim that has had a pre-existing issue on the same body part before accepting the claim.

1.28 This RFP only references the contract is for claims management only. If there are ancillary services available, the Offeror should provide a list and price for those services, but the City does not guarantee those services will be awarded as part of this contract. Background qualifications on the ancillary services must be provided.

CorVel's goal is to significantly reduce the City's overall claims costs and impact your total workers' compensation program. To deliver the results projected in this RFP, we would require the implementation of CorVel's fully integrated claims management and cost containment solution.

CorVel has detailed our ancillary services in the questionnaire portion of this RFP, item 22, Medical Cost Containment/ Bill Review.

1.29 The IME companies being used will be a decision between the City's Risk Management Division and the Third Party Claims Administrator.

CorVel's goal is to significantly reduce the City's overall claims costs and impact your total workers' compensation program. To deliver the results projected in this RFP, we would require the implementation of CorVel's fully integrated claims management and cost containment solution.

2. REPORTING REQUIREMENTS: CONTRACTOR shall:

2.1 Make available electronically, check registers that can be sorted by check number, claim number, payee, payment type, and date of service.

CorVel's standard on-line reporting configuration includes check registers that can be sorted by check number, claim number, payee, payment type, and date of service. CorVel will send the City weekly or monthly check registers that document all the payments processed.

2.2 Make available for review at facility by claimant bills, bill review documents and payment history.

CorVel will make available for review at facility by claimant bills, bill review documents and payment history. This information is also available via CorVel's online system.

2.3 Make available electronically reports that show paid medical, reserves for medical and indemnity claims, allocated expenses, and total incurred by claim. The report shall summarize information by department, division, and CITY as a whole. The loss runs, at a minimum, shall contain claims data by year, with field of information detailing date of loss, claimant's name, description of accident, medical paid, medical reserved, indemnity paid, indemnity reserved, expenses paid, expense reserves, and total incurred loss. Reports shall include status on all claims.

CorVel's standard report battery includes comprehensive reports detailing every facet of the City's program, enabling the City to make a proper analysis of its exposure. The City will have the ability to relate over 1,000 data fields to provide reports sorted by any lapsed time period, hierarchal sub group, dollar range, time of day/week, coverage or sub classification, or any one of thousands of other combinations. Loss analysis reports include, but are not limited to, configuration of claims data by year, with field of information detailing date of loss, claimant's name, description of accident, medical paid, medical reserved, indemnity paid, indemnity reserved, expenses paid, expense reserves, total incurred loss , and claim status electronic financial detail reports that that show paid medical, reserves for medical and indemnity claims, allocated expenses, and total incurred by claim with the ability to be subtotaled by department as well as in total, are available via CorVel's online system 24/7 within CorVel's standard battery of reports.

In addition to benchmarks for the City's program, CorVel will consolidate information based on the number of accidents, costs, etc., per department, division, shift or capital project and provide various comparative ratios and averages. Safety/risk management reports will include the same detailed accident listings and accountability. We summarize accidents by coverage line, claimant name, claimant type, claimant age, accident type, cause, injury type, occupation, location, supervisor, and accident date/time of day. Loss experiences, payments comparisons and localized benchmarking reports are also available.

Please see Attachment B: Sample Claim Reports.

2.4 Provide CITY with copies of all Notice(s) of Claim Status issued to claimant at the time of issuance.

CorVel will provide the City with copies of all Notice(s) of Claim Status issued to claimant at the time of issuance.

2.5 Provide quarterly written status reports and meet quarterly with CITY on all claims originated during the previous quarter as well as all open claims.

The designated Account Manager will provide the City with quarterly written status reports. CorVel will also participate in formal claim review meetings at the frequency requested by the City. We will work with the City to establish the parameters of the claim file review process. Meetings may be held telephonically or in-person and will be attended by the Account Manager, Claims Supervisor and the City. Claim review meetings serve as an opportunity to discuss specific claims and ensure they are being managed appropriately, timely and have a clear plan for closure.

2.6 Share all relevant internal and external Workers' Compensation audit reports with CITY generated during the term of the contract.

CorVel will share all relevant internal and external Workers' Compensation audit reports with the City generated during the term of the contract.

2.7 Provide any data and/or reports required by the ICA, such as the preparation and submission of annual Self-Insurers Statement.

CorVel will provide all data and/or reports required by the ICA, such as the preparation and submission of annual Self-Insurers Statement.

2.8 Pull all subrogations and provide a quarterly report on recoveries.

CorVel will pull all subrogation and provide a quarterly report on recoveries. CorVel's claim system allows us to track and enter recoveries as a specific category. This will allow the City

to identify the recoverable amount from a financial reporting perspective, in addition to the recovery being included in the total incurred - netted out (total cost minus recovery).

2.9 Prepare loss run and other reports to supplement CITY's excess Workers' Compensation insurance application or renewal.

CorVel will prepare loss runs and other reports to supplement the City's excess Workers' Compensation insurance application or renewal.

2.10 Claim administrator shall be required to meet with CITY to review outstanding claim status at least Four (4) times per contract year.

CorVel agrees and will comply.

3.1 Responsibilities of CONTRACTOR:

3.1.1 CONTRACTOR shall be responsible to undertake the services identified under Section 2 above and as delineated in CONTRACTOR's response to the Questionnaire (Exhibit C) as negotiated and directed by CITY.

CorVel agrees and will comply.

3.1.2 All invoices shall be submitted in duplicate, and no more often than on a monthly basis. Mail all invoices to CITY OF CHANDLER; Risk Management, PO Box 4008 – Mail Stop 608, Chandler, Arizona, 85244-4008.

CorVel agrees and will comply.

Exhibit C
Questionnaire

Contractor's Qualifications. Claims Management Services.

1. Using a five (5) year history, provide CONTRACTOR background, including ownership, number of employees, staff size and turnover rate.

   CorVel has over thirty years of experience as a national provider of return to work solutions to employers and payors. We are publicly traded (NASDAQ:CRVL) and annual revenues exceeded $400 million in 2011. Our continued customer growth and retention rates are a testament to our financial stability and our over $200 million investment in new systems and technologies allows us to continue to deliver industry-leading solutions to the marketplace.

   CorVel is an industry leader in claims administration solutions. Throughout the years, CorVel has enjoyed long-term relationships with many of the largest and most innovative payors in the nation. Using the expertise gained in those relationships, our entire client base is able to take advantage of the pooled insights of many of the leaders in the casualty insurance industry. CorVel's claims management program is a unique approach to claims administration, healthcare, and disability management. CorVel offers a comprehensive claims management solution directed toward the self insured and municipal markets and proactively manages the entire episode of a claim. By incorporating a strong medical management component in claims management, CorVel is able to control the cost of claims more effectively than the traditional claims management model, saving customers time and money. Looking to the future, new information management tools are being added to the service line, further expanding the information processing capabilities that have always been the core of the Company's value proposition. CorVel has approximately 3,000 associates who serve more than 2,000 customers through a national branch office network covering all 50 states. CorVel's Phoenix office employs a staff of 45.

   <u>Ownership</u>
   CorVel Enterprise Comp, Inc. is a wholly-owned operating subsidiary of CorVel Corporation, a publicly traded healthcare management company (NASDAQ GS: CRVL) held to the standards of NASDAQ and the SEC. CorVel Corporation is incorporated in the state of Delaware

   <u>Turnover Rate</u>
   CorVel has an annual turnover rate of approximately 20%. CorVel's Phoenix office, which will be servicing the City, has an annual turnover rate of less than 5%.

2. Identify any other business services provided by CONTRACTOR other than 3rd Party Workers' Compensation claims administration.

   CorVel offers our customers superior results by utilizing our completely integrated claims management and managed care solution. In addition to our claims management service, CorVel offers the following managed care services:

- **Bill Review**
- **Pharmacy**
- **PPO Network**
- **Case Management**
- **Vocational Services**
- **Medicare Services**
- **Utilization Review**
- **Ancillary Care Services**

For more detailed descriptions on each of these services please see the Medical Cost Management/Bill Review section of this RFP.

3. Provide resumes of those persons in charge of this account, including their experience and job history, and identify average active caseload for time loss/ medical only claim adjuster.

   The following individuals will be the persons in charge of this account:

   - **Brian Ventre, District Vice President**
   - **Debra Wilkerson, District Manager**
   - **Leslie Olmsted, Account Manager**
   - **Molly Jones, Senior Claims Adjuster**
   - **Renee Englen, Bill Review Manager**

   Please see Attachment C: Resumes of Key Personnel.

   Caseloads and staffing will comply with the City of Chandler's guidelines. CorVel's Best Practices dictate that caseloads for a workers' compensation Adjuster are limited to 125 open and active indemnity files depending on the severity of the claims and the jurisdiction. In the majority of cases, a Supervisor review is conducted to provide direction to the future handling of the claim.

   The Claims Supervisor does not carry a caseload and will review Adjuster caseloads monthly. Management reports are utilized to provide caseloads by claim type at the Adjuster, office and client level. If an Adjuster is nearing a saturation point, the basis for increased claims is determined, then either temporary support is provided from a Supervisor or case files are transferred to another Adjuster to decrease caseload.

4. List location, including any toll-free phone and/or fax numbers, of CONTRACTOR's offices where claims will be administered, and number of employees at each location involved in claims administration.

   CorVel's Phoenix, Arizona location will be servicing the City's account. Currently there are 45 employees at that location.

1850 N. Central Avenue
Suite 1200
Phoenix, AZ 85004
P:(602) 288-1838
F:(866) 392-2919

5. List three (3) current self-insured Workers' Compensation clients for which CONTRACTOR provided third party administration services that are considered similar to the scope of work described herein for self-insured Workers' Compensation, specifically for governmental entities, if possible. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact as a reference, regarding CONTRACTOR's performance.

   1. **Tucson Medical Center**
      Linda Hydaka, RN Manager
      Employee Health/Workers' Compensation
      5301 E. Grant Road
      Tucson, AZ 85712
      Phone: 520-324-5399
      Email: Linda.Hadyka@tmcaz.com
      Services: Workers' Compensation TPA services
      Years of Service: Since 2009

   2. **County of Ventura**
      Charles Pode, Deputy Executive Officer Risk Manager
      800 S. Victoria Ave.
      # 1970 4th floor
      Ventura, CA 93009
      Phone: 805-654-3197
      Email: chuck.pode@ventura.org
      Services: Workers' Compensation TPA services
      Years of Service: Since 1993

   3. **City of Costa Mesa**
      Ryan Thomas, HR Analyst
      77 Fair Drive
      Costa Mesa, CA 92628
      Phone: 714-754-5104
      Email: rthomas@ci.costa-mesa.ca.us
      Services: Workers' Compensation TPA services
      Years of Service: Since 2002

6. List three (3) self-insured Workers' Compensation client references, governmental entities, if possible, that no longer use CONTRACTOR's services. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact regarding CONTRACTOR's performance.

   Below is a list of accounts that have terminated their contract with CorVel. In the majority of instances, terminations were due to strategic business decisions, contract legalities, financial circumstances or legislative effects. It should be noted that CorVel has maintained a 95% retention rate over the last five years.

   1. **County of Merced**
      Brad Smith, Risk Manager
      2222 M Street
      Merced, CA 95340
      Email: bsmith@co.merced.ca.us
      Phone: 209-385-7526
      Dates of service: 7/1/05 - 9/1/10
      Type of Service: Workers' Compensation TPA services

   2. **Sorin Group USA, Inc.**
      Diane Marie Lucero, MBA Treasury Manager
      14401 W. 65th Way
      Arvada, CO 80004-3599
      Email: diane.lucero@sorin-na.com
      Phone: 303-467-6280
      Type of Service: Workers' Compensation TPA services
      Years of Service: 5 years

   3. **City of Gardena**
      D. Christine Hach, Administrative Services Director / Assistant City Manager
      1700 West 162nd Street
      Gardena, CA 90247
      Email: chach@ci.gardena.ca.us
      Phone: 310-217-9516
      Type of Service: Workers' Compensation TPA services
      Years of Service: 3 years

7. Provide a copy of CONTRACTOR's claims handling protocol and/or a copy of the claims procedure manual reflecting CONTRACTOR's processes for claims handling.

   Please see Attachment D: CorVel's Claims Management Best Practices.

8. Describe internal and external audit procedures and provide the most recent report.

Internal Audit Procedures

CorVel considers quality management a top priority and places an emphasis on superior service delivery. Our Quality Assurance (QA) Program is administered and evaluated within the Corporate and Regional offices. It focuses on the assessment of activities, functions and standards impacting the delivery of CorVel services. In addition, feedback on quality is solicited from patients, employers, treating physicians and the client's risk management team to confirm we are meeting everyone's needs in a timely, cost effective manner.

Every CorVel office has mechanisms in place to assess all aspects of our claims management programs. Each office is responsible for performing QA audits and reporting the results to the Account Manager including resolution action plans for any areas not meeting compliance standards. The Account Manager reports the written results to the client for discussion. If an issue cannot be resolved locally the Account Manager will escalate the results to CorVel's corporate management team who will work with the client and Account Manager on a detailed improvement plan.

CorVel also has a national quality assurance team that completes in person audits at claims offices at least once a year. CorVel's Training and Implementation Manager is responsible for audits and quality assurance for CorVel. Each CorVel claims office is reviewed on an annual basis to ensure Best Practices are being followed. This program is an internal audit tool for the purpose of identifying areas of improvement and targeted training.

The results of the surveys and reviews described above are not published externally therefore we respectfully decline to provide sample audits.

CorVel has developed a proprietary and automated Claims Adjuster performance monitor named Audit Manager. Audit Manager electronically sweeps every claim file twice per day to ensure data integrity and full compliance with our best practices. It requires the Claims Adjuster to complete all essential data fields within acceptable timeframes. In addition, Audit Manager compares data within a claim file to ensure congruence and accuracy of the data entered. Audit Manager also helps the Claims Adjuster manage compliance with best practices protocols for our clients. Our software audits every file to ensure timely contacts, current diaries, adequate reserving, proper litigation management and a myriad of other performance indicators.

External Audits

As a publicly traded company, (NASDAQ GS: CRVL) CorVel Corporation is audited annually and required to comply with all Federal and State regulations, including the Sarbanes-Oxley Act of 2002. CorVel's claims management services and bill review systems have received Service Organization Control (SOC1) reviews in accordance with SSAE16 for the most recent service period July 1, 2010 to June 30, 2011.

Please see Attachment E: SSAE 16 Compliance Letter.

9. Provide CONTRACTOR's method of establishing and monitoring reserves, if not outlined in response to Question 7 above.

   CorVel does not block reserves. Our Adjusters consider the particular circumstances of each claim and will maintain contact with the injured worker, physician and the City to develop a reserve that is current, realistic and based on the probable ultimate cost of each claim.

   When a claim is first received, CorVel's Adjusters prepare a comprehensive reserve worksheet to determine the amount of the expected loss. The worksheet requires that the Claims Adjuster document the reasoning behind the forecasted expenditure. Reserves are reviewed in all cases on a thirty (30), sixty (60), and ninety (90) day basis, or at any time when circumstances dictate re-evaluation. There are numerous details considered in establishing reserves. Those factors include the nature and extent of the injury, if the case involves lost time, the amount of investigation required, if the case is being litigated, and any possibility of having to provide vocational rehabilitation benefits.

   CorVel's Claims Adjusters are fully trained in rating medical reports and are experts in accurately assessing the extent of possible temporary or permanent disability. This skill, coupled with the requirement to document the rationale behind the incurred loss, leads to the setting of actuarially responsible reserves.

   Reserve authority is granted to an Adjuster based on the claims handling agreement established with the City.

10. Detail how CONTRACTOR will control medical expenses, get employees back to work, use subrogation techniques, and claim closure procedures to CITY's benefit, while maintaining quality of care.

    CorVel offers our customers superior results and better outcomes by utilizing our completely integrated claims management and cost containment solution. We have extensive expertise in both claims handling and managed care cost containment services allowing our clients to achieve the best possible outcomes. The City can obtain greater efficiency and earlier return to work on their claim files, while achieving greater reductions in the overall length and costs of medical treatment. Because of CorVel's familiarity with Arizona public agencies, we are not only confident we can satisfy the City's unique needs, but also provide superior claims administration services.

    Our rules-based, electronic triage for processing claims allows CorVel to instantly identify potentially complex claims and respond faster. Early intervention, more timely and appropriate medical care, and the direct and immediate access to our proprietary medical management resources result in better cost control and better outcomes for injured workers. Programs to reduce disability are developed based on a customer's historical loss picture and types of injuries. Early identification of the severity of a claim is paramount to controlling costs and optimizing medical outcomes. The identification of possible expensive claims is a process that starts with the first notice of loss process and continues throughout all phases of claims handling.

Programs such as 24/7 nurse triage and timely access to medical management resources can be highly effective at reducing lengths of disability and obtaining earlier return to work, especially when combined with an employer's ability to accommodate job modifications. CorVel will work in tandem with the City's return to work and modified duty programs. As a claim progresses, the CorVel Adjuster works with the CorVel medical management team to coordinate services that would be beneficial to the claim such as: medical consultation, utilization review, field case management, independent medical exams and peer reviews. The City can implement program triggers set up in advance to ensure that medical management tools are being utilized to reduce costs and improve outcomes. Additionally, CorVel has an exclusive arrangement with Blue Cross and Blue Shield of Arizona (BCBSAZ) to offer the most PPO savings possible. CorVel is the only managed care company that has this arrangement with the BCBSAZ network.

Medical management results and return to work outcomes are monitored and reviewed quarterly with the key claim staff, medical management staff and the City. Modifications to program set ups may be made based on outcomes achieved. This continuous process of program review ensures that claims handling and medical management processes are identifying and implementing processes that will reduce lengths of disability, lengths of medical treatment and the overall length of a claim file being open; all resulting in better outcomes for injured workers and the City.

Our solution literally changes the mix: more claims remain medical only while lost time claims are reduced significantly – resulting in a 11% savings for most clients in the first year alone. CorVel offers the most comprehensive and connected solution for your workers' compensation program. We are committed to developing a partnership to create a program based on your unique needs and program objectives.

11. Explain the extent to which CONTRACTOR, and/or legal assistance, is available for claims requiring employer representation at hearings and how litigation or subrogation claims are handled. CITY retains the right to select and/or approve of legal counsel and to control litigations and/or settlements.

    CorVel will attend ICA hearings in support of defense and to answer questions. We will be available to provide necessary information should the attorney desire justification for a denial or clarification concerning a file note. A six month calendar is kept ahead for scheduling the dates of the hearings to assure attendance.

    It is a claim professional's responsibility to manage the litigation process, at any level. This means updating any litigation flags or screens, and monitoring any assigned defense counsel to be sure that they are only performing legal functions, and not claim activity. Referrals are specific to approved counsel only. Referral and scope of approved activities are documented in the activity notes section of the claim system. The initial defense analysis is to be requested from the defense attorney within 30 calendar days or less of referral and shall include the attorney's initial case assessment and recommendations for further investigation and handling. Defense counsel activities are to be monitored to assure that only approved activities are performed by the attorney and costs are controlled. Contact with defense counsel every 30 days and more frequent contact may be required during active periods of litigation. Diaries are to be set to

reflect the next follow up and its purpose. The litigation portion of the claim is to be completed and updated as litigation progresses in the claim notes.

Claim Subrogation

Upon receipt of the FNOL, our rules engine evaluates the claim for potential subrogation. If the potential exists, a thorough investigation will take place. The investigation includes collecting, evaluating and preserving the evidence. Evidence may include statements, photographs and documents, such as receipts, logs, maintenance and tangible evidence (stored when feasible).

Claim types that may include potential subrogation:

- **Accident involving machinery**
- **Motor vehicle accident**
- **Slip and fall hazard**
- **Explosion or fire**
- **Animal bite**
- **Construction site accident**
- **Accident involving tools or equipment**
- **Product liability**
- **Aircraft, train or boat accident**
- **Claim involving a third party**

Once identified, the appropriate parties will be placed on notice of lien. We will provide information to the injured worker, the City or to the court of the current lien amount. CorVel will receive prior approval from the City for any waiver or reduction of any lien or other settlement.

The City designee is kept up to date of the subrogation efforts, and may also view subrogation efforts as noted in the claims system and subrogation report.

12. List handling fee charges for subrogation against a third party or recovery from the second injury fund, or retention of any portion of the recovery from a third party or the second injury fund.

    Subrogation is charged at 20% of the recovery amount, and there is no charge for recovery from the second injury fund.

13. Explain CONTRACTOR's policy and/or procedure on assignment to vocation rehabilitation.

    CorVel follows vocational rehabilitation statutes set forth in ARS23-1065A, which can be scheduled or none scheduled. CorVel will work with the City to determine what vocational rehabilitation procedures are warranted on a given occurrence.

Vocational rehabilitation services available through CorVel include:

- **Job analysis**
- **Job placement**
- **Expert testimony**
- **Job development**
- **ADA compliance**
- **Vocational testimony**
- **Labor market survey**
- **Vocational assessment**
- **Job seeking skills**
- **Social Security Disability Insurance benefit procurement**
- **Early return to work program**
- **Automated transferable skills analysis**

The integration of vocational services during the medical case management phase of the injured worker's recovery can often accelerate the return to work process and keep the injured worker focused on this as their ultimate objective. As medical management and the attainment of Maximum Medical Improvement is an essential component of the overall process, the Vocational Case Manager provides the support, guidance and expertise needed to achieve a successful return to work outcome.

14. Explain CONTRACTOR's policy and/or procedure on assignment for sub rosa activity.

As with all investigation referrals, it is CorVel's practice to discuss any sub-rosa activities with the City prior to the assignment. Before a referral, the Claims Adjuster conducts a cost/benefit analysis to determine if the sub-rosa has the potential to derive the savings necessary to employ the expense.

Criteria for initiating sub-rosa include:

- **Reason to believe that the injured worker is working while collecting temporary disability or salary continuation**
- **Reason to believe that the injured worker is engaging in activities outside of their restrictions**
- **Injured worker's permanent disability is grossly inconsistent with reported activities or objective findings**

CorVel does not recommend sub-rosa assignments on files with very limited potential exposure. Usually sub-rosa investigations are reserved for those cases where we expect a high cost benefit ratio of return for our clients. CorVel will discuss all sub-rosa assignments with the City and obtain their approval prior to referral, if required. Any request by the City for sub-rosa will be

honored. CorVel has a provider list for sub-rosa investigators and will honor any vendor selection by the City for case referrals. Sub-rosa assignments are to be completed and submitted within 30 days.

15. Explain CONTRACTOR's policy and/or procedure on retaining outside case management assistance. CITY retains the right to select and/or approve case management services.

    CorVel provides case management services in house, and employs a staff of nurse case managers who are well experienced in the Phoenix area. Because our medical case management system is integrated into our claims system, electronic referrals are made and assigned instantly, eliminating delay on potentially complex and expensive claims. In addition, our nurses utilize iPad technology to update the claims system in real time at the time of all medical appointments, including obtaining and submitting electronic status reports. This allows Adjusters and the City the ability to view notes online instantly, eliminating the communication time delays associated with outsourced medical case management services. We are certain that our integrated model provides efficiencies unavailable elsewhere, and significantly contributes to our proven track record in significantly reducing indemnity exposure.

    CorVel's case management services address all aspects of disability management including telephonic, field and catastrophic case management, utilization review and vocational rehabilitation. Our program proactively focuses on reducing medical costs through efficient management of medical claims. We work to identify and categorize claims as soon as possible to ensure the patient follows the most appropriate care path, ultimately improving return to work (RTW) outcomes.

16. Provide details regarding claims risk management information system capabilities, including whether or not the system will be accessible by CITY.

    CorVel is certain our proprietary claims management system offers tremendous advantages over other claim management systems. We are a leader in the emerging role of automated, smart claims processing. CorVel's claims management system has been fully developed and supported by our in-house, full time information systems division. We have invested many years in custom design and expansion of our system in order to consistently outperform client expectations. CorVel utilizes the latest Windows and internet technologies to create a secure system that allows all parties and financial stakeholders to participate in the progress of individual claims resolution. Ultimately, the best testament of our technological advantage is through our clients. We are confident that our references will indicate that our claims system far surpasses any other claims management system they've experienced. During the interview phase of this selection, we hope to have the opportunity to demonstrate our claims system for you.

    The City will be provided with reliable, secure internet access to your entire claims management program. Each step of the claims management process is automated through our claims system. The system maintains all claims information activity including current individual claims detail, medical bill images, document images, diary notes and financial information. The City will also have access to CorVel's claim system which produces comprehensive reports detailing every facet of the City's program, enabling the City to make a proper analysis of its exposure. The City will have the ability to relate over 1,000 data fields to provide reports sorted by any lapsed time

period, hierarchal sub group, dollar range, time of day/week, coverage or sub classification, or any one of thousands of other combinations. CorVel can provide separate accounting for the expense of case management and surveillance, lost-wage indemnity and medical payments. Loss analysis reports are included and readily available on CorVel's system.

In addition to benchmarks for the City's program, CorVel system will consolidate information based on the number of accidents, costs, etc., per department, division, shift or capital project and provide various comparative ratios and averages. Safety/risk management reports will include the same detailed accident listings and accountability. We summarize accidents by coverage line, claimant name, claimant type, claimant age, accident type, cause, injury type, occupation, location, supervisor, and accident date/time of day. Loss experiences, payments comparisons and localized benchmarking reports are also available.

Please see Attachment F: Screenshots of Claims System.

17. Describe security to ensure client data confidentiality and privacy.

Access to CorVel's system is through a secure internet connection which is password protected. CorVel complies with HIPAA guidelines with regard to the security of our information systems and program offerings. Security has been implemented in the application at the window and function level as well as in the database. Users are not able to log directly into the database but must log into the application, which in turn places calls to the database. Access is restricted, physically, to the data center and is limited, logically, to the application data management team and the database administrator. Current examples of CorVel's data security procedures include:

- **Users accessing CorVel's network are provided with a user specific authentication/challenge.**
- **Outside of CorVel's secure frame relay network, CorVel utilizes VPN connectivity utilizing SSL 128 bit encryption. Encryption occurs between the end user's PC and CorVel's network.**
- **CorVel has installed Tumbleweed's MMS Redirect product which provides for the encryption of confidential information sent in email via the internet.**
- **Systems within CorVel's secure data center are architected to maintain maximum uptime. Redundancy is added where necessary.**
- **Nightly backups are securely stored offsite.**
- **To enhance security, CorVel's network is divided into multiple DMZs.**
- **Redundant firewalls are utilized.**

Additionally, where applicable, CorVel limits the uses and disclosures of Protected Health Information ("PHI") to those permitted by HIPAA. Further, CorVel has implemented safeguards to prevent non-permitted uses and disclosures of PHI, by means such as implementing applications to provide levels of granularity so users may only have access to the records for which they are responsible. CorVel also limits the collection of PHI to that which is necessary to perform its business obligations and meet regulatory requirements, and requires all employees to sign written agreements to keep all patient and client information confidential.

18. Describe how CITY can assess CONTRACTOR's on-line claim management and reporting system and any fee for this service.

    The City will be provided with reliable, secure internet access to your entire claims management program. CorVel provides all authorized parties an efficient and organized communication tool and information database that also allows the City's personnel the opportunity to add notes to the file.

    Access to CorVel's system is waived for up to 5 users by the City.

19. Provide sample printouts showing what information and analysis is available through CONTRACTOR's system.

    Please see Attachment F: Screenshots of CorVel's Claim System.

    Please see Attachment G: for sample reports available through our claims system.

20. Provide a sample monthly or quarterly report and an annual report that allows CITY to complete its self-insured, reports, tax forms, that meet requirements of the ICA.

    Please see Attachment G for sample reports available through our claims system.

21. List any limitations on CONTRACTOR's ability to provide CITY requested custom reports, and provide CITY a listing of any fees associated with custom reporting.

    CorVel will work closely with the City to meet the requested reporting requirements. CorVel also has the ability to provide ad hoc reports at the City's request if the City feels that our standard reports are not all inclusive. Ad hoc report inquiries can be made with data elements that we capture in real time from the claims system through claims data. CorVel can provide ad hoc reports to the City at an additional fee; however, it is rare that such requests are made as our standard report set is very robust.

Medical Cost Management/Bill Review

22. Describe the medical cost containment / management program, including any Preferred Provider Organization (PPO) type networks.

    CorVel offers our customers superior results by utilizing our completely integrated claims management and managed care solution. We have extensive expertise in both claims handling and managed care services allowing our clients to achieve the best possible outcomes. The City can obtain greater efficiency and earlier return to work on their claim files, while achieving greater reductions in the overall length and costs of medical treatment.

In addition to our claims administration services, the following proprietary managed care services are included in the program:

- **Case Management: CorVel's case management services address all aspects of disability management and recovery including telephonic, field and catastrophic case management as well as vocational rehabilitation. Electronic case notes, available through our online portal, www.caremc.com, provide the City real time access to information and status on a claim. Our Phoenix office employs a staff of nurse case managers who are well experienced in the Phoenix area. In addition, our nurses utilize iPad technology to update the claims system in real time at the time of all medical appointments, including obtaining and submitting electronic status reports for immediate upload into our system.**

- **Utilization Review: Our utilization review program provides prospective, concurrent and retrospective reviews to determine appropriateness of care, frequency and care setting. CorVel's experienced staff of utilization review case managers, board certified medical directors and peer review physicians utilize medical treatment protocols and expert systems technology to determine the medical appropriateness of care as well as frequency, duration and setting.**

- **Medical Bill Review: CorVel offers an innovative medical bill review program with savings up to 28% higher than industry averages. Our proprietary bill review software features a robust rules engine with more than 10 million rules, to accurately apply state fee schedules, review the bill for CPT code compliancy, errors, and duplicate or unsubstantiated charges, as well as correctly apply proprietary PPO discounts. In addition, all medical bills are processed locally at the jurisdictional level by Arizona staff that have extensive knowledge of, and focus solely on, the Arizona State Fee Schedule and local provider billing trends. Our localized service model, combined with our national technology capabilities offers a complete medical savings solution that delivers superior results. Our service includes PPO management, medical bill repricing, line-item review, expert fee negotiations, professional review, automated adjudication and electronic reimbursement. CorVel's innovative medical bill review program offers up to 56% average savings per bill in the state of Arizona**

- **PPO: CorVel offers a proprietary national PPO network developed and managed specifically for the casualty industry by local PPO Developers, and is comprised of over 750,000 board certified providers, including over 50,000 provides in Arizona. Providers are selected from a demanding criteria based on quality, range of services, price and location. CorVel offers provider look-up on our website, www.corvel.com, or our claims management portal, www.caremc.com. Users can locate providers in their area, see a map, get door to door driving directions or print a directory. Because CorVel is the only workers' compensation managed care provider to maintain an agreement with the Blue Cross Blue Shield of Arizona network, CorVel has an average penetration rate of 83% in Arizona.**

- **Pharmacy: CorVel's pharmacy management expertise, combined with over thirty years of workers' compensation experience, allows us to deliver solutions based on the unique needs of our clients. Our comprehensive pharmacy solution includes formulary management, maximum network penetration and aggressive utilization management. We provide access to a network of over 65,000 retail pharmacies nationwide, including approximately 1,150 retail pharmacies located in Arizona. CorVel's clinical expertise, investments in technology and customer service can provide the City with significant reductions in your pharmacy costs.**

- **Ancillary Care Services: CorVel's ancillary care services are based on four elements in cost containment - utilization, rate reduction, timeliness and reporting. We have contracted with the nation's most respected medical imaging, physical therapy and ancillary service networks to offer convenient access, timely appointments and preferred rates. We manage the entire coordination of care from appointment scheduling through reimbursement, working to achieve timely recovery and increased savings.**

- **Medicare Services: CorVel offers solutions to help you manage the requirements mandated by the Centers for Medicare and Medicaid Services (CMS). We have a long standing relationship with the CMS and have been offering Medicare Set Asides (MSA) since 2001. CorVel operates an MSA facility dedicated to these activities and our services have been expanded to assist our clients comply with new CMS reporting legislation. As an assigned agent, CorVel can provide services for Responsible Reporting Entities (RRE) such as insurers and employers.**

23. Describe procedures and available cost containment options to ensure that all medical bills are reviewed and paid per schedule or best available pricing.

CorVel's state-of-the-art bill review and claims management technology automates the review process to provide our customers with a faster turnaround time, more efficient bill review and a higher total savings. Our bill review software has an electronic data interface (EDI) capability that allows us to accept medical bills directly from medical providers.

When bills are received in paper form, CorVel uses scanning technology to transfer the bills into an electronic form. This eBill capability allows us to accept medical bills directly into our system for processing. Once the bill is scanned, Optical Character Recognition (OCR) will translate the characters into a standard text format and the bill will be loaded electronically into the bill review system. The use of OCR and Electronic Data Interchange significantly cuts back on manual data entry and paper shuffling.

Once the bill is loaded into the system, our technology then uses an electronic Rules Engine application to route the eBill to the most appropriate Bill Review Analyst. The Expert Review Matrix allows specialists in each diagnosis category, regulatory jurisdiction or benefit category access to bills across the country through bill review's secure server. All of the City's medical bills will be processed locally at the jurisdictional level by Arizona staff that have extensive knowledge of, the Arizona State Fee Schedule and local provider billing trends. This access permits CorVel specialists to utilize their knowledge and provide optimum review for each bill, in lieu of the current generalized and centralized processing location approaches in competing systems.

Our bill review artificial intelligence engine includes over ten million individual rules, creating a comprehensive review process that is more efficient than the traditional manual bill review, which has achieved industry leading savings results and either reduces or eliminates manual tasks.

CorVel has over 200 employees involved in the development, management and support of our bill review software. The City will have online access to comprehensive savings reports through the integrated bill review system. The process is paperless, through scanning and EDI, while

proving to be cost effective and efficient - no storage costs, no filing costs. Our rapid turnaround time and online platform make information available in real time.

Please see Attachment H: Bill Review Screenshots.

Please see Attachment I: Bill Review Workflow.

24. Indicate if these services are provided in-house or by third party Contractor(s).

The services listed in the questions above are provided in-house by CorVel. CorVel's software, systems and staff are direct resources of CorVel. We do not currently outsource or utilize any significant subcontractors.

25. Indicate any fees associated with any bill review or reduction services.

Please see Attachment J: Exhibit G Cost Summary.

26. Describe the process to ensure that claims are not double-paid.

CorVel's automated data validation program seeks to match claimant name, social security number and provider tax ID number to identify all duplications. All bills are reviewed for relatedness, matching CPT and ICD9 codes. Frequency and duration of treatment are also flagged for review as a component of Utilization Review. The system can automatically identify these items. This high level of automation and multiple data matching reduces the potential for human error. The review time is the same as for either the reasonable and customary, fee schedule, or PPO review.

CorVel employs comprehensive duplicate detection rules which fire prior to review by our trained Bill Review Analysts. The criteria the system checks against are patient ID and demographics, date of service, CPT codes and modifiers. The system will alert that the bill is a possible duplicate as determined by the patient ID and date of service match and will alert and deny specific lines based on patient ID, date of service and CPT codes/modifier. Duplicates are noted at both the line level and the bill level. At the line level, the duplicate is identified on the EOR; at the bill level, another copy of the EOR is produced and marked as a duplicate.

27. Describe the procedure for handling provider challenges of re-pricing.

CorVel has a dedicated local provider relations agent, and vigorously responds to disputed bill payments. If a review is sent back to CorVel for re-evaluation, it is logged into our system. The provider relations representative reviews the bill and the original review to determine if the bill was reviewed correctly. If the review is correct, a letter is sent to the client and provider explaining why the review is correct, citing the fee schedule or reasonable and customary rule that was applied.

CorVel's review is highly defensible and well accepted by medical providers. However, if the provider does not agree with CorVel's review, we will further assist the provider to understand how the bill was coded. If necessary, CorVel will appear as an expert witness to explain how the bill was coded, although appeals at this level are very rare. CorVel stands behind the integrity of our review and any defense of our protocol or rationale is performed at no additional charge.

If new information is provided that would allow an additional payment recommendation to be made, the amount and the original explanation will be included on the EOR sent to the customer and provider. If the additional recommendation creates a credit in fees, the amount will be included on the customer's next invoice.

28. If there are fees for medical cost management / bill review, describe how the fees are applied to individual claim.

    CorVel's bill review system interfaces with our claims management system to apply the appropriate fees to the individual claim.

29. Currently, all bills are reviewed. If no savings, there is no charge. Bills reviewed with savings are charged 30% of savings and this fee is monthly, charged to the individual claim.

    Please see Attachment J: Exhibit G Cost Summary.

30. Provide average time for payment of medical bills from date CONTRACTOR receives the bill with supporting documents to check being issued.

    CorVel's standard commitment for general provider bill review turnaround time is 5-7 business days, whether onsite or offsite, and may vary according to the amount of technology incorporated into the bill review process. Complex surgical or inpatient/outpatient hospital surgical bills have a turnaround time of 7-10 business days.

31. Most indemnity checks are to be sent to CITY, c/o Risk Management Division, payable to the claimant and CITY. Will this present any problems for CONTRACTOR? (Injured workers wages and benefits are kept whole by CITY for most employees).

    No, sending indemnity checks to the City, c/o Risk Management Division, payable to the claimant and the City will not present any problems for CorVel.

32. System should be compatible with Risk Master: this is preferred but not required.

    CorVel's system is compatible with Risk Master.

Start-Up Activities

33. Provide a detailed action plan, with time-lines, to implement the new claims handling and for transition of records and initiation of claims management for existing claims.

Implementation Plan

CorVel will designate an Account Manager to the City's program. The Account Manager will work closely with the City staff to design, implement, evaluate and facilitate the optimal program. The development of the program will begin with an initial set-up meeting between the City staff and CorVel's account management team to:

- **Verify scope of service**
- **Initiate further needs analysis**
- **Establish agreed upon service model and workflow**
- **Review program design and requirements**

A thorough implementation plan ensures the success of a new program. It is vital to set program goals at implementation. The size, locations and resources dedicated to each project vary based upon the actual service model agreed upon. CorVel will select the right staff for the project, making service model development, implementation, evaluation and modification successful.

The implementation team will consist of key management, technical and operations staff level from both CorVel and the City. Pre-implementation planning efforts make for a successful program. Goals for each stage of the implementation process and each level of functionality will be set prior to implementation efforts. CorVel recommends 15, 30, 45 and 60 day evaluation meetings and program reviews. This helps to implement any necessary changes in a timely manner and identify potential opportunities for enhancements. During this time, detailed process flows will be formulated for use in training and education.

Please see Attachment K: CorVel's Sample Implementation Milestones.

Transfer of Records

Current claims data will be mapped and integrated into CorVel's claims system if the City's current system does not use a paperless environment, specific documents will be scanned into our system because of our claims handling best practice process.

Successful system integration provides the Adjuster with the appropriate data integrity to perform their work while being assisted by operations support to ensure all necessary physical file data is scanned into our system to maintain a paperless file environment. The integration of the system data from the current the City platform to the CorVel platform is interdependent of the CorVel best practice process of claims management and operations support in a highly automated technological environment to ensure efficiency and best results.

CorVel will request a data transfer of all claim activity from the City's current vendor with corresponding control totals, record layouts, code translations, etc. Optimum time from

contract signing to complete the transition of data is 90 days. This timeframe can be shortened depending on the complexity of converting and loading data into our system. If there is no history data to convert to the system we can be ready to accept new claims within 30 days of contract signing. Unless there is some unusual or particularly unique piece of information you collect in your current system, we are able to accept and map your data to appropriate fields within our system. This would include, but not limited to, transactional data, file notes, reserve history, subrogation and litigation information, scanned documents, other exhibits in Adobe PDF, Microsoft Word and Microsoft Excel formats, assigned departments, employee occupation, accident locations, injury, body part and cause, and up to a 6 Tier organizational structure from which reporting can be generated at any level.

Legal Issues

34. Has CONTRACTOR ever been sued or had other legal action initiated by claimants or providers for cost management services or decisions? If yes, describe the nature of each suit, the outcome, and the settlement amount. A response is also required for each third-party Contractor that CONTRACTOR contracts with for services.

In the last five years there has not been any investigatory or regulatory action undertaken against CorVel that would affect CorVel's performance of any duties or responsibilities contemplated by the City other than as disclosed in our publicly-filed financial statements.

35. Has CONTRACTOR ever been the subject of any complaint filed with the Industrial Commission of Arizona (ICA) or any other Workers' Compensation board or regulatory agency in any state for CONTRACTOR's cost management services or decisions? If yes, describe the nature of each complaint, location, and outcome. Provide same information for each third-party Contractor.

CorVel has not been the subject of any complaint filed with the Industrial Commission of Arizona (ICA) or any other Worker's Compensation board or regulatory agency in any state for our cost management services or decisions.

Banking

36. Advise and explain the current system for check issuance, including who will have check signing authority for the City's account, and whether these employees are bonded, security procedures to ensure the safeguard of funds, and process by which checks are requested, processed and mailed.

CorVel will assist the City in setting up a checking trust account to be funded by the City for guaranteed timely payment of all legitimate, authorized expenses associated with handling the City's claims. This includes medical bills, TTD payments, TPD payments, legal fees, banking fees, investigation costs, rehabilitation expenses and other allocated loss expenses. CorVel highly recommends that the checking trust account is setup through Wells Fargo Bank.

CorVel prefers quarterly billing to the City and schedules billing for one month in advance of the quarter. Payment from the City for service fees can be taken directly from the trust fund (ACH transfer) or an invoice can be processed through the City's account payable system.

Checks are printed weekly for most clients, although bi-weekly and daily printing are available. Given there are adequate funds in the trust account, it is CorVel's policy to pay all bills within fourteen days of receipt to avoid double payments and potential penalties. Funding for the trust account can be in the form of an ACH transfer, wire or check. CorVel will send the City weekly or monthly check registers that document all the payments processed. Additionally, CorVel can perform monthly bank reconciliations for an annual fee.

Upon set-up of the City's trust account, an initial pre-funding amount will be determined based on average claim payment amount, reimbursement frequency and reimbursement lag. On average, this roughly equates to three times the amount of the payments processed between reimbursements. Reimbursement to the account can occur monthly or every other month as designated by the City, provided adequate funding for payments. Pre-specified authorization levels will be pre-approved by the City. Scott McCloud, Chief Financial Officer will have check signing authority for the City's account.

37. CITY uses a positive pay system to monitor all transactions daily. This requires CONTRACTOR's system to nightly upload electronically to CITY's bank, the checks that were issued that day. Is CONTRACTOR's system capable of electronic data transmission to CITY's financial institution? Are there any fees associated with this process?

CorVel can submit positive pay files via HTTPS, secure FTP, or email for various banking institutions.

We currently do not charge any fees for this service unless a custom interface is required for data transmission.

38. Discuss CONTRACTOR's process for handling stop pays, voided checks, and reimbursements.

CorVel will notify the City of all stop payments and issue a new payment immediately. If the check has been cashed, CorVel will request a copy of the front and back of the check. This procedure is to ensure there is no fraud taking place or to confirm to the payee that the check was indeed cashed. Voided checks are processed in-house once we confirm the check is no longer in circulation (stop payment/return). CorVel will process reimbursements and deposit the reimbursements into the City's trust account. All voided checks are sent to the finance department within one day of receipt. A claim refund form is completed so that the voided check is appropriately coded and applied to the claim file.

39. Explain security procedures to ensure the safeguard of funds, and process by which checks are requested, processed, and mailed.

CorVel has detailed procedures in place to ensure the security of check processing for claim payments.

CorVel's Claims Adjusters post payments to the claims system but do not have the ability to print checks. The posted payment passes through four different approval levels to ensure appropriateness of payment. Once all approval levels have been met, the system generates the check for issuance to the appropriate party. To further ensure checks and balances, the finance department has the ability to print checks but does not have the ability to enter new payments, edit existing checks in the claims system or produce manual checks. All transactions must be routed through the electronic file process where the system automatically records all activities. The activity log is reviewed, audited and backed up once a month.

CorVel's claims finance department is in a secure location with building security provided throughout the building on a 24 hour basis via on duty guards and video surveillance. CorVel utilizes a CheckPoint Security System at the main entrance.

All payment files are stored on a secure computer server and backed up to tape every night. Tapes are taken offsite to a secure storage facility. CorVel is also covered by liability, dishonesty and errors and omissions insurance.

The processing of all subrogation and recovery checks occurs outside of the claim office that handles the claims for security reasons. All subrogation and recovery checks are sent to our finance department for verification and posting to the respective claim file.

40. Who will have check signing authority for CITY's account? Are these employees bonded?

Scott McCloud, Chief Financial Officer will have check signing authority for the City's account. CorVel employees are not individual bonded; however, CorVel does have in place a Fidelity Bond/Crime policy.

Miscellaneous

41. CITY anticipates a long-term relationship with CONTRACTOR. However, in the event of a termination of the relationship, detail how records and electronic files would be provided to the new TPA and the timeline for transition.

In the event of termination of the agreement, CorVel will work with the City to facilitate a smooth transition to the new administrator. This will ensure no lapse in payment of benefits to injured workers. This also includes advance payment of benefits and authorization of medical treatment as deemed necessary until such time is agreed upon with the City to cease administration of active claims.

All physical files and electronic data remain the property of the City. We would provide all data in an ASCII fixed field layout by way of FTP transmission. Data will be made available within two (2) business days of our last day performing services under the agreement. All code, layout and translation tables will be provided well in advance.

42. Are ISO fees included in the claim handling fee? If no, explain the ISO fee.

ISO fees will be included in the claim handling fee.

Exhibit D
Scope of Work
Pharmacy

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Pharmacy Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY, claimants, and medical providers. The provider will accept the Occupational Health Nurse to approve any/all medications if the Contractors above are not available.

CorVel's pharmacy program provides access to a network of over 1,150 retail pharmacies located in Arizona. CorVel strategically partnered with a nationally known and respected pharmacy network, CVS/Caremark, to leverage their network size and market presence to ensure maximum penetration and pharmacy compliance. CVS/Caremark serves as a valuable partner to ensure CorVel's transactions are processed accurately and that we offer extensive pharmacy coverage nationwide.

CorVel maintains dedicated Pharmacy Benefit Management staff to apply our proprietary workers' compensation formulary and utilization management protocols, such as brand to generic conversion. The combination of available utilization management resources and network penetration depth yields the most cost effective model with the most comprehensive level of personalized service delivery.

CorVel represents and warrants that we have the necessary knowledge, skills and experience to perform the pharmacy services in accordance with the terms and conditions listed above, and we will perform the services in a diligent, professional manner using an appropriate number of qualified individuals and in accordance with applicable industry standards. CorVel will provide the City with a toll-free phone and fax number for use by the City, Claimants and medical Providers.

1. Review and process all prescriptions on all industrial or illness claims and meet the requirements of the ICA on fee schedule. The prescription will be approved in 1-2 hours of the employee delivering the script to the pharmacy.

CorVel will review and process all prescriptions on all industrial or illness claims and meet the requirements of the ICA on fee schedule. The prescription will be approved in 1-2 hours of the employee delivering the script to the pharmacy.

CorVel's pharmacy program electronically audits 100% of all prescription claims that are submitted from provider pharmacies. Sophisticated information processing systems are used to analyze pharmacy claim submission. The pharmacy program audits monthly for compliance in the following areas:

- **Generic substitution rates**
- **Dispense as Written (DAW) utilization**
- **Average days' supply**
- **UCC compliance (retail pharmacy transactions)**

- **Average cost of brand pharmaceutical prescription**
- **Average cost of generic pharmaceutical prescription**
- **Controlled substance utilization**
- **Compound prescription**

CorVel offers a First Fill Program in order to capture first fill prescriptions. We supply the City with temporary pharmacy cards, to be distributed by Office, Supervisor or Occupational Health Nurse (distribution is decided by the City).

With the temporary pharmacy card, the pharmacy is instructed to fill any prescription written by the doctor to whom the patient was sent by the employer. The drugs are dispensed whether or not the patient's claim is accepted as a workers' compensation claim. Most claims will ultimately be accepted; however, in some rare cases, we would arrange to bill the employer directly for those claims that are ultimately not accepted.

2. Each claimant will be delivered a card that will approve continuation as medications get refilled.

Once the claim for an injured worker is found to be compensable by the assigned Claims Adjuster, CorVel is notified via email or fax with a request for card issuance. CorVel will distribute a permanent pharmacy ID card to every newly injured worker whose information comes through on the daily claim load from the City. A pharmacy ID card can also be ordered via our claims system or by faxing, emailing or calling the pharmacy call center. Our pharmacy ID cards are designed to incorporate the use of a unique identifying number and the date of injury, creating a unique number that is specific to the particular claim. It also provides valuable contact information to the pharmacist for pre-authorization requests or for technical assistance.

Along with the pharmacy ID cards, a notification letter is sent to the newly injured worker explaining the pharmacy program. The letter includes a list of the larger participating pharmacy chains with instructions to present their pharmacy ID card in the event they require medication. The use of the pharmacy ID card prevents the injured worker from paying drug costs up front.

Benefits of the pharmacy ID card program include:

- **Elimination of out-of-pocket expenses for injured worker**
- **Point-of-service drug utilization review**
- **Encourages the use of generic drug substitution**
- **Provides a paperless transaction**

3. Medications will be approved by the TPA or the Occupational Health Nurse and a number will be made available to the pharmacies so there will be no delays in treatment.

CorVel's pharmacy benefits software has drug utilization review (DUR) edits as an integral part of the program. These edits include information on standard dosages and utilization. Reports include successful filled prescriptions and those denied and the reason for the denial.

The pharmacy program clinical department develops prior authorization criteria based upon guidelines established by various Workers' Compensation entities, i.e. NCCI; or may be tailored to meet the City's current protocols. The pharmacy will receive a message stating that the prescription requires a prior authorization and the telephone number to call to obtain this authorization. The authorization process can be handled by the pharmacy program clinical department or the pharmacy staff will notify the appropriate the City personnel for final determination on the prior authorization request. The pharmacy will be notified of the final outcome of their request.

CorVel's pharmacy network will provide information specific to the City's workers' compensation pharmacy program to all pharmacies in the network to ensure that they recognize and honor the CorVel pharmacy cards. Any changes pertinent to claim processing for this program is also communicated to the pharmacies in a timely manner.

For each pharmacy card issued, CorVel will contact the injured worker to educate them on the pharmacy program and the use of their pharmacy card. We will also determine what pharmacy the injured worker will be using and contact that pharmacy to verify they are familiar with CorVel's program and alert them that the injured worker will be utilizing the pharmacy program.

CorVel's pharmacy program has a toll free number where our staff is available 24 hours a day, 7 days a week to provide answers to inquiries.

4. The TPA will advise the Contractor when a claim is closed.

CorVel agrees and will comply.

5. Treat all files and information as strictly confidential and not discuss the nature of any/all medication(s), or amount paid.

With over 30 years of experience in healthcare management and regulatory compliance, CorVel understands the sensitivity of health information and we continue to make company-wide initiatives to protect informational privacy and security. Our systems, software and services are continually enhanced to safeguard Protected Healthcare Information (PHI) and assure our clients and trading partners that exchanging data with CorVel will take place within the bounds of HIPAA compliance. Access to our network and web-based services entails user-specific authentication and role based security. In addition to our technical safeguards, administrative and physical safeguards have been put into place throughout CorVel. Our staff is fully trained in HIPAA compliance and we continue to keep our staff updated through a corporate driven initiative which encompasses all aspects of training, documentation and execution pertaining to HIPAA.

6. Retain file administered under this agreement until notified of disposition of the TPA/ or as the law dictates.

CorVel will maintain electronic copies of all City files for a period of seven (7) years or in accordance with corresponding jurisdictional requirements, whichever is longer.

7. Alert the TPA or the City of Chandler's Occupational Nurse of any discrepancies that might be noticed.

CorVel agrees to alert the TPA or the City of Chandler's Occupational Nurse of any discrepancies that might be noticed.

8. Have knowledge of Phoenix providers, diagnosis and medications that are applicable to the injury/illness.

CorVel's localized service model extends to our Pharmacy Benefit Management program, providing knowledge of Phoenix providers, with extensive on-staff clinical expertise on diagnosis and medications that are applicable to injuries/illness.

CorVel offers a Medication Review Program that reduces costs by working with all treating physicians to ensure that patients get the most appropriate care in the most cost effective manner. Physicians review prescriptions, determine medical necessity, consider alternative medications and attain the treating physician's agreement. If recommended changes to the regimen are made, the savings can be annualized.

Medication Review Program elements:

- **Determines total drug therapy costs over claimant's life expectancy**
- **Reviews medical necessity of current medications and determines appropriate and more effective drug therapy plan**
- **Provides sign-off with treating physician for alternate drug therapy plan**
- **Provides savings report at case closure**

CorVel offers clinical modeling as part of our medication review program to assist in identifying significant cost-drivers in pharmacy utilization before they become too advanced. We have developed a proprietary set of rules in our system to flag specific indicators such as narcotics usage, length of use and certain drug combinations that can contribute to rising costs. Clinical modeling also helps identify prescription abuse, addiction, increased use of psychotic medications, and inappropriate prescribing which can benefit from proactive intervention through CorVel's medication review program.

Our integrated program provides us with full visibility into a patient's entire drug history including drugs obtained from retail pharmacies, mail order pharmacies and physician dispensing. This is critical in the early identification of potential costly claims as well as harmful interactions, contradictives or duplicates. Once a potential costly claim is identified, our locally based clinicians, including doctors, nurses and pharmacists, will consult with the prescribing

physicians to review the full medical history and recommend changes to the medication therapy plan. This can result in a significant reduction in overall medication costs and ensure that injured workers are receiving the most appropriate medications in the most cost effective manner.

Exhibit E
Scope of Work
Bill Review

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Bill Review Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY.

CorVel represents and warrants that we have the necessary knowledge, skills and experience to perform the bill review services listed above in accordance with the terms and conditions, and we will perform the services in a diligent, professional manner using an appropriate number of qualified individuals and in accordance with applicable industry standards. CorVel will provide the City with a toll-free phone and fax number for use by the City, Claimants and medical Providers.

1. Determine eligibility for an authorize payment of medical bills within 1-3 days after receiving the official bill.

   CorVel will determine eligibility for an authorize payment of medical bills within 1-3 days after receiving the official bill. CorVel's proprietary state-of-the-art bill review and claims management technology, automates the review process to provide our clients with a faster turnaround time, more efficient bill review and a higher total savings.

2. Review and process all bills on industrial or illness claims and meet the requirements of the ICA on fee schedule.

   CorVel will review and process all bills on industrial or illness claims and meet the requirements of the ICA on fee schedule. All of the City's medical bills will be processed locally at the jurisdictional level by Arizona staff that have extensive knowledge of, and focus solely on, the Arizona State Fee Schedule and local provider billing trends. CorVel's decentralized medical bill review service model allows our staff to apply their expertise, and yields a more accurate, higher fee schedule reduction.

3. Have knowledge of the fee schedule and any changes made and to make the City aware of any Changes.

   CorVel has state experts and corporate strategy personnel monitoring all state requirements to ensure our products are in compliance with state mandates. Our local bill review team works directly with our software programmers to make timely fee scheduling updates to our bill review system rules engine, ensuring accuracy and intelligence. CorVel provides training and fee schedule updates to our local staff on a regular basis, and will advise the City of any changes made to the Arizona Fee Schedule. All fee schedule and reasonable and customary updates are

performed according to state requirements, whether quarterly, bi-annually or yearly. The information is updated within five days of the date the state issued a change to its schedule. Occasionally, a state will drastically change their fee schedule methodology. Typically the state will allow additional time to load the fee schedule.

4. Document each bill approved, each service provider, and the date of the service provided.

   CorVel will document each bill approved, each service provider, and the date of the service provided in our bill review system. The City will have real time access to all of this information.

5. The contractor will send a monthly report to the Occupational Nurse for all approved bill payments.

   The designated Account Manager will send a monthly report to the Occupational Nurse for all approved bill payments.

6. Retain files administered under this agreement until notified of disposition of the TPA/ or as law dictates.

   CorVel will maintain electronic copies of all City files for a period of seven (7) years or in accordance with corresponding jurisdictional requirements, whichever is longer.

7. Treat all files and information as strictly confidential and not discuss the nature of any/all bill (s), or amount paid.

   CorVel agrees to treat all files and information as strictly confidential and not discuss the nature of any/all bill (s), or amount paid.

8. Any questionable bills submitted shall be inspected and either the TPA or the Occupational Health Nurse will approve or give the Contractor the approval.

   CorVel agrees and will comply.

Attachment A: CorVel's Claims Handling Process

Attachment B: Claim Sample Reports

Attachment C: Resumes of Key Personnel

Attachment D: CorVel's Claims Management Best Practices

Attachment E: SSAE 16 Compliance Letter

Attachment F: Screenshots of Claims System

Attachment G: Bill Review Sample Reports

Attachment H: Bill Review Screenshots

Attachment I: Bill Review Workflow

Attachment J: Exhibit G: Cost Summary

Attachment K: CorVel's Sample Implementation Milestones

Attachment L: Chandler Forms

Attachment M: 2011 & 2010 Annual Reports

Attachment N: Exceptions

CORVEL

Attachment A: CorVel's Claims Handling Process

CORVEL

Claims Handling Process

Timely processing, investigation and determination of benefits are essential in order to ensure an injured worker receives appropriate medical care. CorVel deploys the right resources at the right time to exercise effective cost control and meet payment and notice deadlines required by various jurisdictions.

Step One: Advocacy 24/7

At the time of injury or incident, employees have round-the-clock access to nurses who will evaluate the nature of the injury and determine immediate medical needs. In many situations, self-care can be administered avoiding a costly claim.

Step Two: Early Intake

CorVel's early intake program promotes immediate access to report an injury or incident to improve return to work results. Our early intake provides various avenues that offer flexibility and convenience for the initial reporting of an injury or incident via Advocacy 24/7, our FNOL call center, treatment authorization or incident report. Claims are immediately processed by our proprietary rules engine and assigned to a Claims Adjuster within one business day or less of initial receipt.

Step Three: Claim Set-Up

Using CorVel's technology, the City can initiate the claim process as soon as an injury occurs. By entering the details of an incident and answering prompts designed to assist with accurate reporting, the City is able to meet statutory reporting requirements while notifying our Claims Adjuster that a potential claim exists. This notice is transmitted directly to our Claims Adjuster resulting in timely claim set-up.

Step Four: Triage and Early Identification of Complex Claims

CorVel's industry leading triage rules engine utilizes proprietary technology to identify and prioritize claims. We process incidents and immediately separate simple, non-complex claims (i.e. medical only claims) from complex claims, such as claims with ongoing indemnity and claims requiring medical management. If a claim is identified as complex or potentially complex, an additional level of triage is performed by a medical professional. CorVel's FNOL process and multi-level claims triage will enable the City and CorVel to know which cases need special attention before they become complex, saving time and money over the life of the claim. Subrogation potential is also identified during the triage process. Claims identified as having subrogation issues will be investigated, and a subrogation recommendation to pursue further will be made within fourteen (14) days of claim receipt. The initial Notice of Subrogation will be sent pursuant to jurisdictional requirements, with follow-up at a minimum of every ninety (90) days. Follow-up on appropriate recovery is required as part of the Claims Adjusters action plan.

Step Five: Investigation

Quality initial claims investigation is the cornerstone of effective claims management. It requires timely and thorough fact gathering, which makes results-oriented claims management possible. All claims identified as complex will have a detailed initial investigation performed, with detailed file documentation that addresses compensability, evaluates possible exposure and outlines the future plan of action.

The investigation will begin within 24 hours of CorVel's receipt of the claim. The investigation is an extension of the initial triage process, which will include contact with the employee, the City and medical provider. The completion of the 3 point contact must be documented within 48 hours. Any circumstances which prevent the completion of the 3 point contact within this timeframe must be fully documented and additional efforts (due diligence) to contact these parties (email, certified mail) must be utilized.

Step Six: Compensability and Plan of Action

Once the investigation phase is complete, a determination of compensability will be documented. Within two (2) business days from the receipt of the claim, an action plan based on the collaboration between the claims professional and the medical professional will be initiated. On all open, complex or potentially complex claims that include the payment of indemnity benefits, the action plan will be updated at a minimum of every thirty (30) days. For all other complex claims, the action plan will be updated a minimum of every ninety (90) days until the claim is resolved.

Step Seven: Reserving

Upon completion of the initial contacts and investigation, an accurate reserve reflecting the expected cost of the claim, based on the information known about the claim at the time, must be documented no later than five (5) days after the initial receipt of the claim. For complex claims, our reserve review performed at thirty (30) days must include a reserve worksheet detailing the reserve amount, while taking into consideration any additional information received. At this point, the reserve methodology will reflect ultimate probable costs based on all available facts. Reserves will be reviewed at a minimum of every ninety (90) days thereafter.

Ongoing throughout the life of the claim:

Quality Assurance

Using CorVel's advanced technology, a systematic claim audit is performed twice daily to monitor compliance with best practice standards and ensure quality. Additionally, supervisory reviews are performed on all open complex claims at a minimum of every ninety (90) days. Claims may qualify for branch or district review based on severity and complexity of issues. CorVel's Quality Assurance department also performs audits which measure program compliance and quality. Based on the audit results, our Quality Assurance department will conduct training to bring an individual or a unit into compliance. In addition, ongoing training will be tailored to enhance the professional development of our medical and claim professionals, whether it is regarding our internal best practices or an external issue such as jurisdictional changes and case law review.

Litigation Management

It is CorVel's best practice to maintain appropriate control and oversight of litigation for the best possible outcome. CorVel will maintain a list of approved and appropriate counsel. Upon referral to counsel, the Claims Adjuster will provide a written plan of action outlining the issues that need to be addressed. For ongoing litigation, the Claims Adjuster will request a budget of anticipated activities and associated costs. This budget will be reviewed with the City to consider other courses of action, including possible settlement, prior to continuing with litigation.

Special Investigation

The CorVel system has an automated questionable claim indicator alert. This system helps the Claims Adjuster identify claims where the injury is inconsistent with the disability claimed, as well as several other factors that may make a claim questionable. This does not however, relieve the Claims Adjuster from reviewing and considering all information available on a regular basis and identify other indicators warranting dispute consideration. When these claims are identified, the claim will be referred to the appropriate Claims Adjuster, which may include an outside Special Investigation Unit, or private investigator. The Claims Adjuster will maintain control of the process by providing written referrals to any outside investigator outlining specific direction for activity. the City will be notified, and where required, approval will be obtained prior to initiating any outside referral.

Program Parameters

Issues such as required excess notification, settlement authority, reserve change notification thresholds, payment pre-notification amounts, and other program specific parameters are jointly determined by the City and CorVel. These parameters will be documented in the Client Service Plan and Special Handling Instructions.

Claims Management and Advocacy

The goal of claims management is to return an injured employee to pre-injury status as soon as possible in the most cost efficient and effective manner available. Throughout the life of a claim, CorVel will provide an aggressive, proactive approach making every effort to assist the injured employee while controlling the claim's cost. Our claims management system is fully integrated with our medical management services to ensure a successful resolution for the injured employee at the lowest possible cost for the City.

Step Eight: Case Closure

All indemnity cases, where permanent disability is not an issue, will be closed within 60 calendar days of the final financial transaction or final correspondence to the injured worker as required by law. All indemnity claims where permanent disability is an issue and future medical care is awarded shall remain open for 1 year from the last payment of benefits and then closed within 60 calendar days from that date.

Attachment B: Claim Sample Reports

(These documents are held separately because they contain confidential information)

Reserving
Upon completion of the initial contacts and investigation, an accurate reserve reflecting the expected cost of the claim, based on the information known about the claim at the time, must be documented no later than five (5) days after the initial receipt of the claim. For complex claims, our reserve review performed at thirty (30) days must include a reserve worksheet detailing the reserve amount, while taking into consideration any additional information received. At this point, the reserve methodology will reflect ultimate probable costs based on all available facts. Reserves will be reviewed at a minimum of every ninety (90) days thereafter.

Subrogation
Subrogation potential is identified during the triage process. Claims identified as having subrogation issues will be investigated, and a subrogation recommendation to pursue further will be made within fourteen (14) days of claim receipt. The initial Notice of Subrogation will be sent pursuant to jurisdictional requirements, with follow-up at a minimum of every ninety (90) days. Follow-up on appropriate recovery is required as part of the Claims Adjusters action plan.

Quality Assurance
Using CorVel's advanced technology, a systematic claim audit is performed twice daily to monitor compliance with best practice standards and ensure quality. Additionally, supervisory reviews are performed on all open complex claims at a minimum of every ninety (90) days. Claims may qualify for branch or district review based on severity and complexity of issues. CorVel's Quality Assurance department also performs audits which measure program compliance and quality. Based on the audit results, our Quality Assurance department will conduct training to bring an individual or a unit into compliance. In addition, ongoing training will be tailored to enhance the professional development of our medical and claim professionals, whether it is regarding our internal best practices or an external issue such as jurisdictional changes and case law review.

Litigation Management
It is CorVel's best practice to maintain appropriate control and oversight of litigation for the best possible outcome. CorVel will maintain a list of approved and appropriate counsel. Upon referral to counsel, the Claims Adjuster will provide a written plan of action outlining the issues that need to be addressed. For ongoing litigation, the Claims Adjuster will request a budget of anticipated activities and associated costs. This budget will be reviewed with the City to consider other courses of action, including possible settlement, prior to continuing with litigation.

Special Investigation
The CorVel system has an automated questionable claim indicator alert. This system helps the Claims Adjuster identify claims where the injury is inconsistent with the disability claimed, as well as several other factors that may make a claim questionable. This does not however, relieve the Claims Adjuster from reviewing and considering all information available on a regular basis and identify other indicators warranting dispute consideration. When these claims are identified, the claim will be referred to the appropriate Claims Adjuster, which may include an outside Special Investigation Unit, or private investigator. The Claims Adjuster will maintain control of the process by providing written referrals to any outside investigator outlining specific direction for activity. the City will be notified, and where required, approval will be obtained prior to initiating any outside referral.

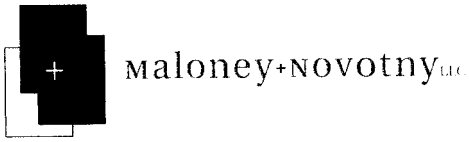
Program Parameters
Issues such as required excess notification, settlement authority, reserve change notification thresholds, payment pre-notification amounts, and other program specific parameters are jointly determined by the City and CorVel. These parameters will be documented in the Client Service Plan and Special Handling Instructions.

Ongoing Claims Management and Advocacy
The goal of claims management is to return an injured employee to pre-injury status as soon as possible in the most cost efficient and effective manner available. Throughout the life of a claim, CorVel will provide an aggressive, proactive approach making every effort to assist the injured employee while controlling the claim's cost. Our claims management system is fully integrated with our medical management services to ensure a successful resolution for the injured employee at the lowest possible cost for the City.

CORVEL

Attachment E: SSAE 16 Compliance Letter

4774 Munson Street NW Suite 402 | Canton, Ohio 44718
P 330.966.9400 F 330.966.9401 W maloneynovotny.com



September 15, 2011

To Whom It May Concern:

This letter is being furnished to you in response to your request for the CorVel Enterprise Comp, Inc. Claims Processing and Reporting System, for the CorVel Claim System Application, Service Organization Control (SOC1) Report on System Description and on the Suitability of the Design and Operating Effectiveness of its Controls. Statement on Standards for Attest Engagements No. 16, *Reporting on Controls at a Service Organization* (SSAE 16), specifies that the authorized users of the SOC1 report include only present user entities of the service organization and their financial statement auditors, and do not include potential user entities of the service organization. As such, it would not be appropriate to distribute the SOC1 report to potential customers.

We confirm that we have completed a Type 2 SOC1 report on the CorVel Enterprise Comp, Inc. Claims Processing and Reporting System, for the CorVel Claim System Application, covering the period July 1, 2010 through June 30, 2011. The opinion was dated September 6, 2011 and was unqualified.

Maloney + Novotny LLC is a full service public accounting firm headquartered in Ohio and has been providing audit, accounting, tax and consulting services to clients for over 80 years. Maloney + Novotny LLC is registered with the Public Company Accounting Oversight Board (PCAOB) and a member of the Center for Audit Quality of the American Institute of Certified Public Accountants. We have performed service organization control audits for CorVel Corporation for several years.

Sincerely,

Steven M. Thomas, CPA
Shareholder
Maloney + Novotny LLC

Attachment F: Screenshots of Claims System

(These documents are held separately because they contain confidential information)

Attachment G: Bill Review Sample Reports

(These documents are held separately because they contain confidential information)

Attachment H: Bill Review Screenshots

(These documents are held separately because they contain confidential information)

Attachment I: Bill Review Workflow

CORVEL

Bill Review Workflow

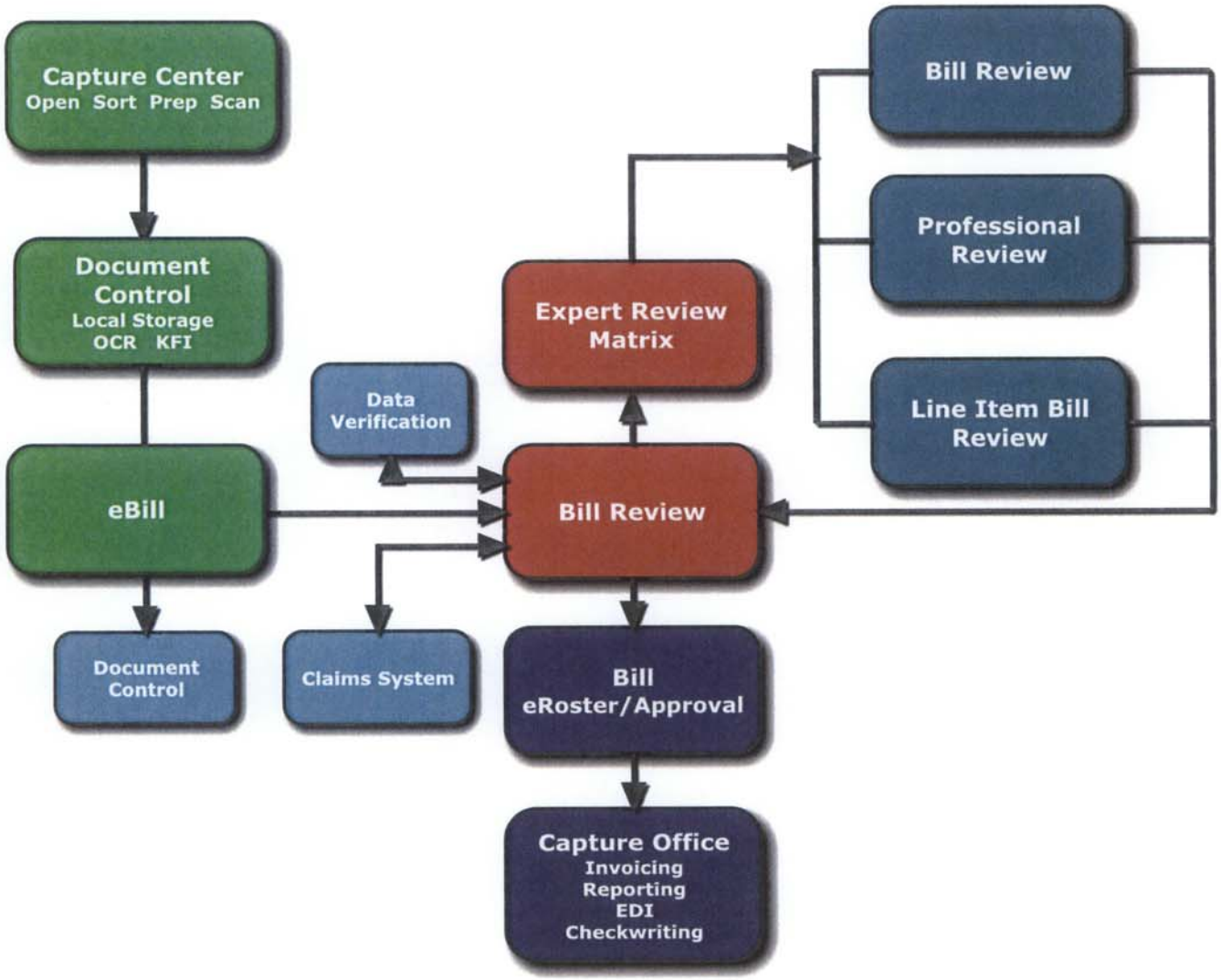


EXHIBIT G
COST SUMMARY

The term of the contract shall be for three years with options to renew for two additional two-year terms. Multiple year pricing is highly recommended but not mandatory.

Assume an average of 121 medical and 40 indemnity claims per year. See Exhibit H for claims history.

CLAIMS HANDLING			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
Cost for handling claims: A. Open at inception of contract and/or B. Reported during each contract year: Medical only, per claim Indemnity, per claim Report only, per claim C. Annual fee for claims that continue to be open or are reopened: Medical only, per claim Indemnity only, per claim	 $250 Indemnity $95 Medical Only $150 $600 $0* $0 $300	 $0 $150 $600 $0* $0 $300	 $0 $150 $600 $0* $0 $300
Charge per claim if more than 121 medical and / or 40 indemnity claims reported in one-year period	$ Per Schedule Above	$ Per Schedule Above	$ Per Schedule Above
If claim fees are not all inclusive, list other applicable fees:	$0	$0	$0
Estimated total annual fees: Preferred method of payment: □ Monthly ■ Quarterly □ Annually	$42,150	$42,150	$42,150

*If reported electronically

Included At No Additional Charge:
- Electronic First Notice of Loss Intake
- 24/7 Nurse Triage
- Annual Administration Fee
- 5 Care[MC] User ID's
- Annual Banking Fees (one account)
- Indexing

EXHIBIT G
COST SUMMARY (CONTINUED)

PHARMACY			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
List standard fees			
a. Retail - Brand	AWP – 7% + $5	AWP – 7% + $5	AWP – 7% + $5
b. Retail - Generic	AWP – 18% + $5	AWP – 18% + $5	AWP – 18% + $5
c. Mail Order - Brand	AWP – 10% + $4	AWP – 10% + $4	AWP – 10% + $4
d. Mail Order - Generic	AWP – 20% + $4	AWP – 20% + $4	AWP – 20% + $4
Fees for optional Services			
a.			
b.			
c.			

BILL REVIEW			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
List standard fees			
a. Bill Review	$8.00/Bill	$8.00/Bill	$8.00/Bill
b. PPO/Professional Review	25% of Incremental Savings	25% of Incremental Savings	25% of Incremental Savings
Fees for optional Services			
a.			
b.			
c.			

Richard Schwoppe
Authorized Representative Signature

11/29/2011
Date

CorVel Enterprise Comp, Inc.
CONTRACTOR

Attachment K: CorVel's Sample Implementation Milestones

(These documents are held separately because they contain confidential information)

Attachment L: Chandler Forms

CITY OF CHANDLER, ARIZONA

NOTICE OF FORMAL SOLICITATION

SOLICITATION TYPE:	**REQUEST FOR PROPOSALS**
SOLICITATION NO.:	RM2-953-3045
PROPOSAL DUE DATE AND TIME:	November 29, 2011 at 4:00 pm local Arizona time

LOCATION:	**MAILING ADDRESS:**
Purchasing Division	Mail Stop 901
175 S. Arizona Ave, 3rd Floor	P.O. Box 4008
Chandler, Arizona 85225	Chandler, AZ 85244-4008

Note: There will be a Pre-Proposal Conference at the 4th Floor Large Conference Room, 175 S. Arizona Ave, 4th Floor, Chandler, on November 15, 2011 at 9:00 am local Arizona time.

Sealed proposals for the commodity or service specified will be received by the Purchasing Division, City of Chandler, 175 S. Arizona Ave, 3rd Floor, Chandler, Arizona 85225, until the time and date cited above. Names of offerors received by the correct time and date will be opened publicly and read aloud at the Purchasing Division Office.

Offers must be in the actual possession of the Purchasing Division Office and stamped by a member of the Purchasing Division staff on or prior to the exact time and date indicated above. Late submittals or unsigned submittals will not be considered under any circumstances.

Offers must be submitted in a sealed envelope with the solicitation invitation number and the Offeror's name and address clearly indicated on the envelope. All offers must be completed in ink or typewritten. Additional instructions for preparing your offer are provided on the following pages.

Commodity and/or Service **Third Party Claims Administrator – Workers' Compensation**

Contract Type and Period **Term Contract**

Issue Date: October 24, 2011

CONTACT:

Kristy Garcia, CPPB
Procurement Officer
PH: (480) 782-2402 / FAX: (480) 782-2410
Email: kristy.garcia@ChandlerAZ.gov

THIS OFFER IS SUBMITTED BY:

Name of Company CorVel Enterprise Comp, Inc.

Contact Name Jennifer Fox Sanbet

OFFER SECTION
(Including all information required to be submitted with Offer)

1. **OFFEROR**

Firm Name: CorVel Enterprise Comp, Inc.

Contact Name: Jennifer Fox Sanbet

Principal Address: 2010 Main Street, Suite 600
Irvine, CA 92614

Phone: 720-250-0769

Local Address: 1850 N. Central Avenue, Suite 1200
Phoenix, AZ 85004

Phone: 602-288-1838

Fax: 866-449-5057

E-Mail: jennifer_sanbet@corvel.com

Type of Organization: Corporation

Tax ID #: 42-1704550

License #: 971004 (Arizona Adjuster License)

2. Exceptions to RFP: Please see Attachment N for Exceptions
(See Information & Instructions §4.5.4 Exceptions to Solicitation)

3. Disclosure of Debarment information: Not Applicable
(See Information & Instructions §4.5.5 Disclosure)

4. Prices:

A. Price list. Refer to Exhibit G attached.

B. Prompt Payment Terms: Net 30

C. Tax Percentage: Not Applicable

D. Will you accept a City Procurement Card (MasterCard) for payment of invoices? No

E. Will you accept automated clearinghouse (ACH) for payment of invoices? Yes

5. Receipt of Addenda:

Offeror acknowledges receipt of the following Solicitation Addendum(s):

Addendum No.	Date
Addendum #1	11/17/2011

A Corporation

By: CorVel Enterprise Comp, Inc.
(Corporation Name)

Delaware
(State of Incorporation)

By: Richard Schweppe
(Signature of Officer Authorized to Sign)

Richard J. Schweppe
(Printed or Typed Name of Officer)

Attest: _____
(Secretary)

Federal I. D. Number: 42-1704550

Business Address: 1850 N. Central Avenue, Suite 1200
Phoenix, AZ 85004

Phone No.: 720-250-0769

Fax No.: 866-449-5057

A Joint Venture

By: _____
(Signature)

_____
(Printed or Typed Name)

_____
(Address)

By: _____
(Signature)

_____
(Printed or Typed Name)

_____
(Address)

(Each party to the joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above.)

CERTIFICATE OF INSURABILITY

I hereby certify that as an Offeror to City of Chandler for **Third Party Claims Administrator / Workers Compensation; Contract No. RM2-953-3045**, I am fully aware of Insurance Requirements contained in the Contract and by the submission of this offer, I hereby assure City of Chandler that I am able to produce the Insurance coverage required should I be selected to be awarded the Contract.

Should I be awarded the Contract by City of Chandler, and then become unable to produce the Insurance coverage specified within ten working days, I am fully aware and understand that I may not be considered for further projects by City of Chandler.

Richard Schuppe

Signature of Offeror

CorVel Enterprise Comp, Inc.

Company

11/23/2011

Date

EXHIBIT A

Contractor Immigration Warranty
To Be Completed by Contractor Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: CorVel Enterprise Comp, Inc.		
Name (as listed in the contract): Same as above		
Street Name and Number: 1850 N. Central Ave., Suite 1200		
City: Phoenix	**State:** AZ	**Zip Code:** 85004

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:

Richard Schweppe

Printed Name: Richard J. Schweppe

Title: Secretary

Date (month/day/year): 11/23/2011

CORVEL

Attachment M: 2011 & 2010 Annual Reports

CorVel Corporation
2011 Annual Report and Form 10-K

The Year in Review:

This past year has been one of methodical progress for CorVel. In Fiscal 2011 we built momentum in our financial results and made significant progress in our continued strategic transition from a traditional managed care company to a full service workers' compensation solution. Throughout Fiscal 2011, CorVel's growth rate gained momentum enabling us to achieve a 13% increase over last year, increasing our revenues to $381M for Fiscal 2011. That level of sustained growth allowed us to report record revenues in all four quarters of the fiscal year, but also our first $100M revenue quarter in March 2011. EPS for the year was $2.05, negatively impacted by $.46 from the settlement of a class action lawsuit in Louisiana. Excluding the one-time charge, we would have had record EPS performance to go with our record revenue performance, yet putting the Louisiana issue behind us was an important step.

This past year has been critical for CorVel strategically as we continue to develop our Enterprise Comp services focused on the employer market. While our strategic transition presents a welcome set of challenges, in retrospect we only wish we would have begun earlier. CorVel's commitment to an improved claims management process remains undeterred. In fact, our resolve has more conviction than ever before. CorVel's ability to provide the entire suite of services for employers to more effectively manage their workers' compensation program in an integrated, cohesive delivery system has put us in a unique position. More than ten years ago, we began work on our Care[MC] website with the aspirations that it would ultimately become the single portal that any employer would need to access in order to manage all of their workers' compensation needs. Today, those aspirations are becoming a reality. Through foresight and continued investment, CorVel is using its long-term technology investment to enable the delivery of more timely information as well as workflow enhancements, all with the intent of improving outcomes of workers' compensation claims.

This past year has been one of acceleration in the technology world, and advancements seem to be progressing at a pace that few, if any, have ever witnessed. The proliferation of smart phones and tablet computers allows each of us to be Connected at any time, from anywhere. This capability provides each of us with immediate access and begins to present business opportunities that were previously predicated on a less connected environment. CorVel is working to leverage the new wave of technology in order to connect all of the parties involved in the workers' compensation process in ways that were unimaginable in the past.

In closing, we would like to thank our customers, our associates and all of our stakeholders. It is with great respect that we endeavor to responsibly manage and positively impact the customer relationships and fiscal responsibilities with which we are entrusted. Fiscal 2011 was a strong year for the CorVel, and we are as equally optimistic about Fiscal 2012. We look forward to the challenges and opportunities of the coming year and the continued execution of our strategy.

Gordon Clemons
Chairman

Daniel Starck
President

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 0-19291

CorVel Corporation

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**33-0282651** *(I.R.S. Employer Identification Number)*
2010 Main Street, Suite 600, Irvine, California *(Address of principal executive offices)*	**92614** *(Zip Code)*

Registrant's telephone number, including area code:
(949) 851-1473

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock	The NASDAQ Global Select Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No ☑

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter:

As of September 30, 2010, the aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates of the Registrant was approximately $276,324,000 based on the closing price per share of $42.45 for the Registrant's common stock as reported on the Nasdaq Global Select Market on such date multiplied by 6,509,406 shares (total outstanding shares of 11,834,279 less 5,324,873 shares held by affiliates) of the Registrant's common stock which were outstanding on such date. For the purposes of the foregoing calculation only, all of the Registrant's directors, executive officers and persons known to the Registrant to hold ten percent or greater of the Registrant's outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: As of June 8, 2011, there were 11,602,078 shares of the Registrant's common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Items 10 through 14 of Part III of this Form 10-K, to the extent not set forth herein, is incorporated herein by reference to portions of the Registrant's definitive proxy statement for the Registrant's 2011 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended March 31, 2011. Except with respect to the information specifically incorporated by reference in this Form 10-K, the Registrant's definitive proxy statement is not deemed to be filed as a part of this Form 10-K.

CORVEL CORPORATION

2011 FORM 10-K ANNUAL REPORT

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In this report, the terms "CorVel", "Company", "we", "us", and "our" refer to CorVel Corporation and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, but not limited to, the statements about our plans, strategies and prospects under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report. Words such as "anticipates", "expects", "intends", "plans", "predicts", "believes", "seeks", "estimates", "may", "will", "should", "would", "could", "potential", "continue", "strive", "ongoing" and variations of these words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on management's current expectations, estimates and projections about our industry, management's beliefs, and certain assumptions made by management, and we can give no assurance that we will achieve our plans, intentions or expectations. Certain important factors could cause actual results to differ materially from the forward-looking statements we make in this report. Representative examples of these factors include (without limitation):

- General industry and economic conditions;
- Cost of capital and capital requirements;
- Competition from other managed care companies;
- The Company's ability to renew and/or maintain contracts with its customers on favorable terms or at all;
- The ability to expand certain areas of the Company's business;
- Possible litigation and legal liability in the course of operations, and the Company's ability to settle or otherwise resolve such litigation;
- The ability of the Company to produce market-competitive software;
- Increases in operating expenses, including employee wages and benefits;
- Changes in regulations affecting the workers' compensation, insurance and healthcare industries in general;
- The ability to attract and retain key personnel;
- Shifts in customer demands; and
- The availability of financing in the amounts, at the times, and on the terms necessary to support the Company's future business.

The section entitled "Risk Factors" set forth in this report discusses these and other important risk factors that may affect our business, results of operations and financial condition. The factors listed above and the factors described under the heading "Risk Factors" and similar discussions in our other filings with the Securities and Exchange Commission are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Investors should consider these factors before deciding to make or maintain an investment in our securities. The forward-looking statements included in this annual report on Form 10-K are based on information available to us as of the date of this annual report. We expressly disclaim any intent or obligation to update any forward-looking statements to reflect subsequent events or circumstances.

PART I

Item 1. *Business.*

INTRODUCTION

CorVel is a national provider of risk management solutions to employers, third party administrators, insurance companies and government agencies. CorVel specializes in applying advanced communication and information technology to improve healthcare management for workers' compensation, group health, auto and liability claims management. The Company's associates nationwide work side by side with customers to deliver innovative, tailored solutions to manage risk and keep customers ahead of their costs.

The Company's services include claims management, bill review, preferred provider networks, utilization management, claims management, case management, pharmacy services, directed care and Medicare services. CorVel offers its services as a bundled solution (i.e. claims management), as a standalone service, or as add-on services to existing customers. Customers of the Company that do not purchase a bundled solution generally use another provider, use an in-house solution, or choose not to utilize such a service to manage their workers' compensation costs. When customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. Bundled products are generally delivered in the same accounting period.

The Company was incorporated in Delaware in 1987, and its principal executive offices are located at 2010 Main Street, Suite 600, Irvine, California, 92614. The Company's telephone number is 949-851-1473.

INDUSTRY OVERVIEW

Workers' compensation is a federally mandated, state-legislated, insurance program that requires employers to fund medical expenses, lost wages and other costs resulting from work-related injuries and illnesses. Workers' compensation benefits and arrangements vary extensively on a state-by-state basis and are often highly complex. State statutes and court decisions control many aspects of the compensation process, including claims handling, impairment or disability evaluation, dispute settlement, benefit amount guidelines and cost-control strategies.

In addition to the compensation process, cost containment and claims management continue to be significant employer concerns and many look to managed care vendors and third party administrators for cost savings solutions. The Company believes that cost drivers in workers' compensation include: implementing effective return to work and transitional duty programs, coordinating medical care, medical cost management, recognizing fraud and abuse, and improving communications with injured workers. CorVel provides solutions using a holistic approach to cost containment and by looking at a complete savings solutions. Often one of the biggest cost drivers is not recognizing a complex claim at the onset of an injury often resulting in claims being open longer and resulting in delayed return to work. CorVel uses an integrated claims model that controls claims costs by advocating medical management at the onset of the injury to decrease administrative costs and to shorten the length of the disability.

Some states have adopted legislation for managed care organizations (MCO) in an effort to allow employers to control their worker's compensation costs. A managed care plan is organized to serve the medical needs of injured workers in an efficient and cost-effective manner by managing the delivery of medical services through appropriate health care professionals. CorVel is registered wherever legislation mandates, where it is beneficial for the Company to obtain a license, or where the MCO is an effective utilized mandate. Since MCO legislation varies by state, CorVel's state offerings vary as well. CorVel continually evaluates new legislation to ensure it is in compliance and can offer services to its customers and prospects.

FISCAL 2011 DEVELOPMENTS

Company Stock Repurchase Program

During fiscal 2011, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. In May 2010, the Company's Board of Directors increased the number of shares authorized to be repurchased over the life of the plan to 15,000,000 shares. During fiscal 2011,

the Company spent $30.6 million to repurchase 715,975 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 14,491,163 shares of its common stock through March 31, 2011, at a cost of $249 million. These repurchases were funded primarily from the Company's operating cash flows.

BUSINESS — SERVICES

The Company offers services in two general categories, network solutions and patient management, to assist its customers in managing the increasing medical costs of workers' compensation, group health and auto insurance, and monitoring the quality of care provided to claimants. CorVel reduces claims costs by advocating medical management at the onset of an injury to decrease administrative costs and to shorten the length of the disability. These solutions offer personalized treatment programs that use precise treatment protocols to advocate timely, quality care for injured workers.

Network Solutions

CorVel offers a complete medical savings solution for all in-network and out-of-network medical bills including PPO management, medical bill repricing, true line item review, professional nurse review and automated adjudication. Each feature focuses on maximizing savings opportunities and increasing efficiencies.

Bill Review

Many states have adopted fee schedules, which regulate the maximum allowable fees payable under workers' compensation, for procedures performed by a variety of health treatment providers. Developed in 1989, CorVel's proprietary bill review and claims management technology automates the review process to provide customers with a faster turnaround time, more efficient bill review and a higher total savings. CorVel's artificial intelligence engine includes over ten million individual rules, which creates a comprehensive review process and greater efficiencies than traditional bill review services.

Payors are able to review and approve bills online as well as access savings reports through an online portal, Care^{MC}. The process is paperless, through scanning and electronic data interface ("EDI"), while proving to be cost effective and efficient. CorVel's solutions are fully customizable and can be tailored to meet unique payor requirements.

Bill Review Services include:

- Coding review and rebundling
- Reasonable and customary review
- Fee schedule analysis
- Out-of-network bill review
- Pharmacy review
- PPO management
- Repricing

PPO Management

PPOs are groups of hospitals, physicians and other healthcare providers that offer services at pre-negotiated rates to employee groups. The Company believes that PPO networks offer the employer an additional means of managing healthcare costs by reducing the per-unit price of medical services provided to employees. CorVel began offering a proprietary national PPO network in 1992 and today it is comprised of over 750,000 board certified providers. In September 2010, the Company launched a PPO Provider look-up application for the iPhone and iPad. The application is available to the public and makes it easier to locate a provider in the CorVel network. Users can find providers based on current location and by specialty.

CorVel has a long-term strategy of network development, providing comprehensive networks to our customers and customization of networks to meet the specific needs of our customers. The Company believes that the combination of its national PPO director's strength and presence and the local PPO developers' commitment and community involvement enables CorVel to build, support and strengthen its PPO in size, quality, depth of discount, and commitment to service.

In total, the Company has more than 220 national, regional and local personnel supporting the CorVel network. This number includes a national PPO manager in addition to locally based PPO developers who are responsible for local recruitment, contract negotiations, credentialing and re-credentialing of providers, and working with customers to develop customer specific provider networks. Each bill review unit has provider relations support staff to address provider grievances and other billing issues.

Providers are selected from criteria based on quality, range of services, price and location. Each provider is thoroughly evaluated and credentialed, then re-credentialed every three years. Through this extensive evaluation process, we believe the PPO networks are able to provide significant hospital, physician and ancillary medical savings, while striving to maintain high quality care. Provider network services include a national network for all medical coverages, board certified physicians, provider credentialing, patient channeling, online PPO look-up, printable directories and driving directions, and Managed Care Organizations (MCO).

Enhanced Bill Review

CorVel's enhanced bill review program allows claim payors to adjust individual line item charges on all bills to reasonable and customary levels while removing all error and billing discrepancies with professional review. The enhanced bill review program scrutinizes each hospital line description and charge as a separate and distinct claim for reimbursement. CorVel's proprietary Universal Chargemaster defines each code and description, enabling its registered nurses to identify errors, duplicate charges, re-bundle exploded charges, correct quantity discrepancies and remove unused supplies.

Professional Review

CorVel's services offer a complete audit and validation of facility bill accuracy. This solution also includes review of in-network facility bills. The Company's nurse auditors have clinical backgrounds in all areas of medicine, medical billing and coding to ensure an accurate, consistent and thorough review. If a bill is identified for professional review, the bill image and its associated medical reports are routed within the system to an experienced medical nurse for review and auditing.

Provider Reimbursement

Through the bill review system, CorVel has the capability to provide check writing or provider reimbursement services for its customers. The provider payment check can be added to the bill analysis to produce one combined document.

Pharmacy Services

CorVel provides patients with a full-feature pharmacy program that offers discounted prescriptions, drug interaction monitoring and eligibility confirmation. Our pharmacy network of nationally recognized pharmacies provides savings off the retail price of prescriptions associated with a workers' compensation claim. The Company's pharmacy services program includes preferred access to a national pharmacy network, streamlined processing for pharmacies at point of sale, mail order and 90-day retail options and peer-to-peer medication review services.

Directed Care Services

CorVel has contracted with medical imaging, physical therapy and ancillary service networks to offer convenient access, timely appointments and preferred rates. The Company manages the entire coordination of care from appointment scheduling through reimbursement, working to achieve timely recovery and increased

savings. The Company has directed care networks for diagnostic imaging, physical and occupational therapy, independent medical evaluations, durable medical equipment and transportation and translation.

Medicare Solutions

The Company offers solutions to help manage the requirements mandated by the Centers for Medicare and Medicaid Services (CMS). Services include Medicare Set Asides and a new service, Agent Reporting Services, to help employers comply with new CMS reporting legislation. As an assigned agent, CorVel can provide services for Responsible Reporting Entities (RRE) such as insurers and employers. As an experienced information-processing provider, CorVel is able to electronically submit files to the CMS in compliance with timelines and reporting requirements.

Clearinghouse Services

CorVel's proprietary medical review software and claims management technology interfaces with multiple clearinghouses. The Company's clearinghouse services provides for medical review, conversion of electronic forms to appropriate payment formats, seamless submittal of bills for payments and rules engines used to help ensure jurisdictional compliance.

Patient Management

CorVel offers a unique approach to claims administration and patient management. This integrated service model controls claims by advocating medical management at the onset of the injury to decrease administrative costs and to shorten the length of the disability. The Company offers these services on a stand-alone basis or as an integrated component of its medical cost containment services.

Claims Management

CorVel has been a third party administrator ("TPA") offering claims management services since January 2007. The Company serves customers in the self-insured or commercially insured markets. Claims are reported via an electronic first notice of loss (FNOL) to the claims management portal, www.caremc.com. FNOLs are immediately processed by CorVel's proprietary rules engine, which provides alerts and recommendations throughout the life of a claim. This technology instantly assigns an expert claims professional, while simultaneously determining if a claim requires any immediate attention for triage.

Through this service, the Company serves clients in the self-insured or commercially insured market through alternative loss funding methods, and provides them with a complete range of services, including claims administration, case management, and medical bill review. In addition to the field investigation and evaluation of claims, the Company also may provide initial loss reporting services for claims, loss mitigation services such as medical bill review and vocational rehabilitation, administration of trust funds established to pay claims and risk management information services.

Some of the features of claims management services include: automated first notice of loss, three-point contact within 24 hours, prompt claims investigations, detailed diary notes for each step of the claim, graphical dashboards and claim history scorecards, and litigation management and expert testimony.

Case Management

CorVel's case management and utilization review services address all aspects of disability management and recovery including utilization review (pre-certification, concurrent review and discharge planning), early intervention, telephonic, field and catastrophic case management as well as vocational rehabilitation.

The medical management components of CorVel's program focus on medical intervention, management and appropriateness. In these cases, the Company's case managers confer with the attending physician, other providers, the patient and the patient's family to identify the appropriate rehabilitative treatment and most cost-effective healthcare alternatives. The program is designed to offer the injured party prompt access to appropriate medical

providers who will provide quality cost-effective medical care. Case managers may coordinate the services or care required and may arrange for special pricing of the required services.

The Telephonic Case Manager (TCM) continues to impact the direction of the case, focusing on early return to work, maximum medical improvement (MMI) and appropriate duration of disability. Facilitation of appropriate treatment, aggressive negotiation with medical providers and directing the care of the injured worker continues to be the Case Manager's role until the closure criteria is met. Utilization review of provider treatment remains ongoing until discharge from treatment.

In the event that a claim may require an onsite referral, a Field Case Manager (FCM) will be assigned to the claim. Cases can be referred to CorVel based on geographic location and injury type to the most appropriate FCM. Specialized case management services include catastrophic management, life care planning, and vocational rehabilitation services.

24/7 Nurse Triage

This service was introduced in 2009 as an extended feature of case management services. Employees can call at the time of injury or incident and speak with a nurse who specializes in occupational injuries. An assessment is immediately made to recommend self-care, or referral for further medical care if needed. CorVel is able to provide quick and accurate care intervention, often preventing a minor injury from becoming an expensive claim. The 24/7 nurse triage services provides channeling to a preferred network of providers, allows employer access to online case information, comprehensive incident gathering, and healthcare advocacy for injured workers.

Utilization Management

Utilization Management programs review proposed ambulatory care to determine appropriateness, frequency, duration and setting. These programs utilize experienced registered nurses, proprietary medical treatment protocols and systems technology to avoid unnecessary treatments and associated costs. Processes in Utilization Management include: injury review, diagnosis and treatment planning; contacting and negotiating provider treatment requirements; certifying appropriateness of treatment parameters, and responding to provider requests for additional treatment. Utilization management services include: prospective review, retrospective review, concurrent review, second opinion, peer review and independent medical evaluation.

Vocational Rehabilitation

CorVel's Vocational Rehabilitation program is designed for injured workers needing assistance returning to work or retaining employment. This comprehensive suite of services helps employees who are unable to perform previous work functions and who faces the possibility joining the open labor market to seek re-employment. These services are available unbundled, on an integrated basis as dictated by the requirement of each case and client preference, or by individual statutory requirements. Vocational rehabilitation services include ergonomic assessments, rehabilitation plans, transferable skills analysis, labor market services, resume' development, job analysis and development, job placement, and expert testimony.

Life Care Planning

Life Care Planning is used to project long-term future needs, services and related costs associated with catastrophic injury. CorVel's Life Care Plans summarize extensive amounts of medical data and compile it into a comprehensive report for future care requirements, aiding improved outcomes and timely resolution of claims. Some of the features of the Company's Life Care Planning services include: comprehensive documentation, projecting future care requirements, customized reporting, and costs specific to local areas.

Disability Management

CorVel's disability management programs offer a continuum of services for short and long-term disability coverages that advocate an employee's early return to work. Disability management services include absence

reporting, disability evaluations, national preferred provider organizations, independent medical examinations, utilization review, medical case management, return to work coordination and integrated reporting.

Liability Claims Management

CorVel also offers liability claims management services that can be sold as a stand-alone service or part of patient management. The Company's services include auto liability, general liability, product liability, personal injury, professional liability and property damage, accidents and weather-related damage. This service includes claims management, adjusting services, litigation management, claims subrogation, and investigations.

Auto Claims Management

Injury claims are one of the largest components of auto indemnity costs. Effective management of these claims and their associated costs, combined with an optimal healthcare management program, helps CorVel's customers reduce claim costs. The Company's auto claims services include national preferred provider organization, medical bill review, first and third party bill review, first notice of loss, demand packet reviews and reporting and analytics.

SYSTEMS AND TECHNOLOGY

Infrastructure and Data Center

The Company utilizes a Tier III-rated data center as its primary processing site. Redundancy is provided at many levels in power, cooling, and computing resources, with the goal of ensuring maximum uptime and system availability for the Company's production systems. The Company has also begun to implement use of server virtualization and consolidation techniques to push the fault-tolerance of systems even further. These technologies bring increased speed-to-production and scalability.

Adoption of Imaging Technologies and Paperless Workflow

Utilizing scanning and automated data capture processes allows the Company to process incoming paper and electronic claims documents, including medical bills, with less manual handling and which has improved the Company's workflow processes. This has benefitted both the Company, in terms of cost-savings, and the Company's customers, in improved savings results.

Through the Company's internet portal, www.caremc.com, customers can review the bills as soon as they are processed and approve a bill for payment, streamlining the customer's own workflows and expediting the payment process.

Redundancy Center

The Company's national data center is located near Portland, Oregon. The Company also has a redundancy center located in Ft. Worth, Texas. The redundancy center is the Company's backup processing site in the event that the Portland data center suffers catastrophic loss. Currently, the Company's data is continually replicated to Ft. Worth in near-real time, so that in the event the Portland data center is offline, the redundancy center can be activated with current information quickly. The Ft. Worth data center also hosts duplicates of the Company's Websites. The Ft. Worth systems are maintained and exercised on a continuous basis as they host demonstration and pilot environments that mirror production, with the goal of ensuring their ongoing readiness.

Care^{MC}

Care^{MC} (www.caremc.com) has become the application platform for all of the Company's primary service lines and delivers immediate access to customers. Care^{MC} offers customers direct access to the Company's primary services. Care^{MC} allows for electronic communication and reporting between providers, payers, employers and patients. Features of the website include: request for service, FNOL (first notice of loss), appointment scheduling,

online bill review, claims information management, treatment calendar, medical bill adjudication and automated provider reimbursement. Through the Care^{MC} Website, users can:

- request services online;
- manage files throughout the life of the claim;
- receive and relay case notes from case managers; and
- integrate information from multiple claims management sources into one database.

The Care^{MC} website facilitates healthcare transaction processing. Using artificial intelligence techniques, the website provides situation alerts and event triggers, to facilitate prompt and effective decisions. Users of Care^{MC} can quickly see where event outliers are occurring within the claims management process. If costs exceed pre-determined thresholds or activities fall outside expected timelines, decision-makers can be quickly notified. Large amounts of information are consolidated and summarized to help customers focus on the critical issues.

Scanning Services

We continue to leverage our scanning technologies which include scanning, optical character recognition and document management services. We continue to expand our existing office automation service line and all offices are selling scanning and document management. We have added scanning operations to most of the Company's larger offices around the country, designating them "Capture Centers."

Our scanning service also offers a web interface (www.onlinedocumentcenter.com) providing immediate access to documents and data called the Online Document Center (ODC). Secure document review, approval, transaction workflow and archival storage are available at subscription-based pricing.

Claims Processing

We continue to develop our claims system capabilities which fit well with the Company's preference for owning and maintaining our own software assets. Integration projects, some already completed, are underway to present more of this claims-centric information available through the Care^{MC} web portal. The Company's goal is to continue to modernize user interfaces, and to streamline the delivery of this information to our customers, giving more rapid feedback and putting real-time information in the hands of our customers.

INDUSTRY, CUSTOMERS AND MARKETING

CorVel serves a diverse group of customers that include insurers, third party administrators, self-administered employers, government agencies, municipalities, state funds, and numerous other industries. CorVel is able to provide workers' compensation services to virtually any size employer and in any state or region of the United States. No single customer of the Company represented more than 10% of revenues in fiscal 2009, 2010, or 2011. Many claims management decisions in workers' compensation are the responsibility of the local claims office of national or regional insurers. The Company's national branch office network enables the Company to market and offer its services at both a local and national account level. The Company is placing increasing emphasis on national account marketing. The sales and marketing activities of the Company are conducted primarily by account executives located in key geographic areas.

COMPETITION AND MARKET CONDITIONS

The healthcare cost containment industry is competitive and is subject to economic pressures for cost savings and legislative reforms. CorVel's primary competitors in the workers' compensation market include third party administrators, managed care companies, large insurance carriers and numerous independent companies. Many of the Company's competitors are significantly larger and have greater financial and marketing resources than the Company. Moreover, the Company's customers may establish the in-house capability of performing services offered by the Company. If the Company is unable to compete effectively, it will be difficult for the Company to add and retain customers, and the Company's business, financial condition and results of operations will be materially and adversely affected.

There has been a year over year decline in claims frequency, however, there continues to be moderate increases in medical and indemnity costs. Medical costs average 60% of the total claims cost (2011 NCCI report). As these costs continue to increase faster than wages, many states might look for ways to control costs, which could affect the services offered by CorVel. Additional market challenges include uncertainty of healthcare reform and its impact to the workers' compensation industry.

GOVERNMENT REGULATIONS

General

Managed healthcare programs for workers' compensation are subject to various laws and regulations. Both the nature and degree of applicable government regulation vary greatly depending upon the specific activities involved. Generally, parties that actually provide or arrange for the provision of healthcare services, assume financial risk related to the provision of those services or undertake direct responsibility for making payment or payment decisions for those services. These parties are subject to a number of complex regulatory requirements that govern many aspects of their conduct and operations.

In contrast, the management and information services provided by the Company to its customers typically have not been the subject of regulation by the federal government or the states. Since the managed healthcare field is a rapidly expanding and changing industry and the cost of providing healthcare continues to increase, it is possible that the applicable state and federal regulatory frameworks will expand to have a greater impact upon the conduct and operation of the Company's business.

Under the current workers' compensation system, employer insurance or self-funded coverage is governed by individual laws in each of the 50 states and by certain federal laws. The management and information services that make up the Company's managed care program serve markets that have developed largely in response to needs of insurers, employers and large TPAs, and generally have not been mandated by legislation or other government action. On the other hand, the vocational rehabilitation case management marketplace within the workers' compensation system has been dependent upon the laws and regulations within those states that require the availability of specified rehabilitation services for injured workers. Similarly, the Company's fee schedule auditing services address market needs created by certain states' enactment of maximum permissible fee schedules for workers' compensation services. Changes in individual state regulation of workers' compensation may create a greater or lesser demand for some or all of the Company's services or require the Company to develop new or modified services in order to meet the needs of the marketplace and compete effectively in that marketplace.

Medical Cost Containment Legislation

Historically, governmental strategies to contain medical costs in the workers' compensation field have been generally limited to legislation on a state-by-state basis. For example, many states have implemented fee schedules that list maximum reimbursement levels for healthcare procedures. In certain states that have not authorized the use of a fee schedule, the Company adjusts bills to the usual and customary levels authorized by the payor. Opportunities for the Company's services could increase if more states legislate additional cost containment strategies. Conversely, the Company would be materially and adversely affected if states elect to reduce the extent of medical cost containment strategies available to insurance carriers and other payors, or adopt other strategies for cost containment that would not support a demand for the Company's services.

Healthcare Reform

There has been considerable discussion of healthcare reform at both the federal level and in numerous state legislatures in recent years. Due to uncertainties regarding the ultimate features of reform initiatives and the timing of their enactment, the Company cannot predict which, if any, reforms will be adopted, when they may be adopted, or what impact they may have on the Company. The Company is still evaluating the impact of the health reform legislation which was enacted by Congress in March 2010 on the future results and costs of the Company. The Company does not anticipate that this legislation will have a material impact on the Company's revenue. The legislation could increase the Company's future healthcare benefit costs.

SHAREHOLDER RIGHTS PLAN

During fiscal 1997, the Company's Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel's common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, set the exercise price of each right at $118, and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company's Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

The rights are designed to assure that all shareholders receive fair and equal treatment in the event of any proposed takeover of the Company and to encourage a potential acquirer to negotiate with the Board of Directors prior to attempting a takeover. The rights have an exercise price of $118 per right, subject to subsequent adjustment. The rights trade with the Company's common stock and will not be exercisable until the occurrence of certain takeover-related events.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company's common stock without the approval of the Board, subject to certain exception, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company's common stock having a market value equal to two times the then-current exercise price of the right.

In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company's consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company's Board of Directors may exchange or redeem the rights under certain conditions.

EMPLOYEES

As of March 31, 2011, CorVel had 2,986 employees, including nurses, therapists, counselors and other employees. No employees are represented by any collective bargaining unit. Management believes the Company's relationship with its employees to be good.

AVAILABLE INFORMATION

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, and other filings made with the Securities and Exchange Commission, are available free of charge through our Web site (http://www.corvel.com, under the Investor Relations section) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission. The inclusion of our Web site address and the address of any of our portals, such as www.caremc.com and www.onlinedocumentcenter.com, in this report does not include or incorporate by reference into this report any information contained on, or accessible through, such Web sites.

Item 1A. *Risk Factors.*

Past financial performance is not necessarily a reliable indicator of future performance, and investors in our common stock should not use historical performance to anticipate results or future period trends. Investing in our common stock involves a high degree of risk. Investors should consider carefully the following risk factors, as well as the other information in this report and our other filings with the Securities and Exchange Commission, including our consolidated financial statements and the related notes, before deciding whether to invest or maintain an

investment in shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations would suffer. In this case, the trading price of our common stock would likely decline. The risks described below are not the only ones we face. Additional risks that we currently do not know about or that we currently believe to be immaterial also may impair our business operations.

Legal

Exposure to possible litigation and legal liability may adversely affect our business, financial condition and results of operations.

We, through our utilization management services, make recommendations concerning the appropriateness of providers' medical treatment plans of patients throughout the country, and as a result, could be exposed to claims for adverse medical consequences. We do not grant or deny claims for payment of benefits and we do not believe that we engage in the practice of medicine or the delivery of medical services. There can be no assurance, however, that we will not be subject to claims or litigation related to the authorization or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services.

In addition, there can be no assurance that we will not be subject to other litigation that may adversely affect our business, financial condition or results of operations, including but not limited to being joined in litigation brought against our customers in the managed care industry. We maintain professional liability insurance and such other coverages as we believe are reasonable in light of our experience to date. If such insurance is insufficient or unavailable in the future at reasonable cost to protect us from liability, our business, financial condition or results of operations could be adversely affected.

On March 25, 2011, George Raymond Williams, MD., as plaintiff, individually and on behalf of those similarly situated, filed a First Amended and Restated Petition for Damages and Class Certification in the 27th Judicial District Court, Parish of St. Landry, Louisiana, against us and our insurance carriers, Homeland Insurance Company of New York and Executive Risk Specialty Insurance Company and several other unrelated parties. The plaintiffs allege that we violated Louisiana's Any Willing Provider Act, or AWPA, which requires a payor accessing a preferred provider contract to give 30 days' advance written notice or point of service notice in the form of a benefit card before the payor accesses the discounted rates in the contract to pay the provider for services rendered to an insured under that payor's health benefit plan.

On March 31, 2011, we entered into a Memorandum of Understanding with attorneys representing the plaintiffs and the class setting forth the terms of settlement of this class action lawsuit. The class action arbitration filed with the American Arbitration Association against us in December 2006 by Southwest Louisiana Hospital Association dba Lake Charles Memorial Hospital as previously disclosed is encompassed within the settlement terms of the Memorandum of Understanding. If a definitive settlement agreement is reached and approved by the court, we will pay $9 million to resolve such claims for which we have recorded a $9 million pre-tax charge to earnings during the March 2011 quarter.

There can be no assurance, however, that the parties will be able to reach a definitive settlement agreement in a timely manner or at all, that the court will approve the settlement or that a large number of class members will not opt out of the settlement. If a definitive settlement agreement is not reached or is not approved by the court, all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association that have been stayed pending settlement will resume.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against us. The case sought unspecified damages based on our alleged failure to direct patients to medical providers who were members of the CorVel CorCare PPO network and also alleged that we used biased and arbitrary computer software to review medical providers' bills. On October 29, 2010, we entered into a settlement agreement providing for the payment of $2.1 million to class members and up to an additional $700,000 for attorneys' fees and expenses, and as a result we accrued $2.8 million of estimated liability for this settlement agreement during the quarter ended September 30, 2010. On January 21, 2011, the Circuit Court gave final approval to the settlement and awarded class counsel $700,000 in attorneys' fees and

expenses and a $5,000 incentive award to Kathleen Roche, the class representative. Through March 31, 2011, the plaintiff's attorneys had been paid but no amounts had been paid to the claimants.

There can be no assurance that we will not be subjected to additional litigation similar to the proceedings described above. Any such additional litigation could have a material adverse effect on our business, financial condition and results of operations.

The increased costs of professional and general liability insurance may have an adverse effect on our profitability.

The cost of commercial professional and general liability insurance coverage has risen significantly in the past several years, and this trend may continue. In addition, if we were to suffer a material loss, our costs may increase over and above the general increases in the industry. If the costs associated with insuring our business continue to increase, it may adversely affect our business. We believe our current level of insurance coverage is adequate for a company of our size engaged in our business.

If lawsuits against us are successful, we may incur significant liabilities.

We provide to insurers and other payors of healthcare costs managed care programs that utilize preferred provider organizations and computerized bill review programs. Health care providers have brought, against us and our customers, individual and class action lawsuits challenging such programs. If such lawsuits are successful, we may incur significant liabilities.

We make recommendations about the appropriateness of providers' proposed medical treatment plans for patients throughout the country. As a result, we could be subject to claims arising from any adverse medical consequences. Although plaintiffs have not to date subjected us to any claims or litigation relating to the granting or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services, we cannot assure you that plaintiffs will not make such claims in future litigation. We also cannot assure you that our insurance will provide sufficient coverage or that insurance companies will make insurance available at a reasonable cost to protect us from significant future liability.

Regulatory

Changes in government regulations could increase our costs of operations and/or reduce the demand for our services.

Many states, including a number of those in which we transact business, have licensing and other regulatory requirements applicable to our business. Approximately half of the states have enacted laws that require licensing of businesses which provide medical review services such as ours. Some of these laws apply to medical review of care covered by workers' compensation. These laws typically establish minimum standards for qualifications of personnel, confidentiality, internal quality control and dispute resolution procedures. These regulatory programs may result in increased costs of operation for us, which may have an adverse impact upon our ability to compete with other available alternatives for healthcare cost control. In addition, new laws regulating the operation of managed care provider networks have been adopted by a number of states. These laws may apply to managed care provider networks having contracts with us or to provider networks which we may organize. To the extent we are governed by these regulations, we may be subject to additional licensing requirements, financial and operational oversight and procedural standards for beneficiaries and providers.

Regulation in the healthcare and workers' compensation fields is constantly evolving. We are unable to predict what additional government initiatives, if any, affecting our business may be promulgated in the future. Our business may be adversely affected by failure to comply with existing laws and regulations, failure to obtain necessary licenses and government approvals or failure to adapt to new or modified regulatory requirements. Proposals for healthcare legislative reforms are regularly considered at the federal and state levels. To the extent that such proposals affect workers' compensation, such proposals may adversely affect our business, financial condition and results of operations.

In addition, changes in workers' compensation, auto and managed health care laws or regulations may reduce demand for our services, require us to develop new or modified services to meet the demands of the marketplace or reduce the fees that we may charge for our services. One proposal which had been considered in the past, but not enacted by Congress or certain state legislatures, is 24-hour health coverage, in which the coverage of traditional employer-sponsored health plans is combined with workers' compensation coverage to provide a single insurance plan for work-related and non-work-related health problems.

We are subject to risks associated with acquisitions of intangible assets.

Our acquisition of other businesses may result in significant increases in our intangible assets and goodwill. We regularly evaluate whether events and circumstances have occurred indicating that any portion of our intangible assets and goodwill may not be recoverable. When factors indicate that intangible assets and goodwill should be evaluated for possible impairment, we may be required to reduce the carrying value of these assets. We cannot currently estimate the timing and amount of any such charges.

Business Environment

Growth Oriented

If we fail to grow our business internally or through strategic acquisitions we may be unable to execute our business plan, maintain high levels of service or adequately address competitive challenges.

Our strategy is to continue internal growth and, as strategic opportunities arise in the workers' compensation managed care industry, to consider acquisitions of, or relationships with, other companies in related lines of business. As a result, we are subject to certain growth-related risks, including the risk that we will be unable to retain personnel or acquire other resources necessary to service such growth adequately. Expenses arising from our efforts to increase our market penetration may have a negative impact on operating results. In addition, there can be no assurance that any suitable opportunities for strategic acquisitions or relationships will arise or, if they do arise, that the transactions contemplated could be completed. If such a transaction does occur, there can be no assurance that we will be able to integrate effectively any acquired business. In addition, any such transaction would be subject to various risks associated with the acquisition of businesses, including, but not limited to, the following:

- an acquisition may negatively impact our results of operations because it may require incurring large one-time charges, substantial debt or liabilities; it may require the amortization or write down of amounts related to deferred compensation, goodwill and other intangible assets; or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges;
- we may encounter difficulties in assimilating and integrating the business, technologies, products, services, personnel or operations of companies that are acquired, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt ongoing business, divert resources, increase expenses and distract management;
- the acquired businesses, products, services or technologies may not generate sufficient revenue to offset acquisition costs;
- we may have to issue equity or debt securities to complete an acquisition, which would dilute the position of stockholders and could adversely affect the market price of our common stock; and
- acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience.

There can be no assurance that we will be able to identify or consummate any future acquisitions or other strategic relationships on favorable terms, or at all, or that any future acquisition or other strategic relationship will not have an adverse impact on our business or results of operations. If suitable opportunities arise, we may finance such transactions, as well as internal growth, through debt or equity financing. There can be no assurance, however, that such debt or equity financing would be available to us on acceptable terms when, and if, suitable strategic opportunities arise.

If we are unable to increase our market share among national and regional insurance carriers and large, self-funded employers, our results may be adversely affected.

Our business strategy and future success depend in part on our ability to capture market share with our cost containment services as national and regional insurance carriers and large, self-funded employers look for ways to achieve cost savings. We cannot assure you that we will successfully market our services to these insurance carriers and employers or that they will not resort to other means to achieve cost savings. Additionally, our ability to capture additional market share may be adversely affected by the decision of potential customers to perform services internally instead of outsourcing the provision of such services to us. Furthermore, we may not be able to demonstrate sufficient cost savings to potential or current customers to induce them not to provide comparable services internally or to accelerate efforts to provide such services internally.

If competition increases, our growth and profits may decline.

The markets for our network services and patient management services are also fragmented and competitive. Our competitors include national managed care providers, preferred provider networks, smaller independent providers and insurance companies. Companies that offer one or more workers' compensation managed care services on a national basis are our primary competitors. We also compete with many smaller vendors who generally provide unbundled services on a local level, particularly companies with an established relationship with a local insurance company adjuster. In addition, several large workers' compensation insurance carriers offer managed care services for their customers, either by performance of the services in-house or by outsourcing to organizations like ours. If these carriers increase their performance of these services in-house, our business may be adversely affected. In addition, consolidation in the industry may result in carriers performing more of such services in-house.

Our sequential revenue may not increase and may decline. As a result, we may fail to meet or exceed the expectations of investors or analysts which could cause our common stock price to decline.

Our sequential revenue growth may not increase and may decline in the future as a result of a variety of factors, many of which are outside of our control. If changes in our sequential revenue fall below the expectations of investors or analysts, the price of our common stock could decline substantially. Fluctuations or declines in sequential revenue growth may be due to a number of factors, including, but not limited to, those listed below and identified throughout this "Risk Factors" section: the decline in manufacturing employment, the decline in workers' compensation claims, the decline in healthcare expenditures, the considerable price competition in a flat-to-declining workers' compensation market, litigation, the increase in competition, and the changes and the potential changes in state workers' compensation and automobile managed care laws which can reduce demand for our services. These factors create an environment where revenue and margin growth is more difficult to attain and where revenue growth is less certain than historically experienced. Additionally, our technology and preferred provider network face competition from companies that have more resources available to them than we do. Also, some customers may handle their managed care services in-house and may reduce the amount of services which are outsourced to managed care companies such as CorVel. These factors could cause the market price of our common stock to fluctuate substantially. There can be no assurance that our growth rate in the future, if any, will be at or near historical levels.

In addition, the stock market has in the past experienced price and volume fluctuations that have particularly affected companies in the healthcare and managed care markets resulting in changes in the market price of the stock of many companies, which may not have been directly related to the operating performance of those companies

Due to the foregoing factors, and the other risks discussed in this report, investors should not rely on period-to-period comparisons of our results of operations as an indication of our future performance.

If the referrals for our patient management services decline, our business, financial condition and results of operations would be materially adversely affected.

In some years, we have experienced a general decline in the revenue and operating performance of patient management services. We believe that the performance decline has been due to the following factors: the decrease

of the number of workplace injuries that have become longer-term disability cases; increased regional and local competition from providers of managed care services; a possible reduction by insurers on the types of services provided by our patient management business; the closure of offices and continuing consolidation of our patient management operations; and employee turnover, including management personnel, in our patient management business. In the past, these factors have all contributed to the lowering of our long-term outlook for our patient management services. If some or all of these conditions continue, we believe that the performance of our patient management revenues could decrease.

Customers

If we lose several customers in a short period, our results may be materially adversely affected.

Our results may decline if we lose several customers during a short period. Most of our customer contracts permit either party to terminate without cause. If several customers terminate, or do not renew or extend their contracts with us, our results could be materially and adversely affected. Many organizations in the insurance industry have consolidated and this could result in the loss of one or more of our customers through a merger or acquisition. Additionally, we could lose customers due to competitive pricing pressures or other reasons.

Our failure to compete successfully could make it difficult for us to add and retain customers and could reduce or impede the growth of our business.

We face competition from PPOs, TPAs and other managed healthcare companies. We believe that as managed care techniques continue to gain acceptance in the workers' compensation marketplace, our competitors will increasingly consist of nationally-focused workers' compensation managed care service companies, insurance companies, HMOs and other significant providers of managed care products. Legislative reform in some states has been considered, but not enacted to permit employers to designate health plans such as HMOs and PPOs to cover workers' compensation claimants. Because many health plans have the ability to manage medical costs for workers' compensation claimants, such legislation may intensify competition in the markets served by us. Many of our current and potential competitors are significantly larger and have greater financial and marketing resources than we do, and there can be no assurance that we will continue to maintain our existing customers, our past level of operating performance or be successful with any new products or in any new geographical markets we may enter.

Services

If the utilization by healthcare payors of early intervention services continues to increase, the revenue from our later-stage network and healthcare management services could be negatively affected.

The performance of early intervention services, including injury occupational healthcare, first notice of loss, and telephonic case management services, often result in a decrease in the average length of, and the total costs associated with, a healthcare claim. By successfully intervening at an early stage in a claim, the need for additional cost containment services for that claim often can be reduced or even eliminated. As healthcare payors continue to increase their utilization of early intervention services, the revenue from our later stage network and healthcare management services will decrease.

Declines in workers' compensation claims may harm our results of operations.

Within the past few years, the economy has performed below historical averages which leads to fewer workers on a national level and could lead to fewer work related injuries. If declines in workers' compensation costs occur in many states and persist over the long-term, it would have an adverse impact on our business, financial condition and results of operations.

We provide an outsource service to payors of workers' compensation and auto healthcare benefits. These payors include insurance companies, TPAs, municipalities, state funds, and self-insured, self-administered employers. If these payors reduce the amount of work they outsource, our results of operations would be materially adversely affected.

Healthcare providers are becoming increasingly resistant to the application of certain healthcare cost containment techniques; this may cause revenue from our cost containment operations to decrease.

Healthcare providers have become more active in their efforts to minimize the use of certain cost containment techniques and are engaging in litigation to avoid application of certain cost containment practices. Recent litigation between healthcare providers and insurers has challenged certain insurers' claims adjudication and reimbursement decisions. Although these lawsuits do not directly involve us or any services we provide, these cases may affect the use by insurers of certain cost containment services that we provide and may result in a decrease in revenue from our cost containment business.

Systems

An interruption in our ability to access critical data may cause customers to cancel their service and/or may reduce our ability to effectively compete.

Certain aspects of our business are dependent upon our ability to store, retrieve, process and manage data and to maintain and upgrade our data processing capabilities. Interruption of data processing capabilities for any extended length of time, loss of stored data, programming errors or other system failures could cause customers to cancel their service and could have a material adverse effect on our business and results of operations.

In addition, we expect that a considerable amount of our future growth will depend on our ability to process and manage claims data more efficiently and to provide more meaningful healthcare information to customers and payors of healthcare. There can be no assurance that our current data processing capabilities will be adequate for our future growth, that we will be able to efficiently upgrade our systems to meet future demands, or that we will be able to develop, license or otherwise acquire software to address these market demands as well or as timely as our competitors.

A breach of security may cause our customers to curtail or stop using our services.

We rely largely on our own security systems, confidentiality procedures and employee nondisclosure agreements to maintain the privacy and security of our and our customers' proprietary information. Accidental or willful security breaches or other unauthorized access by third parties to our information systems, the existence of computer viruses in our data or software and misappropriation of our proprietary information could expose us to a risk of information loss, litigation and other possible liabilities which may have a material adverse effect on our business, financial condition and results of operations. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any customer data, our relationships with our customers and our reputation will be damaged, our business may suffer and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Our Internet-based services are dependent on the development and maintenance of the Internet infrastructure.

The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage, as well as the availability of the Internet to us for delivery of our Internet-based services. In addition, our customers who use our Web-based services depend on Internet service providers, online service providers and other Web site operators for access to our Web site. All of these providers have experienced significant outages in the past and could experience outages, delays and other difficulties in the future due to system failures unrelated to our systems. Any significant interruptions in our services or increases in response time could result in a loss of potential or existing users, and, if sustained or repeated, could reduce the attractiveness of our services.

If we are unable to leverage our information systems to enhance our outcome-driven service model, our results may be adversely affected.

To leverage our knowledge of workplace injuries, treatment protocols, outcomes data, and complex regulatory provisions related to the workers' compensation market, we must continue to implement and enhance information systems that can analyze our data related to the workers' compensation industry. We frequently upgrade existing operating systems and are updating other information systems that we rely upon in providing our services and financial reporting. We have detailed implementation schedules for these projects that require extensive involvement from our operational, technological and financial personnel. Delays or other problems we might encounter in implementing these projects could adversely affect our ability to deliver streamlined patient care and outcome reporting to our customers.

The introduction of software products incorporating new technologies and the emergence of new industry standards could render our existing software products less competitive, obsolete or unmarketable.

There can be no assurance that we will be successful in developing and marketing new software products that respond to technological changes or evolving industry standards. If we are unable, for technological or other reasons, to develop and introduce new software products cost-effectively, in a timely manner and in response to changing market conditions or customer requirements, our business, results of operations and financial condition may be adversely affected.

Developing or implementing new or updated software products and services may take longer and cost more than expected. We rely on a combination of internal development, strategic relationships, licensing and acquisitions to develop our software products and services. The cost of developing new healthcare information services and technology solutions is inherently difficult to estimate. Our development and implementation of proposed software products and services may take longer than originally expected, require more testing than originally anticipated and require the acquisition of additional personnel and other resources. If we are unable to develop new or updated software products and services cost-effectively on a timely basis and implement them without significant disruptions to the existing systems and processes of our customers, we may lose potential sales and harm our relationships with current or potential customers.

Employment

The failure to attract and retain qualified or key personnel may prevent us from effectively developing, marketing, selling, integrating and supporting our services.

We are dependent, to a substantial extent, upon the continuing efforts and abilities of certain key management personnel. In addition, we face competition for experienced employees with professional expertise in the workers' compensation managed care area. The loss of key personnel, especially V. Gordon Clemons, Chairman, and Dan Starck, President, Chief Executive Officer, and Chief Operating Officer, or the inability to attract, qualified employees, could have a material unfavorable effect on our business and results of operations.

We face competition for staffing, which may increase our labor costs and reduce profitability.

We compete with other healthcare providers in recruiting qualified management and staff personnel for the day-to-day operations of our business, including nurses and other case management professionals. In some markets, the scarcity of nurses and other medical support personnel has become a significant operating issue to healthcare providers. This shortage may require us to enhance wages to recruit and retain qualified nurses and other healthcare professionals. Our failure to recruit and retain qualified management, nurses and other healthcare professionals, or to control labor costs could have a material adverse effect on profitability.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

The Company's principal executive office is located in Irvine, California in approximately 12,000 square feet of leased space. The lease expires in March 2013. The Company leases approximately 105 branch offices in 45 states, which range in size from 500 square feet up to 24,000 square feet. The lease terms for the branch offices range from monthly to ten years and expire through 2019. The Company believes that its facilities are adequate for its current needs and that suitable additional space will be available as required.

Item 3. ***Legal Proceedings.***

On March 25, 2011, George Raymond Williams, MD. ("Williams"), as plaintiff, individually and on behalf of those similarly situated, filed a First Amended and Restated Petition for Damages and Class Certification in the 27th Judicial District Court, Parish of St. Landry, Louisiana, against CorVel Corporation ("CorVel") and its insurance carriers, Homeland Insurance Company of New York and Executive Risk Specialty Insurance Company and several other unrelated parties. Williams alleges that CorVel violated Louisiana's Any Willing Provider Act (the "AWPA"), which requires a payor accessing a preferred provider contract to give 30 days' advance written notice or point of service notice in the form of a benefit card before the payor accesses the discounted rates in the contract to pay the provider for services rendered to an insured under that payor's health benefit plan.

On March 31, 2011, CorVel entered into a Memorandum of Understanding with attorneys representing the plaintiffs and the class setting forth the terms of settlement of this class action lawsuit. The Memorandum of Understanding provides that subject to the execution of a mutually acceptable settlement agreement and final non-appealable approval of such settlement by the Louisiana state court, CorVel will pay $9 million to resolve claims for which CorVel recorded a $9 million pre-tax charge to earnings during the March 2011 quarter. In addition, CorVel will assign to the class certain rights it has to the proceeds of CorVel's insurance policies relating to the claims asserted by the class. The class action arbitration filed with the American Arbitration Association against CorVel in December 2006 by Southwest Louisiana Hospital Association dba Lake Charles Memorial Hospital as previously disclosed by CorVel is encompassed within the settlement terms of the Memorandum of Understanding. Pursuant to the Memorandum of Understanding, the parties have also agreed to request that the appropriate courts stay all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association in which the parties are named, until the settlement agreement is prepared, executed and receives final court approval. The settlement does not constitute an admission of liability.

In exchange for the settlement payment by CorVel, class members will release CorVel and all of its affiliates and clients for any claims relating in any way to re-pricing, payment for, or reimbursement of a workers' compensation bill, including but not limited to claims under the AWPA. Plaintiffs have also agreed to a notice procedure that CorVel may follow in the future to comply with the AWPA. As noted, the Memorandum of Understanding is contingent upon the execution of a mutually acceptable definitive settlement agreement. Under Louisiana law, once the parties have executed such a settlement agreement, they must apply to the court for approval of the settlement following a court-supervised process of notice to the class and an opportunity for the class to be heard about the fairness of the settlement or to be excluded from the settlement. CorVel expects to be able to arrive at such a definitive settlement agreement by the end of June 2011, but there can be no assurance that the parties will be able to reach a definitive settlement agreement within that timeframe or at all, that the court will approve the settlement or that a large number of class members will not opt out of the settlement. If a definitive settlement agreement is not reached or is not approved by the court, all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association that have been stayed pending settlement will resume.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case sought unspecified damages based on the Company's alleged failure to direct patients to medical providers who were members of the CorVel CorCare PPO network and also alleged that the Company used biased and arbitrary computer software to review medical providers' bills. On October 29, 2010, the Company entered into a settlement agreement providing for the payment of $2.1 million to class members and up to an additional $700,000 for attorneys' fees and expenses, and as a result

the Company accrued $2.8 million of estimated liability for this settlement agreement during the quarter ended September 30, 2010. None of these amounts have been paid to the class members through March 31, 2011. The Company denies that its conduct was improper in any way and has denied all liability. In exchange for the settlement payment by the Company, class members consisting of Illinois medical providers (excluding hospitals) have released the Company and all of its affiliates for claims relating to any PPO or usual and customary reductions recommended by the Company on class members' medical bills. On January 21, 2011, the Circuit Court gave final approval to the settlement and awarded class counsel $700,000 in attorneys' fees and expenses and a $5,000 incentive award to Kathleen Roche, the class representative.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Item 4. ***(Removed and Reserved).***

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market Information

The Company's common stock is traded on the NASDAQ Global Select Market under the symbol CRVL. The quarterly high and low per share sales prices for the Company's common stock for fiscal years 2010 and 2011 as reported by NASDAQ are set forth below for the periods indicated. These prices represent prices among dealers, do not include retail markups, markdowns or commissions, and may not represent actual transactions.

	High	Low
Fiscal Year Ended March 31, 2010:		
Quarter Ended June 30, 2009:	$25.24	$18.48
Quarter Ended September 30, 2009:	31.58	22.23
Quarter Ended December 31, 2009:	34.61	27.20
Quarter Ended March 31, 2010:	36.91	28.75
Fiscal Year Ended March 31, 2011:		
Quarter Ended June 30, 2010:	$38.00	$32.04
Quarter Ended September 30, 2010:	43.76	33.10
Quarter Ended December 31, 2010:	49.65	40.63
Quarter Ended March 31, 2011:	53.34	45.75

Holders. As of June 1, 2011, there were approximately 1,500 holders of record of the Company's common stock according to the information provided by the Company's transfer agent.

Dividends. The Company has never paid any cash dividends on its common stock and has no current plans to do so in the foreseeable future. The Company intends to retain future earnings, if any, for use in the Company's business. The payment of any future dividends on its common stock will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and requirements, restrictions in financing agreements, business conditions and other factors.

Unregistered Sales of Equity Securities. None.

Issuer Purchases of Equity Securities: The following table summarizes purchases of the Company's common stock made by or on behalf of the Company for the quarter ended March 31, 2011 pursuant to a publicly announced plan.

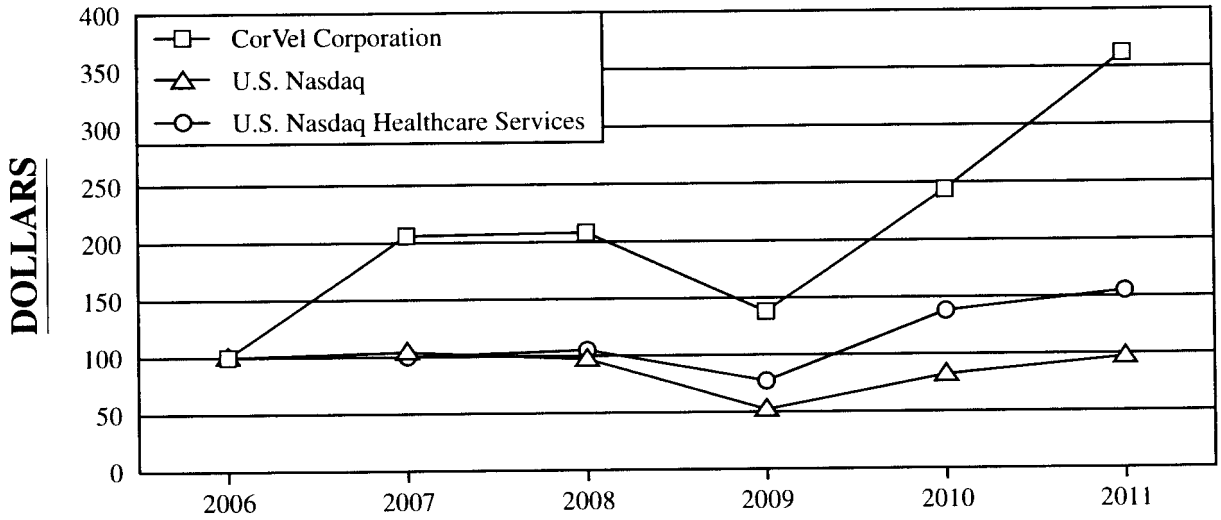
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that may yet be Purchased Under the Program
January 1 to January 31, 2011	39,458	$48.89	39,458	629,169
February 1 to February 29, 2011	51,716	47.91	51,716	577,453
March 1 to March 31, 2011	68,616	49.70	68,616	508,837
Total	159,790	$48.96	159,790	508,837

In 1996, the Company's Board of Directors authorized a stock repurchase program initially for up to 100,000 shares of the Company's common stock. The Company's Board of Directors has periodically increased the number of shares authorized for repurchase under the program. In May 2010, the board authorized an increase in the number of shares to be repurchased over the life of the program to 15,000,000. As of March 31, 2011, the Company has repurchased 14,491,163 shares its common stock. There is no expiration date for the plan.

STOCK PERFORMANCE GRAPH

The graph depicted below shows a comparison of cumulative total stockholder returns for the Company, the Nasdaq and the Nasdaq Health Services Index over a five year period beginning on March 31, 2006. The data depicted on the graph are as set forth in the chart below the graph. The graph assumes that $100 was invested in the Company's Common Stock on March 31, 2006, and in each index, and that all dividends were reinvested. No cash dividends have been paid or declared on the Common Stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

CORVEL STOCK PERFORMANCE GRAPH



	2006	2007	2008	2009	2010	2011
CorVel Corporation	100.00	206.06	208.38	137.74	243.53	362.26
U.S. Nasdaq	100.00	103.69	96.72	52.43	82.24	96.85
U.S. Nasdaq Healthcare Services	100.00	100.15	104.50	77.36	137.63	155.30

Notwithstanding anything to the contrary set forth in any of our previous filings made under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings made by us under those statutes, neither the preceding Stock Performance Graph, nor the information relating to it, is "soliciting material" or is "filed" or is to be incorporated by reference into any such prior filings, nor shall such graph or information be incorporated by reference into any future filings made by us under those statutes.

Item 6. ***Selected Financial Data.***

The selected consolidated financial data of the Company appears in a separate section of this Annual Report on Form 10-K on page 31 and is incorporated herein by this reference.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Management's Discussion and Analysis of Financial Condition and Results of Operations appears in a separate section of this Annual Report on Form 10-K beginning on page 32 and is incorporated herein by this reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

As of March 31, 2011, the Company held no market risk sensitive instruments for trading purposes and the Company did not employ any derivative financial instruments, other financial instruments, or derivative commodity instruments to hedge any market risk. The Company had no debt outstanding as of March 31, 2011, and therefore, had no market risk related to debt.

Item 8. ***Financial Statements and Supplementary Data.***

The Company's consolidated financial statements, as listed under Item 15, appear in a separate section of this Annual Report on Form 10-K beginning on page 45 and are incorporated herein by this reference. The financial statement schedule is included below under Item 15(a) (2).

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining a system of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with U.S. generally accepted accounting principles; providing reasonable assurance that our receipts and expenditures are made in accordance with authorizations of our management and directors; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of March 31, 2011 to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Our independent registered public accounting firm, Haskell & White LLP, has issued an audit report on the effectiveness of our internal control over financial reporting as of March 31, 2011 as stated in their report that is included in Part II, Item 8 herein.

Changes to Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended March 31, 2011, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

The information in the sections titled "Proposal One: Election of Directors," "Corporate Governance, Board Composition and Board Committees," "Executive Officers of CorVel," and "Section 16(a) Beneficial Ownership Reporting Compliance" appearing in the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders is incorporated herein by reference.

The Board of Directors has adopted a code of ethics and business conduct that applies to all of the Company's employees, officers and directors. The full text of the Company's code of ethics and business conduct is posted on the Company's web site at www.corvel.com under the "Investor Relations" section. The Company intends to disclose future amendments to certain provisions of the Company's code of ethics and business conduct, or waivers of such provisions, applicable to the Company's directors and executive officers, at the same location on the Company's web site identified above. The inclusion of the Company's web site address in this report does not include or incorporate by reference the information on the Company's web site into this report.

Item 11. ***Executive Compensation.***

The information in the sections titled "Executive Compensation," "Compensation Discussion and Analysis," "Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report," and "Compensation of Directors," appearing in the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information in the sections titled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matter" and "Equity Compensation Plan Information" appearing in the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Party Transactions, and Director Independence.***

The information in the sections titled "Certain Relationships and Related Person Transactions," "Proposal One: Election of Directors," and "Corporate Governance, Board Composition and Board Committees" appearing in the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services.***

The information under the captions "Principal Accountant Fees and Services", "Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" and "Ratification of Appointment of Independent Auditors" appearing in the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a)(1) Financial Statements:

The Company's financial statements appear in a separate section of this Annual Report on Form 10-K beginning on the pages referenced below:

	Page
Report of Independent Registered Public Accounting Firm	45
Consolidated Statements of Income for the Fiscal Years Ended March 31, 2009, 2010, and 2011	47
Consolidated Balance Sheets as of March 31, 2010 and 2011	48
Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended March 31, 2009, 2010, and 2011	49
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2009, 2010, and 2011	50
Notes to Consolidated Financial Statements	51

(2) Financial Statement Schedule:

The Company's consolidated financial statements, as listed under Item 15(a) (1), appear in a separate section of this Annual Report on Form 10-K beginning on page 45. The Company's financial statement schedule is as follows:

Schedule II — Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions Charged to Cost and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Fiscal Year Ended March 31, 2011:	$2,754,000	$2,434,000	$(2,600,000)	$2,588,000
Fiscal Year Ended March 31, 2010:	2,371,000	2,868,000	(2,485,000)	2,754,000
Fiscal Year Ended March 31, 2009:	2,888,000	2,434,000	(2,951,000)	2,371,000

(3) Exhibits:

EXHIBITS

Exhibit No.	Title	Method of Filing
2.1†	Asset Purchase Agreement dated December 15, 2006 by and among the Company's subsidiary, CorVel Enterprise Comp, Inc., and Hazelrigg Risk Management Services, Inc., Comp Care, Inc., Medical Auditing Services, Inc., and Arlene Hazelrigg.	Incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K filed on February 6, 2007.
2.2†	Stock Purchase Agreement dated May 31, 2007 by and among the Company's subsidiary, CorVel Enterprise Comp, Inc., The Schaffer Companies, Ltd., and Dawn Colwell, Christopher Schaffer, John Colwell and Kelly Ribeiro de Sa.	Incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K filed on June 6, 2007.
3.1	Amended and Restated Certificate of Incorporation of the Company	Incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 filed on August 9, 2007.
3.2	Amended and Restated Bylaws of the Company	Incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 filed on August 14, 2006.
3.3	Certificate of Designation Increasing the Number of Shares of Series A Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed on November 24, 2008.
4.1	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Right Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 24, 2008.
10.1*	Nonqualified Stock Option Agreement between V. Gordon Clemons, the Company and North Star together with all amendments and addendums thereto	Incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.2*	Supplementary Agreement between V. Gordon Clemons, the Company and North Star	Incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.3*	Amendment to Supplementary Agreement between Mr. Clemons, the Company and North Star	Incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1992 filed on June 29, 1992.
10.4*	Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan)	Incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2010 filed on June 11, 2010.

Exhibit No.	Title	Method of Filing
10.5*	Forms of Notice of Grant of Stock Option, Stock Option Agreement and Notice of Exercise Under the Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option)	Incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 filed on November 9, 2006, Exhibits 10.7, 10.8 and 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1994 filed on June 29, 1994, Exhibits 99.2, 99.3, 99.4, 99.5, 99.6, 99.7 and 99.8 to the Company's Registration Statement on Form S-8 (File No. 333-94440) filed on July 10, 1995, and Exhibits 99.3 and 99.5 to the Company's Registration Statement on Form S-8 (File No. 333-58455) filed on July 2, 1998.
10.6*	Employment Agreement of V. Gordon Clemons	Incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.7*	Restated 1991 Employee Stock Purchase Plan, as amended	Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on August 12, 2010.
10.8	Fidelity Master Plan for Savings and Investment, and amendments	Incorporated herein by reference to Exhibits 10.16 and 10.16A to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.9	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Rights Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 24, 2008.
10.10*	Employment Agreement effective May 26, 2006 by and between CorVel Corporation and Dan Starck	Incorporated herein by reference to Exhibit 10.1 in the Company's Form 8-K filed on May 30, 2006.
10.11*	Stock Option Agreement and Acceleration Addendum dated May 26, 2006 by and between CorVel Corporation and Dan Starck, providing for time vesting	Incorporated herein by reference to Exhibit 10.2 in the Company's Form 8-K filed on May 30, 2006.
10.12†*	Stock Option Agreement and Acceleration Addendum dated May 26, 2006 by and between CorVel Corporation and Dan Starck, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 30, 2006.
10.13†*	Stock Option Agreement dated May 26, 2006 by and between CorVel Corporation and Scott McCloud, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 2, 2006.
10.14*†	Stock Option Agreement dated May 26, 2006 by and between CorVel Corporation and Don McFarlane, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K/A filed on July 6, 2007.

Exhibit No.	Title	Method of Filing
10.15	Credit Agreement dated May 28, 2009 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed on June 4, 2009.
10.16	Revolving Line of Credit Note dated May 28, 2009 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K filed on June 4, 2009.
10.17	Form of Partial Waiver of Automatic Option Grant executed by Directors	Incorporated herein by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 filed on November 8, 2007.
10.18*†	Stock Option Agreement and Acceleration Addendum dated February 4, 2008 by and between CorVel Corporation and Dan Starck, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.19*†	Stock Option Agreement dated February 4, 2008 by and between CorVel Corporation and Scott McCloud, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.20*†	Stock Option Agreement dated February 4, 2008 by and between CorVel Corporation and Don McFarlane, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.21	Partial Waiver of Automatic Option Grant by Jean Macino dated February 8, 2008	Incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.22*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Daniel J. Starck, providing for performance vesting	Incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 2, 2009.
10.23*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Scott R. McCloud, providing for performance vesting	Incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 2, 2009.
10.24*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Donald C. McFarlane, providing for performance vesting	Incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed on March 2, 2009.
10.25*†	Stock Option Agreement dated February 5, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting	Incorporated herein by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2009 filed on June 12, 2009.
10.26*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting	Refiled herewith.
10.27	Summary of Terms of Oral Agreement to Repurchase Shares of Common Stock held by V. Gordon Clemons.	Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2009 filed on February 5, 2010.
10.28*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Daniel J. Starck, providing for performance vesting.	Refiled herewith.

Exhibit No.	Title	Method of Filing
10.29*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Scott R. McCloud, providing for performance vesting.	Refiled herewith.
10.30*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Donald C. McFarlane, providing for performance vesting	Refiled herewith.
10.31*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting.	Refiled herewith.
10.32	First Amendment to Credit Agreement dated June 2, 2010 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.33	Revolving Line of Credit Note dated June 2, 2010 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	ncorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.34	Settlement Agreement and General Release between Corvel Corporation and Kathleen Roche, D.C., individually and on behalf of others similarly situated, dated October 29, 2010.	Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 filed on November 8, 2010.
10.35	Summary of Terms of Oral Agreement to Repurchase Shares of Common Stock held by Corstar Holdings, Inc.	Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 filed on November 8, 2010.
10.36	Stock Option Agreement dated December 6, 2010 between the company and Daniel J. Starck, providing performance vesting.	Incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2010 filed on February 4, 2011.
10.37	Stock Option Agreement dated December 6, 2010 between the company and Scott R. McCloud, providing performance vesting.	Incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2010 filed on February 4, 2011.
10.38	Stock Option Agreement dated December 6, 2010 between the company and Donald C. McFarlane, providing performance vesting.	Incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2010 filed on February 4, 2011.
10.39	Stock Option Agreement dated December 6, 2010 between the company and Diane Blaha, providing performance vesting.	Incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2010 filed on February 4, 2011.
21.1	Subsidiaries of the Company	Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm, Haskell & White LLP	Filed herewith.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.

Exhibit No.	Title	Method of Filing
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.

* — Denotes management contract or compensatory plan or arrangement.

† — Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

(b) Exhibits

The exhibits filed as part of this report are listed under Item 15(a)-(3) of this Annual Report on Form 10-K.

(c) Financial Statement Schedule

The Financial Statement Schedules required by Regulation S-X and Item 8 of Form 10-K are listed under Item 15(a)(2) of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORVEL CORPORATION

By: /s/ DANIEL J. STARCK
Daniel J. Starck
President, Chief Executive Officer, and Chief Operating Officer

Date: June 10, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on June 10, 2011.

Signature	Title
/s/ V. GORDON CLEMONS V. Gordon Clemons	Chairman of the Board
/s/ DANIEL J. STARCK Daniel J. Starck	President, Chief Executive Officer, and Chief Operating Officer (Principal Executive Officer)
/s/ SCOTT R. MCCLOUD Scott R. McCloud	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ ALAN HOOPS Alan Hoops	Director
/s/ STEVEN J. HAMERSLAG Steven J. Hamerslag	Director
/s/ JUDD JESSUP Judd Jessup	Director
/s/ JEAN MACINO Jean Macino	Director
/s/ JEFFREY J. MICHAEL Jeffrey J. Michael	Director

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data for each of the fiscal years for the five fiscal years ended March 31, 2011, have been derived from the Company's audited consolidated financial statements. The following data should be read in conjunction with the Company's Consolidated Financial Statements, the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The following amounts are in thousands, except per share data.

	Fiscal Year Ended March 31,				
	2007	2008	2009	2010	2011
Statement of Income Data:					
Revenues	$ 274,581	$ 301,894	$ 310,076	$ 337,968	$ 380,668
Cost of revenues	208,746	223,829	236,334	252,429	284,098
Gross profit	65,835	78,065	73,742	85,539	96,570
General and administrative	35,383	39,720	42,133	42,056	59,167
Income before income taxes	30,452	38,345	31,609	43,483	37,403
Income tax provision	11,876	14,961	12,332	17,387	12,740
Net income	$ 18,576	$ 23,384	$ 19,277	$ 26,096	$ 24,663
Net income per share:					
Basic	$ 1.32	$ 1.69	$ 1.43	$ 2.09	$ 2.09
Diluted	$ 1.30	$ 1.67	$ 1.42	$ 2.06	$ 2.05
Shares used in computing net income per share:					
Basic	14,070	13,856	13,458	12,499	11,801
Diluted	14,268	14,036	13,620	12,672	12,029
Return on beginning of year equity	27.3%	29.5%	20.0%	27.1%	25.8%
Return on beginning of year assets	18.6%	20.6%	13.7%	19.0%	17.6%

	2007	2008	2009	2010	2011
Balance Sheet Data as of March 31,					
Cash and cash equivalents	$ 15,020	$ 17,911	$ 13,217	$ 10,242	$ 12,269
Accounts receivable, net	41,027	39,164	41,249	43,930	48,964
Working capital	35,018	29,445	28,096	27,196	27,389
Total assets	113,768	140,575	137,552	140,368	164,225
Retained earnings	157,731	178,458	197,735	223,831	248,494
Treasury stock	(154,091)	(162,302)	(185,762)	(218,323)	(248,931)
Total stockholders' equity	79,197	96,378	96,297	95,728	99,639

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations may include certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including (without limitation) statements with respect to anticipated future operating and financial performance, growth and acquisition opportunities and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "continue," "may," "will," and "should" and variations of these words and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements made by the Company and its management are based on estimates, projections, beliefs and assumptions of management at the time of such statements and are not guarantees of future performance.

The Company disclaims any obligations to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information or otherwise. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; possible litigation and legal liability in the course of operations; cost of capital and capital requirements; competition from other managed care companies; the ability to expand certain areas of the Company's business; shifts in customer demands; the ability of the Company to produce market-competitive software; changes in operating expenses including employee wages, benefits and medical inflation; governmental and public policy changes, including but not limited to legislative and administrative law and rule implementation or change; dependence on key personnel; the continued availability of financing in the amounts and at the terms necessary to support the Company's future business; and the other risks identified under the heading "Risk Factors" appearing elsewhere in the report.

Overview

CorVel Corporation is an independent nationwide provider of medical cost containment and managed care services designed to address the escalating medical costs of workers' compensation and auto claims. The Company's services are provided to insurance companies, third-party administrators ("TPA's"), and self-administered employers to assist them in managing the medical costs and monitoring the quality of care associated with healthcare claims.

Network Solutions Services

The Company's network solutions services are designed to reduce the price paid by its customers for medical services rendered in workers' compensation cases, auto policies and, to a lesser extent, group health policies. The network solutions offered by the Company include automated medical fee auditing, preferred provider services, retrospective utilization review, independent medical examinations, and inpatient bill review. Network solutions services also includes revenue from the Company's directed care network (CareIQ), including imaging and physical therapy.

Patient Management Services

In addition to its network solutions services, the Company offers a range of patient management services, which involve working on a one-on-one basis with injured employees and their various healthcare professionals, employers and insurance company adjusters. The services are designed to monitor the medical necessity and appropriateness of healthcare services provided to workers' compensation and other healthcare claimants and to expedite return to work. The Company offers these services on a stand-alone basis, or as an integrated component of its medical cost containment services. The Company expanded its patient management services to include the processing of claims for self-insured payors to property and casualty insurance with a combination acquisition in fiscal 2007 and 2008 and organic growth. The Company also made a small acquisition in fiscal 2009 and one in fiscal 2011.

Organizational Structure

The Company's management is structured geographically with regional vice-presidents who report to the President of the Company. Each of these regional vice-presidents is responsible for all services provided by the Company in his or her particular region and responsible for the operating results of the Company in multiple states. These regional vice presidents have area and district managers who are also responsible for all services provided by the Company in their given area and district.

Business Enterprise Segments

The Company operates in one reportable operating segment, managed care. The Company's services are delivered to its customers through its local offices in each region and financial information for the Company's operations follows this service delivery model. All regions provide the Company's patient management and network solutions services. ASC 280-10 establishes standards for the way that public business enterprises report information about operating segments in annual and interim consolidated financial statements. The Company's internal financial reporting is segmented geographically, as discussed above, and managed on a geographic rather than service line basis, with virtually all of the Company's operating revenue generated within the United States.

Under Accounting Standard Codification ("ASC") 280-10, two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles of ASC 280-10, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of its regions meet these criteria as each provides similar services and products to similar customers using similar methods of productions and similar methods to distribute the services and products.

Because we believe we meet each of the criteria set forth above and each of our regions have similar economic characteristics, we aggregate our results of operations in one reportable operating segment, managed care.

Seasonality

While we are not directly impacted by seasonal shifts, we are affected by the change in working days in a given quarter. There are generally fewer working days for our employees to generate revenue in the third fiscal quarter as we experience vacations, inclement weather and holidays.

Summary of Fiscal 2011 Annual Results

The Company had revenues of $381 million for fiscal year ended March 31, 2011, an increase of $43 million, or 13%, compared to $338 million for fiscal year ended March 31, 2010. This increase was primarily due to an increase in revenues from claims administration customers of our patient management services, due to an increase in such customers and an increase in the services sold to existing claims administration customers. Additionally, to a lesser extent, the Company had an increase in network solutions revenues from an increase in bill review volume and pharmacy services.

During fiscal 2011, the Company continued to improve its accounts receivable collections processes and reduced its days sales outstanding from less than 46 days at March 31, 2010 to less than 45 days at March 31, 2011. The days sales outstanding at March 31, 2011 is amongst the lowest in the Company's history.

During fiscal 2011, the Company also continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. In May 2010, the Company's Board of Directors increased the number of shares authorized to be repurchased over the life of the plan to 15,000,000 shares. During fiscal 2011, the Company spent $30.6 million to repurchase 715,975 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 14,491,163 shares of its common stock through March 31, 2011, at a cost of $249 million. These repurchases were funded primarily from the Company's operating cash flows.

In December 2010, the Company's wholly owned subsidiary, CorVel Enterprise Comp, Inc., acquired 100% of the stock of Safety Risk Services, LLC ("SRS") for $1.3 million in cash. There are no contingent purchase obligations. SRS is a third-party administrator headquartered in the state of Mississippi. The acquisition is expected to allow the Company to expand its service capabilities as a third-party administrator and provide claims processing services along with patient management services and network solutions services to an increased customer base. The results of SRS have been included in the Company's results from the date of the acquisition through March 31, 2011. For the fiscal year ended March 31 2011, the results of the acquired business increased the Company's revenues by an immaterial amount, approximately 1/10 of 1%. The acquisition was also immaterial relative to the Company's net income, total assets, and shareholder's equity.

Results of Operations

The Company derives its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, auto insurance claims and health insurance benefits. Patient management services include utilization review, medical case management, vocational rehabilitation, and claims processing. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services and preferred provider referral services. The percentages of total revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2009, 2010, and 2011 are listed below.

	2009	2010	2011
Patient management services	43.2%	44.7%	47.0%
Network solutions services	56.8%	55.3%	53.0%
	100.0%	100.0%	100.0%

As noted in the table above, from fiscal 2010 to fiscal 2011 the mix of the Company's revenues moved 2.3 percentage points from network solutions to patient management. This mix shift is primarily due to the Company's increased focus in the sale of TPA services which are included with patient management services.

The following table shows the income statements for the past three fiscal years and the dollar changes as well as the percentage changes for each fiscal year in thousands, except for per share information.

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Amount Change from Fiscal 2009 to 2010	Amount Change from Fiscal 2010 to 2011	Percent Change from Fiscal 2009 to 2010	Percent Change from Fiscal 2010 to 2011
Revenues	$310,076	$337,968	$380,668	$27,892	$42,700	9.0%	12.6%
Cost of revenues	236,334	252,429	284,098	16,095	31,669	6.8	12.5
Gross profit	73,742	85,539	96,570	11,797	11,031	16.0	12.9
General and administrative	42,133	42,056	59,167	(77)	17,111	(0.2)	40.7
Income before income taxes	31,609	43,483	37,403	11,874	(6,080)	37.6	(14.0)
Income tax provision	12,332	17,387	12,740	5,055	(4,647)	41.0	(26.7)
Net income	$ 19,277	$ 26,096	$ 24,663	$ 6,819	$(1,433)	35.4%	(5.5)%
Net income per share:							
Basic	$ 1.43	$ 2.09	$ 2.09	$ 0.66	$ —	46.2%	0.0%
Diluted	$ 1.42	$ 2.06	$ 2.05	$ 0.64	$ (0.01)	45.1%	(0.5)%
Shares used in net income per share:							
Basic	13,458	12,499	11,801	(959)	(698)	(7.1)%	(5.6)%
Diluted	13,620	12,672	12,029	(948)	(643)	(7.0)%	(5.1)%

As previously identified in the section titled "Risk Factors" in this report, the Company's ability to maintain or grow revenues is subject to several risks including, but not limited to, changes in government regulations, exposure to litigation and the ability to add or retain customers. Any of these, or a combination of all of them, could have a material and adverse effect on the Company's results of operations going forward.

The following table sets forth, for the periods indicated, the percentage of revenues represented by certain items reflected in the Company's consolidated statements of income. The Company's past operating results are not necessarily indicative of future operating results. The percentages for the three fiscal years ended March 31, 2009, 2010 and 2011 are as follows:

	2009	2010	2011
Revenues	100.0%	100.0%	100.0%
Cost of revenues	76.2%	74.7%	74.6%
Gross profit	23.8%	25.3%	25.4%
General and administrative	13.6%	12.4%	15.5%
Income before income taxes	10.2%	12.9%	9.9%
Income tax provision	4.0%	5.1%	3.3%
Net Income	6.2%	7.8%	6.6%

Revenue

The Company derives its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, auto insurance claims and health insurance benefits. Patient management services include claims administration, utilization review, medical case management and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services, directed care services and preferred provider referral services.

Change in Revenue

Fiscal 2011 Compared to Fiscal 2010

Revenues increased by 13%, to $381 million in fiscal 2011, from $338 million in fiscal 2010, an increase of $43 million. The increase was primarily due to an increase in revenues from claims administration customers of our patient management services, due both to an increase in such customers and an increase in the services sold to the existing claims administration customers. Additionally, to a lesser extent, the Company had an increase in network solutions revenues from an increase in bill review volume and pharmacy services. Patient management revenues increased by $28 million, or 18%, from $151 million to $179 million. Network solutions services increased by $15 million, or 8%, from $187 million to $202 million.

Fiscal 2010 Compared to Fiscal 2009

Revenues increased by 9% to $338 million in fiscal 2010, from $310 million in fiscal 2009, an increase of $28 million. The increase was primarily due to an increase in revenue from the Company's claims administration services, including related case management and bill review services and direct care services. Patient management revenues, which include TPA services, increased by $18 million, or 13.8%, to $151 million in fiscal 2010 due to the Company's increased focus in the sale of these services. The Company's network solutions services revenue, which include CareIQ directed care services, increased by $10 million, or 5.4%, to $187 million in fiscal 2010.

Cost of Revenue

The Company's cost of revenues consist of direct expenses, costs directly attributable to the generation of revenue, and field indirect costs which are incurred in the field to support the operations in the field offices which generate the revenue. Direct costs are primarily case manager salaries, bill review analysts, related payroll taxes and fringe benefits, and costs for Independent Medical Examinations (IME), prescription drugs, and MRI providers.

Most of the Company's revenues are generated in offices which provide both patient management services and network solutions services. The largest of the field indirect costs are manager salaries and bonus, account executive base pay and commissions, administrative and clerical support, field systems personnel, PPO network developers, related payroll taxes, fringe benefits, office rent, and telephone expense. During fiscal 2011, approximately 31% of the costs incurred in the field are field indirect costs which support both the patient management services and network solutions operations of the Company's field operations.

Change in Cost of Revenue

Fiscal 2011 Compared to Fiscal 2010

The Company's cost of revenues increased from $252 million in fiscal 2010 to $284 million in fiscal 2011, an increase of 12.5% or $32 million. The increase in cost of revenues is primarily due to the 13% increase in revenues noted above. During the past three fiscal years, the Company's gross margin has been relatively consistent at 24%, 25%, and 25% for fiscal years ended March 31, 2009, 2010 and 2011, respectively.

Fiscal 2010 Compared to Fiscal 2009

The Company's cost of revenues increased from $236 million in fiscal 2009 to $252 million in fiscal 2010, an increase of 6.8%, or $16 million. The increase in cost of revenues was due to the costs associated with the increase in demand for the Company's TPA services, and to a lesser extent, the CareIQ services. These services operate at a lower margin than the Company's other services. Despite this mix shift in revenues, the Company's operating productivity improved. As a result, the cost of revenues as a percentage of revenues decreased from 76% in fiscal 2010 to 75% in fiscal 2011. The potential increase in costs to attract and retain qualified employees may cause a significant increase in cost of revenues in the future.

General and Administrative Expense

During fiscals years 2009, 2010 and 2011, approximately 61%, 61%, and 54%, respectively, of general and administrative costs (exclusive of the $9.0 million Louisiana legal settlement accrual noted below) consisted of corporate systems costs, which include the corporate systems support, implementation and training, rules engine development, national information technology (IT) strategy and planning, depreciation of the hardware costs in the Company's corporate offices and backup data center, the Company's national wide area network, and other systems related costs. The Company includes all IT related costs managed by the corporate office in general and administrative whereas the field IT related costs are included in the cost of revenues. The remaining general and administrative costs consist of national marketing, national sales support, corporate legal, corporate insurance, human resources, accounting, product management, new business development, and other general corporate expenses.

Change in General and Administrative Expense

Fiscal 2011 Compared to Fiscal 2010

General and administrative costs increased 41% from $42 million in fiscal 2010 to $59 million in fiscal 2011. General and administrative expense increased as a percentage of revenue by 3.1% from 12.4% of revenue in fiscal 2010 to 15.5% of revenue in fiscal 2011 primarily due to the accrual of the $9 million legal settlement of litigation in Louisiana as noted below. Exclusive of this accrual, general and administrative costs would have been 12.4% and 13.2% of revenue in both fiscal 2010 and fiscal 2011, respectively, as the increase in general and administrative costs was commensurate with the growth in revenue. Exclusive of the Louisiana settlement accrual, general and administrative costs increased from $42 million in fiscal 2010 to $50 million in fiscal 2011. Part of the increase was also due to the settlement of the Roche litigation noted below. The Company's systems expenses increased $0.9 million, from $24.4 million in fiscal 2010 to $25.3 million in fiscal 2011. Given the importance the Company places on its proprietary software and IT infrastructure, these costs will always be a significant portion of the Company's general and administrative costs.

The costs associated with the development and maintenance of software products and the implementation and incorporation of new technologies to remain competitive could have a material adverse effect on the Company's results of operations in the future. Likewise, the Company's exposure to litigation and increasing costs of insurance could have a material adverse effect on the Company's results of operations as well.

Fiscal 2010 Compared to Fiscal 2009

General and administrative expense was $42 million in both fiscal 2009 and fiscal 2010. General and administrative expense decreased as a percentage of revenue by 1.2% from 13.6% of revenue in fiscal 2009 to 12.4% of revenue in fiscal 2010 as these costs remained unchanged as revenues increased. The Company's systems expenses decreased $1 million, or 2.2%, from fiscal 2009 to fiscal 2010 offset by an increase in non-systems related general and administrative costs. Given the importance the Company places on its proprietary software and IT infrastructure, these costs may increase in the future.

The costs associated with the development and maintenance of software products and the implementation and incorporation of new technologies to remain competitive could have a significant adverse effect on the Company's results of operations in the future. Likewise, the Company's exposure to litigation and increasing costs of insurance could have a significant adverse effect on the Company's results of operations as well.

Income Tax Provision

Fiscal 2011 Compared to Fiscal 2010

The Company's income tax expense for fiscal years 2010 and 2011 was $17 million and $13 million, respectively. The Company's income tax expense in fiscal 2011 decreased primarily due to the decrease in pre-tax income from $43 million in fiscal 2010 to $37 million in fiscal 2011. The effective income tax rates for fiscal years 2010 and 2011 were 40% and 35% respectively. The decrease in the effective income tax rate was primarily due to the recognition of a net benefit of $1,601,000 due to the reduction in the FIN 48 liability originally recorded based upon review of the FIN 48 liability. These rates differed from the statutory federal tax rate of 35% primarily due to state income taxes and certain non-deductible expenses

Fiscal 2010 Compared to Fiscal 2009

The Company's income tax expense for fiscal years 2009 and 2010, was $12 million and $17 million, respectively. The Company's income tax expense in fiscal 2010 increased due to the increase in pre-tax income from $32 million in fiscal 2009 to $43 million in fiscal 2010. The effective income tax rates for fiscal years 2009 and 2010 were 39% and 40%, respectively. These rates differed from the statutory federal tax rate of 35% primarily due to state income taxes and certain non-deductible expenses.

Net Income

Fiscal 2011 Compared to Fiscal 2010

The Company's net income for fiscal years 2010 and 2011 was $26 million and $25 million, respectively. The Company's net income in fiscal 2011 decreased due to the $9 million accrued for the expected legal settlement of the Louisiana litigation and Roche litigation noted below offset by the increase in profits due to the increase in revenues. Revenues increased $43 million while field costs increased only $35 million. Gross margins were 25% in fiscal 2010 and 25% in fiscal 2011 as cost of revenues approximated the increase in revenues.

Fiscal 2010 Compared to Fiscal 2009

The Company's net income for fiscal years 2009 and 2010 was $19 million and $26 million, respectively. The Company's net income in fiscal 2010 increased due to the increase in the Company's revenues and increase in gross margin percentage. Revenues increased $28 million from fiscal 2009 to fiscal 2010. Gross margins increased from 24% in fiscal 2009 to 25% in fiscal 2010.

Earnings per Share

Fiscal 2011 Compared to Fiscal 2010

The Company's diluted earnings per share for fiscal years 2010 and 2011 were $2.06 and $2.05, respectively. The Company's earnings per share in fiscal 2011 decreased due to the accrued for the expected legal settlement of the Louisiana litigation noted below. The cost was partially offset by an increase in operating income, excluding the legal accrual, and due to a reduction in shares outstanding from the Company's share repurchase program.

Fiscal 2010 Compared to Fiscal 2009

The Company's diluted earnings per share for fiscal years 2009 and 2010 were $1.42 and $2.06, respectively. The Company's earnings per share in fiscal 2010 increased due to the increase in net income as noted above, offset by the decrease in diluted shares from 13.6 million to 12.7 million due to repurchases under the Company's share repurchase program.

Liquidity and Capital Resources

The Company has historically funded its operations and capital expenditures primarily from cash flow from operations, and to a lesser extent, stock option exercises. The Company's net accounts receivables have averaged below 46 days of average sales for the past two fiscal years. Property, net of accumulated depreciation, has historically averaged approximately 10% or less of annual revenue. These historical ratios of investments in assets used in the business has allowed the Company to generate sufficient cash flow to repurchase $249 million of its common stock during the past fifteen fiscal years, without incurring debt, on inception to date net earnings of $248 million. Working capital remained unchanged from $27 million to $27 million from March 31, 2010 to March 31, 2011.

The Company believes that cash from operations and funds from exercises of stock options granted to employees are adequate to fund existing obligations, repurchase shares of the Company's common stock under its current share repurchase program, introduce new services, and continue to develop healthcare related businesses for at least the next twelve months. The Company regularly evaluates cash requirements for current operations and commitments, and for capital acquisitions and other strategic transactions. The Company may elect to raise additional funds for these purposes, through debt or equity financings or otherwise, as appropriate. Additional equity or debt financing may not be available when needed, on terms favorable to us or at all.

As of March 31, 2011, the Company had $12 million in cash and cash equivalents, invested primarily in short-term, interest-bearing highly liquid investment-grade securities with maturities of 90 days or less.

In June 2010, the Company renewed a credit agreement that was in place throughout fiscal 2011. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement bear interest, at the Company's option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. There were no outstanding revolving loans at any time during fiscal 2011, but letters of credit in the aggregate amount of $8.0 million have been issued under a letter of credit sub-limit that does not reduce the amount of borrowings available under the revolving credit facility. The credit agreement expires in September 2011.

The Company has historically required substantial capital to fund the growth of its operations, particularly working capital to fund growth in accounts receivable and capital expenditures. The Company believes, however, that the cash balance at March 31, 2011 along with anticipated internally generated funds, and the credit facility would be sufficient to meet the Company's expected cash requirements for at least the next twelve months.

Operating Cash Flows

Fiscal 2011 Compared to Fiscal 2010

Net cash provided by operating activities increased from $38 million in fiscal 2010 to $45 million in fiscal 2011. The increase in cash provided by operations was primarily due to an increase in accrued liabilities by $7 million for fiscal year 2010 to $15 million for fiscal year 2011 primarily due to the accrual for the expected legal settlement of the Louisiana litigation noted above. Excluding the accrual of cost for this item, income in fiscal 2011 would have been greater than fiscal 2010.

Fiscal 2010 Compared to Fiscal 2009

Net cash provided by operating activities increased from $30 million in fiscal 2009 to $38 million in fiscal 2010. The increase in cash provided by operations was primarily due to a increase in net income from $19 million for fiscal year 2009 to $26 million for fiscal year 2010.

Investing Activities

Fiscal 2011 Compared to Fiscal 2010

Net cash flow used in investing activities increased from $12 million in fiscal 2010 to $20 million in fiscal 2011. This increase in investing activity was primarily due to an increase in property additions from $12 million in fiscal 2010 to $18 million in fiscal 2011, primarily due to an increase in software development efforts. The Company expects future expenditures for property and equipment to increase if revenues increase.

Fiscal 2010 Compared to Fiscal 2009

Net cash flow used in investing activities decreased from $14 million in fiscal 2009 to $12 million in fiscal 2010. This decrease in investing activity was primarily due to a decrease in acquisitions from $3 million to $1 million. Furthermore, investing activity in capital additions increased from $10 million to $12 million.

Financing Activities

Fiscal 2011 Compared to Fiscal 2010

Net cash flow used in financing activities decreased from $29 million in fiscal 2010 to $23 million in fiscal 2011. The decrease in cash flow used in financing activities was due to a decrease in the purchase of common stock under the Company's share repurchase program. During fiscal 2010, the Company spent $33 million to repurchase 1,092,445 shares of its common stock (at an average price of $29.80 per share). During fiscal 2011, the Company spent $31 million to repurchase 715,975 shares of its common stock (at an average price of $42.75 per share). Additionally, in fiscal year 2010, the Company realized $3 million in cash from the exercise of stock options and the related income tax benefits. In fiscal 2011, the Company realized $7 million from the exercised of stock options and the related income tax benefits.

If the Company continues to generate cash flow from operating activities, the Company may continue to repurchase shares of its common stock on the open market, if authorized by the Company's Board of Directors, or seek to identify other businesses to acquire. In May 2010, the Board of Directors increased the number of shares authorized to be repurchased over the life of the stock repurchase program by an additional 1,000,000 shares to 15,000,000 shares. The Company has historically used cash provided by operating activities and from the exercise of stock options to repurchase stock. The Company expects that it may use some of the cash on the balance sheet at March 31, 2011 to repurchase additional shares of its common stock in the future.

Fiscal 2010 Compared to Fiscal 2009

Net cash flow used in financing activities increased from $21 million in fiscal 2009 to $29 million in fiscal 2010. The increase in cash flow used in financing activities was due to an increase in the purchase of common stock under the Company's stock repurchase program. During fiscal 2009, the Company spent $23 million to repurchase

995,129 shares of its common stock (at an average price of $23.57 per share). During fiscal 2010, the Company spent $33 million to repurchase 1,092,445 shares of its common stock (at an average price of $29.80 per share).

Contractual Obligations

The following table set forth our contractual obligations at March 31, 2011, which are primarily future minimum lease payments due under non-cancelable operating leases:

		For the Fiscal Years Ended March 31:			
	Total	2012	2013 - 2014	2015 - 2016	After 2016
Operating leases	$47,408,000	$13,512,000	$18,705,000	$11,673,000	$3,518,000
Uncertain tax positions	1,608,000	1,608,000	—	—	—
Software license	1,700,000	850,000	850,000	—	—
Total	$50,716,000	$15,970,000	$19,555,000	$11,673,000	$3,518,000

Litigation. On March 25, 2011, George Raymond Williams, MD. ("Williams"), as plaintiff, individually and on behalf of those similarly situated, filed a First Amended and Restated Petition for Damages and Class Certification in the 27th Judicial District Court, Parish of St. Landry, Louisiana, against CorVel Corporation ("CorVel") and its insurance carriers, Homeland Insurance Company of New York and Executive Risk Specialty Insurance Company and several other unrelated parties. Williams alleges that CorVel violated Louisiana's Any Willing Provider Act (the "AWPA"), which requires a payor accessing a preferred provider contract to give 30 days' advance written notice or point of service notice in the form of a benefit card before the payor accesses the discounted rates in the contract to pay the provider for services rendered to an insured under that payor's health benefit plan.

On March 31, 2011, CorVel entered into a Memorandum of Understanding with attorneys representing the plaintiffs and the class setting forth the terms of settlement of this class action lawsuit. The Memorandum of Understanding provides that subject to the execution of a mutually acceptable settlement agreement and final non-appealable approval of such settlement by the Louisiana state court, CorVel will pay $9 million to resolve claims for which CorVel recorded a $9 million pre-tax charge to earnings during the March 2011 quarter. In addition, CorVel will assign to the class certain rights it has to the proceeds of CorVel's insurance policies relating to the claims asserted by the class. The class action arbitration filed with the American Arbitration Association against CorVel in December 2006 by Southwest Louisiana Hospital Association dba Lake Charles Memorial Hospital as previously disclosed by CorVel is encompassed within the settlement terms of the Memorandum of Understanding. Pursuant to the Memorandum of Understanding, the parties have also agreed to request that the appropriate courts stay all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association in which the parties are named, until the settlement agreement is prepared, executed and receives final court approval. The settlement does not constitute an admission of liability.

In exchange for the settlement payment by CorVel, class members will release CorVel and all of its affiliates and clients for any claims relating in any way to re-pricing, payment for, or reimbursement of a workers' compensation bill, including but not limited to claims under the AWPA. Plaintiffs have also agreed to a notice procedure that CorVel may follow in the future to comply with the AWPA. As noted, the Memorandum of Understanding is contingent upon the execution of a mutually acceptable definitive settlement agreement. Under Louisiana law, once the parties have executed such a settlement agreement, they must apply to the court for approval of the settlement following a court-supervised process of notice to the class and an opportunity for the class to be heard about the fairness of the settlement or to be excluded from the settlement. CorVel expects to be able to arrive at such a definitive settlement agreement in the next 30 days[elsewhere you say "by the end of June 2011"] [How certain are you?], but there can be no assurance that the parties will be able to reach a definitive settlement agreement within that timeframe or at all, that the court will approve the settlement or that a large number of class members will not opt out of the settlement. If a definitive settlement agreement is not reached or is not approved by the court, all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers

Compensation and the arbitration proceeding before the American Arbitration Association that have been stayed pending settlement will resume.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case sought unspecified damages based on the Company's alleged failure to direct patients to medical providers who were members of the CorVel CorCare PPO network and also alleged that the Company used biased and arbitrary computer software to review medical providers' bills. On October 29, 2010, the Company entered into a settlement agreement providing for the payment of $2.1 million to class members and up to an additional $700,000 for attorneys' fees and expenses, and as a result the Company accrued $2.8 million of estimated liability for this settlement agreement during the quarter ended September 30, 2010. None of these amounts have been paid tp the claimants through March 31, 2011. The Company denies that its conduct was improper in any way and has denied all liability. In exchange for the settlement payment by the Company, class members consisting of Illinois medical providers (excluding hospitals) have released the Company and all of its affiliates for claims relating to any PPO or usual and customary reductions recommended by the Company on class members' medical bills. On January 21, 2011, the Circuit Court gave final approval to the settlement and awarded class counsel $700,000 in attorneys' fees and expenses and a $5,000 incentive award to Kathleen Roche, the class representative.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these other matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Inflation. The Company experiences pricing pressures in the form of competitive prices. The Company is also impacted by rising costs for certain inflation-sensitive operating expenses such as labor and employee benefits, and facility leases. However, the Company generally does not believe these impacts are material to its revenues or net income.

Off-Balance Sheet Arrangements

The Company is not a party to off-balance sheet arrangements as defined by the Securities and Exchange Commission. However, from time to time the Company enters into certain types of contracts that contingently require the Company to indemnify parties against third-party claims. The contracts primarily relate to: (i) certain contracts to perform services, under which the Company may provide customary indemnification to the purchases of such services; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company's use of the applicable premises; and (iii) certain agreements with the Company's officers, directors and employees, under which the Company may be required to indemnify such persons for liabilities arising out of their relationship with the Company.

The terms of such obligations vary by contract and in most instances a specific or maximum dollar amount is not explicitly stated therein. Generally, amounts under these contracts cannot be reasonably estimated until a specific claim is asserted. Consequently, no liabilities have been recorded for these obligations on the Company's balance sheets for any of the periods presented.

Critical Accounting Policies

The SEC defines critical accounting policies as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The following is not intended to be a comprehensive list of our accounting policies. Our significant accounting policies are more fully described in Note A to the Consolidated Financial Statements. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States of America, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting an available alternative would not produce a materially different result.

We have identified the following accounting policies as critical to us: 1) revenue recognition, 2) cost of revenues, 3) allowance for uncollectible accounts, 4) goodwill and long-lived assets, 5) accrual for self-insured costs, 6) accounting for income taxes, and 7) share-based compensation.

Revenue Recognition: The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company's services, as the Company's professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in Accounting Standard Codification ("ASC") 605-25.

In accordance with ASC 605-25, the Company allocates revenue for transactions or collaborations that include multiple elements to each unit of accounting based on its relative fair value, and recognizes revenue for each unit of accounting when the revenue recognition criteria have been met. The price charged when the element is sold separately generally determines fair value. When our customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. As a result, the fair value of each product sold in a multiple element arrangement is almost always determinable. In the absence of fair value of a delivered element, the Company would allocate revenue first to the fair value of the undelivered elements and the residual revenue to the delivered elements. The Company recognizes revenue for delivered elements when the delivered elements have standalone value and the Company has objective and reliable evidence of fair value for each undelivered element. If the fair value of any undelivered element included in a multiple element arrangement cannot be objectively determined, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. Based upon the nature of our products, bundled products are generally delivered in the same accounting period.

Cost of revenues: Cost of services consists primarily of the compensation and fringe benefits of field personnel, including managers, medical bill analysts, field case managers, telephonic case managers, systems support, administrative support and account managers and account executives and related facility costs including rent, telephone and office supplies. Historically, the costs associated with these additional personnel and facilities have been the most significant factor driving increases in the Company's cost of services. Locally managed and incurred IT costs are charged to cost of revenues whereas the costs incurred and managed at the corporate offices are charged to general and administrative expense.

Allowance for Uncollectible Accounts: The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customers' current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible.

The Company must make significant management judgments and estimates in determining contractual and bad debt allowances in any accounting period. One significant uncertainty inherent in the Company's analysis is whether its past experience will be indicative of future periods. Although the Company considers future projections when estimating contractual and bad debt allowances, the Company ultimately makes its decisions based on the best information available to it at that time. Adverse changes in general economic conditions or trends in reimbursement amounts for the Company's services could affect the Company's contractual and bad debt allowance estimates, collection of accounts receivable, cash flows, and results of operations. No one customer accounted for 10% or more of accounts receivable at March 31, 2010, and 2011.

Goodwill and Long-Lived Assets: Goodwill arising from business combinations represents the excess of the purchase price over the estimated fair value of the net assets of the acquired business. Pursuant to ASC 350-10 through ASC 350-30, "Goodwill and Other Intangible Assets," goodwill is tested annually for impairment or more frequently if circumstances indicate the potential for impairment. Also, management tests for impairment of its amortizable intangible assets and long-lived assets annually and whenever events or changes in circumstances

indicate that the carrying amount of an asset may not be recoverable. The Company's impairment is conducted at a company-wide level. The measurement of fair value is based on an evaluation of market capitalization and is further tested using a multiple of earnings approach. In projecting the Company's cash flows, management considers industry growth rates and trends and cost structure changes. Based on the Company's tests and reviews, no impairment of its goodwill, intangible assets or other long-lived assets existed at March 31, 2011. However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair market value.

Accrual for Self-insurance Costs: The Company self-insures for the group medical costs and workers' compensation costs of its employees. The Company purchases stop loss insurance for large claims. Management believes that the self-insurance reserves are appropriate; however, actual claims costs may differ from the original estimates requiring adjustments to the reserves. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents.

Accounting for Income Taxes: The Company provides for income taxes in accordance with provisions specified in ASC 740, "Accounting for Income Taxes". Accordingly, deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. In making an assessment regarding the probability of realizing a benefit from these deductible differences, management considers the Company's current and past performance, the market environment in which the Company operates, tax-planning strategies and the length of carry-forward periods for loss carry-forwards, if any. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Further, the Company provides for income tax issues not yet resolved with federal, state and local tax authorities.

Share-Based Compensation: The Company accounts for share based compensation in accordance with the provisions of ASC Topic 718 "Compensation — Stock Compensation". Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). For the fiscal year ended March 31, 2011, the Company recorded share-based compensation expense of $2,544,000. Share-based compensation expense recognized in fiscal 2011 is based on awards ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's term, and the Company's expected annual dividend yield. The Company's management believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company's stock options granted in fiscal 2011. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

The key input assumptions that were utilized in the valuation of the stock options granted during the fiscal year ended March 31, 2011 are summarized in the table below.

Weighted average option life (1)	4.7 to 4.8 years
Expected volatility (2)	46%
Risk free interest rate (3)	1.5% to 2.2%
Dividend yield	0%

(1) The expected option term is based on historical exercise and post-vesting termination patterns.

(2) Expected volatility represents a combination of historical stock price volatility and estimated future volatility.

(3) The risk-free interest rate is based on the implied yield on five year United States Treasury Bill on the date of grant.

Recently Issued Accounting Standards

There have been no new accounting pronouncements which had a material impact on our consolidated financial statements and management does not believe there are any pending pronouncements that will materially impact our financial position or results of operations. Management is continuously monitoring all proposed accounting standards updates to determine the impact, if any, they will have on the Company's future financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CorVel Corporation

We have audited the accompanying consolidated balance sheets of CorVel Corporation (the "Company") as of March 31, 2010 and 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years ended March 31, 2009, 2010 and 2011. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule for each of the years ended March 31, 2009, 2010, and 2011. We also have audited CorVel Corporation's internal control over financial reporting as of March 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2010 and 2011, and the consolidated results of its operations and its cash flows for each of the years ended March 31, 2009, 2010, and 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule for each of the years ended March 31, 2009, 2010, and 2011, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ HASKELL & WHITE LLP

Irvine, California
June 10, 2011

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Years Ended March 31,		
	2009	2010	2011
Revenues	$310,076,000	$337,968,000	$380,668,000
Cost of revenues	236,334,000	252,429,000	284,098,000
Gross profit	73,742,000	85,539,000	96,570,000
General and administrative	42,133,000	42,056,000	59,167,000
Income before income taxes	31,609,000	43,483,000	37,403,000
Income tax provision	12,332,000	17,387,000	12,740,000
Net income	$ 19,277,000	$ 26,096,000	$ 24,663,000
Net income per share:			
Basic	$ 1.43	$ 2.09	$ 2.09
Diluted	$ 1.42	$ 2.06	$ 2.05
Weighted average shares outstanding:			
Basic	13,458,000	12,499,000	11,801,000
Diluted	13,620,000	12,672,000	12,029,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2010	March 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 10,242,000	$ 12,269,000
Customer deposits	1,691,000	5,279,000
Accounts receivable (less allowance for doubtful accounts of $2,754,000 at March 31, 2010 and $2,588,000 at March 31, 2011)	43,930,000	48,964,000
Prepaid expenses and taxes	6,419,000	6,417,000
Deferred income taxes	4,864,000	9,298,000
Total current assets	67,146,000	82,227,000
Property and equipment, net	30,026,000	38,500,000
Goodwill	35,988,000	36,769,000
Other intangible assets, net	6,909,000	6,729,000
Non-current deferred income taxes and other assets	299,000	—
	$ 140,368,000	$ 164,225,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts and taxes payable	$ 14,495,000	$ 14,590,000
Accrued liabilities	25,455,000	40,248,000
Total current liabilities	39,950,000	54,838,000
Deferred income taxes	4,690,000	9,748,000
Total liabilities	44,640,000	64,586,000
Commitments and contingencies (Notes F, H, I, J and K)		
Stockholders' Equity		
Common stock, $.0001 par value: 60,000,000 shares authorized at March 31, 2010 and 2011; 25,801,690 shares issued (12,026,502 shares outstanding, net of Treasury shares) and 11,630,921 shares issued (26,122,084 shares outstanding, net of Treasury shares) at March 31, 2010 and March 31, 2011, respectively	3,000	3,000
Paid-in-capital	90,217,000	100,073,000
Treasury Stock, at cost (13,775,188 shares at March 31, 2010 and 14,491,163 shares at March 31, 2011)	(218,323,000)	(248,931,000)
Retained earnings	223,831,000	248,494,000
Total stockholders' equity	95,728,000	99,639,000
	$ 140,368,000	$ 164,225,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Fiscal Years Ended March 31, 2009, 2010, and 2011

	Common Shares	Stock Amount	Paid-in-Capital	Treasury Shares	Treasury Stock	Retained Earnings	Total Shareholders' Equity
Balance — March 31, 2008	25,480,315	$3,000	$ 80,219,000	(11,687,614)	$(162,302,000)	$178,458,000	$ 96,378,000
Stock issued under employee stock purchase plan	16,390	—	374,000	—	—	—	374,000
Stock issued under stock option plan, net of shares repurchased	103,317	—	1,766,000	—	—	—	1,766,000
Stock-based compensation expense	—	—	1,332,000	—	—	—	1,332,000
Income tax benefits from stock option exercises	—	—	630,000	—	—	—	630,000
Purchase of treasury stock	—	—	—	(995,129)	(23,460,000)	—	(23,460,000)
Net income	—	—	—	—	—	19,277,000	19,277,000
Balance — March 31, 2009	25,600,022	3,000	84,321,000	(12,682,743)	(185,762,000)	197,735,000	96,297,000
Stock issued under employee stock purchase plan	11,064	—	333,000	—	—	—	333,000
Stock issued under stock option plan, net of shares repurchased	190,604	—	2,732,000	—	—	—	2,732,000
Stock-based compensation expense	—	—	2,102,000	—	—	—	2,102,000
Income tax benefits from stock option exercises	—	—	729,000	—	—	—	729,000
Purchase of treasury stock	—	—	—	(1,092,445)	(32,561,000)	—	(32,561,000)
Net income	—	—	—	—	—	26,096,000	26,096,000
Balance — March 31, 2010	25,801,690	3,000	90,217,000	(13,775,188)	(218,323,000)	223,831,000	95,728,000
Stock issued under employee stock purchase plan	7,073	—	317,000	—	—	—	317,000
Stock issued under stock option plan, net of shares repurchased	313,321	—	4,728,000	—	—	—	4,728,000
Stock-based compensation expense	—	—	2,544,000	—	—	—	2,544,000
Income tax benefits from stock option exercises	—	—	2,267,000	—	—	—	2,267,000
Purchase of treasury stock	—	—	—	(715,975)	(30,608,000)	—	(30,608,000)
Net income	—	—	—	—	—	24,663,000	24,663,000
Balance — March 31, 2011	26,122,084	$3,000	$100,073,000	(14,491,163)	$(248,931,000)	$248,494,000	$ 99,639,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended March 31,		
	2009	2010	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 19,277,000	$ 26,096,000	$ 24,663,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,778,000	11,988,000	12,249,000
Loss on write down or disposal of property or capitalized software	107,000	53,000	153,000
Stock-based compensation expense	1,332,000	2,102,000	2,544,000
Provision for doubtful accounts	2,434,000	2,868,000	2,437,000
Provision for deferred income taxes	2,000	308,000	624,000
Changes in operating assets and liabilities:			
Accounts receivable	(4,388,000)	(5,549,000)	(7,419,000)
Customer deposits	(1,464,000)	(227,000)	(3,588,000)
Prepaid expenses and taxes	401,000	(1,578,000)	4,000
Other assets	236,000	(245,000)	298,000
Accounts and taxes payable	(1,939,000)	(4,058,000)	85,000
Accrued liabilities	2,067,000	6,302,000	13,012,000
Net cash provided by operating activities	29,843,000	38,060,000	45,062,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of business, net of cash acquired	(3,365,000)	(600,000)	(1,235,000)
Purchases of property and equipment	(10,482,000)	(11,668,000)	(18,504,000)
Net cash used in investing activities	(13,847,000)	(12,268,000)	(19,739,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of employee stock purchase options	374,000	333,000	317,000
Exercise of common stock options	1,766,000	2,732,000	4,728,000
Tax benefits from stock options	630,000	729,000	2,267,000
Purchase of treasury stock	(23,460,000)	(32,561,000)	(30,608,000)
Net cash used in financing activities	(20,690,000)	(28,767,000)	(23,296,000)
Net increase (decrease) in cash and cash equivalents	(4,694,000)	(2,975,000)	2,027,000
Cash and cash equivalents at beginning of year	17,911,000	13,217,000	10,242,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 13,217,000	$ 10,242,000	$ 12,269,000
Supplemental cash flow information			
Income taxes paid	$ 11,456,000	$ 17,275,000	$ 13,740,000
Accrual of software license purchase	$ —	$ —	$ 1,700,000
Acquisition earnout	$ —	$ 500,000	$ —
Accrual of legal settlements	$ —	$ —	$ 11,100,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009, 2010 and 2011

Note A — Summary of Significant Accounting Policies

Organization: CorVel Corporation (CorVel or the Company), incorporated in Delaware in 1987, provides services and programs nationwide that are designed to enable insurance carriers, third party administrators and employers with self-insured programs to administer, manage and control the cost of workers' compensation and other healthcare benefits. The Company provides case management, claims administration, and medical bill review services to these payors.

The Company evaluated all subsequent events or transactions. During the period subsequent to March 31, 2011, the Company repurchased 43,097 shares for $2.1 million or an average of $48.67 per share. These shares were repurchased under the Company's ongoing share repurchase program described in Note G.

Basis of Presentation: The consolidated financial statements include the accounts of CorVel and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in compliance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Actual results could differ from those estimates. Significant estimates include the values assigned to intangible assets, capitalized software development, the allowance for doubtful accounts, accrual for income taxes, purchase price allocation for acquisitions, and accrual for self-insurance reserves.

Cash and Cash Equivalents: Cash and cash equivalents consist of short-term, interest-bearing highly-liquid investment-grade securities with maturities of 90 days or less when purchased.

Fair Value of Financial Instruments: The Company applies ASC 820, "Fair Value Measurements and Disclosures") with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's Consolidated Financial Statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. The Company adopted the aspects of ASC 820 relative to nonfinancial assets and liabilities that are measured at fair value, but are recognized and disclosed at fair value on a nonrecurring basis, prospectively effective April 1, 2009. ASC 820 prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 Quoted market prices in active markets for identical assets or liabilities;

Level 2 Observable inputs other than those included in Level 1 (for example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets); and

Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

The carrying amount of the Company's financial instruments (i.e. cash, accounts receivable, accounts payable, etc.) are all Level 1 and approximate their fair values at March 31, 2010 and 2011. The Company has no Level 2 or Level 3 assets.

Revenue Recognition: The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company's services, as the Company's professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company

provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in ASC 605-25.

In accordance with ASC 605-25, the Company allocates revenue for transactions or collaborations that include multiple elements to each unit of accounting based on its relative fair value, and recognizes revenue for each unit of accounting when the revenue recognition criteria have been met. The price charged when the element is sold separately generally determines fair value. When our customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. As a result, the fair value of each product sold in a multiple element arrangement is almost always determinable. In the absence of fair value of a delivered element, the Company would allocate revenue first to the fair value of the undelivered elements and the residual revenue to the delivered elements. The Company recognizes revenue for delivered elements when the delivered elements have standalone value and the Company has objective and reliable evidence of fair value for each undelivered element. If the fair value of any undelivered element included in a multiple element arrangement cannot be objectively determined, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. Based upon the nature of the Company's products, bundled products are generally delivered in the same accounting period. The Company recognizes revenue for claims administration services over the life of the contract with our customers. The Company estimates, based upon prior experience in managing claims, the deferral amount from when the claim is received to when the customer contract expires.

Accounts Receivable: The majority of the Company's accounts receivable are due from companies in the property and casualty insurance industries, self-insured employers and governmental entities. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable, along with sales adjustments, to cost of revenues when they become uncollectible. Accounts receivable includes $3,171,000 and $4,676,000 of unbilled receivables at March 31, 2010 and 2011, respectively. Unbilled receivables represent the revenue for the work performed which has not yet been invoiced to the customer. Unbilled receivables are generally invoiced within the following month.

Concentrations of Credit Risk: Substantially all of the Company's customers are payors of workers' compensation expense and property and casualty insurance, which include insurance companies, third party administrators, self-insured employers and government entities. Receivables are generally due within 30 days. Credit losses relating to customers in the workers' compensation insurance industry consistently have been within management's expectations. Virtually all of the Company's cash is invested at financial institutions in amounts which exceed the FDIC insurance levels. No customer accounted for 10% or more of revenue for either fiscal 2009, 2010, or 2011. No customer accounted for 10% or more of accounts receivable at either March 31, 2010 or 2011.

Property and Equipment: Additions to property and equipment are recorded at cost. The Company provides for depreciation on property and equipment using the straight-line method by charges to operations in amounts that allocate the cost of depreciable assets over their estimated lives as follows:

Asset Classification	Estimated Useful Life
Leasehold Improvements	The shorter of five years or the life of lease
Furniture and Equipment	Five to seven years
Computer Hardware	Three to five years
Computer Software	Three to five years

The Company capitalizes software development costs intended for internal use. The Company accounts for internally developed software costs in accordance with ASC 350-40, "Internal — Use Software". Capitalized software development costs, intended for internal use, totaled $7,984,000 (net of $34,415,000 in accumulated amortization) and $10,890,000 (net of $37,345,000 in accumulated amortization), as of March 31, 2010 and 2011, respectively. These costs are included in computer software in property and equipment and are amortized over a period of five years.

Long-Lived Assets: The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation and amortization period or to the unamortized balance is warranted. Such evaluation is based principally on the expected utilization of the long-lived assets and the projected, undiscounted cash flows of the operations in which the long-lived assets are deployed.

Goodwill and Long-Lived Assets: Goodwill arising from business combinations represents the excess of the purchase price over the estimated fair value of the net assets of the acquired business. Pursuant to ASC 350-10 through ASC 350-30, "Goodwill and Other Intangible Assets," goodwill is tested annually for impairment or more frequently if circumstances indicate the potential for impairment. Also, management tests for impairment of its amortizable intangible assets and long-lived assets and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company's impairment is conducted at a regional level. The measurement of fair value is based on an evaluation using a multiple of earnings approach. In projecting the Company's cash flows, management considers industry growth rates and trends and cost structure changes. Based on the Company's tests and reviews, no impairment of its goodwill, intangible assets or other long-lived assets existed at March 31, 2011. However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair value. Goodwill amounted to $35,988,000 (net of accumulated amortization of $2,069,000) at March 31, 2010 and $36,769,000 (net of accumulated amortization of $2,069,000) at March 31, 2011.

Cost of revenues: Cost of services consists primarily of the compensation and fringe benefits of field personnel, including managers, medical bill analysts, field case managers, telephonic case managers, systems support, administrative support and account managers and account executives and related facility costs including rent, telephone and office supplies. Historically, the costs associated with these additional personnel and facilities have been the most significant factor driving increases in the Company's cost of services.

Income Taxes: Accounting for Income Taxes: The Company provides for income taxes in accordance with provisions specified in ASC 740, "Accounting for Income Taxes". Accordingly, deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. In making an assessment regarding the probability of realizing a benefit from these deductible differences, management considers the Company's current and past performance, the market environment in which the Company operates, tax-planning strategies and the length of carry-forward periods for loss carry-forwards, if any. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Further, the Company provides for income tax issues not yet resolved with federal, state and local tax authorities.

Share-Based Compensation: The Company accounts for share based compensation in accordance with the provisions of ASC Topic 718 "Compensation — Stock Compensation". Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). For the fiscal year ended March 31, 2009, 2010, and 2011, the Company recorded share-based compensation expense of $1,332,000, $2,102,000, and $2,544,000, respectively. Share-based compensation expense is based on awards

ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Accrual for Self-insurance Costs: The Company self-insures for the group medical costs and workers' compensation costs of its employees. The Company purchases stop loss insurance for large claims. Management believes that the self-insurance reserves are appropriate; however, actual claims costs may differ from the original estimates requiring adjustments to the reserves. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents.

Earnings Per Share: Earnings per common share-basic is based on the weighted average number of common shares outstanding during the period. Earnings per common shares-diluted is based on the weighted average number of common shares and common share equivalents outstanding during the period. In calculating earnings per share, earnings are the same for the basic and diluted calculations. Weighted average shares outstanding is greater for diluted earnings per share due to the effect of stock options.

The difference between the basic shares and the diluted shares for each of the three fiscal years ended March 31, 2009, 2010, and 2011 is as follows:

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Basic weighted shares	13,458,000	12,499,000	11,801,000
Treasury stock impact of stock options	162,000	173,000	228,000
Diluted weighted shares	13,620,000	12,672,000	12,029,000

Prior Year Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. The Company now shows the Customer Deposits as a separate line on the balance sheet for all periods shown in this report. In the prior year, the Company included customer deposits in cash and cash equivalents on the balance sheet and disclosed the customer deposit amount in the footnotes to the financial statements.

Recently Issued Accounting Standards

There have been no new accounting pronouncements which had a material impact on our consolidated financial statements and management does not believe there are any pending pronouncements that will materially impact our financial position or results of operations. Management is continuously monitoring all proposed accounting standards updates to determine the impact, if any, they will have on the Company's future financial statements.

Note B — Stock Options and Stock-Based Compensation

Under the Company's Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan) ("the Plan") as in effect at March 31, 2011, options for up to 9,682,500 shares of the Company's common stock may be granted over the life of the Plan to key employees, non-employee directors and consultants at exercise prices not less than the fair market value of the stock at the date of grant. Options granted under the Plan are non-statutory stock options and generally vest 25% one year from date of grant and the remaining 75% vesting ratably each month for the next 36 months. The options granted to employees and the board of directors expires at the end of five years and ten years from date of grant, respectively.

In May 2006, the Company's Board of Directors granted performance-based stock options for 149,175 shares of common stock at fair market value at the date of grant, which would only vest if the Company attained certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2008, 2009, and 2010. These options were granted with an exercise price of $15.76 per share, which was the fair market value at the date of grant, and have a valuation of $6.75 per share. The Company did not attain the targets for calendar years 2008 and 2009. The Company attained the earnings per share target for calendar year 2010 which allowed for options for 68,025 shares to vest. The Company recognized $413,000 in stock compensation expense in fiscal 2011, and $459,000, cumulatively, for these options. No further stock options will vest under this grant and there will be no further recognition of stock compensation expense.

In February 2008, the Company's Board of Directors granted performance-based stock options for 42,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain revenue targets for all services sold to claims administration clients and out-of-network bill review revenues, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. The targets for the various options varied by the regions managed by these optionees with each region having a different target. These options were granted with an exercise price of $25.10 per share, which was the fair market value at the date of grant, and have a valuation of $9.81 per share. Currently, management has determined that optionees with 12,000 shares attained the revenue targets for calendar year 2009 and 2010, and, accordingly, the Company has recognized $33,000 during fiscal 2011 and $82,000, cumulatively, since the date of the option grant. Currently, management has determined that it is not probable that the revenue targets for the remaining optionees will be attained and, accordingly, the Company has recognized no stock compensation expense for those options.

In February 2009, the Company's Board of Directors granted performance-based stock options for 100,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. Net of cancelations due to employee terminations, options for 95,000 shares remain outstanding under these performance-based stock options as of March 31, 2011. These options were granted with an exercise price of $19.79 per share, which was the fair market value at the date of grant, and have a valuation of $8.21 per share. The Company attained these targets for calendar 2009 and 2010, and, accordingly, the Company has recognized stock compensation expense of $221,000 during fiscal year 2011 and $546,000, cumulatively, since the date of the option grants.

In February 2009, the Company's Board of Directors granted performance-based stock options for 10,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain revenue targets for all services sold to claims administration clients and out-of-network bill review revenues, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. These options were granted with an exercise price of $20.37 per share, which was the fair market value at the date of grant, and have a valuation of $8.45 per share. The Company did not achieve the revenue target for calendar year 2009 or 2010. Currently, management has determined that it is not probable that the Company will attain the revenue targets for 2011, and, accordingly, the Company has recognized no stock compensation expense for this stock option grant during fiscal 2011.

In November 2009, the Company's Board of Directors granted performance-based stock options for 110,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2010, 2011, and 2012. These options were granted with an exercise price of $28.92 per share, which was the fair market value at the date of grant, and have a valuation of $12.57 per share. The Company attained the earnings per share target in calendar year 2010, and currently, management has determined that it is probable that the Company will attain the earnings per share targets for calendar year 2011. Accordingly, the Company has recognized $337,000 of stock compensation expense for this stock option grant during fiscal 2011, and $519,000, cumulatively.

In December 2010, the Company's Board of Directors granted performance-based stock options for 100,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2011, 2012, and 2013. These options were granted with an exercise price of $46.14 per share, which was the fair market value at the date of grant, and have a valuation of $18.72 per share. Management has determined that it is probable that the Company will attain the earnings per share targets for calendar year 2011. Accordingly, the Company has recognized $140,000 of stock compensation expense for this stock option grant during fiscal 2011, and cumulatively.

All options granted in the three fiscal years ended March 31, 2009, 2010, and 2011 were granted at fair value and are non-statutory stock options. Summarized information for all stock options for the past three fiscal year follows:

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Options outstanding — beginning of the year	1,030,858	1,115,171	1,065,403
Options granted	230,775	181,550	207,325
Options exercised	(107,640)	(200,517)	(371,057)
Options cancelled/forfeited	(38,822)	(30,801)	(88,009)
Options outstanding — end of year	1,115,171	1,065,403	813,662
During the year, weighted average exercise price of:			
Options granted	$ 24.19	$ 27.98	$ 42.40
Options exercised	$ 17.23	$ 15.04	$ 20.16
Options forfeited	$ 23.54	$ 21.79	$ 17.53
At the end of the year			
Price range of outstanding options	$9.89-$47.70	$11.00-$47.70	$11.00-$47.70
Weighted average exercise price per share	$ 20.31	$ 22.57	$ 29.26
Options available for future grants	996,475	845,726	726,410
Exercisable options	477,561	448,257	374,141

For the fiscal years ended March 31, 2009, 2010 and 2011, the Company recorded share-based compensation expense of $1,332,000, $2,102,000, and $2,544,000, respectively. The table below shows the amounts recognized in the financial statements for the fiscal years ended March 31, 2009, 2010 and 2011.

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Cost of revenue	$ 539,000	$ 545,000	$ 608,000
General and administrative	793,000	1,557,000	1,936,000
Total cost of stock-based compensation included in income before income tax	1,332,000	2,102,000	2,544,000
Amount of income tax benefit recognized	519,000	841,000	986,000
Amount charged to net income	$ 813,000	$1,261,000	$1,558,000
Effect on basic earnings per share	$ 0.06	$ 0.10	$ 0.13
Effect on diluted earnings per share	$ 0.06	$ 0.10	$ 0.13

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the

table below. The Company uses historical data among other factors to estimate the expected volatility, the expected option life, and the expected forfeiture rate. The risk-free rate is based on the interest rate paid on a U.S. Treasury issue with a term similar to the estimated life of the option. During fiscal 2011, based upon the historical experience of option cancellations, the Company used estimated forfeiture rates ranging from 8.9% to 9.3%. Forfeiture rates will be adjusted over the requisite service period when actual forfeitures differ, or are expected to differ, from the estimate.

The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used for fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal 2009	Fiscal 2010	Fiscal 2011
Expected volatility	40% to 45%	46% to 47%	46%
Risk free interest rate	1.9% to 3.2%	2.0% to 2.7%	1.5% to 2.2%
Dividend yield	0.0%	0.0%	0.0%
Weighted average option life	4.7 to 5.0 years	4.8 to 5.0 years	4.7 to 4.8 years

The following table summarizes the status of stock options outstanding and exercisable at March 31, 2011:

Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Outstanding Options – Weighted Average Exercise Price	Exercisable Options – Number of Exercisable Options	Exercisable Options – Weighted Average Exercise Price
$14.76 to $20.83	204,537	2.86	$18.70	157,382	$18.33
$21.76 to $27.03	175,405	3.08	25.27	102,605	25.33
$27.04 to $33.79	225,470	3.09	29.77	112,979	29.98
$33.80 to $47.70	208,250	4.82	42.44	1,175	47.70
Total	813,662	3.47	$29.26	374,141	$23.86

A summary of the status for all outstanding options at March 31, 2011, and changes during the fiscal year then ended is presented in the table below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value as of March 31, 2011
Options outstanding, March 31, 2010	1,065,403	$22.57		
Granted	207,325	42.40		
Exercised	(371,057)	20.16		
Cancelled — forfeited	(16,484)	23.59		
Cancelled — expired	(71,525)	17.53		
Options outstanding, March 31, 2011	813,662	$29.26	3.47	$19,462,000
Options vested and expected to vest	745,044	$28.51	3.39	$18,384,000
Ending exercisable	374,141	$23.86	2.71	$10,971,000

The weighted average fair value of options granted during fiscal 2009, 2010, and 2011 was $9.70, $12.07, and $17.41, respectively. The total intrinsic value of options exercised during fiscal years 2009, 2010, and 2011 were $1,560,000, $2,855,000, and $9,173,000 respectively.

The Company received $1,766,000, $2,732,000, and $4,728,000 of cash receipts from the exercise of stock options during fiscal 2009, 2010, and 2011, respectively. Vested options at March 31, 2011 were 374,141. Unvested options at March 31, 2011 were 439,521. As of March 31, 2011, $2,528,000 of total unrecognized compensation costs related to stock options is expected to be recognized over a weighted average period of 3.0 years.

Note C — Property and Equipment

Property and equipment, net consisted of the following at March 31, 2010 and 2011:

	2010	2011
Computer software	$ 51,248,000	$ 59,553,000
Office equipment and computers	52,256,000	57,214,000
Leasehold improvements	4,110,000	4,544,000
	107,614,000	121,311,000
Less: accumulated depreciation and amortization	(77,588,000)	(82,811,000)
	$ 30,026,000	$ 38,500,000

Note D — Accounts and Taxes Payable and Accrued Liabilities

Accounts and income taxes payable consisted of the following at March 31, 2010 and 2011:

	2010	2011
Accounts payable	$ 9,297,000	$12,410,000
Income taxes payable	5,198,000	2,180,000
	$14,495,000	$14,590,000

Accrued liabilities consisted of the following at March 31, 2010 and 2011:

	2010	2011
Payroll, payroll taxes and employee benefits	$13,483,000	$12,608,000
Accrued legal settlements	0	11,100,000
Accrued professional service fees	3,232,000	9,039,000
Self-insurance accruals	3,256,000	2,988,000
Deferred revenue	3,144,000	2,591,000
Accrued rent	1,171,000	1,450,000
Other	1,169,000	472,000
	$25,455,000	$40,248,000

Note E — Income Taxes

The income tax provision consisted of the following for the three fiscal years ended March 31, 2009, 2010 and 2011:

	2009	2010	2011
Current — Federal	$10,057,000	$14,333,000	$ 8,888,000
Current — State	2,273,000	2,746,000	3,228,000
Subtotal	12,330,000	17,079,000	12,116,000
Deferred — Federal	212,000	750,000	1,136,000
Deferred — State	(210,000)	(442,000)	(512,000)
Subtotal	2,000	308,000	624,000
	$12,332,000	$17,387,000	$12,740,000

The following is a reconciliation of the income tax provision from the statutory federal income tax rate to the effective rate for the three fiscal years ended March 31, 2009, 2010 and 2011:

	2009	2010	2011
Income taxes at federal statutory rate (35)%	$11,063,000	$15,219,000	$13,091,000
State income taxes, net of federal benefit	1,439,000	1,826,000	1,772,000
FIN 48 benefit	—	—	(1,649,000)
Other	(170,000)	342,000	(474,000)
	$12,332,000	$17,387,000	$12,740,000

Income taxes paid totaled $11,456,000, $17,275,000, and $13,740,000 for the fiscal years ended March 31, 2009, 2010, and 2011, respectively.

Deferred tax assets and liabilities at March 31, 2010 and 2011 are:

	2010	2011
Deferred income tax assets:		
Accrued liabilities not currently deductible	$ 3,758,000	$ 8,825,000
Allowance for doubtful accounts	1,083,000	1,029,000
FIN 48 income tax benefits	1,651,000	653,000
Stock-based compensation	1,665,000	1,344,000
Other	805,000	903,000
Deferred assets	8,962,000	12,754,000
Deferred income tax liabilities:		
Excess of book over tax basis of fixed assets	(5,314,000)	(8,828,000)
Intangible assets	(3,443,000)	(3,800,000)
Other	(31,000)	(576,000)
Deferred liabilities	(8,788,000)	(13,204,000)
Net deferred tax asset/(liability)	$ 174,000	$ (450,000)

Prepaid expenses and taxes include $2,887,000 and $2,847,000 at March 31, 2010 and 2011, respectively, for income taxes due in the first quarter of the succeeding fiscal year.

In July 2006, the FASB issued guidance which prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company adopted this guidance effective April 1, 2007, and recognized a $2,700,461 increase in the liability for unrecognized tax benefits. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance as of March 31, 2010	$ 3,170,000
Additions based on tax positions related to the current year	70,000
Additions for tax positions of prior years	292,000
Reductions for tax positions of prior years	(1,924,000)
Balance as of March 31, 2011	$ 1,608,000

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the fiscal years ended March 31, 2009, 2010 and 2011, the Company recognized approximately $87,000, $96,000, and ($1,270,000) in interest and penalties, respectively. As of March 31, 2009, 2010, and 2011, accrued interest and penalties related to uncertain tax positions were $1,747,000, $1,843,000, and $572,000, respectively.

The Company believes there will be a reduction in its unrecognized tax benefits within the next 12 months due to settlements with various tax jurisdictions.

The tax fiscal years 2007-2010 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Note F — Employee Stock Purchase Plan

The Company maintains an Employee Stock Purchase Plan ("ESPP") which allows employees of the Company and its subsidiaries to purchase shares of common stock on the last day of two six-month purchase periods (i.e. March 31 and September 30) at a purchase price which is 95% of the closing sale price of shares as quoted on NASDAQ on the last day of such purchase period. Employees are allowed to contribute up to 20% of their gross pay. A maximum of 1,425,000 shares has been authorized for issuance under the ESPP, as amended. As of March 31, 2011, 1,194,024 had been issued pursuant to the ESPP. Summarized ESPP information is as follows:

	2009	2010	2011
Employee contributions	$374,000	$333,000	$317,000
Shares acquired	16,390	11,064	7,073
Average purchase price	$ 22.82	$ 30.12	$ 44.83

Note G — Treasury Stock

During each of the three fiscal years in the period ended March 31, 2011, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. Including an expansion authorized in May 2010, the total number of shares authorized to be repurchased over the life of the plan is 15,000,000 shares. Purchases may be made from time to time depending on market conditions and other relevant factors. The share repurchases for fiscal years ended March 31, 2009, 2010 and 2011 and cumulatively since inception of the authorization are as follows:

	2009	2010	2011	Cumulative
Shares repurchased	995,129	1,092,445	715,975	14,491,163
Cost	$23,460,000	$32,561,000	$30,608,000	$248,931,000
Average price	$ 23.57	$ 29.80	$ 42.75	$ 17.18

During the period subsequent to March 31, 2011, the Company repurchased 43,097 shares for $2.1 million or an average of $48.67 per share. The repurchased shares were recorded as treasury stock, at cost, and are available for general corporate purposes. The repurchases were primarily financed from cash generated from operations and from the cash proceeds from the exercise of stock options.

Note H — Commitments

The Company leases office facilities under non-cancelable operating leases. Some of these leases contain escalation clauses. Future minimum rental commitments under operating leases at March 31, 2011 are $13,512,000 in fiscal 2012, $10,520,000 in fiscal 2013, $8,185,000 in fiscal 2014, $6,819,000 in fiscal 2015, $4,855,000 in fiscal 2016, $3,518,000 thereafter, and $47,409,000 in the aggregate. Total rental expense of $15,094,000, $15,114,000, and $14,620,000 was charged to operations for the years ended March 31, 2009, 2010, and 2011, respectively.

Note I — Contingencies and Legal Proceedings

On March 25, 2011, George Raymond Williams, MD. ("Williams"), as plaintiff, individually and on behalf of those similarly situated, filed a First Amended and Restated Petition for Damages and Class Certification in the 27th Judicial District Court, Parish of St. Landry, Louisiana, against CorVel Corporation ("CorVel") and its insurance carriers, Homeland Insurance Company of New York and Executive Risk Specialty Insurance Company and several other unrelated parties. Williams alleges that CorVel violated Louisiana's Any Willing Provider Act (the "AWPA"), which requires a payor accessing a preferred provider contract to give 30 days' advance written notice or point of service notice in the form of a benefit card before the payor accesses the discounted rates in the contract to pay the provider for services rendered to an insured under that payor's health benefit plan.

On March 31, 2011, CorVel entered into a Memorandum of Understanding with attorneys representing the plaintiffs and the class setting forth the terms of settlement of this class action lawsuit. The Memorandum of Understanding provides that subject to the execution of a mutually acceptable settlement agreement and final non-appealable approval of such settlement by the Louisiana state court, CorVel will pay $9 million to resolve claims for which CorVel recorded a $9 million pre-tax charge to earnings (included in general and administrative costs) during the March 2011 quarter. In addition, CorVel will assign to the class certain rights it has to the proceeds of CorVel's insurance policies relating to the claims asserted by the class. The class action arbitration filed with the American Arbitration Association against CorVel in December 2006 by Southwest Louisiana Hospital Association dba Lake Charles Memorial Hospital as previously disclosed by CorVel is encompassed within the settlement terms of the Memorandum of Understanding. Pursuant to the Memorandum of Understanding, the parties have also agreed to request that the appropriate courts stay all related proceedings in State and Federal Court, as well as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association in which the parties are named, until the settlement agreement is prepared, executed and receives final court approval. The settlement does not constitute an admission of liability.

In exchange for the settlement payment by CorVel, class members will release CorVel and all of its affiliates and clients for any claims relating in any way to re-pricing, payment for, or reimbursement of a workers' compensation bill, including but not limited to claims under the AWPA. Plaintiffs have also agreed to a notice procedure that CorVel may follow in the future to comply with the AWPA. As noted, the Memorandum of Understanding is contingent upon the execution of a mutually acceptable definitive settlement agreement. Under Louisiana law, once the parties have executed such a settlement agreement, they must apply to the court for approval of the settlement following a court-supervised process of notice to the class and an opportunity for the class to be heard about the fairness of the settlement or to be excluded from the settlement. CorVel expects to be able to arrive at such a definitive settlement agreement by the end of June 2011, but there can be no assurance that the parties will be able to reach a definitive settlement agreement within that timeframe or at all, that the court will approve the settlement or that a large number of class members will not opt out of the settlement. If a definitive settlement agreement is not reached or is not approved by the court, all related proceedings in State and Federal Court, as well

as the Louisiana Office of Workers Compensation and the arbitration proceeding before the American Arbitration Association that have been stayed pending settlement will resume.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case sought unspecified damages based on the Company's alleged failure to direct patients to medical providers who were members of the CorVel CorCare PPO network and also alleged that the Company used biased and arbitrary computer software to review medical providers' bills. On October 29, 2010, the Company entered into a settlement agreement providing for the payment of $2.1 million to class members and up to an additional $700,000 for attorneys' fees and expenses, and as a result the Company accrued $2.8 million of estimated liability for this settlement agreement during the quarter ended September 30, 2010. None of these amounts have been paid to the claimants through March 31, 2011, pending the administrative process. The amounts due to the attorneys was paid prior to March 31, 2011. The Company denies that its conduct was improper in any way and has denied all liability. In exchange for the settlement payment by the Company, class members consisting of Illinois medical providers (excluding hospitals) have released the Company and all of its affiliates for claims relating to any PPO or usual and customary reductions recommended by the Company on class members' medical bills. On January 21, 2011, the Circuit Court gave final approval to the settlement and awarded class counsel $700,000 in attorneys' fees and expenses and a $5,000 incentive award to Kathleen Roche, the class representative.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Note J — Retirement Savings Plan

The Company maintains a retirement savings plan for its employees, which is a qualified plan under Section 401(k) of the Internal Revenue Code. Full-time employees that meet certain requirements are eligible to participate in the plan. Employer contributions are made annually, primarily at the discretion of the Company's Board of Directors. Contributions of $256,000, $221,000 and $273,000, were charged to operations for the fiscal years ended March 31, 2009, 2010, and 2011, respectively.

Note K — Shareholder Rights Plan

During fiscal 1997, the Company's Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel's common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, set the exercise price of each right at $118, and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company's Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company's common stock without the approval of the Board, subject to certain exceptions, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company's common stock having a market value equal to two times the then-current exercise price of the right. In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company's consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the

acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company's Board of Directors may exchange or redeem the rights under certain conditions.

Note L — Acquisition

In November 2010, the Company's wholly owned subsidiary, CorVel Enterprise Comp, Inc., acquired 100% of the stock of Safety Risk Services, LLC ("SRS") for $1.3 million in cash. There are no contingent purchase obligations. SRS is a third-party administrator headquartered in the state of Mississippi. The acquisition is expected to allow the Company to expand its service capabilities as a third-party administrator and provide claims processing services along with patient management services and network solutions services to an increased customer base. The results of SRS have been included in the Company's results from the date of the acquisition through March 31, 2011. For the fiscal year ended March 31, 2011, the results of the acquired business increased the Company's revenues by an immaterial amount, approximately 1/10 of 1%. The acquisition was also immaterial relative to the Company's net income, total assets, and shareholders' equity.

Note M — Line of Credit

In June 2010, the Company renewed a credit agreement that had been in place throughout fiscal 2011. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement bear interest, at the Company's option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. There were no outstanding revolving loans at any time during fiscal 2011 or as of the date hereof, but letters of credit in the aggregate amount of $8.0 million have been issued separate from the line of credit and therefore do not reduce the amount of borrowings available under the revolving credit facility. The renewed credit agreement expires in September 2011.

Note N — Quarterly Results (Unaudited)

The following is a summary of unaudited quarterly results of operations for each of the quarters in the two fiscal years ended March 31, 2010 and 2011:

	Revenues	Gross Profit	Net Income	Net Income per Basic Common Share	Net Income per Diluted Common Share
Fiscal Year Ended March 31, 2010:					
First Quarter	$ 81,312,000	$21,142,000	$6,404,000	$0.50	$0.49
Second Quarter	82,416,000	20,807,000	6,400,000	0.50	0.50
Third Quarter	86,629,000	21,806,000	6,675,000	0.55	0.54
Fourth Quarter	87,611,000	21,784,000	6,617,000	0.55	0.54
Fiscal Year Ended March 31, 2011:					
First Quarter	$ 91,503,000	$23,803,000	$7,760,000	$0.65	$0.64
Second Quarter	93,392,000	23,239,000	7,533,000	0.64	0.62
Third Quarter	95,282,000	23,821,000	6,724,000	0.57	0.56
Fourth Quarter	100,491,000	25,707,000	2,646,000	0.23	0.22

Note O — Segment Reporting

The Company derives the majority of its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, automobile insurance claims and health insurance benefits.

Patient management services include claims administration, utilization review, medical case management, and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, coordination of independent medical examinations, diagnostic imaging review services and preferred provider referral services. The percentages of revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2009, 2010, and 2011 are listed below.

	2009	2010	2011
Patient mangement services	43.2%	44.7%	47.0%
Network solutions services	56.8%	55.3%	53.0%
	100.0%	100.0%	100.0%

The Company's management is structured geographically with regional vice-presidents who report to the President of the Company. Each of these regional vice-presidents is responsible for all services provided by the Company in his or her particular region and responsible for the operating results of the Company in multiple states. These regional vice presidents have area and district managers who are also responsible for all services provided by the Company in their given area and district.

Under ASC 280, "Segment Reporting", two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles of ASC 280, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of the Company's regions meet these criteria as they provide similar managed care services to similar customers using similar methods of productions and similar methods to distribute their services. All of the Company's regions perform both patient management and network solutions services.

Because the Company believes it meets each of the criteria set forth above and each of the Company's regions has similar economic characteristics, the Company aggregates its results of operations in one reportable operating segment.

Note P — Other Intangible Assets

Other intangible assets consist of the following at March 31, 2010:

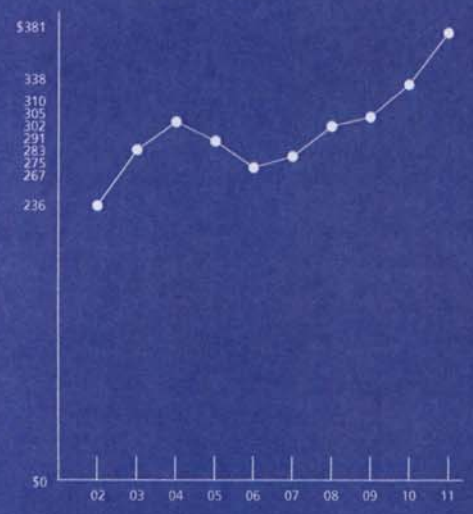
Item	Life	Cost	Fiscal 2010 Amortization Expense	Accumulated Amortization at March 31, 2010	Cost, Net of Accumulated Amortization at March 31, 2010
Covenant Not to Compete	5 years	$ 825,000	$166,000	$ 458,000	$ 367,000
Customer relationships	18-20 years	7,571,000	406,000	1,197,000	6,374,000
TPA Licenses	15 years	204,000	14,000	36,000	168,000
Total		$8,600,000	$586,000	$1,691,000	$6,909,000

Other intangible assets consist of the following at March 31, 2011:

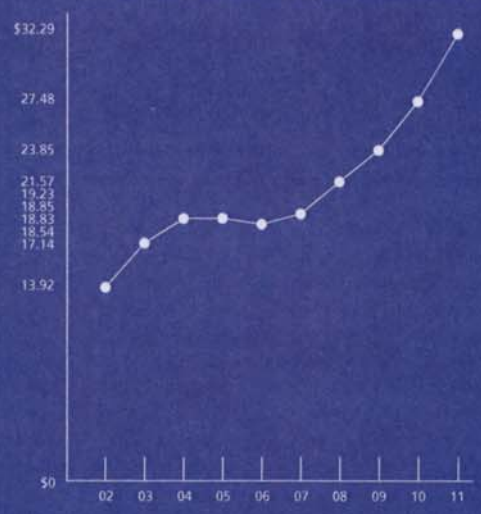
Item	Life	Cost	Fiscal 2011 Amortization Expense	Accumulated Amortization at March 31, 2011	Cost, Net of Accumulated Amortization at March 31, 2011
Covenant Not to Compete	5 years	$ 775,000	$147,000	$ 515,000	$ 260,000
Customer Relationships	18-20 years	7,922,000	410,000	1,607,000	6,315,000
TPA Licenses	15 years	204,000	14,000	50,000	154,000
Total		$8,901,000	$571,000	$2,172,000	$6,729,000

Amortization expense for the next five fiscal years is expected to be $583,000 in fiscal 2012, $541,000 in fiscal 2013, $450,000 in fiscal 2014, $436,000 in fiscal 2015, $436,000 in fiscal 2016, and $4,263,000 thereafter.

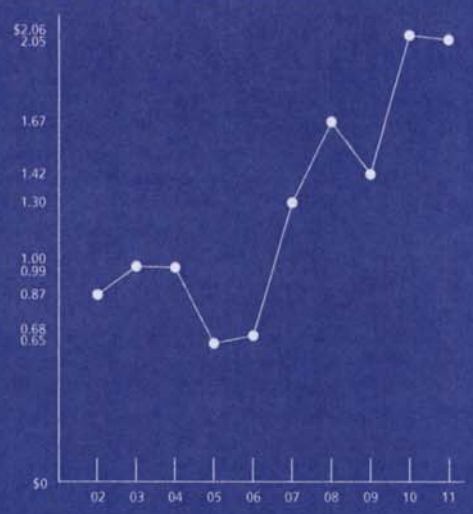
Revenue *(in millions)*



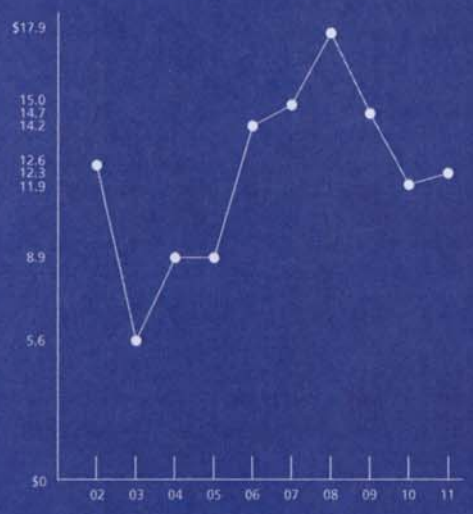
Annual Revenue Per Q4 Weighted Shares



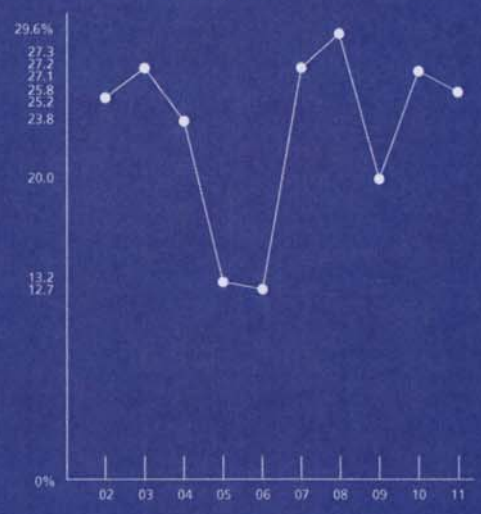
Earnings Per Share *(in dollars)*



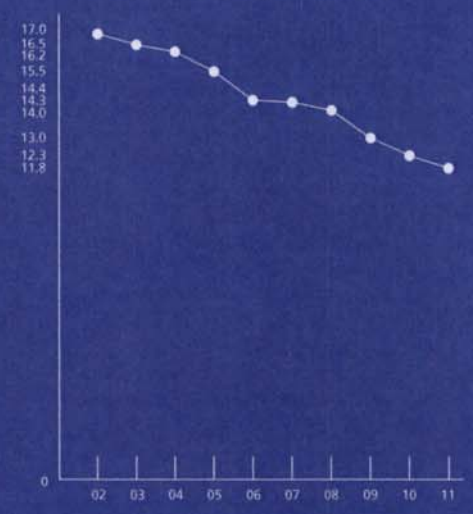
Cash *(in millions)*



Return on Equity *(%)*



Q4 Weighted Shares *(in millions)*



Corporate Address

CorVel Corporation
2010 Main Street
Suite 600
Irvine, California 92614
Telephone: 888.7.CORVEL

Transfer Agent and Registrar

Computershare Investor Services
Canton, Massachusetts

Counsel

Dorsey & Whitney, LLP
Irvine, California

Independent Auditors

Haskell & White LLP
Irvine, CA

Stock Symbol

The common stock of CorVel Corporation is traded on the NASDAQ Global Select Market under the stock symbol CRVL.

Form 10K

CorVel Corporation Annual Report on Form 10K filed with the Securities and Exchange Commission may be obtained without charge by contacting:

Investor Relations

CorVel Corporation
2010 Main Street
Suite 600
Irvine, California 92614

Telephone: 888.7.CORVEL

www.corvel.com/ar2011

investor_relations@corvel.com

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2010 Annual Report and Form 10-K

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The Year in Review:

It is paradoxical that CorVel met its financial goals in such a difficult year for our country, yet we are more aware then ever of what we still have to accomplish. During the year we gained more traction in our expansion into the sale of full service claims management services. The growth generated from that line of business and the strengthening of our traditional managed care services throughout the year allowed CorVel to achieve a 9% growth rate and record earnings per share of $2.06, a 46% increase over last year. This is not to say that we are finished, but we are very proud of what has been accomplished thus far and our future is filled with opportunity.

Claim volumes and the associated medical expenses continue to move in opposite directions. The total volume of workers' compensation claims continued to decline this past year, while medical costs associated with those claims continued their annual increase. This phenomenon, coupled with the overall poor economy, has weighed heavily on the industry. There has been continued consolidation within our industry and an increase in the pace of consolidation seems to be inevitable. CorVel is well positioned to not only withstand the market dynamics of declining claims and consolidation, but to prosper. Our philosophy of proprietary ownership of assets provides us with economic advantages, while the expansion of our product line opens CorVel to new markets and new growth opportunities. Staying true to our foundational beliefs has enabled us to deliver record results during a challenging economic time.

CorVel remains committed to providing an improved workers' compensation solution to the employer community. We have gained tremendous experience and knowledge throughout this past year and our mission to deliver improved claims management results to our customers through our integrated approach remains undaunted. While the task is large and complex, we are making significant progress.

Technology advancements continue to force companies and industries to keep pace. CorVel is dedicated to deploying the most current technologies in order for our customers to enjoy the benefits through improved performance. Today, smart phones and tablet computing are generating new ideas and new ways to connect individuals involved in any transaction, whether it be of a personal nature or business nature. We believe that this wave is applicable to our industry and we are excited to incorporate these advancements as we continue **Connecting** all of the constituencies in the continuum of a workers' compensation claim.

On behalf of CorVel, we would like to acknowledge our customers. The past year has altered the economic landscape of our country, an alteration that has affected all of us. It has made the opportunity to deliver cost savings programs through effective partnerships especially rewarding. We would also like to acknowledge all of the CorVel associates that ultimately deliver our services every day. Without you, this business would not be possible. Our work is only partially complete. We look forward to the future and we are excited about our opportunities.

Gordon Clemons
Chairman

Daniel Starck
President

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-19291

CorVel Corporation

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	**33-0282651** *(I.R.S. Employer Identification Number)*
2010 Main Street, Suite 600, Irvine, California *(Address of principal executive offices)*	**92614** *(Zip Code)*

Registrant's telephone number, including area code:
(949) 851-1473

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock	The NASDAQ Global Select Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No ☑

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter:

As of September 30, 2009, the aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates of the Registrant was approximately $201,000,000 based on the closing price per share of $28.40 for the Registrant's common stock as reported on the Nasdaq Global Select Market on such date multiplied by 7,092,588 shares (total outstanding shares of 12,405,630 less 5,313,042 shares held by affiliates) of the Registrant's common stock which were outstanding on such date. For the purposes of the foregoing calculation only, all of the Registrant's directors, executive officers and persons known to the Registrant to hold ten percent or greater of the Registrant's outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: As of June 1, 2010, there were 11,921,632 shares of the Registrant's common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Items 10 through 14 of Part III of this Form 10-K, to the extent not set forth herein, is incorporated herein by reference to portions of the Registrant's definitive proxy statement for the Registrant's 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended March 31, 2010. Except with respect to the information specifically incorporated by reference in this Form 10-K, the Registrant's definitive proxy statement is not deemed to be filed as a part of this Form 10-K.

CORVEL CORPORATION

2010 FORM 10-K ANNUAL REPORT

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In this report, the terms "CorVel", "Company", "we", "us", and "our" refer to CorVel Corporation and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, but not limited to, the statements about our plans, strategies and prospects under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report. Words such as "anticipates", "expects", "intends", "plans", "predicts", "believes", "seeks", "estimates", "may", "will", "should", "would", "could", "potential", "continue", "ongoing" and variations of these words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on management's current expectations, estimates and projections about our industry, management's beliefs, and certain assumptions made by management, and we can give no assurance that we will achieve our plans, intentions or expectations. Certain important factors could cause actual results to differ materially from the forward-looking statements we make in this report. Representative examples of these factors include (without limitation):

- General industry and economic conditions;
- Cost of capital and capital requirements;
- Competition from other managed care companies;
- The Company's ability to renew and/or maintain contracts with its customers on favorable terms or at all;
- The ability to expand certain areas of the Company's business;
- Possible litigation and legal liability in the course of operations;
- The ability of the Company to produce market-competitive software;
- Increases in operating expenses, including employee wages and benefits;
- Changes in regulations affecting the workers' compensation, insurance and healthcare industries in general;
- The ability to attract and retain key personnel;
- Shifts in customer demands; and
- The availability of financing in the amounts, at the times, and on the terms necessary to support the Company's future business.

The section entitled "Risk Factors" set forth in this report discusses these and other important risk factors that may affect our business, results of operations and financial condition. The factors listed above and the factors described under the heading "Risk Factors" and similar discussions in our other filings with the Securities and Exchange Commission are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Investors should consider these factors before deciding to make or maintain an investment in our securities. The forward-looking statements included in this annual report on Form 10-K are based on information available to us as of the date of this annual report. We expressly disclaim any intent or obligation to update any forward-looking statements to reflect subsequent events or circumstances.

PART I

Item 1. *Business.*

INTRODUCTION

CorVel is a national provider of risk management solutions to employers, third party administrators, insurance companies and government agencies. CorVel specializes in applying advanced communication and information technology to improve healthcare management for workers' compensation, group health, auto and liability claims management. The Company's associates nationwide work side by side with customers to deliver innovative, tailored solutions to manage risk and keep customers ahead of their costs.

The Company's services include claims management, bill review, preferred provider networks, utilization management, claims management, case management, pharmacy services, directed care and Medicare services. CorVel offers its services as a bundled solution (i.e. claims management), as a standalone service, or as add-on services to existing customers. Customers of the Company that do not purchase a bundled solution generally use another provider, use an in-house solution, or choose not to utilize such a service to manage their workers' compensation costs. When customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. Bundled products are generally delivered in the same accounting period.

The Company was incorporated in Delaware in 1987, and its principal executive offices are located at 2010 Main Street, Suite 600, Irvine, California, 92614. The Company's telephone number is 949-851-1473.

INDUSTRY OVERVIEW

Workers' compensation is a federally mandated, state-legislated, insurance program that requires employers to fund medical expenses, lost wages and other costs resulting from work-related injuries and illnesses. Workers' compensation benefits and arrangements vary extensively on a state-by-state basis and are often highly complex. State statutes and court decisions control many aspects of the compensation process, including claims handling, impairment or disability evaluation, dispute settlement, benefit amount guidelines and cost-control strategies.

In addition to the compensation process, claims management and cost containment continue to be significant employer concerns and many look to third party administrators and managed care vendors for cost savings solutions. Industry studies continue to show that cost drivers in workers' compensation include: implementing effective return to work and transitional duty programs, coordinating medical care, medical cost management, recognizing fraud and abuse, and improving communications with injured workers. CorVel provides solutions using a holistic approach to cost containment and by looking at a complete savings solutions. Often one of the biggest cost drivers is not recognizing a complex claim at the onset of an injury often resulting in claims being open longer and resulting in delayed return to work. CorVel uses an integrated claims model that controls claims costs by advocating medical management at the onset of the injury to decrease administrative costs and to shorten the length of the disability.

Some states have adopted legislation for managed care organizations (MCO) in an effort to allow employers to control their worker's compensation costs. A managed care plan is organized to serve the medical needs of injured workers in an efficient and cost-effective manner by managing the delivery of medical services through appropriate health care professionals. CorVel is registered wherever legislation mandates, where it is beneficial for the Company to obtain a license, or where the MCO is an effective utilized mandate. Since MCO legislation varies by state, CorVel's state offerings do so as well. CorVel continually evaluates new legislation signed into law to ensure they are in compliance and can offer services to their customers and prospects.

FISCAL 2010 DEVELOPMENTS

Company Stock Repurchase Program

During fiscal 2010, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. In August 2009, the Company's Board of Directors

increased the number of shares authorized to be repurchased over the life of the plan to 14,150,000 shares. During fiscal 2010, the Company spent $32.6 million to repurchase 1,092,445 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 13,775,188 shares of its common stock through March 31, 2010, at a cost of $218 million. These repurchases were funded primarily from the Company's operating cash flows. Subsequent to the end of the fiscal year, in May 2010, the board authorized an increase in the number of shares to be repurchased over the life of the plan to 15,000,000 shares.

BUSINESS — SERVICES

The Company offers services in two general categories, network solutions and patient management, to assist its customers in managing the increasing medical costs of workers' compensation, group health and auto insurance. CorVel reduces claims costs by advocating medical management at the onset of an injury to decrease administrative costs and to shorten the length of the disability.

Network Solutions

CorVel offers a complete medical savings solution for all in-network and out-of-network medical bills including PPO management, medical bill repricing, true line item review, professional nurse review and automated adjudication. Each feature focuses on maximizing savings opportunities and increasing efficiencies.

Bill Review

Many states have adopted fee schedules, which regulate the maximum allowable fees payable under workers' compensation, for procedures performed by a variety of health treatment providers. Developed in 1989, CorVel's proprietary bill review and claims management technology automates the review process to provide customers with a faster turnaround time, more efficient bill review and a higher total savings. CorVel's artificial intelligence engine includes over ten million individual rules, which creates a comprehensive review process and greater efficiencies than traditional bill review services.

Bill Review Services include:

- Coding review and rebundling
- Reasonable and customary review
- Fee schedule analysis
- Out-of-network bill review
- Pharmacy review
- PPO management
- Repricing

Payors are able to review and approve bills online as well as access savings reports through an online portal, Care^{MC}. The process is paperless, through scanning and EDI, while proving to be cost effective and efficient. CorVel's solutions are fully customizable and can be tailored to meet unique payor requirements.

PPO Management

PPOs are groups of hospitals, physicians and other healthcare providers that offer services at pre-negotiated rates to employee groups. The Company believes that PPO networks offer the employer an additional means of managing healthcare costs by reducing the per-unit price of medical services provided to employees. CorVel began offering a proprietary national PPO network in 1992 and today it is comprised of over 750,000 providers.

CorVel has a long-term strategy of network development, providing comprehensive networks to our customers and customization of networks to meet the specific needs of our customers. The Company believes that the combination of its national PPO director's strength and presence and the local PPO developers' commitment and

community involvement enables CorVel to build, support and strengthen its PPO in size, quality, depth of discount, and commitment to service.

In total, the Company has more than 120 national, regional and local personnel supporting the CorVel network. This number includes a national PPO manager in addition to locally based PPO developers who are responsible for local recruitment, contract negotiations, credentialing and re-credentialing of providers, and working with customers to develop customer specific provider networks. Each bill review unit has provider relations support staff to address provider grievances and other billing issues.

Providers are selected from criteria based on quality, range of services, price and location. Each provider is thoroughly evaluated and credentialed, then re-credentialed every three years. Through this extensive evaluation process, the PPO networks are able to provide significant hospital, physician and ancillary medical savings, while striving to maintain high quality care. Provider network services include a national network for all medical coverages, board certified physicians, provider credentialing, patient channeling, online PPO look-up, printable directories and driving directions, and Managed Care Organizations (MCO).

Enhanced Bill Review

CorVel's enhanced bill review program allows claim payors to adjust individual line item charges on all bills to reasonable and customary levels while removing all error and billing discrepancies with professional review. The enhanced bill review program scrutinizes each hospital line description and charge as a separate and distinct claim for reimbursement. CorVel's proprietary Universal Chargemaster defines each code and description, enabling their registered nurses to identify errors, duplicate charges, re-bundle exploded charges, correct quantity discrepancies and remove unused supplies.

Professional Review

CorVel's services offer a complete audit and validation of facility bill accuracy. This solution also includes review of in-network facility bills. The Company's nurse auditors have clinical backgrounds in all areas of medicine, medical billing and coding to ensure an accurate, consistent and thorough review. If a bill is identified for professional review, the bill image and its associated medical reports are routed within the system to an experienced medical nurse for review and auditing.

Provider Reimbursement

Through the bill review system, CorVel has the capability to provide check writing or provider reimbursement services for its customers. The provider payment check can be added to the bill analysis to produce one combined document.

Pharmacy Services

CorVel provides patients with a full-feature pharmacy program that offers discounted prescriptions, drug interaction monitoring and eligibility confirmation. Our pharmacy network of nationally recognized pharmacies provides up to 60% savings off the retail price of prescriptions associated with a workers' compensation claim. The Company's pharmacy services program includes preferred access to a national pharmacy network, streamlined procession for pharmacies at point of sale, mail order and 90-day retail options and peer-to-peer medication review services.

Directed Care Services

CorVel has contracted with medical imaging, physical therapy and ancillary service networks to offer convenient access, timely appointments and preferred rates. The Company manages the entire coordination of care from appointment scheduling through reimbursement, working to achieve timely recovery and increased savings. The Company has directed care networks for diagnostic imaging, physical and occupational therapy, independent medical evaluations, durable medical equipment and transportation and translation.

Medicare Solutions

The Company offers solutions to help manage the requirements mandated by the Centers for Medicare and Medicaid Services (CMS). Services include Medicare Set Asides and a new service, Agent Reporting Services, to help employers comply with new CMS reporting legislation. As an assigned agent, CorVel can provide services for Responsible Reporting Entities (RRE) such as insurers and employers. As an experienced information-processing provider, CorVel is able to electronically submit files to the CMS in compliance with timelines and reporting requirements.

Clearinghouse Services

CorVel's proprietary medical review software and claims management technology interfaces with multiple clearinghouses. The Company's clearinghouse services provides for medical review (including HCN networks), conversion of electronic forms to appropriate payment formats, seamless submittal of bills for payments and rules engines used to help ensure jurisdictional compliance.

Patient Management

CorVel's offers claims administration and patient management. The Company administers claims as a third party administrator and provides patient management services to their managed care customers.

Claims Management

CorVel serves customers in the self-insured or commercially insured markets. Claims are reported via an electronic first notice of loss (FNOL) to the claims management portal, www.caremc.com. FNOLs are immediately processed by CorVel's proprietary rules engine, which provides alerts and recommendations throughout the life of a claim. This technology instantly assigns an expert claims professional, while simultaneously determining if a claim requires any immediate attention for triage.

Through this service, the Company serves clients in the self-insured or commercially insured market through alternative loss funding methods, and provides them with a complete range of services, including claims administration, case management, and medical bill review. In addition to the field investigation and evaluation of claims, the Company also may provide initial loss reporting services for claims, loss mitigation services such as medical bill review and vocational rehabilitation, administration of trust funds established to pay claims and risk management information services.

Some of the features of claims management services include: automated first notice of loss, three-point contact within 24 hours, prompt claims investigations, detailed diary notes for each step of the claim, graphical dashboards and claim history scorecards, and litigation management and expert testimony.

Case Management

CorVel's case management and utilization review services address all aspects of disability management and recovery including utilization review (pre-certification, concurrent review and discharge planning), early intervention, telephonic, field and catastrophic case management as well as vocational rehabilitation.

The medical management components of CorVel's program focus on medical intervention, management and appropriateness. In these cases, the Company's case managers confer with the attending physician, other providers, the patient and the patient's family to identify the appropriate rehabilitative treatment and most cost-effective healthcare alternatives. The program is designed to offer the injured party prompt access to appropriate medical providers who will provide quality cost-effective medical care. Case managers may coordinate the services or care required and may arrange for special pricing of the required services.

The Telephonic Case Manager (TCM) continues to impact the direction of the case, focusing on early return to work, maximum medical improvement (MMI) and appropriate duration of disability. Facilitation of appropriate treatment, aggressive negotiation with medical providers and directing the care of the injured worker continues to

be the Case Manager's role until the closure criteria is met. Utilization review of provider treatment remains ongoing until discharge from treatment.

In the event that a claim may require an onsite referral, a Field Case Manager (FCM) will be assigned to the claim. Cases can be referred to CorVel based on geographic location and injury type to the most appropriate FCM. Specialized case management services include catastrophic management, life care planning, and vocational rehabilitation services.

24/7 Nurse Triage

This service as introduced in 2009 as an extended feature of case management services. Employees can call at the time of injury or incident and speak with a nurse who specializes in occupational injuries. An assessment is immediately made to recommend self-care, or referral for further medical care if needed. CorVel is able to provide quick and accurate care intervention, often preventing a minor injury from becoming an expensive claim. The 24/7 nurse triage services provides channeling to preferred network of providers, allows employer access to online case information, comprehensive incident gathering, and healthcare advocacy for injured workers.

Utilization Management

Utilization Management programs review proposed ambulatory care to determine appropriateness, frequency, duration and setting. These programs utilize experienced registered nurses, proprietary medical treatment protocols and systems technology to avoid unnecessary treatments and associated costs. Processes in Utilization Management include: injury review, diagnosis and treatment planning; contacting and negotiating provider treatment requirements; certifying appropriateness of treatment parameters, and responding to provider requests for additional treatment. Utilization management services include: prospective review, retrospective review, concurrent review, second opinion, peer review and independent medical evaluation.

Vocational Rehabilitation

CorVel's Vocational Rehabilitation program is designed for injured workers needing assistance returning to work or retaining employment. This comprehensive suite of services helps employees that are unable to perform previous work functions and faces the possibility joining the open labor market to seek re-employment. These services are available unbundled, on an integrated basis as dictated by the requirement of each case and client preference, or by individual statutory requirements. Vocational rehabilitation services include ergonomic assessments, rehabilitation plans, transferable skills analysis, labor market services, resume development, job analysis and development, job placement, and expert testimony.

Life Care Planning

Life Care Planning is used to project long-term future needs, services and related costs associated with catastrophic injury. CorVel's Life Care Plans summarize extensive amounts of medical data and compile it into a comprehensive report for future care requirements, aiding improved outcomes and timely resolution of claims. Some of the features of the Company's Life Care Planning services include: comprehensive documentation, projecting future care requirements, customized reporting, costs specific to local area, and certified documentation.

Disability Management

CorVel's disability management programs offer a continuum of services for short and long-term disability coverages that advocate an employee's early return to work. Disability management services include absence reporting, disability evaluations, national preferred provider organizations, independent medical examinations, utilization review, medical case management, return to work coordination and integrated reporting.

Liability Claims Management

CorVel also offers liability claims management services that can be sold as a stand-alone product or part of patient management. The Company's services include auto liability, general liability, product liability, personal

injury, professional liability and property damage, accidents and weather related damage. This service includes claims management, adjusting services, litigation management, claims subrogation, and investigations.

Auto Claims Management

Injury claims are one of the largest components of auto indemnity costs. Effective management of these claims and their associated costs, combined with an optimal healthcare management program, helps CorVel's customers reduce claim costs. The Company's auto claims services include national preferred provider organization, medical bill review, first and third party bill review, first notice of loss, demand packet reviews and reporting and analytics.

SYSTEMS AND TECHNOLOGY

Infrastructure and Data Center

The Company utilizes a Tier III-rated data center as its primary processing site. Redundancy is provided at many levels in power, cooling, and computing resources, with the goal of ensuring maximum uptime and system availability for the Company's production systems. The Company has also begun to implement use of server virtualization and consolidation techniques to push the fault-tolerance of systems even further. These technologies bring increased speed-to-production and scalability.

Adoption of Imaging Technologies and Paperless Workflow

Utilizing scanning and automated data capture processes allows the Company to process incoming paper and electronic claims documents, including medical bills, with less manual handling and has improved the Company's workflow processes. This has benefitted both the Company, in terms of cost-savings, and the Company's customers, in improved savings results.

Through the Company's internet portal customers can review the bills as soon as they are processed and approve a bill for payment, streamlining the customer's own workflows and expediting the payment process.

Redundancy Center

The Company's national data center is located near Portland, Oregon. The Company also has a redundancy center located in Ft. Worth, Texas. The redundancy center is the Company's backup processing site in the event that the Portland data center suffers catastrophic loss. Currently, the Company's data is continually replicated to Ft. Worth in near-real time, so that in the event the Portland data center is offline, the redundancy center can be activated with current information quickly. The Ft. Worth data center also hosts duplicates of the Company's Websites. The Ft. Worth systems are maintained and exercised on a continuous basis as they host demonstration and pilot environments that mirror production, with the goal of ensuring their ongoing readiness.

Care℠

Care℠ (www.caremc.com) has become the application platform for all of the Company's primary service lines and delivers immediate access to customers. Care℠ offers customers direct access to the Company's primary services. Care℠ allows for electronic communication and reporting between providers, payors, employers and patients. Features of the website include: request for service, FNOL (first notice of loss), appointment scheduling, online bill review, claims information management, treatment calendar, medical bill adjudication and automated provider reimbursement. Through the Care℠ Website, users can: request services online; manage files throughout the life of the claim; receive and relay case notes from case managers; and integrate information from multiple claims management sources into one database.

The Care℠ website facilitates healthcare transaction processing. Using artificial intelligence techniques, the website provides situation alerts and event triggers, to facilitate prompt and effective decisions. Users of Care℠ can quickly see where event outliers are occurring within the claims management process. If costs exceed pre-determined thresholds or activities fall outside expected timelines, decision-makers can be quickly notified. Large amounts of information are consolidated and summarized to help customers focus on the critical issues.

Scanning Services

We continue to leverage our scanning technologies which include scanning, optical character recognition and document management services. We continue to expand our existing office automation service line and all offices are selling scanning and document management. We have added scanning operations to most of the Company's larger offices around the country, designating them "Capture Centers."

Our scanning service also offers a web interface (www.onlinedocumentcenter.com) providing immediate access to documents and data called the Online Document Center (ODC). Secure document review, approval, transaction workflow and archival storage are available at subscription-based pricing.

Claims Processing

We continue to develop our claims system capabilities which fit well with the Company's preference for owning and maintaining our own software assets. Integration projects, some already completed, are underway to present more of this claims-centric information available through the Care℠ web portal. The Company's goal is to modernize user interfaces, and to streamline the delivery of this information to our customers, giving more rapid feedback and putting real-time information in the hands of our customers.

INDUSTRY, CUSTOMERS AND MARKETING

CorVel serves a diverse group of customers that include insurers, third party administrators, self-administered employers, government agencies, municipalities, state funds, and numerous other industries. CorVel is able to provide workers' compensation services to virtually any size employer and in any state or region of the United States. No single customer of the Company represented more than 10% of revenues in fiscal 2008, 2009, or 2010. Many claims management decisions in workers' compensation are the responsibility of the local claims office of national or regional insurers. The Company's national branch office network enables the Company to market and offer its services at both a local and national account level. The Company is placing increasing emphasis on national account marketing. The sales and marketing activities of the Company are conducted primarily by account executives located in key geographic areas.

COMPETITION AND MARKET CONDITIONS

The healthcare cost containment industry is competitive and is subject to economic pressures for cost savings and legislative reforms. CorVel's primary competitors in the workers' compensation market include third party administrators, managed care companies, large insurance carriers and numerous independent companies. Many of the Company's competitors are significantly larger and have greater financial and marketing resources than the Company. Moreover, the Company's customers may establish the in-house capability of performing services offered by the Company. If the Company is unable to compete effectively, it will be difficult for the Company to add and retain customers, and the Company's business, financial condition and results of operations will be materially and adversely affected.

There has been a year over year decline in claims frequency, however, there continues to be moderate increases in medical and indemnity costs. Medical costs average 58% of the total claims cost (2010 NCCI report). As these costs continue to increase faster than wages, many states might look for ways to control costs, which could affect the services offered by CorVel. Additional market challenges include uncertainty of healthcare reform and its impact to the workers' compensation industry. Given this market uncertainty and hopeful economic recovery over the next couple of years, CorVel will continue to evaluate legislative changes to ensure services meet their diverse client needs and will remain committed to systems and technology investments.

GOVERNMENT REGULATIONS

General

Managed healthcare programs for workers' compensation are subject to various laws and regulations. Both the nature and degree of applicable government regulation vary greatly depending upon the specific activities involved. Generally, parties that actually provide or arrange for the provision of healthcare services, assume financial risk

related to the provision of those services or undertake direct responsibility for making payment or payment decisions for those services. These parties are subject to a number of complex regulatory requirements that govern many aspects of their conduct and operations.

In contrast, the management and information services provided by the Company to its customers typically have not been the subject of regulation by the federal government or the states. Since the managed healthcare field is a rapidly expanding and changing industry and the cost of providing healthcare continues to increase, it is possible that the applicable state and federal regulatory frameworks will expand to have a greater impact upon the conduct and operation of the Company's business.

Under the current workers' compensation system, employer insurance or self-funded coverage is governed by individual laws in each of the 50 states and by certain federal laws. The management and information services that make up the Company's managed care program serve markets that have developed largely in response to needs of insurers, employers and large TPAs, and generally have not been mandated by legislation or other government action. On the other hand, the vocational rehabilitation case management marketplace within the workers' compensation system has been dependent upon the laws and regulations within those states that require the availability of specified rehabilitation services for injured workers. Similarly, the Company's fee schedule auditing services address market needs created by certain states' enactment of maximum permissible fee schedules for workers' compensation services. Changes in individual state regulation of workers' compensation may create a greater or lesser demand for some or all of the Company's services or require the Company to develop new or modified services in order to meet the needs of the marketplace and compete effectively in that marketplace.

Medical Cost Containment Legislation

Historically, governmental strategies to contain medical costs in the workers' compensation field have been generally limited to legislation on a state-by-state basis. For example, many states have implemented fee schedules that list maximum reimbursement levels for healthcare procedures. In certain states that have not authorized the use of a fee schedule, the Company adjusts bills to the usual and customary levels authorized by the payor. Opportunities for the Company's services could increase if more states legislate additional cost containment strategies. Conversely, the Company would be materially and adversely affected if states elect to reduce the extent of medical cost containment strategies available to insurance carriers and other payors, or adopt other strategies for cost containment that would not support a demand for the Company's services.

Healthcare Reform

There has been considerable discussion of healthcare reform at both the federal level and in numerous state legislatures in recent years. Due to uncertainties regarding the ultimate features of reform initiatives and the timing of their enactment, the Company cannot predict which, if any, reforms will be adopted, when they may be adopted, or what impact they may have on the Company. The Company is presently evaluating the impact of the health reform legislation which was enacted by Congress in March 2010 on the future results and costs of the Company.

SHAREHOLDER RIGHTS PLAN

During fiscal 1997, the Company's Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel's common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, to set the exercise price of each right to $118 and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company's Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

The rights are designed to assure that all shareholders receive fair and equal treatment in the event of any proposed takeover of the Company and to encourage a potential acquirer to negotiate with the Board of Directors prior to attempting a takeover. The rights have an exercise price of $118 per right, subject to subsequent adjustment. The rights trade with the Company's common stock and will not be exercisable until the occurrence of certain takeover-related events.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company's common stock without the approval of the Board, subject to certain exception, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company's common stock having a market value equal to two times the then-current exercise price of the right.

In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company's consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company's Board of Directors may exchange or redeem the rights under certain conditions.

EMPLOYEES

As of March 31, 2010, CorVel had approximately 2,820 employees, including nurses, therapists, counselors and other employees. No employees are represented by any collective bargaining unit. Management believes the Company's relationship with its employees to be good.

AVAILABLE INFORMATION

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, and other filings made with the Securities and Exchange Commission, are available free of charge through our Web site (http://www.corvel.com, under the Investor Relations section) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission. The inclusion of our Web site address and the address of any of our portals, such as www.caremc.com and www.onlinedocumentcenter.com, in this report does not include or incorporate by reference into this report any information contained on, or accessible through, such Web sites.

Item 1A. *Risk Factors.*

Risk Factors

Past financial performance is not necessarily a reliable indicator of future performance, and investors in our common stock should not use historical performance to anticipate results or future period trends. Investing in our common stock involves a high degree of risk. Investors should consider carefully the following risk factors, as well as the other information in this report and our other filings with the Securities and Exchange Commission, including our consolidated financial statements and the related notes, before deciding whether to invest or maintain an investment in shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations would suffer. In this case, the trading price of our common stock would likely decline. The risks described below are not the only ones we face. Additional risks that we currently do not know about or that we currently believe to be immaterial also may impair our business operations.

Changes in government regulations could increase our costs of operations and/or reduce the demand for our services.

Many states, including a number of those in which we transact business, have licensing and other regulatory requirements applicable to our business. Approximately half of the states have enacted laws that require licensing of businesses which provide medical review services such as ours. Some of these laws apply to medical review of care covered by workers' compensation. These laws typically establish minimum standards for qualifications of personnel, confidentiality, internal quality control and dispute resolution procedures. These regulatory programs

may result in increased costs of operation for us, which may have an adverse impact upon our ability to compete with other available alternatives for healthcare cost control. In addition, new laws regulating the operation of managed care provider networks have been adopted by a number of states. These laws may apply to managed care provider networks having contracts with us or to provider networks which we may organize. To the extent we are governed by these regulations, we may be subject to additional licensing requirements, financial and operational oversight and procedural standards for beneficiaries and providers.

Regulation in the healthcare and workers' compensation fields is constantly evolving. We are unable to predict what additional government initiatives, if any, affecting our business may be promulgated in the future. Our business may be adversely affected by failure to comply with existing laws and regulations, failure to obtain necessary licenses and government approvals or failure to adapt to new or modified regulatory requirements. Proposals for healthcare legislative reforms are regularly considered at the federal and state levels. To the extent that such proposals affect workers' compensation, such proposals may adversely affect our business, financial condition and results of operations.

In addition, changes in workers' compensation, auto and managed health care laws or regulations may reduce demand for our services, require us to develop new or modified services to meet the demands of the marketplace or reduce the fees that we may charge for our services. One proposal which had been considered in the past, but not enacted by Congress or certain state legislatures, is 24-hour health coverage, in which the coverage of traditional employer-sponsored health plans is combined with workers' compensation coverage to provide a single insurance plan for work-related and non-work-related health problems.

Our annual sequential revenue may not increase and may decline. As a result, we may fail to meet or exceed the expectations of investors or analysts which could cause our common stock price to decline.

Our annual sequential revenue growth may not increase and may decline in the future as a result of a variety of factors, many of which are outside of our control. If changes in our annual sequential revenue fall below the expectations of investors or analysts, the price of our common stock could decline substantially. Fluctuations or declines in sequential revenue growth may be due to a number of factors, including, but not limited to, those listed below and identified throughout this "Risk Factors" section: the decline in manufacturing employment, the decline in workers' compensation claims, the decline in healthcare expenditures, the considerable price competition in a flat-to-declining workers' compensation market, litigation, the increase in competition, and the changes and the potential changes in state workers' compensation and automobile managed care laws which can reduce demand for our services. These factors create an environment where revenue and margin growth is more difficult to attain and where revenue growth is less certain than historically experienced. Additionally, our technology and preferred provider network face competition from companies that have more resources available to them than we do. Also, some customers may handle their managed care services in-house and may reduce the amount of services which are outsourced to managed care companies such as CorVel. These factors could cause the market price of our common stock to fluctuate substantially. There can be no assurance that our growth rate in the future, if any, will be at or near historical levels.

In addition, the stock market has in the past experienced price and volume fluctuations that have particularly affected companies in the healthcare and managed care markets resulting in changes in the market price of the stock of many companies, which may not have been directly related to the operating performance of those companies.

Due to the foregoing factors, and the other risks discussed in this report, investors should not rely on annual comparisons of our results of operations as an indication of our future performance.

Exposure to possible litigation and legal liability may adversely affect our business, financial condition and results of operations.

We, through our utilization management services, make recommendations concerning the appropriateness of providers' medical treatment plans of patients throughout the country, and as a result, could be exposed to claims for adverse medical consequences. We do not grant or deny claims for payment of benefits and we do not believe that we engage in the practice of medicine or the delivery of medical services. There can be no assurance, however, that

we will not be subject to claims or litigation related to the authorization or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services.

In addition, there can be no assurance that we will not be subject to other litigation that may adversely affect our business, financial condition or results of operations, including but not limited to being joined in litigation brought against our customers in the managed care industry. We maintain professional liability insurance and such other coverages as we believe are reasonable in light of our experience to date. If such insurance is insufficient or unavailable in the future at reasonable cost to protect us from liability, our business, financial condition or results of operations could be adversely affected.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against us. The case seeks recovery of unspecified damages based on the Company's alleged failure to direct patients to medical providers who are members of the CorVel CorCare PPO network and also alleges that the Company used biased and arbitrary computer software to review medical providers' bills. An unfavorable outcome in this litigation could materially and adversely affect our business, financial condition, or results of operations.

If lawsuits against us are successful, we may incur significant liabilities.

We provide to insurers and other payors of healthcare costs managed care programs that utilize preferred provider organizations and computerized bill review programs. Health care providers have brought, against us and our customers, individual and class action lawsuits challenging such programs. If such lawsuits are successful, we may incur significant liabilities.

We make recommendations about the appropriateness of providers' proposed medical treatment plans for patients throughout the country. As a result, we could be subject to claims arising from any adverse medical consequences. Although plaintiffs have not to date subjected us to any claims or litigation relating to the granting or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services, we cannot assure you that plaintiffs will not make such claims in future litigation. We also cannot assure you that our insurance will provide sufficient coverage or that insurance companies will make insurance available at a reasonable cost to protect us from significant future liability.

Our failure to compete successfully could make it difficult for us to add and retain customers and could reduce or impede the growth of our business.

We face competition from PPOs, TPAs and other managed healthcare companies. We believe that as managed care techniques continue to gain acceptance in the workers' compensation marketplace, our competitors will increasingly consist of nationally-focused workers' compensation managed care service companies, insurance companies, HMOs and other significant providers of managed care products. Legislative reform in some states has been considered, but not enacted to permit employers to designate health plans such as HMOs and PPOs to cover workers' compensation claimants. Because many health plans have the ability to manage medical costs for workers' compensation claimants, such legislation may intensify competition in the markets served by us. Many of our current and potential competitors are significantly larger and have greater financial and marketing resources than we do, and there can be no assurance that we will continue to maintain our existing customers, our past level of operating performance or be successful with any new products or in any new geographical markets we may enter.

Declines in workers' compensation claims may harm our results of operations.

Within the past few years, the economy has performed below historical averages which leads to fewer workers on a national level and could lead to fewer work related injuries. If declines in workers' compensation costs occur in many states and persist over the long-term, it would have an adverse impact on our business, financial condition and results of operations.

We provide an outsource service to payors of workers' compensation and auto healthcare benefits. These payors include insurance companies, TPAs, municipalities, state funds, and self-insured, self- administered

employers. If these payors reduce the amount of work they outsource, our results of operations would be adversely affected.

If the utilization by healthcare payors of early intervention services continues to increase, the revenue from our later-stage network and healthcare management services could be negatively affected.

The performance of early intervention services, including injury occupational healthcare, first notice of loss, and telephonic case management services, often result in a decrease in the average length of, and the total costs associated with, a healthcare claim. By successfully intervening at an early stage in a claim, the need for additional cost containment services for that claim often can be reduced or even eliminated. As healthcare payors continue to increase their utilization of early intervention services, the revenue from our later stage network and healthcare management services will decrease.

We face competition for staffing, which may increase our labor costs and reduce profitability.

We compete with other healthcare providers in recruiting qualified management and staff personnel for the day-to-day operations of our business, including nurses and other case management professionals. In some markets, the scarcity of nurses and other medical support personnel has become a significant operating issue to healthcare providers. This shortage may require us to enhance wages to recruit and retain qualified nurses and other healthcare professionals. Our failure to recruit and retain qualified management, nurses and other healthcare professionals, or to control labor costs could have a material adverse effect on profitability.

If competition increases, our growth and profits may decline.

The markets for our Network Services and Patient Management Services are also fragmented and competitive. Our competitors include national managed care providers, preferred provider networks, smaller independent providers and insurance companies. Companies that offer one or more workers' compensation managed care services on a national basis are our primary competitors. We also compete with many smaller vendors who generally provide unbundled services on a local level, particularly companies with an established relationship with a local insurance company adjuster. In addition, several large workers' compensation insurance carriers offer managed care services for their customers, either by performance of the services in-house or by outsourcing to organizations like ours. If these carriers increase their performance of these services in-house, our business may be adversely affected. In addition, consolidation in the industry may result in carriers performing more of such services in-house.

The failure to attract and retain qualified or key personnel may prevent us from effectively developing, marketing, selling, integrating and supporting our services.

We are dependent, to a substantial extent, upon the continuing efforts and abilities of certain key management personnel. In addition, we face competition for experienced employees with professional expertise in the workers' compensation managed care area. The loss of key personnel, especially V. Gordon Clemons, Chairman, and Dan Starck, President, Chief Executive Officer, and Chief Operating Officer, or the inability to attract, qualified employees, could have a material unfavorable effect on our business and results of operations.

If we fail to grow our business internally or through strategic acquisitions we may be unable to execute our business plan, maintain high levels of service or adequately address competitive challenges.

Our strategy is to continue internal growth and, as strategic opportunities arise in the workers' compensation managed care industry, to consider acquisitions of, or relationships with, other companies in related lines of business. As a result, we are subject to certain growth-related risks, including the risk that we will be unable to retain personnel or acquire other resources necessary to service such growth adequately. Expenses arising from our efforts to increase our market penetration may have a negative impact on operating results. In addition, there can be no assurance that any suitable opportunities for strategic acquisitions or relationships will arise or, if they do arise, that the transactions contemplated could be completed. If such a transaction does occur, there can be no assurance that

we will be able to integrate effectively any acquired business. In addition, any such transaction would be subject to various risks associated with the acquisition of businesses, including, but not limited to, the following:

- an acquisition may negatively impact our results of operations because it may require incurring large one-time charges, substantial debt or liabilities; it may require the amortization or write down of amounts related to deferred compensation, goodwill and other intangible assets; or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges;
- we may encounter difficulties in assimilating and integrating the business, technologies, products, services, personnel or operations of companies that are acquired, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt ongoing business, divert resources, increase expenses and distract management;
- the acquired businesses, products, services or technologies may not generate sufficient revenue to offset acquisition costs;
- we may have to issue equity or debt securities to complete an acquisition, which would dilute the position of stockholders and could adversely affect the market price of our common stock; and
- acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience.

There can be no assurance that we will be able to identify or consummate any future acquisitions or other strategic relationships on favorable terms, or at all, or that any future acquisition or other strategic relationship will not have an adverse impact on our business or results of operations. If suitable opportunities arise, we may finance such transactions, as well as internal growth, through debt or equity financing. There can be no assurance, however, that such debt or equity financing would be available to us on acceptable terms when, and if, suitable strategic opportunities arise.

Our Internet-based services are dependent on the development and maintenance of the Internet infrastructure.

The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage, as well as the availability of the Internet to us for delivery of our Internet-based services. In addition, our customers who use our Web-based services depend on Internet service providers, online service providers and other Web site operators for access to our Web site. All of these providers have experienced significant outages in the past and could experience outages, delays and other difficulties in the future due to system failures unrelated to our systems. Any significant interruptions in our services or increases in response time could result in a loss of potential or existing users, and, if sustained or repeated, could reduce the attractiveness of our services.

An interruption in our ability to access critical data may cause customers to cancel their service and/or may reduce our ability to effectively compete.

Certain aspects of our business are dependent upon our ability to store, retrieve, process and manage data and to maintain and upgrade our data processing capabilities. Interruption of data processing capabilities for any extended length of time, loss of stored data, programming errors or other system failures could cause customers to cancel their service and could have a material adverse effect on our business and results of operations.

In addition, we expect that a considerable amount of our future growth will depend on our ability to process and manage claims data more efficiently and to provide more meaningful healthcare information to customers and payors of healthcare. There can be no assurance that our current data processing capabilities will be adequate for our future growth, that we will be able to efficiently upgrade our systems to meet future demands, or that we will be able to develop, license or otherwise acquire software to address these market demands as well or as timely as our competitors.

The introduction of software products incorporating new technologies and the emergence of new industry standards could render our existing software products less competitive, obsolete or unmarketable.

There can be no assurance that we will be successful in developing and marketing new software products that respond to technological changes or evolving industry standards. If we are unable, for technological or other reasons, to develop and introduce new software products cost-effectively, in a timely manner and in response to changing market conditions or customer requirements, our business, results of operations and financial condition may be adversely affected.

Developing or implementing new or updated software products and services may take longer and cost more than expected. We rely on a combination of internal development, strategic relationships, licensing and acquisitions to develop our software products and services. The cost of developing new healthcare information services and technology solutions is inherently difficult to estimate. Our development and implementation of proposed software products and services may take longer than originally expected, require more testing than originally anticipated and require the acquisition of additional personnel and other resources. If we are unable to develop new or updated software products and services cost-effectively on a timely basis and implement them without significant disruptions to the existing systems and processes of our customers, we may lose potential sales and harm our relationships with current or potential customers.

A breach of security may cause our customers to curtail or stop using our services.

We rely largely on our own security systems, confidentiality procedures and employee nondisclosure agreements to maintain the privacy and security of our and our customers' proprietary information. Accidental or willful security breaches or other unauthorized access by third parties to our information systems, the existence of computer viruses in our data or software and misappropriation of our proprietary information could expose us to a risk of information loss, litigation and other possible liabilities which may have a material adverse effect on our business, financial condition and results of operations. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any customer data, our relationships with our customers and our reputation will be damaged, our business may suffer and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

If we are unable to increase our market share among national and regional insurance carriers and large, self-funded employers, our results may be adversely affected.

Our business strategy and future success depend in part on our ability to capture market share with our cost containment services as national and regional insurance carriers and large, self-funded employers look for ways to achieve cost savings. We cannot assure you that we will successfully market our services to these insurance carriers and employers or that they will not resort to other means to achieve cost savings. Additionally, our ability to capture additional market share may be adversely affected by the decision of potential customers to perform services internally instead of outsourcing the provision of such services to us. Furthermore, we may not be able to demonstrate sufficient cost savings to potential or current customers to induce them not to provide comparable services internally or to accelerate efforts to provide such services internally.

If we lose several customers in a short period, our results may be materially adversely affected.

Our results may decline if we lose several customers during a short period. Most of our customer contracts permit either party to terminate without cause. If several customers terminate, or do not renew or extend their contracts with us, our results could be materially and adversely affected. Many organizations in the insurance industry have consolidated and this could result in the loss of one or more of our customers through a merger or acquisition. Additionally, we could lose customers due to competitive pricing pressures or other reasons.

We are subject to risks associated with acquisitions of intangible assets.

Our acquisition of other businesses may result in significant increases in our intangible assets and goodwill. We regularly evaluate whether events and circumstances have occurred indicating that any portion of our intangible assets and goodwill may not be recoverable. When factors indicate that intangible assets and goodwill should be evaluated for possible impairment, we may be required to reduce the carrying value of these assets. We cannot currently estimate the timing and amount of any such charges.

If we are unable to leverage our information systems to enhance our outcome-driven service model, our results may be adversely affected.

To leverage our knowledge of workplace injuries, treatment protocols, outcomes data, and complex regulatory provisions related to the workers' compensation market, we must continue to implement and enhance information systems that can analyze our data related to the workers' compensation industry. We frequently upgrade existing operating systems and are updating other information systems that we rely upon in providing our services and financial reporting. We have detailed implementation schedules for these projects that require extensive involvement from our operational, technological and financial personnel. Delays or other problems we might encounter in implementing these projects could adversely affect our ability to deliver streamlined patient care and outcome reporting to our customers.

The increased costs of professional and general liability insurance may have an adverse effect on our profitability.

The cost of commercial professional and general liability insurance coverage has risen significantly in the past several years, and this trend may continue. In addition, if we were to suffer a material loss, our costs may increase over and above the general increases in the industry. If the costs associated with insuring our business continue to increase, it may adversely affect our business. We believe our current level of insurance coverage is adequate for a company of our size engaged in our business.

If the referrals for our patient management services decline, our business, financial condition and results of operations would be materially adversely affected.

In some years, we have experienced a general decline in the revenue and operating performance of patient management services. We believe that the performance decline has been due to the following factors: the decrease of the number of workplace injuries that have become longer-term disability cases; increased regional and local competition from providers of managed care services; a possible reduction by insurers on the types of services provided by our patient management business; the closure of offices and continuing consolidation of our patient management operations; and employee turnover, including management personnel, in our patient management business. In the past, these factors have all contributed to the lowering of our long-term outlook for our patient management services. If some or all of these conditions continue, we believe that the performance of our patient management revenues could decrease.

Healthcare providers are becoming increasingly resistant to the application of certain healthcare cost containment techniques; this may cause revenue from our cost containment operations to decrease.

Healthcare providers have become more active in their efforts to minimize the use of certain cost containment techniques and are engaging in litigation to avoid application of certain cost containment practices. Recent litigation between healthcare providers and insurers has challenged certain insurers' claims adjudication and reimbursement decisions. Although these lawsuits do not directly involve us or any services we provide, these cases may affect the use by insurers of certain cost containment services that we provide and may result in a decrease in revenue from our cost containment business.

If material weaknesses in our internal controls are identified by us or our independent registered public accountants, it could have a material adverse effect on our business and stock price.

Any material weaknesses identified in our internal controls as part of the ongoing evaluation being undertaken by us and our independent registered public accountants pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 could cause investors to lose confidence in our reported financial information and us, which could result in a decline in the market price of our common stock, and cause us to fail to meet our reporting obligations in the future, which in turn could impact our ability to raise equity financing if needed in the future. The effectiveness of our controls and procedures could be limited by errors or faulty judgments. In addition, if we expand, through either organic growth or through acquisitions (or both), the challenges involved in implementing appropriate controls will increase and may require that we evolve some or all of our internal control processes.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

The Company's principal executive office is located in Irvine, California in approximately 12,000 square feet of leased space. The lease expires in March 2013. The Company leases 110 branch offices in 45 states, which range in size from 500 square feet up to 24,000 square feet. The lease terms for the branch offices range from monthly to ten years and expire through 2019. The Company believes that its facilities are adequate for its current needs and that suitable additional space will be available as required.

Item 3. ***Legal Proceedings.***

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case seeks unspecified damages based on the Company's alleged failure to direct patients to medical providers who are members of the CorVel CorCare PPO network and also alleges that the Company used biased and arbitrary computer software to review medical providers' bills. In December 2007, the trial court certified a class in this case of all Illinois health care providers with CorVel PPO agreements, excluding hospitals. In January 2008, CorVel filed with the Illinois Appellate Court a petition for interlocutory appeal of the trial court's class certification order which was denied in April 2008. In May 2008, the Company appealed the appellate court's denial of its petition for interlocutory appeal which appeal was also denied by the Illinois Supreme Court in September 2008. The Company intends to pursue all available legal remedies including vigorously defending this case. The Company is not able to estimate the amount of possible loss, if any, at this time.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Item 4. ***Removed and Reserved.***

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market Information

The Company's common stock is traded on the NASDAQ Global Select Market under the symbol CRVL. The quarterly high and low per share sales prices for the Company's common stock for fiscal years 2009 and 2010 as reported by NASDAQ are set forth below for the periods indicated. These prices represent prices among dealers, do not include retail markups, markdowns or commissions, and may not represent actual transactions.

	High	Low
Fiscal Year Ended March 31, 2009:		
Quarter Ended June 30, 2008:	$37.92	$30.03
Quarter Ended September 30, 2008:	35.98	24.72
Quarter Ended December 31, 2008:	30.25	15.78
Quarter Ended March 31, 2009:	24.13	15.87
Fiscal Year Ended March 31, 2010:		
Quarter Ended June 30, 2009:	$25.24	$18.48
Quarter Ended September 30, 2009:	31.58	22.23
Quarter Ended December 31, 2009:	34.61	27.20
Quarter Ended March 31, 2010:	36.91	28.75

Holders. As of June 1, 2010, there were 1,429 holders of record of the Company's common stock according to the information provided by the Company's transfer agent.

Dividends. The Company has never paid any cash dividends on its common stock and has no current plans to do so in the foreseeable future. The Company intends to retain future earnings, if any, for use in the Company's business. The payment of any future dividends on its common stock will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and requirements, restrictions in financing agreements, business conditions and other factors.

Unregistered Sales of Equity Securities. None.

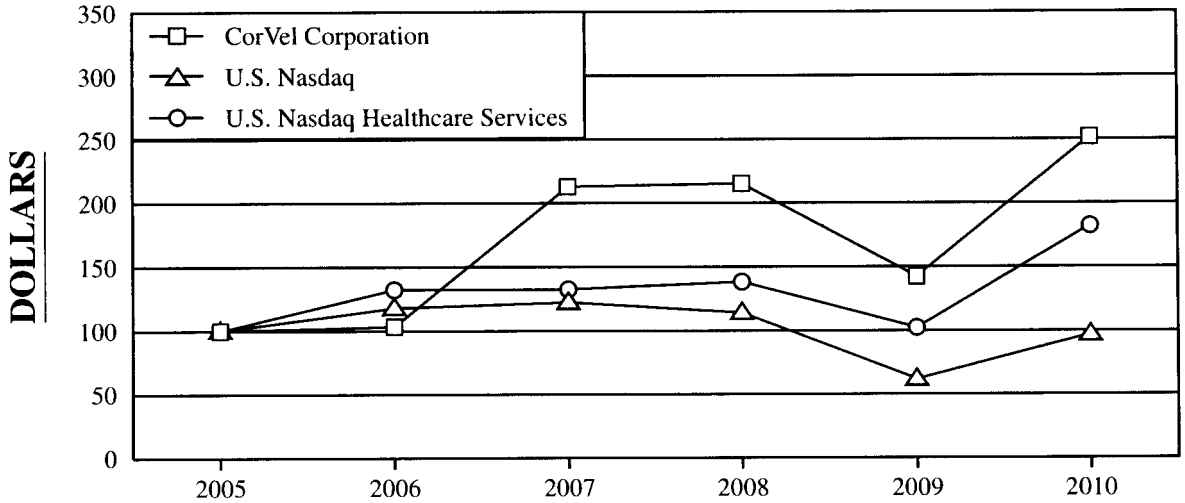
Issuer Purchases of Equity Securities: The following table summarizes purchases of the Company's common stock made by or on behalf of the Company for the quarter ended March 31, 2010 pursuant to a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares That May Yet be Purchased Under the Program
January 1 to January 31, 2010	54,706	$31.38	54,706	488,294
February 1 to February 29, 2010	50,946	31.79	50,946	437,348
March 1 to March 31, 2010	62,536	35.69	62,536	374,812
Total	168,188	$33.11	168,188	374,812

In 1996, the Company's Board of Directors authorized a stock repurchase program initially for up to 100,000 shares of the Company's common stock. The Company's Board of Directors has periodically increased the number of shares authorized for repurchase under the program. During fiscal 2010, the board authorized an increase in the number of shares to be repurchased over the life of the program to 14,150,000. As of March 31, 2010, the Company has repurchased 13,774,188 shares its common stock. Subsequent to March 31, 2010, the board authorized a further increase in the number of shares allowed to be repurchased over the life of the program to 15,000,000 shares. There is no expiration date for the plan.

STOCK PERFORMANCE GRAPH

The graph depicted below shows a comparison of cumulative total stockholder returns for the Company, the Nasdaq and the Nasdaq Health Services Index over a five year period beginning on March 31, 2005. The data depicted on the graph are as set forth in the chart below the graph. The graph assumes that $100 was invested in the Company's Common Stock on March 31, 2005, and in each index, and that all dividends were reinvested. No cash dividends have been paid or declared on the Common Stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.



	2005	2006	2007	2008	2009	2010
CorVel Corporation	100.00	103.31	212.88	215.27	142.29	251.58
U.S. Nasdaq	100.00	117.94	122.29	114.07	61.83	96.99
U.S. Nasdaq Healthcare Services	100.00	132.28	132.48	138.23	102.33	182.07

Notwithstanding anything to the contrary set forth in any of our previous filings made under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings made by us under those statutes, neither the preceding Stock Performance Graph, nor the information relating to it, is "soliciting material" or is "filed" or is to be incorporated by reference into any such prior filings, nor shall such graph or information be incorporated by reference into any future filings made by us under those statutes.

Item 6. ***Selected Financial Data.***

The selected consolidated financial data of the Company appears in a separate section of this Annual Report on Form 10-K on page 31 and is incorporated herein by this reference.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Management's Discussion and Analysis of Financial Condition and Results of Operations appears in a separate section of this Annual Report on Form 10-K beginning on page 32 and is incorporated herein by this reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

As of March 31, 2010, the Company held no market risk sensitive instruments for trading purposes and the Company did not employ any derivative financial instruments, other financial instruments, or derivative commodity instruments to hedge any market risk. The Company had no debt outstanding as of March 31, 2010, and therefore, had no market risk related to debt.

Item 8. ***Financial Statements and Supplementary Data.***

The Company's consolidated financial statements, as listed under Item 15, appear in a separate section of this Annual Report on Form 10-K beginning on page 46 and are incorporated herein by this reference. The financial statement schedule is included below under Item 15(a) (2).

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2010, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes to Internal Control over Financial Reporting

During the quarter ended March 31, 2010, there have been the following changes in our "internal control over financial reporting" (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting: 1) We completed implementation of senior accounting staff and Chief Financial Officer reviews designed to ensure timely and accurate reconciliation of significant accounts. 2) We incorporated the use of disclosure checklists for all Form 10-Q and Form 10-K filings to help ensure the completeness of our disclosures and compliance with relevant pronouncements. 3) We discontinued the use of Excel for consolidation by fully implementing our accounting system consolidation capabilities and enhanced our review of consolidation data. 4) We completed implementation of additional reviews by senior accounting staff and the Chief Financial Officer of financial statement disclosures. 5) We completed implementation of additional performance measurement and monitoring processes of our regional accounting personnel.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining a system of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with U.S. generally accepted accounting principles; providing reasonable assurance that our receipts and expenditures are made in accordance with authorizations of our management and directors; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of March 31, 2010 to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Haskell & White LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of our internal control over financial reporting as of March 31, 2010, as stated in their report that is included in Part II, Item 8 herein.

Item 9B. ***Other Information.***

On June 8, 2010, our Board of Directors approved an amendment and restatement of the CorVel Corporation Restated Omnibus Incentive Plan (Formerly the Restated 1988 Executive Stock Option Plan) (the "Plan") to provide that in the event that a portion of shares subject to a Performance Award (including a Qualified Performance Based Award), as defined in the Plan, does not vest as of the end of an applicable performance period because the applicable performance goals become impossible to meet, such portion of such Performance Award shall immediately be cancelled as of the end of the applicable performance period and the shares subject to such portion of such Performance Award shall be available for subsequent option or other Award grants under the Plan.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

The information in the sections titled "Proposal One: Election of Directors," "Corporate Governance, Board Composition and Board Committees," "Executive Officers of CorVel," and "Section 16(a) Beneficial Ownership Reporting Compliance" appearing in the Company's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated herein by reference.

The Board of Directors has adopted a code of ethics and business conduct that applies to all of the Company's employees, officers and directors. The full text of the Company's code of ethics and business conduct is posted on the Company's web site at www.corvel.com under the "Investor Relations" section. The Company intends to disclose future amendments to certain provisions of the Company's code of ethics and business conduct, or waivers of such provisions, applicable to the Company's directors and executive officers, at the same location on the Company's web site identified above. The inclusion of the Company's web site address in this report does not include or incorporate by reference the information on the Company's web site into this report.

Item 11. ***Executive Compensation.***

The information in the sections titled "Executive Compensation," "Compensation Discussion and Analysis," "Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report," and

"Compensation of Directors," appearing in the Company's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information in the sections titled "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matter" and "Equity Compensation Plan Information" appearing in the Company's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Party Transactions, and Director Independence.***

The information in the sections titled "Certain Relationships and Related Person Transactions," "Proposal One: Election of Directors," and "Corporate Governance, Board Composition and Board Committees" appearing in the Company's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services.***

The information under the captions "Principal Accountant Fees and Services", "Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" and "Ratification of Appointment of Independent Auditors" appearing in the Company's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a)(1) Financial Statements:

The Company's financial statements appear in a separate section of this Annual Report on Form 10-K beginning on the pages referenced below:

	Page
Report of Independent Registered Public Accounting Firm	42
Consolidated Statements of Income for the Fiscal Years Ended March 31, 2008, 2009, and 2010	44
Consolidated Balance Sheets as of March 31, 2009 and 2010	45
Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended March 31, 2008, 2009, and 2010	46
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2008, 2009, and 2010	47
Notes to Consolidated Financial Statements	48

(2) Financial Statement Schedule:

The Company's consolidated financial statements, as listed under Item 15(a) (1), appear in a separate section of this Annual Report on Form 10-K beginning on page 46. The Company's financial statement schedule is as follows:

Schedule II — Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions Charged to Cost and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Fiscal Year Ended March 31, 2010:	$2,371,000	$2,868,000	$(2,485,000)	2,754,000
Fiscal Year Ended March 31, 2009:	2,888,000	2,434,000	(2,951,000)	2,371,000
Fiscal Year Ended March 31, 2008:	3,510,000	2,464,000	(3,086,000)	2,888,000

(3) Exhibits:

EXHIBITS

Exhibit No.	Title	Method of Filing
2.1†	Asset Purchase Agreement dated December 15, 2006 by and among the Company's subsidiary, CorVel Enterprise Comp, Inc., and Hazelrigg Risk Management Services, Inc., Comp Care, Inc., Medical Auditing Services, Inc., and Arlene Hazelrigg.	Incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K filed on February 6, 2007.
2.2†	Stock Purchase Agreement dated May 31, 2007 by and among the Company's subsidiary, CorVel Enterprise Comp, Inc., The Schaffer Companies, Ltd., and Dawn Colwell, Christopher Schaffer, John Colwell and Kelly Ribeiro de Sa.	Incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K filed on June 6, 2007.
3.1	Amended and Restated Certificate of Incorporation of the Company	Incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 filed on August 9, 2007.
3.2	Amended and Restated Bylaws of the Company	Incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 filed on August 14, 2006.
3.3	Certificate of Designation Increasing the Number of Shares of Series A Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed on November 24, 2008.
4.1	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Right Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 24, 2008.
10.1*	Nonqualified Stock Option Agreement between V. Gordon Clemons, the Company and North Star together with all amendments and addendums thereto	Incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.2*	Supplementary Agreement between V. Gordon Clemons, the Company and North Star	Incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.3*	Amendment to Supplementary Agreement between Mr. Clemons, the Company and North Star	Incorporated herein by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1992 filed on June 29, 1992.
10.4*	Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan)	Filed herewith.

Exhibit No.	Title	Method of Filing
10.5*	Forms of Notice of Grant of Stock Option, Stock Option Agreement and Notice of Exercise Under the Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option)	Incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 filed on November 9, 2006, Exhibits 10.7, 10.8 and 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1994 filed on June 29, 1994, Exhibits 99.2, 99.3, 99.4, 99.5, 99.6, 99.7 and 99.8 to the Company's Registration Statement on Form S-8 (File No. 333-94440) filed on July 10, 1995, and Exhibits 99.3 and 99.5 to the Company's Registration Statement on Form S-8 (File No. 333-58455) filed on July 2, 1998.
10.6*	Employment Agreement of V. Gordon Clemons	Incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.7*	Restated 1991 Employee Stock Purchase Plan, as amended	Incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-128739) filed on September 30, 2005.
10.8	Fidelity Master Plan for Savings and Investment, and amendments	Incorporated herein by reference to Exhibits 10.16 and 10.16A to the Company's Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.9	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Rights Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed on November 24, 2008.
10.10*	Employment Agreement effective May 26, 2006 by and between CorVel Corporation and Dan Starck	Incorporated herein by reference to Exhibit 10.1 in the Company's Form 8-K filed on May 30, 2006.
10.11*	Stock Option Agreement and Acceleration Addendum dated May 26, 2006 by and between CorVel Corporation and Dan Starck, providing for time vesting	Incorporated herein by reference to Exhibit 10.2 in the Company's Form 8-K filed on May 30, 2006.
10.12†*	Stock Option Agreement and Acceleration Addendum dated May 26, 2006 by and between CorVel Corporation and Dan Starck, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 30, 2006.
10.13†*	Stock Option Agreement dated May 26, 2006 by and between CorVel Corporation and Scott McCloud, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 2, 2006.
10.14*†	Stock Option Agreement dated May 26, 2006 by and between CorVel Corporation and Don McFarlane, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K/A filed on July 6, 2007.

Exhibit No.	Title	Method of Filing
10.15	Credit Agreement dated May 28, 2009 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed on June 4, 2009.
10.16	Revolving Line of Credit Note dated May 28, 2009 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K filed on June 4, 2009.
10.17	First Amendment to Credit Agreement dated June 2, 2010 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.18	Revolving Line of Credit Note dated June 2, 2010 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 7, 2010.
10.19	Form of Partial Waiver of Automatic Option Grant executed by Directors	Incorporated herein by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 filed on November 8, 2007.
10.20*†	Stock Option Agreement and Acceleration Addendum dated February 4, 2008 by and between CorVel Corporation and Dan Starck, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.21*†	Stock Option Agreement dated February 4, 2008 by and between CorVel Corporation and Scott McCloud, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.22*†	Stock Option Agreement dated February 4, 2008 by and between CorVel Corporation and Don McFarlane, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.23	Partial Waiver of Automatic Option Grant by Jean Macino dated February 8, 2008	Incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.24*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Daniel J. Starck, providing for performance vesting	Incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 2, 2009.
10.25*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Scott R. McCloud, providing for performance vesting	Incorporated herein by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 2, 2009.
10.26*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Donald C. McFarlane, providing for performance vesting	Incorporated herein by reference to Exhibit 10.3 to the Company's Form 8-K filed on March 2, 2009.
10.27*†	Stock Option Agreement dated February 5, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting	Incorporated herein by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2009 filed on June 12, 2009.
10.28*†	Stock Option Agreement dated February 24, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting	Refiled herewith.

Exhibit No.	Title	Method of Filing
10.29	Summary of Terms of Oral Agreement to Repurchase Shares of Common Stock held by V. Gordon Clemons.	Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2009 filed on February 5, 2010.
10.30*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Daniel J. Starck, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.1 to the Company's form 8-K filed on November 6, 2009.
10.31*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Scott R. McCloud, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.2 to the Company's form 8-K filed on November 6, 2009.
10.32*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Donald C. McFarlane, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.3 to the Company's form 8-K filed on November 6, 2009.
10.33*†	Stock Option Agreement granted November 2, 2009 by and between CorVel Corporation and Diane J. Blaha, providing for performance vesting.	Incorporated herein by reference to Exhibit 10.4 to the Company's form 8-K filed on November 6, 2009.
21.1	Subsidiaries of the Company	Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm, Haskell & White LLP	Filed herewith.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.

* — Denotes management contract or compensatory plan or arrangement.

† — Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

(b) Exhibits

The exhibits filed as part of this report are listed under Item 15(a)-(3) of this Annual Report on Form 10-K.

(c) Financial Statement Schedule

The Financial Statement Schedules required by Regulation S-X and Item 8 of Form 10-K are listed under Item 15(a)(2) of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORVEL CORPORATION

By: /s/ DANIEL J. STARCK
Daniel J. Starck
President, Chief Executive Officer, and Chief Operating Officer

Date: June 11, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on June 11, 2010.

Signature	Title
/s/ V. GORDON CLEMONS V. Gordon Clemons	Chairman of the Board
/s/ DANIEL J. STARCK Daniel J. Starck	President, Chief Executive Officer, and Chief Operating Officer (Principal Executive Officer)
/s/ SCOTT R. MCCLOUD Scott R. McCloud	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ ALAN HOOPS Alan Hoops	Director
/s/ STEVEN J. HAMERSLAG Steven J. Hamerslag	Director
/s/ JUDD JESSUP Judd Jessup	Director
/s/ JEAN MACINO Jean Macino	Director
Jeffrey J. Michael	Director

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data for each of the fiscal years for the five fiscal years ended March 31, 2010, have been derived from the Company's audited consolidated financial statements. The following data should be read in conjunction with the Company's Consolidated Financial Statements, the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The following amounts are in thousands, except per share data.

	Fiscal Year Ended March 31,				
	2006	2007	2008	2009	2010
Statement of Income Data:					
Revenues	$ 266,504	$ 274,581	$ 301,894	$ 310,076	$ 337,968
Cost of revenues	221,060	208,746	223,829	236,334	252,429
Gross profit	45,444	65,835	78,065	73,742	85,539
General and administrative	29,590	35,383	39,720	42,133	42,056
Income before income taxes	15,854	30,452	38,345	31,609	43,483
Income tax provision	6,101	11,876	14,961	12,332	17,387
Net income	$ 9,753	$ 18,576	$ 23,384	$ 19,277	$ 26,096
Net income per share:					
Basic	$ 0.67	$ 1.32	$ 1.69	$ 1.43	$ 2.09
Diluted	$ 0.67	$ 1.30	$ 1.67	$ 1.42	$ 2.06
Shares used in computing net income per share:					
Basic	14,534	14,070	13,856	13,458	12,499
Diluted	14,592	14,268	14,036	13,620	12,672
Return on beginning of year equity	13.2%	27.3%	29.5%	20.0%	27.1%
Return on beginning of year assets	9.2%	18.6%	20.6%	13.7%	19.0%

	2006	2007	2008	2009	2010
Balance Sheet Data as of March 31,					
Cash and cash equivalents	$ 14,206	$ 15,020	$ 17,911	$ 14,681	$ 11,933
Accounts receivable, net	39,521	41,027	39,164	41,249	43,930
Working capital	34,597	35,018	29,445	28,096	27,196
Total assets	100,098	113,768	140,575	137,552	140,368
Retained earnings	139,155	157,731	178,458	197,735	223,831
Treasury stock	(132,205)	(154,091)	(162,302)	(185,762)	(218,323)
Total stockholders' equity	68,036	79,197	96,378	96,297	95,728

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations may include certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including (without limitation) statements with respect to anticipated future operating and financial performance, growth and acquisition opportunities and other similar forecasts and statements of expectation. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "continue," "may," "will," and "should" and variations of these words and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements made by the Company and its management are based on estimates, projections, beliefs and assumptions of management at the time of such statements and are not guarantees of future performance.

The Company disclaims any obligations to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information or otherwise. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; possible litigation and legal liability in the course of operations; cost of capital and capital requirements; competition from other managed care companies; the ability to expand certain areas of the Company's business; shifts in customer demands; the ability of the Company to produce market-competitive software; changes in operating expenses including employee wages, benefits and medical inflation; governmental and public policy changes, including but not limited to legislative and administrative law and rule implementation or change; dependence on key personnel; the continued availability of financing in the amounts and at the terms necessary to support the Company's future business; and the other risks identified under the heading "Risk Factors" appearing elsewhere in the report.

Overview

CorVel Corporation is an independent nationwide provider of medical cost containment and managed care services designed to address the escalating medical costs of workers' compensation and auto claims. The Company's services are provided to insurance companies, third-party administrators ("TPA's"), and self-administered employers to assist them in managing the medical costs and monitoring the quality of care associated with healthcare claims.

Network Solutions Services

The Company's network solutions services are designed to reduce the price paid by its customers for medical services rendered in workers' compensation cases, auto policies and, to a lesser extent, group health policies. The network solutions offered by the Company include automated medical fee auditing, preferred provider services, retrospective utilization review, independent medical examinations, and inpatient bill review. Network solutions services also includes revenue from the Company's directed care network (CareIQ), including imaging and physical therapy.

Patient Management Services

In addition to its network solutions services, the Company offers a range of patient management services, which involve working on a one-on-one basis with injured employees and their various healthcare professionals, employers and insurance company adjusters. The services are designed to monitor the medical necessity and appropriateness of healthcare services provided to workers' compensation and other healthcare claimants and to expedite return to work. The Company offers these services on a stand-alone basis, or as an integrated component of its medical cost containment services. The Company expanded its patient management services to include the processing of claims for self-insured payors to property and casualty insurance with the February 2009 acquisition of the outstanding capital stock of Eagle Claims Services, Inc.

Organizational Structure

The Company's management is structured geographically with regional vice-presidents who report to the President of the Company. Each of these regional vice-presidents is responsible for all services provided by the Company in his or her particular region and responsible for the operating results of the Company in multiple states. These regional vice presidents have area and district managers who are also responsible for all services provided by the Company in their given area and district.

Business Enterprise Segments

The Company operates in one reportable operating segment, managed care. The Company's services are delivered to its customers through its local offices in each region and financial information for the Company's operations follows this service delivery model. All regions provide the Company's patient management and network solutions services. ASC 280-10 establishes standards for the way that public business enterprises report information about operating segments in annual and interim consolidated financial statements. The Company's internal financial reporting is segmented geographically, as discussed above, and managed on a geographic rather than service line basis, with virtually all of the Company's operating revenue generated within the United States.

Under Accounting Standard Codification ("ASC") 280-10, two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles of ASC 280-10, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of its regions meet these criteria as each provides similar services and products to similar customers using similar methods of productions and similar methods to distribute the services and products.

Because we believe we meet each of the criteria set forth above and each of our regions have similar economic characteristics, we aggregate our results of operations in one reportable operating segment, managed care.

Seasonality

While we are not directly impacted by seasonal shifts, we are affected by the change in working days in a given quarter. There are generally fewer working days for our employees to generate revenue in the third fiscal quarter as we experience vacations, inclement weather and holidays.

Summary of Fiscal 2010 Annual Results

The Company had revenues of $338 million for fiscal year ended March 31, 2010, an increase of $28 million, or 9%, compared to $310 million for fiscal year ended March 31, 2009. This increase was primarily due to an increase in patient management services revenue from an increase in claims administration business which provided additional case management and bill review revenues. The Company's growth in revenues in fiscal 2010 was the best in several years. From fiscal 2004 to fiscal 2009, the Company's revenues increased a total of less than 2% over that five year period reflecting the soft economy and lower claims volume in the industry. The softness in the market for the Company's services is due to several reasons, including the continued decrease in the number of jobs in the manufacturing sector and its corresponding effect on the number of workplace injuries that have become longer-term disability cases, the considerable price competition given the flat-to-declining overall workers compensation market, and the increase in competition from local and regional companies. Continued organic revenue growth by the Company will need to rely on improving market share from better technology and innovative cost savings strategies for their customers.

During fiscal 2010, the Company continued to improve its accounts receivable collections processes and reduced its days sales outstanding from less than 49 days at March 31, 2009 to less than 46 days at March 31, 2010. This days sales outstanding is the lowest the number has been in numerous years.

During fiscal 2010, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. In August 2009, the Company's Board of Directors

increased the number of shares authorized to be repurchased over the life of the plan to 14,150,000 shares. During fiscal 2010, the Company spent $32.6 million to repurchase 1,092,445 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 13,775,188 shares of its common stock through March 31, 2010, at a cost of $218 million. These repurchases were funded primarily from the Company's operating cash flows. In May 2010, the board authorized an increase in the number of shares to be repurchased to 15,000,000 shares.

In February 2009, the Company's wholly owned subsidiary, CorVel Enterprise Comp, Inc., acquired 100% of the stock of Eagle Claims Services, Inc. ("Eagle") for $1.1 million in cash. Eagle is a third-party administrator headquartered in the state of New York. The acquisition is expected to allow the Company to expand its service capabilities as a third-party administrator and provide claims processing services along with patient management services and network solutions services to an increased customer base. The sellers of Eagle have the potential to receive up to an additional $1.1 million cash earn-out, based upon the revenue collected by the Eagle business during the calendar years 2009 and 2010. During fiscal year 2010, the Company accrued the $1.1 million of earn out due to the revenue results of Eagle, of which $600,000 was paid in fiscal 2010 and the remaining $500,000 is expected to be paid in fiscal 2011. The results of Eagle have been included in the Company's results from the date of the acquisition through March 31, 2010. For the fiscal years ended March 31, 2009 and 2010, the results of the acquired business increased the Company's revenues by less than 1/10 of 1% and less than 1%, respectively.

Results of Operations

The Company derives its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, auto insurance claims and health insurance benefits. Patient management services include utilization review, medical case management, vocational rehabilitation, and claims processing. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services and preferred provider referral services. The percentages of total revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2008, 2009, and 2010 are listed below.

	2008	2009	2010
Patient management services	42.4%	43.2%	44.7%
Network solutions services	57.6%	56.8%	55.3%
	100.0%	100.0%	100.0%

As noted in the table above, from fiscal 2009 to fiscal 2010 the mix of the Company's revenues moved 1.5 percentage points from network solutions to patient management. This mix shift is primarily due to the Company's increased focus in the sale of Enterprise Comp services which are included with patient management services.

The following table shows the income statements for the past three fiscal years and the dollar changes as well as the percentage changes for each fiscal year.

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Amount Change from Fiscal 2008 to 2009	Amount Change from Fiscal 2009 to 2010	Percent Change from Fiscal 2008 to 2009	Percent Change from Fiscal 2009 to 2010
Revenues	$301,894	$310,076	$337,968	$ 8,182	$27,892	2.7%	9.0%
Cost of revenues	223,829	236,334	252,429	12,505	16,095	5.6	6.8
Gross profit	78,065	73,742	85,539	(4,323)	11,797	(5.5)	16.0
General and administrative	39,720	42,133	42,056	2,413	(77)	6.1	(0.2)
Income before income taxes	38,345	31,609	43,483	(6,736)	11,874	(17.6)	37.6
Income tax provision	14,961	12,332	17,387	(2,629)	5,055	(17.6)	41.0
Net income	$ 23,384	$ 19,277	$ 26,096	$ (4,107)	$ 6,819	(17.6)%	35.4%
Net income per share:							
Basic	$ 1.69	$ 1.43	$ 2.09	$ (0.26)	$ 0.66	(15.4)%	46.2%
Diluted	$ 1.67	$ 1.42	$ 2.06	$ (0.25)	$ 0.64	(15.0)%	45.1%
Shares used in net income per share:							
Basic	13,856	13,458	12,499	(398)	(959)	(2.9)%	(7.1)%
Diluted	14,036	13,620	12,672	(416)	(948)	(3.0)%	(7.0)%

As previously identified in the section titled "Risk Factors" in this report, the Company's ability to maintain or grow revenues is subject to several risks including, but not limited to, changes in government regulations, exposure to litigation and the ability to add or retain customers. Any of these, or a combination of all of them, could have a material and adverse effect on the Company's results of operations going forward.

The following table sets forth, for the periods indicated, the percentage of revenues represented by certain items reflected in the Company's consolidated statements of income. The Company's past operating results are not necessarily indicative of future operating results. The percentages for the three fiscal years ended March 31, 2008, 2009 and 2010 are as follows:

	2008	2009	2010
Revenues	100.0%	100.0%	100.0%
Cost of revenues	74.1%	76.2%	74.7%
Gross profit	25.9%	23.8%	25.3%
General and administrative	13.2%	13.6%	12.4%
Income before income taxes	12.7%	10.2%	12.9%
Income tax provision	5.0%	4.0%	5.1%
Net Income	7.7%	6.2%	7.7%

Revenue

The Company derives its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, auto insurance claims and health insurance benefits. Patient management services include claims administration, utilization review, medical case management and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services, directed care services and preferred provider referral services.

Change in Revenue

Fiscal 2010 Compared to Fiscal 2009

Revenues increased by 9%, to $338 million in fiscal 2010, from $310 million in fiscal 2009, an increase of $28 million. The increase was primarily due to an increase in revenue for the Company's Enterprise Comp (claims administration including related case management and bill review services) and CareIQ (direct care) services. Patient management revenues, which include Enterprise Comp services, increased $18 million, or 13.8%, to $151 million in fiscal 2010 due to the Company's increased focus in the sale of these services. The Company's network solutions services revenue, which include CareIQ services, increased $10 million, or 5.4%, to $187 million in fiscal 2010.

Fiscal 2009 Compared to Fiscal 2008

Revenues increased by 3% to $310 million in fiscal 2009, from $302 million in fiscal 2008, an increase of $8 million. The increase was primarily due to an increase in revenue for the Company's Enterprise Comp and CareIQ services. Patient management revenues, which includes Enterprise Comp services, increased $6 million, or 4.6%, to $134 million in fiscal 2009. The Company's network solutions services revenue, which include CareIQ services, increased $2 million, or 1.3%, to $176 million in fiscal 2009.

Cost of Revenue

The Company's cost of revenues consist of direct expenses, costs directly attributable to the generation of revenue, and field indirect costs which are incurred in the field to support the operations in the field offices which generate the revenue. Direct costs are primarily case manager salaries, bill review analysts, related payroll taxes and fringe benefits, and costs for Independent Medical Examinations (IME), prescription drugs, and MRI providers. Most of the Company's revenues are generated in offices which provide both patient management services and network solutions services. The largest of the field indirect costs are manager salaries and bonus, account executive base pay and commissions, administrative and clerical support, field systems personnel, PPO network developers, related payroll taxes, fringe benefits, office rent, and telephone expense. Approximately 41% of the costs incurred in the field are field indirect costs which support both the patient management services and network solutions operations of the Company's field operations.

Change in Cost of Revenue

Fiscal 2010 Compared to Fiscal 2009

The Company's cost of revenues increased from $236 million in fiscal 2009 to $252 million in fiscal 2010, an increase of 6.8% or $16 million. The increase in cost of revenues was due to the costs associated with the increase in demand for the Company's TPA services, and to a lesser extent, the CareIQ services. These services operate at a lower margin than the Company's other services.

Despite this mix shift in revenues, the Company's operating productivity improved. As a result, the cost of revenues as a percentage of revenues decreased from 76% in fiscal 2009 to 75% in fiscal 2010. The potential increase in costs to attract and retain qualified employees may cause a significant increase in cost of revenues in the future.

Fiscal 2009 Compared to Fiscal 2008

The Company's cost of revenues increased from $224 million in fiscal 2008 to $236 million in fiscal 2009, an increase of 5.6% or $13 million. The increase in cost of revenues was due to the costs associated with the increase in revenue in the Enterprise Comp and CareIQ services. These services operate at a lower margin than the Company's other services. Due to a mix shift to these less profitable services, the increase in revenue was impacted by a greater increase in the cost of revenues.

The Company's operating productivity declined primarily due to costs associated with operating these services. As a result, the cost of revenues as a percentage of revenues increased from 74% in fiscal 2008 to

76% in fiscal 2009. Additionally, the potential increase in costs to attract and retain qualified employees may cause a significant increase in cost of revenues in the future.

General and Administrative Expense

During fiscal years 2008, 2009 and 2010, approximately 63%, 61%, and 61%, respectively, of general and administrative costs consisted of corporate systems costs, which include the corporate systems support, implementation and training, rules engine development, national information technology (IT) strategy and planning, depreciation of the hardware costs in the Company's corporate offices and backup data center, the Company's national wide area network, and other systems related costs. The Company includes all IT related costs managed by the corporate office in general and administrative whereas the field IT related costs are included in the cost of revenues. The remaining general and administrative costs consist of national marketing, national sales support, corporate legal, corporate insurance, human resources, accounting, product management, new business development, and other general corporate expenses.

Change in General and Administrative Expense

Fiscal 2010 Compared to Fiscal 2009

General and administrative expense was relatively unchanged at $42 million for both fiscal 2009 and fiscal 2010 primarily due to an increased effort to reduce these costs and increase productivity during a period of revenue increase. General and administrative expense decreased as a percentage of revenue by 1.2% from 13.6% of revenue in fiscal 2009 to 12.4% of revenue in fiscal 2010 as these costs remained unchanged as revenues increased. The Company's systems expenses decreased $1 million, or 2.2%, from fiscal 2009 to fiscal 2010 offset by an increase in non-systems related general and administrative costs. Given the importance the Company places on its proprietary software and IT infrastructure, these costs may increase in the future.

The costs associated with the development and maintenance of software products and the implementation and incorporation of new technologies to remain competitive could have a significant adverse effect on the Company's results of operations in the future. Likewise, the Company's exposure to litigation and increasing costs of insurance could have a significant adverse effect on the Company's results of operations as well.

Fiscal 2009 Compared to Fiscal 2008

General and administrative expense increased $2 million from $40 million in fiscal 2008 to $42 million in fiscal 2009, or 5% General and administrative expense increased as a percentage of revenue by 0.4% from 13.2% of revenue in fiscal 2008 to 13.6% of revenue in fiscal 2009. The Company's systems expenses increased $1 million, or 4.0%, from fiscal 2008 to fiscal 2009. The increase was primarily related to increased expenditures in national IT planning, development, programming and management costs. Given the importance the Company places on its proprietary software, these costs may continue to increase.

Income Tax Provision

Fiscal 2010 Compared to Fiscal 2009

The Company's income tax expense for fiscal years 2009 and 2010 was $12 million and $17 million, respectively. The Company's income tax expense in fiscal 2010 increased due to the increase in pre-tax income from $32 million in fiscal 2009 to $43 million in fiscal 2010. The effective income tax rates for fiscal years 2009 and 2010 were 39% and 40% respectively. These rates differed from the statutory federal tax rate of 35% primarily due to state income taxes and certain non-deductible expenses.

Fiscal 2009 Compared to Fiscal 2008

The Company's income tax expense for fiscal years 2008 and 2009, was $15 million and $12 million, respectively. The Company's income tax expense in fiscal 2009 decreased due to the decrease in pre-tax income from $38 million in fiscal 2008 to $32 million in fiscal 2009. The effective income tax rates for fiscal years 2008 and

2009 were 39% and 39% respectively. These rates differed from the statutory federal tax rate of 35% primarily due to state income taxes and certain non-deductible expenses.

Net Income

Fiscal 2010 Compared to Fiscal 2009

The Company's net income for fiscal years 2009 and 2010 was $19 million and $26 million, respectively. The Company's net income in fiscal 2010 increased due to the increase in the Company's revenues as noted above. Revenues increased $28 million while field costs increased $17 million thus increasing gross margin from 24% in fiscal 2009 to 25% in fiscal 2010.

Fiscal 2009 Compared to Fiscal 2008

The Company's net income for fiscal years 2008 and 2009 was $23 million and $19 million, respectively. The Company's net income in fiscal 2009 decreased due to the increase in costs in the Company's field operations as noted above. Revenues increased $8 million while field costs increased $13 million thus decreasing gross margin from 26% in fiscal 2008 to 24% in fiscal 2009.

Earnings per Share

Fiscal 2010 Compared to Fiscal 2009

The Company's diluted earnings per share for fiscal years 2009 and 2010 were $1.42 and $2.06, respectively. The Company's earnings per share in fiscal 2010 increased due to the increase in net income as noted above, aided by the decrease in diluted shares from 13.6 million to 12.7 million due to repurchases under the Company's stock repurchase program.

Fiscal 2009 Compared to Fiscal 2008

The Company's diluted earnings per share for fiscal years 2008 and 2009 were $1.67 and $1.42, respectively. The Company's earnings per share in fiscal 2009 decreased due to the decrease in net income as noted above, offset by the decrease in diluted shares from 14.0 million to 13.6 million due to repurchases under the Company's stock repurchase program.

Liquidity and Capital Resources

The Company has historically funded its operations and capital expenditures primarily from cash flow from operations, and to a lesser extent, stock option exercises. The Company's net accounts receivables have averaged below 50 days of average sales for the past two fiscal years. Property, net of accumulated depreciation, has historically averaged approximately 10% or less of annual revenue. These historical ratios of investments in assets used in the business has allowed the Company to generate sufficient cash flow to repurchase $218 million of its common stock during the past fourteen fiscal years, without incurring debt, on cumulative net earnings of $224 million. Working capital decreased from $28 million to $27 million from March 31, 2009 to March 31, 2010 primarily due to the increase in accrued liabilities from $19 million to $25 million for the same periods, respectively.

The Company believes that cash from operations and funds from exercises of stock options granted to employees are adequate to fund existing obligations, repurchase shares of the Company's common stock under its current share repurchase program, introduce new services, and continue to develop healthcare related businesses for at least the next twelve months. The Company regularly evaluates cash requirements for current operations and commitments, and for capital acquisitions and other strategic transactions. The Company may elect to raise additional funds for these purposes, through debt or equity financings or otherwise, as appropriate. Additional equity or debt financing may not be available when needed, on terms favorable to us or at all.

As of March 31, 2010, the Company had $12 million in cash and cash equivalents, invested primarily in short-term, interest-bearing highly liquid investment-grade securities with maturities of 90 days or less.

In June 2010, the Company renewed a credit agreement that had been in place throughout fiscal 2010. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement bear interest, at the Company's option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. There were no outstanding revolving loans at any time during fiscal 2010, but letters of credit in the aggregate amount of $6.3 million have been issued under a letter of credit sub-limit that does not reduce the amount of borrowings available under the revolving credit facility. The credit agreement expires in September 2011.

The Company has historically required substantial capital to fund the growth of its operations, particularly working capital to fund growth in accounts receivable and capital expenditures. The Company believes, however, that the cash balance at March 31, 2010 along with anticipated internally generated funds, the credit facility would be sufficient to meet the Company's expected cash requirements for at least the next twelve months.

Operating Cash Flows

Fiscal 2010 Compared to Fiscal 2009

Net cash provided by operating activities increased from $31 million in fiscal 2009 to $38 million in fiscal 2010. The increase in cash provided by operations was primarily due to an increase in net income from $19 million for fiscal year 2009 to $26 million for fiscal year 2010.

Fiscal 2009 Compared to Fiscal 2008

Net cash provided by operating activities decreased from $37 million in fiscal 2008 to $31 million in fiscal 2009. The decrease in cash provided by operations was primarily due to a decrease in net income from $23 million for fiscal year 2008 to $19 million for fiscal year 2009.

Investing Activities

Fiscal 2010 Compared to Fiscal 2009

Net cash flow used in investing activities decreased from $14 million in fiscal 2009 to $12 million in fiscal 2010. This decrease in investing activity was primarily due to a decrease in acquisitions from $3 million to $1 million. The Company expects future expenditures for property and equipment to increase if revenues increase.

Fiscal 2009 Compared to Fiscal 2008

Net cash flow used in investing activities decreased from $29 million in fiscal 2008 to $14 million in fiscal 2009. This decrease in investing activity was primarily due to a decrease in acquisitions from $15 million to $3 million. Furthermore, investing activity in capital additions decreased from $15 million to $10 million.

Financing Activities

Fiscal 2010 Compared to Fiscal 2009

Net cash flow used in financing activities increased from $21 million in fiscal 2009 to $29 million in fiscal 2010. The increase in cash flow used in financing activities was due to an increase in the purchase of common stock under the Company's stock repurchase program. During fiscal 2009, the Company spent $23 million to repurchase 995,129 shares of its common stock (at an average price of $23.57 per share). During fiscal 2010, the Company spent $33 million to repurchase 1,092,445 shares of its common stock (at an average price of $29.80 per share).

If the Company continues to generate cash flow from operating activities, the Company may continue to repurchase shares of its common stock on the open market, if authorized by the Company's Board of Directors, or seek to identify other businesses to acquire. In August 2009, the Board of Directors increased the number of shares authorized to be repurchased over the life of the stock repurchase program by an additional 1,000,000 shares to 14,150,000 shares. The Company has historically used cash provided by operating activities and from the exercise

of stock options to repurchase stock. The Company expects that it may use some of the cash on the balance sheet at March 31, 2010 to repurchase additional shares of its common stock in the future. In May 2010, subsequent to the end of the fiscal year, the board authorized a further increase in the numbers of shares to be repurchased to 15,000,000 shares.

Fiscal 2009 Compared to Fiscal 2008

Net cash flow used in financing activities increased from $5 million in fiscal 2008 to $21 million in fiscal 2009. The increase in cash flow used in financing activities was due to a decrease in the purchase of common stock under the Company's stock repurchase program. During fiscal 2008, the Company spent $8 million to repurchase 328,217 shares of its common stock (at an average price of $25.02 per share). During fiscal 2009, the Company spent $23 million to repurchase 995,129 shares of its common stock (at an average price of $23.57 per share).

Contractual Obligations

The following table set forth our contractual obligations at March 31, 2010, which are primarily future minimum lease payments due under non-cancelable operating leases:

		For the Fiscal Years Ended March 31:			
	Total	2011	2012 - 2013	2014 - 2015	After 2015
Operating leases	$48,788,000	$14,202,000	$19,597,000	$10,463,000	$4,526,000
Uncertain tax positions	3,170,000	3,170,000	—	—	—
Earn out obligation	500,000	500,000	—	—	—
Total	$52,458,000	$17,872,000	$19,597,000	$10,463,000	$4,526,000

Litigation. In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case seeks unspecified damages based on the Company's alleged failure to direct patients to medical providers who are members of the CorVel CorCare PPO network and also alleges that the Company used biased and arbitrary computer software to review medical providers' bills. In December 2007, the trial court certified a class in this case of all Illinois health care providers with CorVel PPO agreements, excluding hospitals. In January 2008, CorVel filed with the Illinois Appellate Court a petition for interlocutory appeal of the trial court's class certification order which was denied in April 2008. In May 2008, the Company appealed the appellate court's denial of its petition for interlocutory appeal which appeal was also denied by the Illinois Supreme Court in September 2008. The Company intends to pursue all available legal remedies including vigorously defending this case. The Company is not able to estimate the amount of possible loss, if any, at this time.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these other matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Inflation. The Company experiences pricing pressures in the form of competitive prices. The Company is also impacted by rising costs for certain inflation-sensitive operating expenses such as labor and employee benefits, and facility leases. However, the Company generally does not believe these impacts are material to its revenues or net income.

Off-Balance Sheet Arrangements

The Company is not a party to off-balance sheet arrangements as defined by the Securities and Exchange Commission. However, from time to time the Company enters into certain types of contracts that contingently require the Company to indemnify parties against third-party claims. The contracts primarily relate to: (i) certain contracts to perform services, under which the Company may provide customary indemnification to the purchases of such services; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company's use of the applicable premises; and (iii) certain agreements with the Company's officers, directors and employees, under which the

Company may be required to indemnify such persons for liabilities arising out of their relationship with the Company.

The terms of such obligations vary by contract and in most instances a specific or maximum dollar amount is not explicitly stated therein. Generally, amounts under these contracts cannot be reasonably estimated until a specific claim is asserted. Consequently, no liabilities have been recorded for these obligations on the Company's balance sheets for any of the periods presented.

Critical Accounting Policies

The SEC defines critical accounting policies as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The following is not intended to be a comprehensive list of our accounting policies. Our significant accounting policies are more fully described in Note A to the Consolidated Financial Statements. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States of America, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting an available alternative would not produce a materially different result.

We have identified the following accounting policies as critical to us: 1) revenue recognition, 2) cost of revenues, 3) allowance for uncollectible accounts, 4) goodwill and long-lived assets, 5) accrual for self-insured costs, 6) accounting for income taxes, and 7) share-based compensation.

Revenue Recognition: The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company's services, as the Company's professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in ASC 605-25.

In accordance with ASC 605-25, the Company allocates revenue for transactions or collaborations that include multiple elements to each unit of accounting based on its relative fair value, and recognizes revenue for each unit of accounting when the revenue recognition criteria have been met. The price charged when the element is sold separately generally determines fair value. When our customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. As a result, the fair value of each product sold in a multiple element arrangement is almost always determinable. In the absence of fair value of a delivered element, the Company would allocate revenue first to the fair value of the undelivered elements and the residual revenue to the delivered elements. The Company recognizes revenue for delivered elements when the delivered elements have standalone value and the Company has objective and reliable evidence of fair value for each undelivered element. If the fair value of any undelivered element included in a multiple element arrangement cannot be objectively determined, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. Based upon the nature of our products, bundled products are generally delivered in the same accounting period.

Cost of revenues: Cost of services consists primarily of the compensation and fringe benefits of field personnel, including managers, medical bill analysts, field case managers, telephonic case managers, systems support, administrative support and account managers and account executives and related facility costs including rent, telephone and office supplies. Historically, the costs associated with these additional personnel and facilities have been the most significant factor driving increases in the Company's cost of services. Locally managed and incurred IT costs are charged to cost of revenues whereas the costs incurred and managed at the corporate offices are charged to general and administrative expense.

Allowance for Uncollectible Accounts: The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customers' current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible.

The Company must make significant management judgments and estimates in determining contractual and bad debt allowances in any accounting period. One significant uncertainty inherent in the Company's analysis is whether its past experience will be indicative of future periods. Although the Company considers future projections when estimating contractual and bad debt allowances, the Company ultimately makes its decisions based on the best information available to it at that time. Adverse changes in general economic conditions or trends in reimbursement amounts for the Company's services could affect the Company's contractual and bad debt allowance estimates, collection of accounts receivable, cash flows, and results of operations. No one customer accounted for 10% or more of accounts receivable at March 31, 2009, and 2010.

Goodwill and Long-Lived Assets: Goodwill arising from business combinations represents the excess of the purchase price over the estimated fair value of the net assets of the acquired business. Pursuant to ASC 350-10 through ASC 350-30, "Goodwill and Other Intangible Assets," goodwill is tested annually for impairment or more frequently if circumstances indicate the potential for impairment. Also, management tests for impairment of its amortizable intangible assets and long-lived assets and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company's impairment is conducted at a company-wide level. The measurement of fair value is based on an evaluation of market capitalization and is further tested using a multiple of earnings approach. In projecting the Company's cash flows, management considers industry growth rates and trends and cost structure changes. Based on the Company's tests and reviews, no impairment of its goodwill, intangible assets or other long-lived assets existed at March 31, 2010. However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair market value.

Accrual for Self-insurance Costs: The Company self-insures for the group medical costs and workers' compensation costs of its employees. The Company purchases stop loss insurance for large claims. Management believes that the self-insurance reserves are appropriate; however, actual claims costs may differ from the original estimates requiring adjustments to the reserves. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents.

Accounting for Income Taxes: The Company provides for income taxes in accordance with provisions specified in ASC 740, "Accounting for Income Taxes". Accordingly, deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. In making an assessment regarding the probability of realizing a benefit from these deductible differences, management considers the Company's current and past performance, the market environment in which the Company operates, tax-planning strategies and the length of carry-forward periods for loss carry-forwards, if any. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Further, the Company provides for income tax issues not yet resolved with federal, state and local tax authorities.

Share-Based Compensation: The Company accounts for share based compensation in accordance with the provisions of ASC Topic 718 "Compensation — Stock Compensation". Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). For the fiscal year ended March 31, 2010, the Company recorded share-based compensation expense of $2,102,000. Share-based compensation expense recognized in fiscal 2010 is based on awards ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's term, and the Company's expected annual dividend yield. The Company's management believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company's stock options granted in fiscal 2010. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

The key input assumptions that were utilized in the valuation of the stock options granted during the fiscal year ended March 31, 2010 are summarized in the table below.

Weighted average option life (1)	4.8 to 5.0 years
Expected volatility (2)	46% to 47%
Risk-free interest rate (3)	2.0% to 2.7%
Dividend yield	0%

(1) The expected option term is based on historical exercise and post-vesting termination patterns.

(2) Expected volatility represents a combination of historical stock price volatility and estimated future volatility.

(3) The risk-free interest rate is based on the implied yield on five year United States Treasury Bill on the date of grant.

Recently Issued Accounting Standards

The FASB issued ASC 105-10-05, *Generally Accepted Accounting Principles,* which establishes the Accounting Standards Codification ("Codification" or "ASC") as the single source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. GAAP is not intended to be changed as a result of the Codification, but the ASC does change the way the guidance is organized and presented. As a result, these changes have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has included the references to the Codification, as appropriate, in these consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CorVel Corporation

We have audited the accompanying consolidated balance sheets of CorVel Corporation (the "Company") as of March 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years ended March 31, 2010, 2009 and 2008. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule for each of the years ended March 31, 2010, 2009, and 2008. We also have audited CorVel Corporation's internal control over financial reporting as of March 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the years ended March 31, 2010, 2009, and 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule for each of the years ended March 31, 2010, 2009, and 2008, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ HASKELL & WHITE LLP

Irvine, California
June 11, 2010

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Years Ended March 31,		
	2008	2009	2010
Revenues	$301,894,000	$310,076,000	$337,968,000
Cost of revenues	223,829,000	236,334,000	252,429,000
Gross profit	78,065,000	73,742,000	85,539,000
General and administrative	39,720,000	42,133,000	42,056,000
Income before income taxes	38,345,000	31,609,000	43,483,000
Income tax provision	14,961,000	12,332,000	17,387,000
Net income	$ 23,384,000	$ 19,277,000	$ 26,096,000
Net income per share:			
Basic	$ 1.69	$ 1.43	$ 2.09
Diluted	$ 1.67	$ 1.42	$ 2.06
Weighted average shares outstanding:			
Basic	13,856,000	13,458,000	12,499,000
Diluted	14,036,000	13,620,000	12,672,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2009	March 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14,681,000	$ 11,933,000
Accounts receivable (less allowance for doubtful accounts of $2,371,000 at 2009 and $2,754,000 at 2010)	41,249,000	43,930,000
Prepaid expenses and taxes	4,841,000	6,419,000
Deferred income taxes	4,531,000	4,864,000
Total current assets	65,302,000	67,146,000
Property and equipment, net	29,790,000	30,026,000
Goodwill	34,852,000	35,988,000
Other intangible assets, net	7,495,000	6,909,000
Non-current deferred income taxes and other assets	113,000	299,000
	$ 137,552,000	$ 140,368,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts and taxes payable	18,553,000	14,495,000
Accrued liabilities	18,653,000	25,455,000
Total current liabilities	37,206,000	39,950,000
Deferred income taxes	4,049,000	4,690,000
Total liabilities	41,255,000	44,640,000
Commitments and contingencies (Notes F, H, I, and J)		
Stockholders' Equity		
Common stock, $.0001 par value: 60,000,000 shares authorized at March 31, 2009 and 2010; 25,600,022 shares issued (12,917,279 shares outstanding, net of Treasury shares) and 25,801,690 shares issued (12,026,502 shares outstanding, net of Treasury shares) at March 31, 2009 and March 31, 2010,respectively	3,000	3,000
Paid-in-capital	84,321,000	90,217,000
Treasury Stock, at cost (12,682,743 shares at 2009 and 13,775,188 shares at 2010)	(185,762,000)	(218,323,000)
Retained earnings	197,735,000	223,831,000
Total stockholders' equity	96,297,000	95,728,000
	$ 137,552,000	$ 140,368,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Fiscal Years Ended March 31, 2008, 2009, and 2010

	Common Shares	Stock Amount	Paid-In-Capital	Treasury Shares	Treasury Stock	Retained Earnings	Total Shareholders' Equity
Balance — March 31, 2007	25,320,089	$3,000	$75,554,000	(11,359,397)	$(154,091,000)	$157,731,000	$ 79,197,000
Cumulative effect adjustment pursuant to adoption of FIN 48	—	—	—	—	—	(2,657,000)	(2,657,000)
Stock issued under employee stock purchase plan	14,424	—	364,000	—	—	—	364,000
Stock issued under stock option plan, net of shares repurchased	145,802	—	2,474,000	—	—	—	2,474,000
Stock-based compensation expense	—	—	1,487,000	—	—	—	1,487,000
Income tax benefits from stock option exercises	—	—	340,000	—	—	—	340,000
Purchase of treasury stock	—	—	—	(328,217)	(8,211,000)	—	(8,211,000)
Net income	—	—	—	—	—	23,384,000	23,384,000
Balance — March 31, 2008	25,480,315	3,000	80,219,000	(11,687,614)	(162,302,000)	178,458,000	96,378,000
Stock issued under employee stock purchase plan	16,390	—	374,000	—	—	—	374,000
Stock issued under stock option plan, net of shares repurchased	103,317	—	1,766,000	—	—	—	1,766,000
Stock-based compensation expense		—	1,332,000	—	—	—	1,332,000
Income tax benefits from stock option exercises	—	—	630,000	—	—	—	630,000
Purchase of treasury stock	—	—	—	(995,129)	(23,460,000)	—	(23,460,000)
Net income	—	—	—	—	—	19,277,000	19,277,000
Balance — March 31, 2009	25,600,022	3,000	84,321,000	(12,682,743)	(185,762,000)	197,735,000	96,297,000
Stock issued under employee stock purchase plan	11,064	—	333,000	—	—	—	333,000
Stock issued under stock option plan, net of shares repurchased	190,604	—	2,732,000	—	—	—	2,732,000
Stock-based compensation expense	—	—	2,102,000	—	—	—	2,102,000
Income tax benefits from stock option exercises	—	—	729,000	—	—	—	729,000
Purchase of treasury stock	—	—	—	(1,092,445)	(32,561,000)	—	(32,561,000)
Net income	—	—	—	—	—	26,096,000	26,096,000
Balance — March 31, 2010	25,801,690	$3,000	$90,217,000	(13,775,188)	$(218,323,000)	$223,831,000	$ 95,728,000

See accompanying notes to consolidated financial statements.

CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2008	2009	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 23,384,000	$ 19,277,000	$ 26,096,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,768,000	11,778,000	11,988,000
Loss on write down or disposal of property or capitalized software	130,000	107,000	53,000
Stock-based compensation expense	1,487,000	1,332,000	2,102,000
Provision for doubtful accounts	2,464,000	2,434,000	2,868,000
Provision (benefit) for deferred income taxes	(2,226,000)	2,000	308,000
Changes in operating assets and liabilities:			
Accounts receivable	761,000	(4,388,000)	(5,549,000)
Prepaid expenses and taxes	(2,152,000)	401,000	(1,578,000)
Other assets	170,000	236,000	(245,000)
Accounts and taxes payable	2,654,000	(1,939,000)	(4,058,000)
Accrued liabilities	(1,173,000)	2,067,000	6,302,000
Net cash provided by operating activities	37,267,000	31,307,000	38,287,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of business, net of cash acquired	(14,586,000)	(3,365,000)	(600,000)
Purchases of property and equipment	(14,757,000)	(10,482,000)	(11,668,000)
Net cash used in investing activities	(29,343,000)	(13,847,000)	(12,268,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of employee stock purchase option	364,000	374,000	333,000
Exercise of common stock options	2,474,000	1,766,000	2,732,000
Tax benefits from stock options	340,000	630,000	729,000
Purchase of treasury stock	(8,211,000)	(23,460,000)	(32,561,000)
Net cash used in financing activities	(5,033,000)	(20,690,000)	(28,767,000)
Net increase (decrease) in cash and cash equivalents	2,891,000	(3,230,000)	(2,748,000)
Cash and cash equivalents at beginning of year	15,020,000	17,911,000	14,681,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 17,911,000	$ 14,681,000	$ 11,933,000
Income taxes paid	$ 16,329,000	$ 11,456,000	$ 17,275,000
Non-cash items:			
Accrual of software license purchase	$ 1,746,000	$ —	$ —
Acquisition earnout	$ 500,000	$ —	$ 500,000

See accompanying notes to consolidated financial statements.

Note A — Summary of Significant Accounting Policies

Organization: CorVel Corporation (CorVel or the Company), incorporated in Delaware in 1987, provides services and programs nationwide that are designed to enable insurance carriers, third party administrators and employers with self-insured programs to administer, manage and control the cost of workers' compensation and other healthcare benefits. The Company provides case management, claims administration, and medical bill review services to these payors.

Basis of Presentation: The consolidated financial statements include the accounts of CorVel and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in compliance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Actual results could differ from those estimates. Significant estimates include the values assigned to intangible assets, capitalized software development, the allowance for doubtful accounts, accrual for income taxes, purchase price allocation for acquisitions, and accrual for self-insurance reserves.

Cash and Cash Equivalents: Cash and cash equivalents consist of short-term, interest-bearing highly-liquid investment-grade securities with maturities of 90 days or less when purchased. The carrying amounts of the Company's financial instruments approximate their fair values at March 31, 2009 and 2010. Cash at March 31, 2010 included $1.7 million of customer deposits held in bank checking accounts.

Fair Value of Financial Instruments: The carrying amount of the Company's financial instruments (i.e. cash, accounts receivable, accounts payable, etc.) approximate their fair values at March 31, 2009 and 2010.

Revenue Recognition: The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company's services, as the Company's professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in ASC 605-25.

In accordance with ASC 605-25, the Company allocates revenue for transactions or collaborations that include multiple elements to each unit of accounting based on its relative fair value, and recognizes revenue for each unit of accounting when the revenue recognition criteria have been met. The price charged when the element is sold separately generally determines fair value. When our customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. As a result, the fair value of each product sold in a multiple element arrangement is almost always determinable. In the absence of fair value of a delivered element, the Company would allocate revenue first to the fair value of the undelivered elements and the residual revenue to the delivered elements. The Company recognizes revenue for delivered elements when the delivered elements have standalone value and the Company has objective and reliable evidence of fair value for each undelivered element. If the fair value of any undelivered element included in a multiple element arrangement cannot be objectively determined, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. Based upon the nature of our products, bundled products are generally delivered in the same accounting period.

Accounts Receivable: The majority of the Company's accounts receivable is due from companies in the property and casualty insurance industries. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable, along with sales adjustments, to cost of revenues when they become uncollectible. Accounts receivable includes $2,902,000 and $3,171,000 of unbilled receivables at March 31, 2009 and 2010, respectively. Unbilled receivables represent the revenue for the work performed which has not yet been invoiced to the customer. Unbilled receivables are generally invoiced within the following month.

Concentrations of Credit Risk: Substantially all of the Company's customers are payors of workers' compensation expense and property and casualty insurance, which include insurance companies, third party administrators, self-insured employers and government entities. Receivables are generally due within 30 days. Credit losses relating to customers in the workers' compensation insurance industry consistently have been within management's expectations. Virtually all of the Company's cash is invested at financial institutions in amounts which exceed the FDIC insurance levels. No customer accounted for 10% or more of revenue for either fiscal 2008, 2009, or 2010. No customer accounted for 10% or more of accounts receivable at either March 31, 2009 or 2010.

Property and Equipment: Additions to property and equipment are recorded at cost. The Company provides for depreciation on property and equipment using the straight-line method by charges to operations in amounts that allocate the cost of depreciable assets over their estimated lives as follows:

Asset Classification	Estimated Useful Life
Leasehold Improvements	The shorter of five years or the life of lease
Furniture and Equipment	Five to seven years
Computer Hardware	Three to five years
Computer Software	Three to five years

The Company capitalizes software development costs intended for internal use. The Company accounts for internally developed software costs in accordance with ASC 350-40, "Internal — Use Software". Capitalized software development costs, intended for internal use, totaled $7,485,000 (net of $31,574,000 in accumulated amortization) and $7,984,000, (net of $34,415,000 in accumulated amortization) as of March 31, 2009 and 2010, respectively. These costs are included in computer software in property and equipment and are amortized over a period of five years.

Long-Lived Assets: The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation and amortization period or to the unamortized balance is warranted. Such evaluation is based principally on the expected utilization of the long-lived assets and the projected, undiscounted cash flows of the operations in which the long-lived assets are deployed.

Goodwill and Long-Lived Assets: Goodwill arising from business combinations represents the excess of the purchase price over the estimated fair value of the net assets of the acquired business. Pursuant to ASC 350-10 through ASC 350-30, "Goodwill and Other Intangible Assets," goodwill is tested annually for impairment or more frequently if circumstances indicate the potential for impairment. Also, management tests for impairment of its amortizable intangible assets and long-lived assets and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company's impairment is conducted at a company-wide level. The measurement of fair value is based on an evaluation of market capitalization and is further tested using a multiple of earnings approach. In projecting the Company's cash flows, management considers industry growth rates and trends and cost structure changes. Based on the Company's tests and reviews, no impairment of its

goodwill, intangible assets or other long-lived assets existed at March 31, 2010. However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair value. Goodwill amounted to $34,852,000, (net of accumulated amortization of $2,069,000) at March 31, 2009 and $35,988,000, (net of accumulated amortization of $2,069,000) at March 31, 2010.

Cost of revenues: Cost of services consists primarily of the compensation and fringe benefits of field personnel, including managers, medical bill analysts, field case managers, telephonic case managers, systems support, administrative support and account managers and account executives and related facility costs including rent, telephone and office supplies. Historically, the costs associated with these additional personnel and facilities have been the most significant factor driving increases in the Company's cost of services.

Income Taxes: Accounting for Income Taxes: The Company provides for income taxes in accordance with provisions specified in ASC 740, "Accounting for Income Taxes". Accordingly, deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. In making an assessment regarding the probability of realizing a benefit from these deductible differences, management considers the Company's current and past performance, the market environment in which the Company operates, tax-planning strategies and the length of carry-forward periods for loss carry-forwards, if any. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Further, the Company provides for income tax issues not yet resolved with federal, state and local tax authorities.

Share-Based Compensation: The Company accounts for share based compensation in accordance with the provisions of ASC Topic 718 "Compensation — Stock Compensation". Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). For the fiscal year ended March 31, 2008, 2009, and 2010, the Company recorded share-based compensation expense of $1,487,000, $1,332,000, and $2,102,000, respectively. Share-based compensation expense recognized in fiscal 2010 is based on awards ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Accrual for Self-insurance Costs: The Company self-insures for the group medical costs and workers' compensation costs of its employees. The Company purchases stop loss insurance for large claims. Management believes that the self-insurance reserves are appropriate; however, actual claims costs may differ from the original estimates requiring adjustments to the reserves. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents.

Earnings Per Share: Earnings per common share-basic is based on the weighted average number of common shares outstanding during the period. Earnings per common shares-diluted is based on the weighted average number of common shares and common share equivalents outstanding during the period. In calculating earnings per share, earnings are the same for the basic and diluted calculations. Weighted average shares outstanding increased for diluted earnings per share due to the effect of stock options.

The difference between the basic shares and the diluted shares for each of the three fiscal years ended March 31, 2008, 2009, and 2010 is as follows:

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Basic weighted shares	13,856,000	13,458,000	12,499,000
Treasury stock impact of stock options	180,000	162,000	173,000
Diluted weighted shares	14,036,000	13,620,000	12,672,000

Reclassifications: Certain reclassifications were made to prior year amounts in this financial statement to conform to current year presentation.

Recently Issued Accounting Standards

The FASB issued ASC 105-10-05, *Generally Accepted Accounting Principles,* which establishes the Accounting Standards Codification ("Codification" or "ASC") as the single source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. GAAP is not intended to be changed as a result of the Codification, but the ASC does change the way the guidance is organized and presented. As a result, these changes have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has included the references to the Codification, as appropriate, in these consolidated financial statements.

Note B — Stock Options and Stock-Based Compensation

Under the Company's Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan) ("the Plan") as in effect at March 31, 2010, options for up to 9,682,500 shares of the Company's common stock may be granted to key employees, non-employee directors and consultants at exercise prices not less than the fair market value of the stock at the date of grant. Options granted under the Plan are non-statutory stock options and generally vest 25% one year from date of grant and the remaining 75% vesting ratably each month for the next 36 months. The options granted to employees and the board of directors expire at the end of five years and ten years from date of grant, respectively.

In May 2006, the Company's Board of Directors granted performance-based stock options for 149,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2008, 2009, and 2010. Net of cancelations due to employee terminations, options for 136,050 shares remain outstanding under these performance-based stock options as of March 31, 2010. These options were granted with an exercise price of $15.76 per share, which was the fair market value at the date of grant, and have a valuation of $6.75 per share. The Company did not attain the targets for calendar years 2008 and 2009. Currently, management has determined that it is probable that the Company will attain the alternative earnings per share target for calendar year 2010 under these options and, accordingly, the Company recognized $46,000 of stock compensation expense during fiscal year 2010 and no amounts prior to fiscal 2010.

In February 2008, the Company's Board of Directors granted performance-based stock options for 42,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain revenue targets for all services sold to claims administration clients and out-of-network bill review revenues, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. The targets for the various options varied by the regions managed by these optionees with each region having a different target. Net of cancelations due to employee terminations, options for 38,000 shares remain outstanding under these

performance-based stock options as of March 31, 2010. These options were granted with an exercise price of $25.10 per share, which was the fair market value at the date of grant, and have a valuation of $9.81 per share. Currently, management has determined that optionees with 12,000 shares attained the revenue targets for calendar year 2009, and, accordingly, the Company has recognized $49,000 during fiscal 2010 and cumulatively, since the date of the option grant. Currently, management has determined that it is not probable that the revenue targets for the remaining optionees will be attained and, accordingly, the Company has recognized no stock compensation expense for those options.

In February 2009, the Company's Board of Directors granted performance-based stock options for 100,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. Net of cancelations due to employee terminations, options for 95,000 shares remain outstanding under these performance-based stock options as of March 31, 2010. These options were granted with an exercise price of $19.79 per share, which was the fair market value at the date of grant, and have a valuation of $8.21 per share. The Company attained these targets for calendar 2009, and, accordingly, the Company has recognized stock compensation expense of $325,000 during fiscal year 2010 and cumulatively, since the date of the option grants.

In February 2009, the Company's Board of Directors granted performance-based stock options for 10,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain revenue targets for all services sold to claims administration clients and out-of-network bill review revenues, as established by the Company's Board of Directors, for calendar years 2009, 2010, and 2011. These options were granted with an exercise price of $20.37 per share, which was the fair market value at the date of grant, and have a valuation of $8.45 per share. The Company did not achieve the revenue target for calendar year 2009. Currently, management has determined that it is not probable that the Company will attain the revenue targets for 2010 and 2011, and, accordingly, the Company has recognized no stock compensation expense for this stock option grant.

Additionally, in November 2009, the Company's Board of Directors granted performance-based stock options for 110,000 shares of common stock at fair market value at the date of grant, which will only vest if the Company attains certain earnings per share targets, as established by the Company's Board of Directors, for calendar years 2010, 2011, and 2012. These options were granted with an exercise price of $28.92 per share, which was the fair market value at the date of grant, and have a valuation of $12.57 per share. Currently, management has determined that it is probable that the Company will attain the earnings per share targets for calendar year 2010 and, accordingly, the Company has recognized $182,000 of stock compensation expense for this stock option grant during fiscal 2010.

All options granted in the three fiscal years ended March 31, 2008, 2009, and 2010 were granted at fair value and are non-statutory stock options. Summarized information for all stock options for the past three fiscal year follows:

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Options outstanding — beginning of the year	1,021,141	1,030,858	1,115,171
Options granted	186,350	230,775	181,550
Options exercised	(148,878)	(107,640)	(200,517)
Options cancelled/forfeited	(27,755)	(38,822)	(30,801)
Options outstanding — end of year	1,030,858	1,115,171	1,065,403
During the year, weighted average exercise price of:			
Options granted	$ 25.84	$ 24.19	$ 27.98
Options exercised	$ 17.94	$ 17.23	$ 15.04
Options forfeited	$ 19.05	$ 23.54	$ 21.79
At the end of the year Price range of outstanding options	$8.08-$47.70	$9.89-$47.70	$11.00-$47.70
Weighted average exercise price per share	$ 19.24	$ 20.31	$ 22.57
Options available for future grants	1,188,428	996,475	845,726
Exercisable options	404,479	477,561	448,257

For the years ended March 31, 2008, 2009 and 2010, the Company recorded share-based compensation expense of $1,487,000, $1,332,000, and $2,102,000, respectively. The table below shows the amounts recognized in the financial statements for the fiscal years ended March 31, 2008, 2009 and 2010.

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Cost of revenue	$ 638,000	$ 539,000	$ 545,000
General and administrative	849,000	793,000	1,557,000
Total cost of stock-based compensation included in income before income tax	1,487,000	1,332,000	2,102,000
Amount of income tax benefit recognized	580,000	519,000	841,000
Amount charged to net income	$ 907,000	$ 813,000	$1,261,000
Effect on basic earnings per share	$ 0.06	$ 0.06	$ 0.10
Effect on diluted earnings per share	$ 0.06	$ 0.06	$ 0.10

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the table below. The Company uses historical data among other factors to estimate the expected volatility, the expected option life, and the expected forfeiture rate. The risk-free rate is based on the interest rate paid on a U.S. Treasury issue with a term similar to the estimated life of the option. During fiscal 2008, 2009, and 2010, based upon the historical experience of option cancellations, the Company used estimated forfeiture rates ranging from 6.3% to 10.7%. Forfeiture rates will be adjusted over the requisite service period when actual forfeitures differ, or are expected to differ, from the estimate.

The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used for fiscal years ended March 31, 2008, 2009 and 2010:

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Expected volatility	39% to 40%	40% to 45%	46% to 47%
Risk free interest rate	2.8% to 4.6%	1.9% to 3.2%	2.0% to 2.7%
Dividend yield	0.0%	0.0%	0.0%
Weighted average option life	4.7 to 4.8 years	4.7 to 5.0 years	4.8 to 5.0 years

The following table summarizes the status of stock options outstanding and exercisable at March 31, 2010:

Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Outstanding Options – Weighted Average Exercise Price	Exercisable Options – Number of Exercisable Options	Exercisable Options – Weighted Average Exercise Price
$11.00 to $15.76	287,734	1.40	$15.08	147,318	$14.45
$15.77 to $23.55	256,319	3.41	19.36	118,033	18.68
$23.56 to $27.15	224,038	3.67	25.76	78,760	26.12
$27.16 to $47.70	297,312	3.61	30.16	104,146	30.91
Total	1,065,403	2.98	$22.57	448,257	$21.44

A summary of the status for all outstanding options at March 31, 2010, and changes during the fiscal year then ended is presented in the table below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value as of March 31, 2010
Options outstanding, March 31, 2009	1,115,171	$20.31		
Granted	181,550	27.98		
Exercised	(200,517)	15.04		
Cancelled — forfeited	(27,640)	21.21		
Cancelled — expired	(3,161)	26.85		
Options outstanding, March 31, 2010	1,065,403	$22.57	2.98	$14,061,484
Options vested and expected to vest	948,958	$22.39	2.87	$12,692,450
Ending exercisable	448,257	$21.44	2.32	$ 6,426,985

The weighted average fair value of options granted during fiscal 2008, 2009, and 2010 was $10.31, $9.70, and $12.07, respectively. The total intrinsic value of options exercised during fiscal years 2008, 2009, and 2010 were $1,322,000, $1,560,000, and $2,855,000 respectively.

The Company received $2,474,000, $1,766,000, and $2,732,000 of cash receipts from the exercise of stock options during fiscal 2008, 2009, and 2010, respectively. Vested options at March 31, 2010 were 448,257. Unvested options at March 31, 2010 were 617,146. As of March 31, 2010, $2,047,000 of total unrecognized compensation costs related to stock options is expected to be recognized over a weighted average period of 2.9 year.

Note C — Property and Equipment

Property and equipment, net consists of the following at March 31, 2009 and 2010:

	2009	2010
Office equipment and computers	$ 49,834,000	$ 52,256,000
Computer software	49,348,000	51,248,000
Leasehold improvements	4,715,000	4,110,000
	103,897,000	107,614,000
Less: accumulated depreciation and amortization	(74,107,000)	(77,588,000)
	$ 29,790,000	$ 30,026,000

Note D — Accounts and Taxes Payable and Accrued Liabilities

Accounts and income taxes payable consist of the following at March 31, 2009 and 2010:

	2009	2010
Accounts payable	$12,747,000	$ 9,297,000
Income taxes payable	5,806,000	5,198,000
	$18,553,000	$14,495,000

Accrued liabilities consist of the following at March 31, 2009 and 2010:

	2009	2010
Payroll, payroll taxes and employee benefits	$ 9,212,000	$13,483,000
Self-insurance accruals	4,276,000	3,256,000
Deferred revenue	4,079,000	3,144,000
Accrued rent	981,000	1,171,000
Accrued professional service fees	—	3,232,000
Other	105,000	1,169,000
	$18,653,000	$25,455,000

Note E — Income Taxes

The income tax provision consists of the following for the three fiscal years ended March 31, 2008, 2009 and 2010:

	2008	2009	2010
Current — Federal	$12,970,000	$ 9,808,000	$14,332,000
Current — State	2,166,000	2,273,000	2,746,000
Subtotal	15,136,000	12,081,000	17,078,000
Deferred — Federal	11,000	461,000	751,000
Deferred — State	(186,000)	(210,000)	(442,000)
Subtotal	(175,000)	251,000	309,000
	$14,961,000	$12,332,000	$17,387,000

The following is a reconciliation of the income tax provision from the statutory federal income tax rate to the effective rate for the three fiscal years ended March 31, 2008, 2009 and 2010:

	2008	2009	2010
Income taxes at federal statutory rate (35)%	$13,433,000	$11,063,000	$15,219,000
State income taxes, net of federal benefit	1,287,000	1,439,000	1,826,000
Other	241,000	(170,000)	342,000
	$14,961,000	$12,332,000	$17,387,000

Income taxes paid totaled $16,329,000, $11,456,000, and $17,275,000 for the fiscal years ended March 31, 2008, 2009, and 2010, respectively.

Deferred tax assets and liabilities at March 31, 2009 and 2010 are:

	2009	2010
Deferred income tax assets:		
Accrued liabilities not currently deductible	$ 3,979,000	$ 3,758,000
Allowance for doubtful accounts	938,000	1,083,000
FIN 48 income tax benefits	1,780,000	1,651,000
Stock-based compensation	1,226,000	1,665,000
Other	265,000	805,000
Deferred assets	8,188,000	8,962,000
Deferred income tax liabilities:		
Excess of book over tax basis of fixed assets	(4,678,000)	(5,314,000)
Intangible assets	(1,879,000)	(3,443,000)
Other	(1,149,000)	(31,000)
Deferred liabilities	(7,706,000)	(8,788,000)
Net deferred tax asset	$ 482,000	$ 174,000

Prepaid expenses and taxes include $1,805,000 and $2,887,000 at March 31, 2009 and 2010, respectively, for income taxes due in the first quarter of the succeeding fiscal year.

In July 2006, the FASB issued guidance which prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company adopted this guidance effective April 1, 2007. As a result of the adoption, the Company recognized a $2,700,461 increase in the liability for unrecognized tax benefits. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance as of March 31, 2009	$3,681,000
Additions based on tax positions related to the current year	—
Additions for tax positions of prior years	148,000
Reductions for tax positions of prior years	(660,000)
Balance as of March 31, 2010	$3,170,000

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the fiscal years ended March 31, 2008, 2009, and 2010, the Company recognized approximately $88,000,

$87,000, and $96,000 in interest and penalties. As of March 31, 2009 and 2010, accrued interest and penalties related to uncertain tax positions were $1,747,000 and $1,843,000, respectively.

The Company believes there will be a material reduction in its unrecognized tax benefits within the next 12 months due to settlements with various tax jurisdictions.

The tax fiscal years 2006-2009 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Note F — Employee Stock Purchase Plan

The Company maintains an Employee Stock Purchase Plan ("ESPP") which was amended by approval of the Company's stockholders in September 2005 to allow employees of the Company and its subsidiaries to purchase shares of common stock on the last day of two six-month purchase periods (i.e. March 31 and September 30) at a purchase price which is 95% of the closing sale price of shares as quoted on NASDAQ on the last day of such purchase period. Employees are allowed to contribute up to 20% of their gross pay. A maximum of 1,425,000 shares has been authorized for issuance under the ESPP, as amended. As of March 31, 2010, 1,186,941 had been issued pursuant to the ESPP. Summarized ESPP information is as follows:

	2008	2009	2010
Employee contributions	$364,000	$374,000	$333,000
Shares acquired	14,424	16,390	11,064
Average purchase price	$ 25.24	$ 22.82	$ 30.12

Note G — Treasury Stock and Subsequent Event

During each of the three fiscal years in the period ended March 31, 2010, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company's Board of Directors in 1996. Including an expansion authorized in August 2009, the total number of shares authorized to be repurchased over the life of the plan is 14,150,000 shares. Purchases may be made from time to time depending on market conditions and other relevant factors. The share repurchases for fiscal years ended March 31, 2008, 2009 and 2010 and cumulatively since inception of the authorization are as follows:

	2008	2009	2010	Cumulative
Shares repurchased	328,217	995,129	1,092,445	13,775,188
Cost	$8,211,000	$23,460,000	$32,561,000	$218,323,000
Average price	$ 25.02	$ 23.57	$ 29.80	$ 15.85

The repurchased shares were recorded as treasury stock, at cost, and are available for general corporate purposes. The repurchases were primarily financed from cash generated from operations and from the cash proceeds from the exercise of stock options.

In May 2010, the Company's Board of Directors authorized a further increase in the number of shares authorized to be repurchased over the life of the plan to 15,000,000 shares. Subsequent to the end of the fiscal year through June 1, 2010, the Company repurchased 115,108 shares of common stock.

Note H — Commitments, Contingencies and Legal Proceedings

The Company leases office facilities under non-cancelable operating leases. Some of these leases contain escalation clauses. Future minimum rental commitments under operating leases at March 31, 2010 are $14,202,000 in fiscal 2011, $11,163,000 in fiscal 2012, $8,434,000 in fiscal 2013, $6,066,000 in fiscal 2014, $4,397,000 in fiscal 2015, $4,526,000 thereafter, and $48,788,000 in the aggregate. Total rental expense of $14,338,000, $15,094,000, and $15,114,000 was charged to operations for the years ended March 31, 2008, 2009, and 2010, respectively.

In February 2005, Kathleen Roche, D.C., as plaintiff, filed a putative class action in Circuit Court for the 20th Judicial District, St. Clair County, Illinois, against the Company. The case seeks unspecified damages based on the Company's alleged failure to direct patients to medical providers who are members of the CorVel CorCare PPO network and also alleges that the Company used biased and arbitrary computer software to review medical providers' bills. In December 2007, the trial court certified a class in this case of all Illinois health care providers with CorVel PPO agreements, excluding hospitals. In January 2008, CorVel filed with the Illinois Appellate Court a petition for interlocutory appeal of the trial court's class certification order which was denied in April 2008. In May 2008, the Company appealed the appellate court's denial of its petition for interlocutory appeal which appeal was also denied by the Illinois Supreme Court in September 2008. The Company intends to pursue all available legal remedies including vigorously defending this case. The Company is not able to estimate the amount of possible loss, if any, at this time.

The Company is involved in other litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Note I — Retirement Savings Plan

The Company maintains a retirement savings plan for its employees, which is a qualified plan under Section 401(k) of the Internal Revenue Code. Full-time employees that meet certain requirements are eligible to participate in the plan. Employer contributions are made annually, primarily at the discretion of the Company's Board of Directors. Contributions of $161,000, $256,000 and $221,000, were charged to operations for the fiscal years ended March 31, 2008, 2009, and 2010, respectively.

Note J — Shareholder Rights Plan

During fiscal 1997, the Company's Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel's common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, set the exercise price of each right at $118, and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company's Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company's common stock without the approval of the Board, subject to certain exceptions, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company's common stock having a market value equal to two times the then-current exercise price of the right. In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company's consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company's Board of Directors may exchange or redeem the rights under certain conditions.

Note K — Acquisition

In February 2009, the Company's wholly owned subsidiary, CorVel Enterprise Comp, Inc., acquired 100% of the stock of Eagle Claim Services, Inc. ("Eagle") for $1.1 million in cash along with a potential earn out. Eagle is a

third-party administrator headquartered in the state of New York. The acquisition is expected to allow the Company to expand its service capabilities as a third-party administrator and provide claims processing services along with patient management services and network solutions services to an increased customer base. The sellers of Eagle have the potential to receive up to an additional $1.1 million in a cash earn-out based upon the revenue collected by the Eagle business during calendar years 2009 and 2010. During fiscal year 2010, the Company accrued the $1.1 million of earn out due to the revenue results of Eagle, of which $600,000 was paid in fiscal 2010 and the remaining $500,000 is expected to be paid in fiscal 2011 and has been accrued. The results of Eagle have been included in the Company's results from the date of the acquisition through March 31, 2010. For the fiscal years ended March 31, 2009 and 2010, the results of the acquired business increased the Company's revenues by less than 1/10 of 1% and less than 1%, respectively.

Note L — Line of Credit and Subsequent Event

In June 2010, the Company renewed a credit agreement that had been in place throughout fiscal 2010. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement bear interest, at the Company's option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. There were no outstanding revolving loans at any time during fiscal 2010 or as of the date hereof, but letters of credit in the aggregate amount of $6.3 million have been issued separate from the line of credit and therefore do not reduce the amount of borrowings available under the revolving credit facility. The renewed credit agreement expires in September 2011.

Note M — Quarterly Results (Unaudited)

The following is a summary of unaudited quarterly results of operations for each of the quarters in the two fiscal years ended March 31, 2009 and 2010:

	Revenues	Gross Profit	Net Income	Net Income per Basic Common Share	Net Income per Diluted Common Share
Fiscal Year Ended March 31, 2009:					
First Quarter	$78,201,000	$19,933,000	$5,567,000	$0.40	$0.40
Second Quarter	77,855,000	18,859,000	4,964,000	0.36	0.36
Third Quarter	76,962,000	17,662,000	4,504,000	0.34	0.34
Fourth Quarter	77,058,000	17,288,000	4,242,000	0.33	0.33
Fiscal Year Ended March 31, 2010:					
First Quarter	$81,312,000	$21,142,000	$6,404,000	$0.50	$0.49
Second Quarter	82,416,000	20,807,000	6,400,000	0.50	0.50
Third Quarter	86,629,000	21,806,000	6,675,000	0.55	0.54
Fourth Quarter	87,611,000	21,784,000	6,617,000	0.55	0.54

Note N — Segment Reporting

The Company derives the majority of its revenues from providing patient management and network solutions services to payors of workers' compensation benefits, automobile insurance claims and health insurance benefits. Patient management services include claims administration, utilization review, medical case management, and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, coordination of independent medical examinations, diagnostic imaging review services and preferred provider referral

services. The percentages of revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2008, 2009, and 2010 are listed below.

	2008	2009	2010
Patient management services	42.4%	43.2%	44.7%
Network solutions services	57.6%	56.8%	55.3%
	100.0%	100.0%	100.0%

Under ASC 280, "Segment Reporting", two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles of ASC 280, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of the Company's regions meet these criteria as they provide similar managed care services to similar customers using similar methods of productions and similar methods to distribute their services. All of the Company's regions perform both patient management and network solutions services.

Because the Company believes it meets each of the criteria set forth above and each of the Company's regions have similar economic characteristics, the Company aggregates its results of operations in one reportable operating segment.

Note O — Other Intangible Assets

Other intangible assets consist of the following at March 31, 2009:

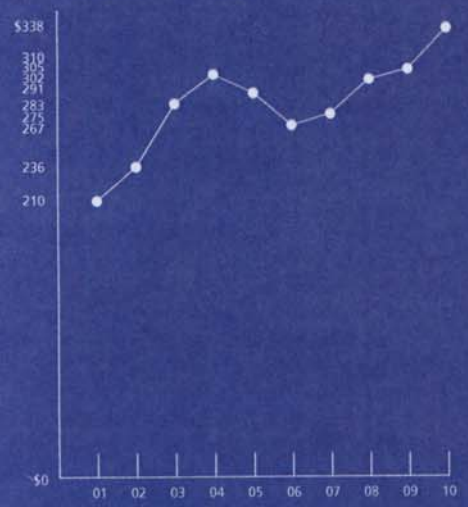
Item	Life	Cost	Fiscal 2010 Amortization Expense	Accumulated Amortization at March 31, 2009	Cost, Net of Accumulated Amortization at March 31, 2009
Covenant Not to Compete	5 years	$ 950,000	$275,000	$ 417,000	$ 533,000
Customer Relationships	18-20 years	7,571,000	198,000	791,000	6,780,000
TPA Licenses	15 years	204,000	12,000	22,000	182,000
Total		$8,725,000	$485,000	$1,230,000	$7,495,000

Other intangible assets consist of the following at March 31, 2010:

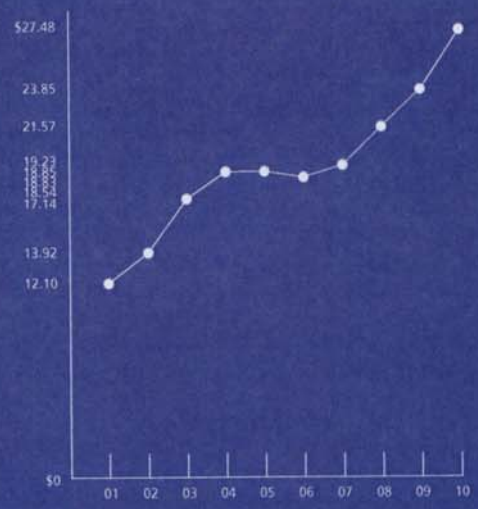
Item	Life	Cost	Fiscal 2010 Amortization Expense	Accumulated Amortization at March 31, 2010	Cost, Net of Accumulated Amortization at March 31, 2010
Covenant Not to Compete	5 years	$ 825,000	$166,000	$ 458,000	$ 367,000
Customer Relationships	18-20 years	7,571,000	406,000	1,197,000	6,374,000
TPA Licenses	15 years	204,000	14,000	36,000	168,000
Total		$8,600,000	$586,000	$1,691,000	$6,909,000

Amortization expense for the next five fiscal years is expected to be $593,000 in fiscal 2011, $584,000 in fiscal 2012, $451,000 in fiscal 2013, $432,000 in fiscal 2014, $432,000 in fiscal 2015, and $4,417,000 thereafter.

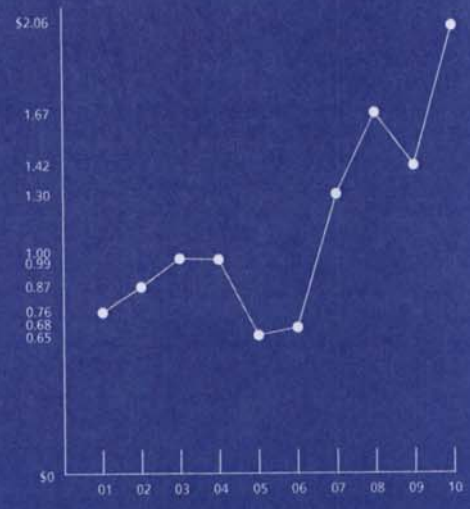
Revenue *(in millions)*



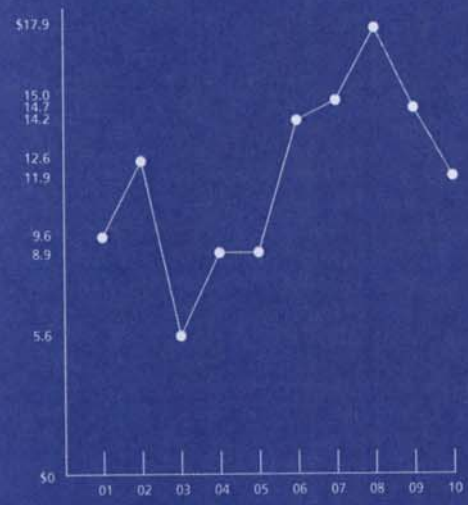
Annual Revenue Per Q4 Weighted Shares



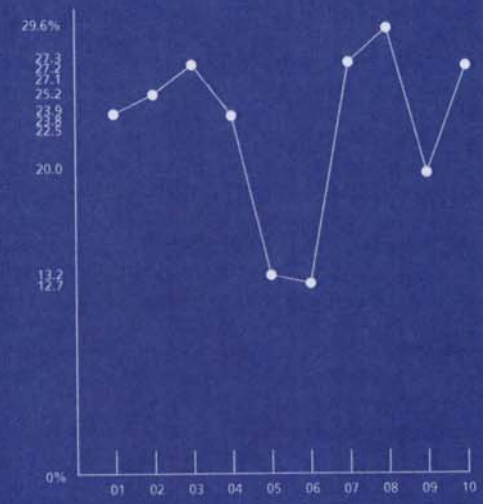
Earnings Per Share *(in dollars)*



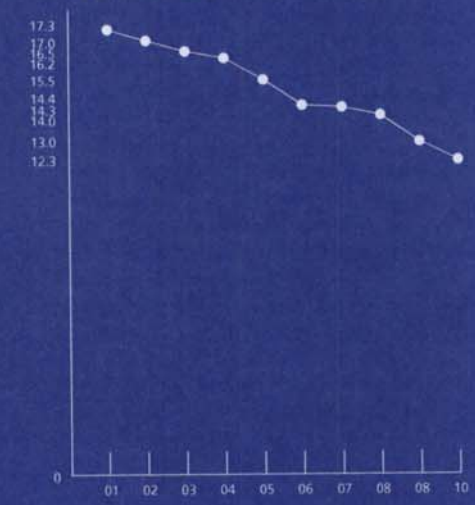
Cash *(in millions)*



Return on Equity *(%)*



Q4 Weighted Shares *(in millions)*



Corporate Address

CorVel Corporation
2010 Main Street
Suite 600
Irvine, California 92614
Telephone: 888.7.CORVEL

Transfer Agent and Registrar

Computershare Investor Services
Canton, Massachusetts

Counsel

Dorsey & Whitney, LLP
Irvine, California

Independent Auditors

Haskell & White LLP
Irvine, CA

Stock Symbol

The common stock of CorVel Corporation is traded on the NASDAQ Global Select Market under the stock symbol CRVL.

Form 10K

CorVel Corporation Annual Report on Form 10K filed with the Securities and Exchange Commission may be obtained without charge by contacting:

Investor Relations

CorVel Corporation
2010 Main Street
Suite 600
Irvine, California 92614

Telephone: 888.7.CORVEL

www.corvel.com/ar2010

investor_relations@corvel.com

CORVEL®

www.corvel.com

Attachment N: Exceptions

CITY OF CHANDLER

REQUEST FOR PROPOSAL ("RFP")

RFP NO. RM2-953-3045

If awarded the contract, CorVel reserves the right to negotiate the following sections:

City of Chandler Services Agreement:

- Section 2.4.3
- Section 2.4.4
- Section 3.1 – Records
- Section 3.2 – Audit
- Section 4.6 – Price Reduction
- Section 7.2 – Stop Work Order
- Section 7.6 – Right of Offset
- Section 8 – Termination
- Section 11 – Indemnification
- Section 12 – Insurance

Contract Document I

Chandler • Arizona
Where Values Make The Difference

Chandler
All-America City
2010

November 17, 2011

THIRD PARTY CLAIMS ADMINISTRATOR – WORKERS' COMPENSATION
RFP NO. RM2-953-3045
ADDENDUM #1

PLEASE NOTE THE FOLLOWING CHANGES/CLARIFICATIONS:

1. Page 5, Item 2.11.
   Offer Acceptance Period. All Offers shall remain open for ***120*** days after the day of the opening of Offers, but the CITY may, at its sole discretion, release any Offer and return the security (as applicable) prior to that date. No Offeror may withdraw his Offer during this period without written permission from the CITY. Should any Offeror refuse to enter into a contract, under the terms and conditions of the procurement, CITY may retain the security (as applicable), not as a penalty, but as liquidated damages.

2. Page 30, Item 1.26.
   The claims adjustor selected to handle claims for the City of Chandler shall carry a total case load of no more than ***125*** active claims **(indemnity and medical total)** at any one time, in order for there to be no compromise of care to City employees.

3. Page 34, Item 29. Clarification.
   The City pays a flat rate for the actual bill review service, and a percentage only for PPO/audit, which is a percentage of the amount of savings that vendor is able to get through PPO discounts and negotiation with the providers.

4. **Proposal due date and time has been changed.** Offers must be received by the City of Chandler Purchasing Office, 175 S. Arizona Ave., 3rd Floor, Chandler, Arizona 85225, on or before **3:00 pm local Arizona time, on December 2, 2011**. Late Offers will not be accepted.

End of Addendum.

Contract Document J

Chandler • Arizona
Where Values Make The Difference

CITY OF CHANDLER, ARIZONA

NOTICE OF FORMAL SOLICITATION

SOLICITATION TYPE:	**REQUEST FOR PROPOSALS**
SOLICITATION NO.:	RM2-953-3045
PROPOSAL DUE DATE AND TIME:	November 29, 2011 at 4:00 pm local Arizona time

LOCATION:
Purchasing Division
175 S. Arizona Ave, 3rd Floor
Chandler, Arizona 85225

MAILING ADDRESS:
Mail Stop 901
P.O. Box 4008
Chandler, AZ 85244-4008

Note: There will be a Pre-Proposal Conference at the 4th Floor Large Conference Room, 175 S. Arizona Ave, 4th Floor, Chandler, on November 15, 2011 at 9:00 am local Arizona time.

Sealed proposals for the commodity or service specified will be received by the Purchasing Division, City of Chandler, 175 S. Arizona Ave, 3rd Floor, Chandler, Arizona 85225, until the time and date cited above. Names of offerors received by the correct time and date will be opened publicly and read aloud at the Purchasing Division Office.

Offers must be in the actual possession of the Purchasing Division Office and stamped by a member of the Purchasing Division staff on or prior to the exact time and date indicated above. Late submittals or unsigned submittals will not be considered under any circumstances.

Offers must be submitted in a sealed envelope with the solicitation invitation number and the Offeror's name and address clearly indicated on the envelope. All offers must be completed in ink or typewritten. Additional instructions for preparing your offer are provided on the following pages.

Commodity and/or Service **Third Party Claims Administrator – Workers' Compensation**

Contract Type and Period **Term Contract**

Issue Date: October 24, 2011

CONTACT:

Kristy Garcia, CPPB
Procurement Officer
PH: (480) 782-2402 / FAX: (480) 782-2410
Email: kristy.garcia@ChandlerAZ.gov

THIS OFFER IS SUBMITTED BY:

Name of Company _____

Contact Name _____

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IMPORTANT
VENDOR / OFFEROR'S CHECK LIST

☐ 1. The offer has been signed in the Vendor/Offeror's Offer Section. (Offers not signed in this section will not be considered.)

☐ 2. The prices offered have been reviewed.

☐ 3. The price extensions and totals have been checked.

☐ 4. Any required drawings or descriptive literature have been included.

☐ 5. All items listed in the Offer Section have been responded to as applicable / required. (See Information and Instructions to Offerors Section 4.5). The delivery/shipment information has been included.

☐ 6. Any addendums have been included/noted in Offer Section.

☐ 7. The mailing envelope/package has been addressed to:

Location:	Mailing:
City of Chandler	City of Chandler
Purchasing Division	Purchasing Division
175 S. Arizona Ave, 3rd Floor	MS 901, P.O. Box 4008
Chandler, AZ 85225	Chandler, AZ 85244-4008

☐ 8. RFP Package/Envelope has been identified with RFP number and title.

☐ 9. The offer is mailed in time to be received and stamped in by Purchasing representative no later than specified time on designated date. (Otherwise the offer cannot be considered.)

☐ 10. Certificate of Insurability has been signed and included with Offer.

☐ 11. Contractor Immigration Warranty (Exhibit A) has been signed and included with Offer.

INFORMATION AND INSTRUCTIONS TO OFFERORS

1. **RFP.** This procurement is a Request for Proposals for 3RD Party Claims Administrator/Workers' Compensation; RFP No. RM2-953-3045.

2. **GENERAL INFORMATION**

2.1. Offers must be received by City of Chandler Purchasing Office, 175 S. Arizona Ave, 3rd Floor, Chandler, Arizona 85225, on or before 4:00 P.M. local Arizona time, on November 29, 2011. **Late Offers will not be accepted.**

2.2. **Late Offers.** Late submittals and/or unsigned Offers will not be considered under any circumstances. Envelopes containing Offers with insufficient postage will not be accepted by the CITY. It is the sole responsibility of the Offeror to see that his/her Offer is delivered and received by the proper time and at the proper place.

2.3. **Pre-Proposal Conference.** A Pre-Proposal Conference has been scheduled for 9:00 A.M. local Arizona time on, November 15, 2011 at the 4th Floor Large Conference Room, 175 S. Arizona Ave, 4th Floor, Chandler, AZ. Potential Offerors should raise any questions about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation will be responded to by CITY through a written Solicitation Addendum. Should you be unable to attend the meeting, please contact the Procurement Officer listed on page one, preferably before the Conference with any questions.

2.4. **Addendum.** This RFP may only be modified by a written Addendum. Potential Offerors are responsible for obtaining all addendums via the CITY's Vendor Registration/Notification system or other means. See Paragraph 2.13 for registration instructions.

2.5. **Sealed Envelope or Package.** Each Offer shall be submitted to the Purchasing Office in a sealed envelope or package. The envelope or package should be clearly identified as an Offer and be marked with name of the Offeror and Solicitation number. CITY may open envelopes or package to identify contents if the envelope or package is not clearly identified as specific.

2.6. **Offer Amendment or Withdrawal.** An Offer may be withdrawn any time before the solicitation due date and time. An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided by applicable law.

2.7. **Proposal Opening**. Offers shall be opened on the date and time, and the place designated on the notice page of this document, unless amended in writing by the Procurement Officer issuing the solicitation. The name of each offeror shall be read at this time. Offers, modifications and all other information received in response to the Request for Proposals shall be shown only to authorized personnel having a legitimate interest in the evaluation.

2.8. **Public Record.** All Offers submitted in response to this Solicitation and all evaluation related records shall become property of CITY and shall become a matter of public record for review, subsequent to publication by the City Clerk of the proposed award in the agenda for the City Council Meeting or award by the appropriate approving authority or as otherwise required by law.

2.8.1 Request for nondisclosure of data such as trade secrets and other proprietary data, must be made known to CITY in Offers submitted.

2.8.2 CITY will not insure confidentiality of any portion of the Solicitation documents that are submitted in the event that a public record request is made.

2.8.3 CITY will provide 48 hours notice before releasing materials identified by the Offer as confidential or proprietary in order for the Offeror to apply for a court order blocking the release of the information.

2.9. Cost of Offer Preparation. CITY will not reimburse any Offeror the cost of responding to a solicitation.

2.10. Persons with Disabilities. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Procurement Officer. Requests shall be made as early as possible to allow time to arrange the accommodation.

2.11. Offer Acceptance Period. All Offers shall remain open for days after the day of the opening of Offers, but the CITY may, at its sole discretion, release any Offer and return the security (as applicable) prior to that date. No Offeror may withdraw his Offer during this period without written permission from the CITY. Should any Offeror refuse to enter into a contract, under the terms and conditions of the procurement, CITY may retain the security (as applicable), not as a penalty, but as liquidated damages.

2.12. Term of Contract. Please see the attached contract for a description of the term of the contract.

2.13. Vendor Registration. Vendors (Offerors) must register via the on-line Vendor Registration system at www.chandleraz.gov, in order to automatically receive notification of Addenda to this Solicitation or notice of other solicitation opportunities. Select the BUSINESS tab, then select DOING BUSINESS WITH THE CITY, then click on VENDOR REGISTRATION SYSTEM, read or print the instructions, then select REGISTER OR LOG-IN NOW. A vendor who is not so registered must contact the Purchasing Office to make other arrangements to receive notice of Addenda to this Solicitation.

3. DESCRIPTION OF SERVICES BEING PROCURED

3.1. The City of Chandler is seeking proposals from qualified organizations to provide 3rd Party Workers Compensation claims services for the City's Self-Insured Workers' Compensation program authorized by the Industrial Commission of Arizona. All fees charged for services pertinent to the workload suggested by the proposal must be identified and listed within your submittal. The City will not pay any hidden costs, or add on fees for services not described within a proposal. The successful Contractor shall assume the responsibility for all new Workers Compensation claims and all outstanding Workers Compensation claims, except for claims managed by State Compensation Fund, effective January 1, 2008. The City will maintain a self-insured retention.

3.2. The City of Chandler was established in 1912, incorporated on February 17, 1920. The Charter, which currently governs the City of Chandler, was adopted on May 25, 1964. The City has a Council-Manager form of government. Traditional public services include police and fire protection services, municipal court, water, sewer and wastewater services, streets, maintenance facility for City equipment and vehicles, recreation programs, swimming pools, and numerous public parks.

A. Payroll - The City has approximately 2247 employees on payroll, with approximately 497 employees in part-time or seasonal positions. A chart showing classifications for all full-time employees is attached as Exhibit F. Total payroll (including all related expenses) in fiscal year 2010/2011 was approximately $113,842,796.46. The City provides coverage for its volunteers, and Council members under its Workers' Compensation program.

B. Claims experience – **Historically**, the City averages 161 claims per year, 121 of which are medical only. The most recent four year claims history is shown on Exhibit H.

C. City Involvement – The City actively participates in the administration of its Workers' Compensation program. Injured workers are encouraged to return to work as soon as

possible. Injured employees are referred to Banner Health Care-Occupational Medicine facilities for initial treatment. The City has a structured, compulsory return to work program with more than 100 temporary modified duty assignments available.

D. The City's Risk Manager is responsible for management of the City's Workers' Compensation program, including contract administration of the 3rd Party Administrator contract. Risk Management Division coordinates all aspects of the program. This includes: reporting of injuries; employee contact; providing lost time and salary information; training; return to work program; service evaluations and maintenance of employee exposure; injury and illness Workers' Compensation claims files. The Risk Management Division utilizes OSHA LOG 300 software applications and Business Objects applications of the current TPA to manage claim and loss data.

E. **Definitions:**
Medical only claim – a claim where only medical expenses are paid.
Indemnity only claim – a claim that results in wage or award calculations and payments, or for which recorded statements, surveillance, IME's, vocational assessment, legal or other complex claim procedures or consultations are necessary.
Report only claim – a claim where on the Employer's First Report of injury is filed and no medical treatment was necessary.

3.3. Anticipated transition period shall be April 1, 2012 through June 30, 2012. Anticipated start date for this contract shall be July 1, 2012.

3.4. All Offerors must include the following information in their proposals:

A. A response to the Scope of Work desired in Exhibit B, and describe how those services would be provided. A statement shall describe Contractor's organization, including the location of company headquarters and office to be involved in this project. Proposed methods of proceeding with the project work, including the method of keeping City of Chandler informed on the progress of the project. **The proposal shall include the Contractor's detailed concept and schedule for the Scope of Work.**
B. Resumes of the service team that would be assigned to the City of Chandler account. Information provided shall include specific areas of responsibility of key personnel concentrating on both breadth of experience and experience on similar projects.
C. List a minimum of at least three (3) references of other agencies to which Offeror has provided similar services, including names, addresses, telephone numbers and email addresses. Preference shall be given to Contractors with governmental agency experience.
D. Information on how clients are kept abreast of market changes and/or issues related to the maintenance of Risk Management programs.
E. Information on Contractor's experience in evaluating and developing alternative insurance mechanisms. The proposal must include a demonstration of Contractor's knowledge and experience. This shall include a list of similar projects and a description of Contractor's general organization with name of key personnel, indicating the depth and quality of experience. A listing of professional, technical and clerical categories, etc., shall be provided.
F. An explanation of how Contractor can support the special needs of a public entity.
G. Define cost of services, and how they are priced. Description of fee schedule for services to be provided at additional cost, and not considered part of routine services. The fee schedule shall include a rate schedule, unit rate for miscellaneous expenses, and the hourly rate fees for all services to be provided on this project. All costs and fees shall be submitted on the Cost Summary Sheet identified as Exhibit G. The Cost Summary Sheet shall also indicate company name, date and signature of an officer authorized to contract for the work.
H. A statement shall describe Contractor's organization, including the location of company headquarters and office to be involved in this project. An explanation of what distinguishes your organization, services, and support from other firms.

I. Any changes from the provisions of this Request for Proposals, which are desired by Contractor, shall be specifically noted in the Exceptions area of the Offer Section.
J. Attached is the City's Services Agreement. Provide a copy of your standard agreement/contract.

3.5. Cooperative Use of Contract. Please see the attached contract for the cooperative use provisions.

4. OFFER PREPARATION

4.1. Format. Offerors shall submit their Offer with **an original and 7 copies** and shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document must be legible and contain the same information requested on the forms. **SUBMITTALS SHOULD BE BOUND BY STAPLE OR BINDER CLIP AND SHOULD CONSIST OF PAPER ONLY. ALL BINDERS, PLASTIC SEPARATORS, NON-RECYCLABLE MATERIAL, ETC., ARE DISCOURAGED. SUBMITTALS WILL NOT BE EVALUATED ON THE AESTHETIC OF THE PACKAGE.**

4.2. No Facsimile or Electronic Mail Offers. Offers may not be submitted in facsimile or electronically. A facsimile or electronic mail Offer shall be rejected.

4.3. Typed or Ink Corrections. The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer.

4.4. No Modifications. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.

4.5. Content. The Offer Section shall contain all of the following information:

4.5.1 Brief description of the Offeror, including legal organization. Include name, address and location of the firm's principle and local office.

4.5.2 **Tax ID Number.** Offeror must provide its Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number in the space provided in the Offer Section. A City of Chandler Sales Tax Number, if applicable, must also be supplied.

4.5.3 **Licenses.** Offeror must list all applicable licenses and numbers in the Offer Section.

4.5.4 **Exceptions to Solicitation.** Any exceptions to the Specifications or Contract terms must be included with the Proposal and submitted on the 'Exceptions to RFP' area in Offer Section or equivalent in which the Offeror clearly identifies the specific objection and/or exceptions. Failure to list an exception or objection shall preclude a request for changes to the specifications or Contract language. The proposed Form of Contract is included as a part of this Solicitation. In your Offer you must include a statement that you have reviewed the contract and list any objections to them. Any objections to specifications or the Form Contract will be considered and included in CITY's evaluation of your offer. If you fail to list any objections to the specifications or form of contract, you will not be allowed to raise any objections later if you are selected for award. An offer that takes exception to a material requirement of any part of the Solicitation, specifications or contract, may be rejected as non-responsive.

4.5.5 **Disclosure.** If the firm, business or person submitting this offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any Federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the offer. The Offeror shall include a letter with its offer setting forth the name and address of the governmental entity, the effective date of this suspension or debarment, the duration of the

suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.

4.5.6 **Insurance.** The Offeror shall submit the enclosed Certificate of Insurability with their Offer to the City.

4.5.7 **Prices.** Prices shall be listed in the Offer Section and shall be all-inclusive. Refer to Exhibit E attached.

4.5.8 **Prompt Payment Terms.** Offeror must indicate any applicable prompt payment terms in the areas provided in the Offer Section.

4.5.9 **Taxes.** Offeror must list all applicable taxes separately in the areas provided in the Offer Section.

4.5.10 **Options and Alternatives.** Offeror is requested to provide price quotes for any special options or alternatives available for its goods or equipment, which may not have been covered in the specification. The option and/or alternative prices will not be considered in the Offer evaluation process. Also, CITY may or may not elect to purchase these options or alternatives.

4.5.11 **Financial Statement.** Offeror shall furnish, upon request, two (2) copies of the Offeror's most recent financial statement and/or other evidence of his qualifications as may be requested by CITY. If an Offeror fails to furnish in a timely manner the information requested, it shall be considered sufficient grounds for rejection of such Offeror's entire Offer.

4.5.12 **Questionnaire.** Offeror must complete the Questionnaire included in the Offer Section and provide all the information requested therein.

4.5.13 **Other** information required to be supplied with Offer (**please see Evaluation Criteria**).

4.5.14 **Payment**. Offerors may agree to accept the City Procurement Card (Mastercard) for payment. It is requested that each Offeror indicate on the Offer Section of this RFP, their willingness to accept City Procurement Card (Mastercard) payments. The inability to accept payment by City Procurement Card (Mastercard) will not disqualify an Offerors response.

Offerors may also agree to accept other traditional payment methods, including automated clearinghouse (ACH). Payment terms for traditional payment methods are Net 30 upon receipt of an accurate invoice, although the Offeror may offer additional discounts for early payment within their proposal.

4.5.15 **Contractor Immigration Warranty.** The Bidder shall submit the enclosed Contractor Immigration Warranty (Exhibit A) with their Bid to the City.

4.5.16 **Solicitation Addendum Acknowledgement.** Each Solicitation Addendum shall be acknowledged in the Offer section, which shall be submitted together with the Offer on the Offer due date and time. Failure to note a Solicitation Addendum may result in rejection of the Offer.

4.5.17 **Evidence of Intent to be Bound.** The Offer Section within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by its Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of intent to be bound, such as an original signature, shall result in rejection of the Offer.

4.5.18 **Non-Collusion and Non-Discrimination.** By signing and submitting the Offer, the Offeror certifies that:

A. The Offeror did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and

B. The Offeror does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, age, sex, national origin, or disability, and that it complies with all applicable Federal, state and local laws and executive orders regarding employment.

C. The Offeror understands that the Offeror will be responsible for and shall pay all sales, consumer, use, and other taxes. When equipment, materials or supplies generally taxable to the Offeror are eligible for a tax exemption due to the nature of the item, Offeror shall assist CITY in applying for and obtaining such tax credits and exemptions which shall be paid or credited to CITY.

5. INQUIRIES

5.1. Duty to Examine. It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification (inquiries), and examine its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.

5.2. Contact Person. Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation should be directed solely to the Procurement Officer listed on the cover page of the solicitation. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other CITY employee unless the Solicitation specifically identifies a person other than the Procurement Officer as a contact.

5.3. Submission of Inquiries. All inquiries except those at the Pre-Proposal Conference shall be submitted in writing and shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an offer and not be opened until after the Offer due date and time. CITY shall consider the relevancy of the inquiry but is not required to respond in writing.

5.4. Timeliness. Any inquiry or exception to the solicitation shall be submitted as soon as possible and should be submitted at least ten (10) days before the Offer due date and time for review and determination by CITY. Failure to do so may result in the inquiry not being considered for a Solicitation Addendum.

5.5. No Right to Rely on Verbal Responses. An Offeror shall not rely on verbal responses to inquiries. A verbal reply to an inquiry does not constitute a modification of the Solicitation.

6. EVALUATION

6.1. Disqualification. An Offeror (including each of its principals) who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity may have its Offer rejected.

6.2. Clarifications. CITY reserves the right to obtain Offeror clarifications where necessary to arrive at full and complete understanding of Offeror's product, service, and/or solicitation response. Clarification means a communication with an Offeror for the sole purpose of eliminating ambiguities in the Offer and does not give Offeror an opportunity to revise or modify its Offer.

6.3. Waiver and Rejection Rights. City of Chandler reserves the right to reject any or all Offers or to cancel the solicitation altogether, to waive any informality or irregularity in any Offer received, and to be the sole judge of the merits of the respective Offers received.

6.4. Taxes. All applicable taxes stated in the offer shall <u>not</u> be considered by the CITY when

determining the lowest bid or evaluating proposals.

6.5. Evaluation Criteria. The evaluation criteria are listed below in their relative order of importance. The Offeror's submittal should be organized/submitted by criteria. A review committee will screen all proposals and invite not more than five (5) nor less than two (2) firms for interviews. Proposals will be evaluated according to the weighted criteria outlined below:

6.5.1. Experience with Arizona Workers Compensation Claims and public sector employers/clients. (35 points).

6.5.2. Quality of practices and procedures for compensation claims management as defined in the Scope of Work(s), as it relates to Arizona Workers Compensation claim rules, guidelines and practices, and Exhibit F. (25 points).

6.5.3. Fees and Costs. (20 points).

6.5.4. References. (10 points).

6.5.5. Quality of Proposal. Offeror's overall response to the RFP. (10 points).

6.6. Unit Price Prevails. In the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.

6.7. Discussion with Responsible Offerors and Revision to Proposal. Discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors. The purposes of such discussions shall be to:

6.7.1 Determine in greater detail such offeror's qualifications;

6.7.2 Explore with the offeror the scope and nature of the project, the offeror's proposed method of performance, and the relative utility of alternate methods of approach;

6.7.3 Determining that the offeror will make available the necessary personnel and facilities to perform within the required time;

6.7.4 Agreeing upon compensation, which is fair and reasonable, taking into account the estimated value of the required services, and the scope, complexity and nature of such services.

7. AWARD

7.1. Number or Types of Awards. CITY reserves the right to make multiple awards (e.g.,awarding a contract to multiple Offerors) or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, whichever is most advantageous to CITY. If the Procurement Officer determines that an aggregate award to one Offeror is not in CITY'S best interest, "all or none" Offers shall be rejected.

7.1.1. City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review.

7.2. Execution of Contract. Within ten (10) days of Notice that Offeror is the recommended awardee, Offeror shall execute and return the original Contract to Purchasing.

7.3. **Award(s).** Award(s) shall be made to the Offeror(s) deemed most advantageous to the City based upon the listed evaluation criteria.

8. PROTESTS

8.1. A Protest must be in writing and be filed with the Purchasing Office. A protest of a Solicitation shall be received before the Solicitation opening date. A protest of a proposed award must be filed before City Council meeting at which the recommendation will be presented. If the award is less than $50,000 or $30,000 for Consultants, City Council approval is not needed and protests must be submitted within ten (10) days a after the protestor knows or should have known the basis of the protest. CITY shall determine whether to issue a written response or hold an administrative hearing.

8.2. A protest must include:

The name, address and telephone number of the protester;
The signature of the protester or its representative;
Identification of the project and the solicitation or contract number;
A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
The form of relief requested.

9. COMMENTS WELCOME

The City's Purchasing Office periodically reviews the Information and Instructions to Offerors and welcomes any comments you may have. Please submit your comments to: City of Chandler Purchasing Office, ATTN: Purchasing, Mail Stop 901, P.O. Box 4008, Chandler, AZ 85244-4008.

OFFER SECTION
(Including all information required to be submitted with Offer)

1. **OFFEROR**

Firm Name: _____

Contact Name: _____

Principal Address: _____

_____

Phone: _____

Local Address: _____

_____

Phone: _____

Fax: _____

E-Mail: _____

Type of Organization: _____

Tax ID #: _____

License #: _____

2. Exceptions to RFP: _____
(See Information & Instructions §4.5.4 Exceptions to Solicitation)

3. Disclosure of Debarment information: _____
(See Information & Instructions §4.5.5 Disclosure)

4. Prices:

A. Price list. Refer to Exhibit G attached.

B. Prompt Payment Terms:_____

C. Tax Percentage:_____

D. Will you accept a City Procurement Card (MasterCard) for payment of invoices? _____

E. Will you accept automated clearinghouse (ACH) for payment of invoices? _____

5. Receipt of Addenda:

Offeror acknowledges receipt of the following Solicitation Addendum(s):

Addendum No.	Date

6. Intent to be bound by Offer:

SIGNATURE PAGE

If OFFEROR is:

An Individual

By: _____
(Individual's Signature)

_____
(Printed or Typed Name of Individual)

Doing business as: _____

License or Registration No.: _____

Business Address: _____

_____

Phone No.: _____

Fax No.: _____

A Partnership

By: _____
(Firm Name)

_____
(Partner's Signature)

_____
(Printed or Typed Name of Partner)

License or Registration Number: _____

Business Address: _____

_____

_____

Phone No.: _____

Fax No.:

A Corporation

By: _____
(Corporation Name)

_____
(State of Incorporation)

By: _____
(Signature of Officer Authorized to Sign)

_____
(Printed or Typed Name of Officer)

Attest: _____
(Secretary)

Federal I. D. Number: _____

Business Address: _____

_____

_____

Phone No.: _____

Fax No.: _____

A Joint Venture

By: _____
(Signature)

_____
(Printed or Typed Name)

_____
(Address)

By: _____
(Signature)

_____
(Printed or Typed Name)

_____
(Address)

(Each party to the joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above.)

CERTIFICATE OF INSURABILITY

I hereby certify that as an Offeror to City of Chandler for **Third Party Claims Administrator / Workers Compensation; Contract No. RM2-953-3045**, I am fully aware of Insurance Requirements contained in the Contract and by the submission of this offer, I hereby assure City of Chandler that I am able to produce the Insurance coverage required should I be selected to be awarded the Contract.

Should I be awarded the Contract by City of Chandler, and then become unable to produce the Insurance coverage specified within ten working days, I am fully aware and understand that I may not be considered for further projects by City of Chandler.

_____ _____

Signature of Offeror Company

_____

Date

CITY OF CHANDLER SERVICES AGREEMENT
THIRD PARTY CLAIMS ADMINISTRATOR / WORKERS' COMPENSATION
AGREEMENT NO.: RM2-953-3045

THIS AGREEMENT is made and entered into this ___ day of _____, 2011, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and _____ (Add if applicable - a Corporation of the State of, etc), hereinafter referred to as "CONTRACTOR".

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. Contract Administrator. CONTRACTOR shall act under the authority and approval of the Risk Manager /designee (Contract Administrator), to provide the services required by this Agreement.

1.2. Key Staff. This Contract has been awarded to CONTRACTOR based partially on the key personnel proposed to perform the services required herein. CONTRACTOR shall not change nor substitute any of these key staff for work on this Contract without prior written approval by CITY.

1.3. Subcontractors. During the performance of the Agreement, CONTRACTOR may engage such additional SUBCONTRACTORS as may be required for the timely completion of this Agreement. In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Agreement rests with CONTRACTOR.

1.4. Subcontracts. CONTRACTOR shall not enter into any Subcontract under this Contract for the performance of this Contract without the advance written approval of CITY. The subcontract shall incorporate by reference the terms and conditions of this Contract.

2. SCOPE OF WORK: CONTRACTOR shall provide third party claims administration / workers compensation services all as more specifically set forth in the Scope of Work, labeled Exhibit B, D and E, attached hereto and made a part hereof by reference and as set forth in the Specifications and details included therein.

2.1. Non-Discrimination. The CONTRACTOR shall comply with State Executive Order No. 99-4 and all other applicable City, State and Federal laws, rules and regulations, including the Americans with Disabilities Act.

2.2. Licenses. CONTRACTOR shall maintain in current status all Federal, State and local licenses and permits required for the operation of the business conducted by the CONTRACTOR as applicable to this contract.

2.3. Advertising, Publishing and Promotion of Contract. The CONTRACTOR shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the CITY.

2.4. Compliance With Applicable Laws. CONTRACTOR shall comply with all applicable Federal, state and local laws, and with all applicable licenses and permit requirements.

2.4.1 Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration

laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").

2.4.2 A breach of the Contractor Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.

2.4.3 The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.

2.4.4 The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verifications.

2.4.5 The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

2.4.6 In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Iran.

2.4.7 In accordance with A.R.S. §35-391.06, the Contractor hereby certifies that the Offeror does not have scrutinized business operations in Sudan.

2.4.8 The Contractor certifies that it is licensed to provide the work to be performed under this Contract, in the State of Arizona, if services require such licensure.

3. ACCEPTANCE AND DOCUMENTATION: Each task shall be reviewed and approved by the Contract Administrator to determine acceptable completion.

3.1. Records. The CONTRACTOR shall retain and shall contractually require each SUBCONTRACTOR to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract.

3.2. Audit. At any time during the term of this Contract and five (5) years thereafter, the CONTRACTOR'S or any SUBCONTRACTOR'S books and records shall be subject to audit by the City to the extent that the books and records relate to the performance of the Contract or Subcontract. Upon request, the CONTRACTOR shall produce a legible copy of any or all such records.

3.3. Property of CITY. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of CITY. CONTRACTOR is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. CONTRACTOR shall not use or release these materials without the prior written consent of CITY.

4. PRICE:

4.1. CITY shall pay to CONTRACTOR an amount not to exceed _____ Dollars ($_____) for the completion of all the work and services described herein. CONTRACTOR shall be paid only as service(s) are provided and invoiced, payable as set forth in Exhibit G, attached hereto and made a part hereof by reference.

4.2. Taxes. CONTRACTOR shall be solely legally responsible for any and all tax obligations, which may result out of CONTRACTOR'S performance of this Contract. CITY shall have no legal obligation to pay

any amounts for taxes, of any type, incurred by CONTRACTOR. City agrees that Contractor may bill the City for applicable privilege license taxes which are paid for by Contractor and that the City will reimburse Contractor for privilege license taxes actually paid by Contractor. If Contractor obtains any refund of privilege license taxes paid, City will be entitled to a refund of such amounts.

4.3. **Payment.** Payments are conditioned upon receipt of applicable, accurate, and complete reports to be submitted by the contractor. Billing must be sent to the Risk Management and Safety Division for all services. Invoices/monthly statements must be itemized and sent in billing format indicated. Invoices must be individually numbered to guard against administrative double billing errors and must include employee name, department and service(s) rendered.

4.4. **IRS W9 Form.** In order to receive payment CONTRACTOR shall have a current I.R.S. W9 Form on file with CITY, unless not required by law.

4.5. **Acceptance by City.** CITY reserves the right to accept or reject the request for a price increase. If CITY approves the price increase, the price shall remain firm for the renewal term for which it was requested. If a price increase is agreed upon a written Contract Amendment must be approved and executed by the Parties.

4.6. **Price Reduction.** CONTRACTOR shall offer CITY a price reduction for its services concurrent with a published price reduction made to other customers.

5. TERM:

5.1. The contract term is for a three year period, July 1, 2012 through June 30, 2015, with option to renew for two additional two-year periods. Additionally, the contract may be extended unilaterally for a period of thirty-one days or a portion thereof.

5.2. The City Manager/designee is authorized to approve and execute, on behalf of the City, any such future extensions to this Contract, on the same terms and conditions.

6. USE OF THIS CONTRACT:

6.1. **Cooperative Use of Contract.** In addition to the City of Chandler and with approval of the CONTRACTOR, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of eligible entities may be found at www.maricopa.gov/materials and then click on 'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

6.2. **Emergency Purchases:** CITY reserves the rights to purchase from other sources those items, which are required on an emergency basis and cannot be supplied immediately by the CONTRACTOR.

7. CITY'S CONTRACTUAL REMEDIES:

7.1. **Right to Assurance.** If the City in good faith has reason to believe that the CONTRACTOR does not intend to, or is unable to perform or continue performing under this Contract, the Contract Administrator may demand in writing that the CONTRACTOR give a written assurance of intent to perform. Failure by the CONTRACTOR to provide written assurance within the number of Days specified in the demand may, at the City's option, be the basis for terminating the Contract in addition to any other rights and remedies provided by law or this Contract.

7.2. **Stop Work Order.** The City may, at any time, by written order to the CONTRACTOR, require the CONTRACTOR to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the City after the order is delivered to the CONTRACTOR. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the CONTRACTOR

shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

7.3. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the CONTRACTOR shall resume work. The Contract Administrator shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

7.4. **Non-exclusive Remedies.** The rights and the remedies of the City under this Contract are not exclusive.

7.5. **Nonconforming Tender.** Services and materials supplied under this Contract shall fully comply with Contract requirements and specifications. Services or materials that do not fully comply constitute a breach of contract.

7.6. **Right of Offset.** The City shall be entitled to offset against any sums due CONTRACTOR, any expenses or costs incurred by the City, or damages assessed by the City concerning the CONTRACTOR'S non-conforming performance or failure to perform the Contract, including expenses to complete the work and other costs and damages incurred by CITY.

8. TERMINATION:

8.1 **Termination for Convenience:** CITY reserves the right to terminate this Agreement or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONTRACTOR shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subCONTRACTORs to cease such work. As compensation in full for services performed to the date of such termination, the CONTRACTOR shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONTRACTOR and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed under each task detailed in the Scope of Work and the CONTRACTOR'S compensation shall be based upon such determination and CONTRACTOR'S fee schedule included herein.

8.2 **Termination for Cause:** City may terminate this Agreement for Cause upon the occurrence of any one or more of the following events:

1) If CONTRACTOR fails to perform pursuant to the terms of this Agreement
2) If CONTRACTOR is adjudged a bankrupt or insolvent;
3) If CONTRACTOR makes a general assignment for the benefit of creditors;
4) If a trustee or receiver is appointed for CONTRACTOR or for any of CONTRACTOR'S property;
5) If CONTRACTOR files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
6) If CONTRACTOR disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONTRACTOR then existing or which may thereafter accrue.

8.3. **Cancellation for Conflict of Interest.** Pursuant to A.R.S. § 38-511, CITY may cancel this Contract after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the City is or becomes at any time while this Contract or an extension of this Contract is in effect, an employee of or a consultant to any other party to this Contract. The cancellation shall be effective when the CONTRACTOR receives written notice of the cancellation unless the notice specifies a later time.

8.4. **Gratuities.** CITY may, by written notice, terminate this Contract, in whole or in part, if CITY determines that employment or a Gratuity was offered or made by CONTRACTOR or a representative of

CONTRACTOR to any officer or employee of CITY for the purpose of influencing the outcome of the procurement or securing this Contract, an amendment to this Contract, or favorable treatment concerning this Contract, including the making of any determination or decision about contract performance. The CITY, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by CONTRACTOR.

8.5. **Suspension or Debarment.** CITY may, by written notice to the CONTRACTOR, immediately terminate this Contract if CITY determines that CONTRACTOR has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a SUBCONTRACTOR of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the CONTRACTOR is not currently suspended or debarred. If CONTRACTOR becomes suspended or debarred, CONTRACTOR shall immediately notify CITY.

8.6. **Continuation of Performance Through Termination.** The CONTRACTOR shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

8.7. **No Waiver.** Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

8.8. **Availability of Funds for the next Fiscal Year.** Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.

9. **FORCE MAJEURE:** Neither party shall be responsible for delays or failures in performance resulting from acts beyond their control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, power failures, or earthquakes.

10. DISPUTE RESOLUTION:

10.1 **Alternative Dispute Resolution.** The parties hereby agree that there shall be a sixty (60) day moratorium on litigation commencing on the day that a claim is filed by CONTRACTOR pursuant to A.R.S. § 12-821.01 during which time the parties will negotiate in good faith to resolve the dispute and evaluate the viability of pursuing alternative dispute resolution procedures such as mediation and arbitration.

10.2 **Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

10.3 **Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

10.4 **Fees and Costs**. Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

11. **INDEMNIFICATION:** To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees individually and collectively; from and against all losses, claims, suits, actions, payments and judgments, demands, expenses, damages, including consequential damages and loss of productivity, attorney's fees, defense costs, or actions of any kind and nature relating to, arising out of, or alleged to have resulted from CONTRACTOR'S work or services. CONTRACTOR'S duty to defend, hold harmless and indemnify the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees shall arise in connection with any claim or amounts arising or recovered under Worker Compensation Laws, damage, loss or expenses relating to, arising out of or alleged to have resulted from any acts, errors, mistakes, omissions, work or services in the performance of this Contract including any employee of CONTRACTOR, anyone directly or indirectly employed by them or anyone for whose acts CONTRACTOR may be liable, regardless of whether it is caused in part by a party indemnified hereunder, including the City of Chandler. IT IS THE INTENTION OF THE PARTIES to this contract that the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property. The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

12. **INSURANCE:**

12.1. **Insurance Representations and Requirements:**

A. CONTRACTOR, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of A-6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.

B. Policies written on a "Claims made" basis are not acceptable without written permission from the City's Risk Manager.

C. All insurance required herein shall be maintained in full force and effect until all work or services required to be performed under the terms of this Agreement is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of CITY, constitute a material breach of this Agreement and may result in termination of this contract.

D. If any of the insurance policies are not renewed prior to expiration, payments to the CONTRACTOR may be withheld until these requirements have been met, or at the option of the City, the City may pay the Renewal Premium and withhold such payments from any monies due the CONTRACTOR.

E. **All insurance policies, except Workers' Compensation required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of the performance of this contract, the City of Chandler, its agents, representatives, officers, directors, officials and employees as additional insureds**.

F. CONTRACTOR'S insurance shall be primary insurance over any insurance available to the CITY and as to any claims resulting from this contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.

G. The insurance policies, except Workers' Compensation, shall contain a waiver of transfer rights of recovery (subrogation) against CITY, its agents, representatives, officers, directors, officials and employees for any claims arising out of CONTRACTOR'S acts, errors, mistakes, omissions, work or service.

H. The insurance policies may provide coverage, which contain deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of CONTRACTOR. CONTRACTOR shall be solely responsible for the deductible and/or self-insured retention. The amounts of any self-insured retentions shall be noted on the Certificate of Insurance. CITY, at its option, may require CONTRACTOR to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit. Self-insured retentions (SIR) in excess of $25,000 will only be accepted with the permission of the Management Services Director/Designee.

I. All policies and certificates shall contain an endorsement providing that the coverage afforded under such policies shall not be reduced, canceled or allowed to expire until at least thirty (30) days prior written notice has been given to CITY.

J. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the CONTRACTOR with reasonable promptness in accordance with the CONTRACTOR'S information and belief.

K. In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under this contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the CONTRACTOR until such time as the CONTRACTOR shall furnish such additional security covering such claims as may be determined by the CITY.

12.2. Proof of Insurance – Certificates of Insurance

A. Prior to commencing work or services under this Agreement, CONTRACTOR shall furnish to CITY Certificates of Insurance, issued by CONTRACTOR'S insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect and obtain from the City's Risk Management Division approval of such Certificates.

B. If a policy does expire during the life of this Agreement, a renewal certificate must be sent to the City of Chandler five (5) days prior to the expiration date.

C. All Certificates of Insurance shall identify the policies in effect on behalf of CONTRACTOR, their policy period(s), and limits of liability. Each Certificate shall include the job site and project number and title. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents. Information required to be on the certificate of Insurance may be typed on the reverse of the Certificate and countersigned by an authorized representative of the insurance company.

D. REQUIRED CITY reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. CITY shall not be obligated, however, to review same or to advise CONTRACTOR of any deficiencies in such policies and endorsements, and such receipt shall not relieve CONTRACTOR from, or be deemed a waiver of CITY'S right to insist on, strict fulfillment of CONTRACTOR'S obligations under this Agreement.

12.3. Coverage

A. Such insurance shall protect CONTRACTOR from claims set forth below which may arise out of or result from the operations of CONTRACTOR under this Contract and for which CONTRACTOR may be legally liable, whether such operations be by the CONTRACTOR or by a SUBCONTRACTOR by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. **Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to severability of interest and waiver of subrogation clauses.**

B. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;

C. Claims for damages because of bodily injury, occupational sickness or disease, or death of the CONTRACTOR'S employees;

D. Claims for damages because of bodily injury, sickness or disease, or death of any person other than the CONTRACTOR'S employees;

E. Claims for damages insured by usual personal injury liability coverage;

F. Claims for damages, other than to work itself, because of injury to or destruction of tangible property, including loss of use resulting there from;

G. Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; Coverage will be at least as broad as Insurance Service Office, Inc., coverage Code "1" "any auto" policy form CA00011293 or equivalent thereof.

H. Claims for bodily injury or property damage arising out of completed operations;

I. Claims involving contractual liability insurance applicable to the CONTRACTOR'S obligations under the Indemnification Agreement;

J. Claims for injury or damages in connection with one's professional services;

K. Claims involving construction projects while they are in progress. Such insurance shall include coverage for loading and off-loading hazards. If any hazardous material, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included.

12.4. Commercial General Liability - Minimum Coverage Limits. The Commercial General Liability insurance required herein shall be written for not less than $1,000,000 limits of liability. Any combination between general liability and excess general liability alone amounting to a minimum of $2,000,000 per occurrence (or 10% per occurrence) and an aggregate of $5,000,000 (or 20% whichever is greater) in coverage will be acceptable. The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc's (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for CONTRACTOR'S operations and products, and completed operations.

12.5. Automobile Liability. CONTRACTOR shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than $1,000,000 each occurrence with respect to any owned, hired, and non-owned vehicles assigned to or used in performance of the CONTRACTOR'S work. Coverage shall be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00011293, or any replacements thereof).

12.6. Workers' Compensation and Employer's Liability. CONTRACTOR shall maintain Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction over CONTRACTOR'S employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than $1,000,000 for each accident, $1,000,000 disease coverage for each employee, and $1,000,000 disease policy limit.

If CONTRACTOR is a sole proprietor and has no employees, CITY will accept a Sole Proprietor's waiver of Workers' Compensation benefits in lieu of Workers' Compensation insurance

In case any work is subcontracted, CONTRACTOR will require the SUBCONTRACTOR to provide Workers' Compensation and Employer's Liability to at least the same extent as required of CONTRACTOR.

12.7. Professional Liability. CONTRACTOR shall maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by CONSULTANT, or any person employed by CONTRACTOR, with a claims made policy limit of not less than $1,000,000.

13. NOTICES: All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of the CITY		In the case of the CONTRACTOR	
Contract Administrator:	Risk Manager	Firm Name:	
Contact:	Dennis Strachota	Contact:	
Mailing Address:	PO Box 4008, MS 608	Address:	
Physical Address:	175 S. Arizona Ave., 4th Floor	City, State, Zip	
City, State, Zip	Chandler, AZ 85225	Phone:	
Phone:	480-782-2257	FAX:	
FAX:	480-782-2253		

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

14. CONFLICT OF INTEREST:

14.1. No Kickback. CONTRACTOR warrants that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. Section 38-501. Any such interests were disclosed in CONTRACTOR'S proposal to the CITY.

14.2. Kickback Termination. CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONTRACTOR to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice from CITY is received by all other parties, unless the notice specifies a later time (A.R.S. §38-511).

14.3. No Conflict: CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or

government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

15. GENERAL TERMS:

15.1. Ownership. All deliverables and/or other products of the Contract (including but not limited to all software documentation, reports, records, summaries and other matter and materials prepared or developed by CONTRACTOR in performance of the Contract) shall be the sole, absolute and exclusive property of CITY, free from any claim or retention of right on the part of CONTRACTOR, its agents, sub-contractors, officers or employees.

15.2. Entire Agreement. This Agreement, including all Exhibits attached hereto, constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

15.3. Arizona Law. This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

15.4. Assignment: Services covered by this Agreement shall not be assigned in whole or in part without the prior written consent of the CITY.

15.5. Amendments. The Contract may be modified only through a written Contract Amendment executed by authorized persons for both parties. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the City in writing or made unilaterally by the CONTRACTOR are violations of the Contract. Any such changes, including unauthorized written Contract Amendments shall be void and without effect, and the CONTRACTOR shall not be entitled to any claim under this Contract based on such changes.

15.6. Independent CONTRACTOR. The CONTRACTOR under this Contract is an independent CONTRACTOR. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

15.7. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

15.8. Authority: Each party hereby warrants and represents that it has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to enter this Agreement. Each party further acknowledges that it has read this Agreement, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this ___ day of _____ 2012.

FOR THE CITY OF CHANDLER

_____
MAYOR

ATTEST:

_____
City Clerk

Approved as to form:

_____
City Attorney

FOR THE CONTRACTOR

By: _____
Signature

ATTEST: If Corporation

SEAL

_____
Secretary

EXHIBIT A

Contractor Immigration Warranty
To Be Completed by Contractor Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number:		
Name (as listed in the contract):		
Street Name and Number:		
City:	**State:**	**Zip Code:**

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;

2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:

_____

Printed Name: _____

Title: _____

Date (month/day/year): _____

EXHIBIT B
SCOPE OF WORK

CLAIMS HANDLING SERVICES

CONTRACTOR shall provide claims handling services. CONTRACTOR shall provide a toll-free phone and fax number for use by CITY, claimants, and medical provider, and shall accept delivery of Industrial Commission of Arizona (ICA) Form 101's via internet email.

CONTRACTOR shall provide, at a minimum, the following 3rd Party Claims administration services:

1. CLAIMS HANDLING SERVICE AND MEDICAL CONTROL SERVICES:

1.1 Review and process all industrial injury or illness claims in accordance with the requirements of the Industrial Commission of Arizona, and related applicable statues, rules, and guidelines. Must comply with Section 111.

1.2 Follow-up on each claim shall be made every 2 weeks via email or other electronic means. In addition, viewing of all attachments shall be made available electronically.

1.3 Determine compensation for injuries and illnesses in accordance with Arizona Workers' Compensation laws and ICA rules, guidelines, and formulas.

1.4 Authorize independent medical examination, as necessary, to determine the nature and extent of temporary and/or permanent partial or total disability, if claimant is permanent and stationary, and/or if further treatment is needed.

1.5 Determine eligibility for and authorize payment of medical treatment in accordance with Arizona Workers' Compensation rules, make payments in a timely manner, and utilize available cost containment measures.

1.6 Administer permanent disability compensation and/or death benefits in accordance with State of Arizona Workers' Compensation laws, awards, or settlement agreements.

1.7 Maintain files and computerized records of all reported claims, cross-referenced by the name of the claimant, date of loss, claim number and current reserves, estimated recoveries and total incurred.

1.8 Retain files administered under this agreement until notified of disposition by CITY. All files shall be the property of CITY.

1.9 Have knowledge of Phoenix area medical providers of Workers' Compensation treatment and their specialties and providers for diagnostic, pharmaceutical, and ancillary medical services.

1.10 Have knowledge of Phoenix area medical providers and their specialties for referral and/or independent medical examinations.

1.11 Notify CITY immediately when any claimant is represented by legal counsel, and work with any legal counsel retained by CITY to defend contested cases or other ICA-related matters, including making any information available and providing legal counsel with appropriate assistance.

1.12 Treat all files and claims information as strictly confidential, and not discuss the nature of any claim or the amount paid or reserved under it, with any person who is not a party to the contract, except when and to the extent CITY authorizes, or when ordered to do so by a court of competent jurisdiction.

1.13 Alert CITY to statute changes, court decisions and ICA procedures, which impact the Workers' Compensation program.

1.14 Monitor treatment programs every two weeks or sooner for injured or ill employees, including review of all medical reports.

1.15 Recommend and schedule independent medical examinations no later than 5 days after receiving the physician's report that an IME is needed.

1.16 Maintain a close working relationship with treating physicians and CITY's contact clinics.

1.17 Work with CITY to optimize return to work and light duty programs.

1.18 Monitor and adjust medical bills in compliance with Arizona Workers' Compensation medical fee schedule, through use of bill review or PPO agreements, and/or usual, reasonable and customary fee schedules. Date of Services and Vendor's name should be included in the bill processing and notations in order for the City to make sure the billing is correct and there are no double payments. A penalty for double payment is subject to 33 % of the billing error.

1.19 Promptly notify and seek approval from CITY on questionable claims, which may benefit from claimant activity checks or investigation with approval from the CITY. Arrange for activity or investigational services and promptly report back findings, on questionable cases. as necessary and appropriate.

1.20 Recommend vocational assessment of injured employees, when necessary and appropriate, with approval of CITY.

1.21 Obtain prior claim and medical history, and when applicable submit the claim to the Second Injury Fund at ICA for apportionment of compensation.

1.22 Subrogate against third parties when they are liable for *any* injuries to employees. CONTRACTOR shall notify employee or the employee's attorney, of the existence of a Workers' Compensation lien, and provide information to the responsible party, the CITY, or to the court of the lien amount. All lien or recovery checks shall be made payable to CITY and sent to CITY's Risk Manager. Any waiver or reduction of any lien or other settlement shall receive prior approval from CITY's Risk Manager or designated representative.

1.23 Provide 1099 forms for each respective medical provider as required by IRS.

1.24 Assist CITY with the determination of appropriate Workers' Compensation rate settings, reserve limits, actuarial projects, and reporting to excess and/or reinsurance carriers as required.

1.25 Provide narrative written initial status, and settlement evaluation reports on all claims/cases with an indemnity reserve of $25,000 or greater.

1.26 The claims adjustor selected to handle claims for the City of Chandler shall carry a total case load of no more than 150 active claims at any one time, in order for there to be no compromise of care to City employees.

1.27 The claims adjustor will obtain **all** medical records (ex. MRI's, Cat scan, PT and medical notes) and any other pertinent information on each claim that has had a pre-existing issue on the same body part before accepting the claim.

1.28 This RFP only references the contract is for claims management only. If there are ancillary services available, the Offeror should provide a list and price for those services, but the City does not guarantee those services will be awarded as part of this contract. Background qualifications on the ancillary services must be provided.

1.29 The IME companies being used will be a decision between the City's Risk Management Division and the Third Party Claims Administrator.

2. REPORTING REQUIREMENTS: CONTRACTOR shall:

2.1 Make available electronically, check registers that can be sorted by check number, claim number, payee, payment type, and date of service.

2.2 Make available for review at facility by claimant bills, bill review documents and payment history.

2.3 Make available electronically reports that show paid medical, reserves for medical and indemnity claims, allocated expenses, and total incurred by claim. The report shall summarize information by department, division, and CITY as a whole. The loss runs, at a minimum, shall contain claims data by year, with field of information detailing date of loss, claimant's name, description of accident, medical paid, medical reserved, indemnity paid, indemnity reserved, expenses paid, expense reserves, and total incurred loss. Reports shall include status on all claims.

2.4 Provide CITY with copies of all Notice(s) of Claim Status issued to claimant at the time of issuance.

2.5 Provide quarterly written status reports and meet quarterly with CITY on all claims originated during the previous quarter as well as all open claims.

2.6 Share all relevant internal and external Workers' Compensation audit reports with CITY generated during the term of the contract.

2.7 Provide any data and/or reports required by the ICA, such as the preparation and submission of annual Self-Insurers Statement.

2.8 Pull all subrogations and provide a quarterly report on recoveries.

2.9 Prepare loss run and other reports to supplement CITY's excess Workers' Compensation insurance application or renewal.

2.10 Claim administrator shall be required to meet with CITY to review outstanding claim status at least Four (4) times per contract year.

3. DELINEATION OF RESPONSIBILITIES:

3.1 Responsibilities of CONTRACTOR:

3.1.1 CONTRACTOR shall be responsible to undertake the services identified under Section 2 above and as delineated in CONTRACTOR's response to the Questionnaire (Exhibit C) as negotiated and directed by CITY.

3.1.2 All invoices shall be submitted in duplicate, and no more often than on a monthly basis. Mail all invoices to CITY OF CHANDLER; Risk Management, PO Box 4008 – Mail Stop 608, Chandler, Arizona, 85244-4008.

3.2 Responsibilities of CITY:

3.2.1 CITY will make available to CONTRACTOR all documents, which will be useful in completing the project work. However, it shall remain CONTRACTOR's responsibility to request and verify all data and information provided by CITY.

3.2.2 CITY will pay invoices submitted in conformance with the contract within thirty (30) calendar days after submittal, but no more than once per month.

EXHIBIT C
QUESTIONNAIRE

Contractor's Qualifications. Claims Management Services.

1. Using a five (5) year history, provide CONTRACTOR background, including ownership, number of employees, staff size and turnover rate.

2. Identify any other business services provided by CONTRACTOR other than 3rd Party Workers' Compensation claims administration.

3. Provide resumes of those persons in charge of this account, including their experience and job history, and identify average active caseload for time loss/ medical only claim adjuster.

4. List location, including any toll-free phone and/or fax numbers, of CONTRACTOR's offices where claims will be administered, and number of employees at each location involved in claims administration.

5. List three (3) current self-insured Workers' Compensation clients for which CONTRACTOR provided third party administration services that are considered similar to the scope of work described herein for self-insured Workers' Compensation, specifically for governmental entities, if possible. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact as a reference, regarding CONTRACTOR's performance.

6. List three (3) self-insured Workers' Compensation client references, governmental entities, if possible, that no longer use CONTRACTOR's services. For each client listed, state the type of service provided, years of service for the client, and name, title, telephone number and email address of the person to contact regarding CONTRACTOR's performance.

7. Provide a copy of CONTRACTOR's claims handling protocol and/or a copy of the claims procedure manual reflecting CONTRACTOR's processes for claims handling.

8. Describe internal and external audit procedures and provide the most recent report.

9. Provide CONTRACTOR's method of establishing and monitoring reserves, if not outlined in response to Question 7 above.

10. Detail how CONTRACTOR will control medical expenses, get employees back to work, use subrogation techniques, and claim closure procedures to CITY's benefit, while maintaining quality of care.

11. Explain the extent to which CONTRACTOR, and/or legal assistance, is available for claims requiring employer representation at hearings and how litigation or subrogation claims are handled. CITY retains the right to select and/or approve of legal counsel and to control litigations and/or settlements.

12. List handling fee charges for subrogation against a third party or recovery from the second injury fund, or retention of any portion of the recovery from a third party or the second injury fund.

13. Explain CONTRACTOR's policy and/or procedure on assignment to vocation rehabilitation.

14. Explain CONTRACTOR's policy and/or procedure on assignment for sub rosa activity.

15. Explain CONTRACTOR's policy and/or procedure on retaining outside case management assistance. CITY retains the right to select and/or approve case management services.

16. Provide details regarding claims risk management information system capabilities, including whether or not the system will be accessible by CITY.

17. Describe security to ensure client data confidentiality and privacy.

18. Describe how CITY can assess CONTRACTOR's on-line claim management and reporting system and any fee for this service.

19. Provide sample printouts showing what information and analysis is available through CONTRACTOR's system.

20. Provide a sample monthly or quarterly report and an annual report that allows CITY to complete its self-insured, reports, tax forms, that meet requirements of the ICA.

21. List any limitations on CONTRACTOR's ability to provide CITY requested custom reports, and provide CITY a listing of any fees associated with custom reporting.

Medical Cost Management/Bill Review

22. Describe the medical cost containment / management program, including any Preferred Provider Organization (PPO) type networks.

23. Describe procedures and available cost containment options to ensure that all medical bills are reviewed and paid per schedule or best available pricing.

24. Indicate if these services are provided in-house or by third party Contractor(s).

25. Indicate any fees associated with any bill review or reduction services.

26. Describe the process to ensure that claims are not double-paid.

27. Describe the procedure for handling provider challenges of re-pricing.

28. If there are fees for medical cost management / bill review, describe how the fees are applied to individual claim.

29. Currently, all bills are reviewed. If no savings, there is no charge. Bills reviewed with savings are charged 30% of savings and this fee is monthly, charged to the individual claim.

30. Provide average time for payment of medical bills from date CONTRACTOR receives the bill with supporting documents to check being issued.

31. Most indemnity checks are to be sent to CITY, c/o Risk Management Division, payable to the claimant and CITY. Will this present any problems for CONTRACTOR? (Injured workers wages and benefits are kept whole by CITY for most employees).

32. System should be compatible with Risk Master: this is preferred but not required.

Start-Up Activities

33. Provide a detailed action plan, with time-lines, to implement the new claims handling and for transition of records and initiation of claims management for existing claims.

Legal Issues

34. Has CONTRACTOR ever been sued or had other legal action initiated by claimants or providers for cost management services or decisions? If yes, describe the nature of each suit, the outcome, and the settlement amount. A response is also required for each third-party Contractor that CONTRACTOR contracts with for services.

35. Has CONTRACTOR ever been the subject of any complaint filed with the Industrial Commission of Arizona (ICA) or any other Workers' Compensation board or regulatory agency in any state for CONTRACTOR's cost management services or decisions? If yes, describe the nature of each complaint, location, and outcome. Provide same information for each third-party Contractor.

Banking

36. Advise and explain the current system for check issuance, including who will have check signing authority for the City's account, and whether these employees are bonded, security procedures to ensure the safeguard of funds, and process by which checks are requested, processed and mailed.

37. CITY uses a positive pay system to monitor all transactions daily. This requires CONTRACTOR's system to nightly upload electronically to CITY's bank, the checks that were issued that day. Is CONTRACTOR's system capable of electronic data transmission to CITY's financial institution? Are there any fees associated with this process?

38. Discuss CONTRACTOR's process for handling stop pays, voided checks, and reimbursements.

39. Explain security procedures to ensure the safeguard of funds, and process by which checks are requested, processed, and mailed.

40. Who will have check signing authority for CITY's account? Are these employees bonded?

Miscellaneous

41. CITY anticipates a long-term relationship with CONTRACTOR. However, in the event of a termination of the relationship, detail how records and electronic files would be provided to the new TPA and the timeline for transition.

42. Are ISO fees included in the claim handling fee? If no, explain the ISO fee.

EXHIBIT D
SCOPE OF WORK

PHARMACY

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Pharmacy Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY, claimants, and medical providers. The provider will accept the Occupational Health Nurse to approve any/all medications if the Contractors above are not available

1. Review and process all prescriptions on all industrial or illness claims and meet the requirements of the ICA on fee schedule. The prescription will be approved in 1-2 hours of the employee delivering the script to the pharmacy.
2. Each claimant will be delivered a card that will approve continuation as medications get refilled.
3. Medications will be approved by the TPA or the Occupational Health Nurse and a number will be made available to the pharmacies so there will be no delays in treatment.
4. The TPA will advise the Contractor when a claim is closed.
5. Treat all files and information as strictly confidential and not discuss the nature of any/all medication(s), or amount paid.
6. Retain file administered under this agreement until notified of disposition of the TPA/ or as the law dictates.
7. Alert the TPA or the City of Chandler's Occupational Nurse of any discrepancies that might be noticed.
8. Have knowledge of Phoenix providers, diagnosis and medications that are applicable to the injury/illness.

EXHIBIT E
SCOPE OF WORK

BILL REVIEW

(City shall award all parts of contract to one vendor or award separate contracts for claims handling, pharmacy and bill review)

Contractor shall provide Bill Review Services. Contractor shall provide a toll-free phone and a fax number for use by the TPA, CITY.

1. Determine eligibility for an authorize payment of medical bills within 1-3 days after receiving the official bill.
2. Review and process all bills on industrial or illness claims and meet the requirements of the ICA on fee schedule.
3. Have knowledge of the fee schedule and any changes made and to make the City aware of any Changes.
4. Document each bill approved, each service provider, and the date of the service provided.
5. The contractor will send a monthly report to the Occupational Nurse for all approved bill payments.
6. Retain files administered under this agreement until notified of disposition of the TPA/ or as law dictates.
7. Treat all files and information as strictly confidential and not discuss the nature of any/all bill (s), or amount paid.
8. Any questionable bills submitted shall be inspected and either the TPA or the Occupational Health Nurse will approve or give the Contractor the approval.

EXHIBIT F
CITY OF CHANDLER POSITION – CLASSIFICATIONS

FY10/11		
TOTAL # OF EE		
WORK CODE	Total	WORK CODE DESCRIPTION
5506	50	STREETS
7423	3	AIRPORT
7520	90	WATER
7580	8	WASTEWATER
7704	224	FIREFIGHTERS
7720	431	POLICE OFFICERS
8380	10	MECHANICAL MAINTENANCE-VEHICLES
8810	613	ADMINISTRATIVE/CLERICAL
8820	27	LAW
9015	82	BUILDINGS,GROUNDS,WAREHOUSE/MAINT
9063	205	RECREATION CENTERS
9102	400	PARKS MAINTENANCE
9403	14	SANITATION
9410	90	BUILDING INSPECTORS
Grand Total	2247	

EXHIBIT G
COST SUMMARY

The term of the contract shall be for three years with options to renew for two additional two-year terms. Multiple year pricing is highly recommended but not mandatory.

Assume an average of 121 medical and 40 indemnity claims per year. See Exhibit H for claims history.

CLAIMS HANDLING			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
Cost for handling claims: A. Open at inception of contract and/or B. Reported during each contract year: Medical only, per claim Indemnity, per claim Report only, per claim C. Annual fee for claims that continue to be open or are reopened: Medical only, per claim Indemnity only, per claim	$ $ $ $ $ $	$ $ $ $ $ $	$ $ $ $ $ $
Charge per claim if more than 121 medical and / or 40 indemnity claims reported in one-year period	$	$	$
If claim fees are not all inclusive, list other applicable fees:	$	$	$
Estimated total annual fees: Preferred method of payment: ☐ Monthly ☐ Quarterly ☐ Annually	$	$	$

PHARMACY			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
List standard fees			
a.			
b.			
c.			
Fees for optional Services			
a.			
b.			
c.			

EXHIBIT G
COST SUMMARY (CONTINUED)

BILL REVIEW			
DESCRIPTION	**YEAR 1**	**YEAR 2**	**YEAR 3**
List standard fees			
a.			
b.			
c.			
Fees for optional Services			
a.			
b.			
c.			

Authorized Representative Signature

Date

CONTRACTOR

EXHIBIT H
WORKERS' COMPENSATION CLAIM EXPERIENCE

	C-Calendar Year F-Fiscal		Worker's Compensation Claim Experience					
	YEAR/MONTH	# OF CLAIMS	MEDICAL PAID	INDEMNITY PAID	EXPENSES PAID	OUTSTANDING RESERVES	RECOVERY	TOTAL INCURRED
C	1/1/2007-12/31/2007	166	631,793	65,286	50,105	100,443	-63,682	$783,945
C	1/1/2008-12/31/2008	169	$949,009	$532,389	$36,752	$686,363	-5,751	$1,512,398
F	**1/1/2009-6/30/2009**	90	$269,999	$45,477	$16,522	$8,784	-13,573	318,424.00
F	7/1/2009-6/30/2010	147	$1,385,963	$128,471	$43,953	$229,650	-57,864	$1,500,524
F	7/1/2010-6/30/2011	157	$1,151,784	$1,517,979	$41,139	$1,868,509	($2,603)	$2,708,300
	Totals	729	$2,289,603	$4.488,562	$188,899	$2,893,748	-143,472	$6,823,591

Repl. PGS #25
APR 26 2012

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Chandler
All-America City
2010

Date: **April 26, 2012**

To: **Mayor and Council**

Through: **Rich Dlugas, City Manager** RD

From: **Debra Stapleton, Human Resources Director** DAS

Subject: **Award Agreement for 3rd Party Claims Administrator – Workers' Compensation**

RECOMMENDATION: Adopt Resolution 4597 approving the Memorandum of Agreement between the City of Chandler and CorVel Enterprise Comp, Inc. and the related documents.

BACKGROUND: This contract provides for 3rd party claims administration of the City's workers' compensation claims. The services include but are not limited to medical review and claims handling services, pharmacy, cost containment bill review and case management and reporting.

DISCUSSION: In 2008, the decision was made to move workers' compensation from the State Compensation Fund to a self-insured model. Since that time, the City has engaged the services of a 3rd party administrator to manage all claims associated with work-related injuries. On October 24, 2011, the City issued a Request for Proposal (RFP) for the service of a 3rd party administrator as the current contract exhausted all extensions. The RFP was advertised and all registered vendors were notified. Five responses were received and evaluated. The selection process was conducted in accordance with established City policies and procedures. An evaluation committee consisting of staff from Human Resources, Risk Management, Fire, Police, Law and Purchasing met four times to review the RFPs. Buck Consultants, the City's Employee Benefits Consultant, assisted in compiling data and provided guidance, subject expertise and coordination of the evaluation process. Best and final pricing was provided to committee members prior to the last evaluation meeting on March 21, 2012.

The evaluation committee recommends award to CorVel Enterprise Comp, Inc. due to their experience, ability to meet the scope of work, qualifications, references and lowest offered pricing. CorVel will replace the City's existing administrator effective July 1, 2012. The contract term is for a three-year period from July 1, 2012 through June 30, 2015, not to exceed $255,000. The contract contains options to renew for two additional two-year periods.

FINANCIAL: Funds are available in the Worker's Compensation Fund 736-1260-5219.

PROPOSED MOTION: Adopt Resolution 4597 authorizing the Memorandum of Agreement for 3rd party claims administrator of Workers' Compensation with CorVel Enterprise Comp, Inc. for a three-year period in the amount not to exceed $255,000.00

_____

Debra Stapleton, Human Resources Director

RESOLUTION NO. 4597

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF CHANDLER AND CORVEL ENTERPRISE COMP, INC.

WHEREAS, on October 24, 2011, the City of Chandler issued a request for proposal for the third party claims administration of the City's workers' compensation benefits for City employees;

WHEREAS, the City of Chandler evaluated each of the proposals it received, and determined that the City should enter a contract with CorVel Enterprise Comp, Inc., a Delaware corporation.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Chandler, Arizona, as follows:

1. That the City Council hereby approves the *Memorandum of Agreement Between the City of Chandler and CorVel Enterprise Comp, Inc.*, which with all Contract Documents, is on file at the City Clerk's office.

2. The Mayor of the City of Chandler is hereby authorized to execute the *Memorandum of Agreement Between the City of Chandler and CorVel Enterprise Comp, Inc.*

3. That the Mayor of the City of Chandler is authorized, on behalf of the City of Chandler, to execute any related documents required under the *Memorandum of Agreement Between the City of Chandler and CorVel Enteprrise Comp, Inc.,* in the form as approved by the City Attorney, as follows:

    a. *City of Chandler Services Agreement Third Party Claims Administrator/ Workers' Compensation Agreement No. RM2-953-3045 with CorVel Enterprises Comp, Inc.; and*

    b. *CorVel Enterprise Comp, Inc. CAREMC License Agreement with City of Chandler.*

4. That the various City officers and employees be and they hereby are authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this _____ day of _____, 2012.

ATTEST:

_____ _____

CITY CLERK MAYOR

APPROVED AS TO FORM:

_____

CITY ATTORNEY

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4597 was duly passed and adopted by the City Council of the City of Chandler, Arizona at a regular meeting held on the ____ day of _____, 2012, and that a quorum was present thereat.

_____

City Clerk CH for

#25

APR 26 2012

Chandler

2010

Chandler · Arizona
Where Values Make The Difference

Date: **April 26, 2012**

To: **Mayor and Council**

Through: **Rich Dlugas, City Manager** RD

From: **Debra Stapleton, Human Resources Director** DS

Subject: **Award Agreement for 3rd Party Claims Administrator – Workers' Compensation**

RECOMMENDATION: Award agreement (RM2-953-3045) for 3rd party claims administrator of workers' compensation to CorVel for a three-year period in an amount not to exceed $255,000.

BACKGROUND: This contract provides for 3rd party claims administration of the City's workers' compensation claims. The services include but are not limited to medical review and claims handling services, pharmacy, cost containment bill review and case management and reporting.

DISCUSSION: In 2008, the decision was made to move workers' compensation from the State Compensation Fund to a self-insured model. Since that time, the City has engaged the services of a 3rd party administrator to manage all claims associated with work-related injuries. On October 24, 2011, the City issued a Request for Proposal (RFP) for the service of a 3rd party administrator as the current contract exhausted all extensions. The RFP was advertised and all registered vendors were notified. Five responses were received and evaluated. The selection process was conducted in accordance with established City policies and procedures. An evaluation committee consisting of staff from Human Resources, Risk Management, Fire, Police, Law and Purchasing met four times to review the RFPs. Buck Consultants, the City's Employee Benefits Consultant, assisted in compiling data and provided guidance, subject expertise and coordination of the evaluation process. Best and final pricing was provided to committee members prior to the last evaluation meeting on March 21, 2012.

The evaluation committee recommends award to CorVel Enterprise Comp, Inc. due to their experience, ability to meet the scope of work, qualifications, references and lowest offered pricing. CorVel will replace the City's existing administrator effective July 1, 2012. The contract term is for a three-year period from July 1, 2012 through June 30, 2015, with options to renew for two additional two-year periods.

FINANCIAL: Funds are available in the Worker's Compensation Fund 736-1260-5219.

PROPOSED MOTION: Motion to award agreement (RM2-953-3045) for 3rd party claims administrator of workers' compensation to CorVel for a three-year period in an amount not to exceed $255,000.

_____

Debra Stapleton, Human Resources Director

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Chandler
All-America City
2010

DATE: April 19, 2012

TO: Mayor and Council

SUBJECT: CorVel Agreement

Documents will be available prior to the Thursday, April 26, 2012, City Council Meeting.