Exhibit 1

SBBC Workers' Compensation Project: Executive Orientation

IMPORTANT:

For the Board's convenience, and in an effort to facilitate optimal clarity, accuracy and context, it is respectfully requested that this Executive Orientation Summary be read ***prior*** to reviewing the Agenda Request Forms (ARFs) and associated exhibits & attachments.

Introduction & Background

Following Board Workshops on December 11, 2012 and January 22, 2013, the Board approved, on February 20, 2013, Agenda Item EE-5 - the Agreement with Imagine Clinical to design and manage the implementation of the transition to self-administration of the District's Workers' Compensation (WC) Program. In service to this commitment, the Board is now being requested to approve the major execution components of the agreement previously approved in February.

Specifically, the Board is being asked to approve the establishment of the SBBC Workers' Compensation Unit (a component of the Risk Management Department) via the adoption of the Unit's organization chart (Board item II-1), associated job descriptions (Board item CC-6), as well as the commensurate contract with the current WC Administrator for complimentary services (Board item GG-1). As originally discussed in the workshops, and subsequently codified in the Agreement with Imagine Clinical, the framework for moving to self-administration of the WC program was comprised of the establishment of a comprehensive, "in-house" SBBC WC unit to manage the core program components & services ***plus*** the strategic contracting with the existing administrator for select and vital support services.

A brief historical summary is provided here for context. Following a Board directed audit of the workers compensation program by the Office of the Chief Auditor in 2004/2005, the District subsequently retained Imagine Clinical to design and implement a WC program based on its *Criteria-Based Model*™ (*CBM*™). Following a rigorous and competitively bid RFP process, the District chose Integrated Administrators, the WC subsidiary of Blue Cross & Blue Shield of Florida/Florida Blue, who had likewise adopted the *CBM*™ as their approach to managing workers' compensation. Subsequently, Integrated Administrators was rebranded as COIC - Comp Options Insurance Company dba OptaComp.

The following years were characterized by an unwavering and faithful commitment to quality care and support for injured workers and responsible stewardship of the District's financial resources, resulting in *unprecedented* positive results in all the major programmatic metrics (i.e. lost time & indemnity, litigation, medical utilization and outcomes, patient satisfaction, case duration). This not only resulted in the savings of tens of millions of dollars, but also became widely regarded within the District as a metaphorical success story for the constructive manner of managing similar organizational and process challenges within other sectors of the District's operations.

Over the years however, it was challenging to sustain the operational performance and results due to constantly divergent interests and activity of industry providers such as insurance carriers, third party administrators, medical management firms, etc. Therefore, to create the framework for long term stability and consistently superior program performance, it was determined the District should adopt the strategy that has been widely seen as the progressive best practice of a number of major organizations (both private and public); to become self-administered in the management of their respective WC programs.

Proposal

The Board's ultimate adoption of the combination of self-management and a continuing commitment to the *CBM*™ is the foundation of the Board agenda items being presented for approval today. A brief orientation to the key considerations of the agenda items is outlined below in order to facilitate understanding and subsequent approval.

Given the complexity of workers' compensation, there are far too many aspects of the program to list individually. However, for organizational purposes, it is not inaccurate to characterize and differentiate the core service responsibilities being brought in-house and the associated complimentary services continuing to be provided via contract as outlined below:

Core services – "in-house"	**Complimentary contracted services**
Overall Program Management & Administration	Intake & Medical Triage (24/7/365)
Claims Management	Comprehensive Claims and Related Systems
Medical Consumerism & Management	Medical Bill Review, Repricing & Payment
Stay-at-Work / Return-to-Work Program (SAW/RTW)	Contract Administration & Vendor Management
Data Management & Analytics	
select & strategic administrative & support services of above functions	

The WC Unit's organization chart and associated job descriptions are specifically designed to provide for a stable operational framework from which to manage all aspects of the program, regardless of whether the services and functions are performed internally by staff or externally via contract. In addition, it is functionally very similar to the staffing framework utilized by COIC/OptaComp in their administration of the District's *CBM*™ based program. Of note, the positions are unique to the workers' compensation industry and do not correlate well to the workforce generally. As specifically requested by the Board during the approval process back in February, Imagine Clinical was to provide the specific staffing requirements, job descriptions, and recommended salary levels to ensure the proper staffing of the new WC Unit, and support the District as appropriate in the recruitment process. In addition to the industry research and their own knowledge and experience, Imagine Clinical worked collaboratively with District

administration (i.e. Risk Management, Employee Relations, Compensation, Non-Instructional Staffing, Chief of Staff, General Counsel Office, etc) to cross-validate and ensure the underlying assumptions and ultimate collective proposals.

The contract for complimentary but vital support services is essentially comprised of those program components that were logistically and financially impractical to bring "in-house" at this time (see table above). A few of the major takeaways are outlined below.

Intake and Medical Triage have been a highly successful and much appreciated (by the injured workers) component of the program. Since day one, it has, and continues to be available and utilized on a 24/7/365 basis. Given the current limitations and challenges with the Districts employment framework, we were advised by District leadership that it would be impractical at this time to bring it in-house. Having OptaComp maintain this aspect of the program is not only practical but ensures it will continue to be provided consistent with *CBM*™ criteria, policy and procedure and culture. The new internal programmatic management structure and enhanced data analysis capabilities, as well as the upcoming retraining of all participants, should only serve to optimize performance of that component.

The mission-critical comprehensive claims management systems, database management and overall technology support are a complex, costly, and ever changing aspect of workers' compensation administration. This is arguably the most challenging aspect of any WC program to change. As a result, carriers, TPA's, and self-administered employers hesitate to go through this process as it can be very disruptive to the operation and program performance. Therefore, once a system is in place, there needs to be a very compelling reason to change it. Furthermore, at this time in the District's development, given the already substantial demands of transition to self-administration, it has neither the economies of scale, time, nor capacity to logistically and cost effectively obtain, manage and support their own claims system. Therefore, clearly the District needs to continue contracting for its claims system.

In this case, coincidentally and unrelated to the District's account, COIC/OptaComp is currently transitioning their organization wide claims and associated data management systems. Therefore, we would need to have OptaComp continue to support our current claims system for a limited time, while immediately initiating a burdensome claims system RFP process concurrently with the implementation of the self-administered program, **or** agree to be rolled into OptaComp's transition to the new claims system. Both options were thoroughly investigated and the proper choice was clear; agree to move with OptaComp to the new system.

The good news is that there are many benefits to this move for the District, including but not limited to; not incurring the significant cost of data conversion (born by OptaComp as an incentive in the agreement to comply with the transition), a far more robust and much needed data and reporting capability, longer-term stability regarding system developments and support, and most importantly, the ability to transition one time with minimal disruption. This is critical as the District will be able to coordinate the transitions of both the new claims system and the self-administration of the WC

program. Policies and procedures, work flow, and training are highly dependent upon the specifics of the claims system and therefore the timely integration will not disrupt the forward progress and effective transition efforts.

Medical bill review, repricing & payment also does not lend itself well to bringing it "in-house." Given the complexities of ever-changing statutory and regulatory requirements and a widely divergent provider market environment, it requires tremendous efforts to establish, maintain and administer an effective operation and program. For example, there is financial and legal exposure for late payments and state reporting. The billing practices of many hospitals and medical providers have become quite complex and controversial, requiring extensive expertise and dedicated and enhanced software & data management. Finally, consider the lack of economies of scale regarding account size, the sheer logistics involving reviewing and paying almost 40,000 bills per year that would be passed on to the SBBC accounts payable department as well as other internal resources not set up for that rapid response, strict regulatory work flow or process.

Therefore, it makes sense to continue to contract out this component of the program to OptaComp. As OptaComp has been utilizing the unique *CBM*™ structured medical reimbursement framework, continuing the current relationship only further minimizes the potential for any disruption. This is made even more significant given the transition to OptaComp's newly enhanced claims system, which is highly interdependent in the medical bill review, repricing, and payment system.

The last major component is that of contract administration. This would include all vendor arrangements and relationships (including clinicians, medical facilities, and related providers) and would provide data management services, credentialing, and other process support. We would again retain the major determination control as the employer. However, the District will even be more effective in this regard given the enhanced "in-house" WC program management and support capabilities, as well as more robust data analysis on utilization, patterns and trends, performance, and other relevant metrics. OptaComp will provide the technology of their vendor management system and the integration into the claims management system for everyday utilization and the management of claims. This also includes providing any regulatory filings, associated tax documents and other related activities.

Administrative Costs

Clearly, the main rational and benefit for moving to self-administration is to ensure the effective provision of quality services on behalf of the District's injured workers while protecting the increasingly limited financial resources. Direct WC claims losses have reached nearly twenty million dollars annually in previous years, and the savings derived from the faithful transition to the *CBM*™ based model has been substantial, reducing the annual number to as low as eight million. Factoring other costs such as illness in the line of duty (ILD), replacement wages for absent teachers or staff (which is paid from payroll and the general fund, not the WC trust fund), and other related indirect costs can increase the overall costs to more than double the overall financial impact of WC.

The administrative costs, which have typically been over four million dollars annually, should therefore be thought of as an investment with the criteria being whether the expenditures are producing the desired programmatic results, both in human and financial terms. As was noted repeatedly during the previous Board workshops and approval meeting; even if the administrative costs were slightly higher, it would be well worth it if it increased the likelihood for sustained and enhanced performance and outcomes. However, there was a commitment made at the time to make every effort to keep the overall program administrative expense relatively cost neutral.

Therefore, it should be noted that all parties worked collaboratively and creatively, and to that end, are pleased to report that the overall administrative costs *will* remain neutral, thereby incurring *no* anticipated additional costs in the new self-administered structure. The combination of the operational WC Unit payroll *plus* the revised (reduced) OptaComp services contract are equivalent to the amount the District currently pays for its entire contracted program administration.

As stability of program performance and overall financial impact were the driver of this project, it is vital that the programmatic components and mechanisms remain in place for at least a few years. This is even more an issue in this case given the conversion to the new & enhanced claims system, combined with the concurrent transition to self-administration. This will allow the program to truly get up and running, mature and stabilize, and provide adequate time for proper assessment and evaluation. Further, it will minimize operational disruption or potential negative impact on program performance. Therefore, it is vital that the contract with OptaComp for the complimentary services (most critically the claims systems) be extended for the next few years. Besides the more important program performance considerations discussed above, there is the additional benefit to the District of the favorable contract fees being locked in for the next three years.

Next Steps

Faithful execution of the established timetable is critical as there are numerous interdependent activities and efforts that require adequate time and sequencing to achieve the established goals and commitments to achieve an effective transition on October 1, 2013. A few key items are offered as illustration.

Following the June 11, 2013 Board meeting, which will serve as first reading for the job descriptions, the plan is to post the positions and actively solicit viable applicants. Over the coming weeks, applications will be reviewed, interviews conducted, and eventually recommendations made regarding staffing options. The July Board meeting will serve as the second reading. The entire process will need to be completed in order to submit a list of recommended candidates to the Board for their consideration and approval at the August 6th Board meeting.

Concurrently, Imagine Clinical, along with select SBBC Risk Management staff, will work with OptaComp to start developing competency in the new, enhanced claims system in prep for creating commensurate *CBM*™ based policy and procedures, work flows, data configuration and reporting, and eventual training materials and modules. At the same time (actually, immediately following the Board approval of the contract) OptaComp will initiate the extensive and time dependant task of converting all the data from the current claims and data system to the new enhanced system.

The hiring of the WC Unit staff will need to be completed by early August at the latest so they can provide adequate notice and be ready to start work, Monday, September 2, 2013. The entire staff will go through extensive month-long training on the *CBM*™, the claims system, operational policies & procedures, work flow, etc. In addition, they will need time to become familiar with their case loads (there will be a transfer of over one thousand open active cases currently receiving care and benefits).

In conclusion, the plan for the effective transition to self administration is on schedule but will require continued faithfulness to timeline and milestones responsibilities. The organizational chart, job descriptions and master external contract have all been completed, and have been designed to remain cost neutral. Following the Board's review of all the submitted documents, and all associated discussion, we look forward to the Board's continued support and approval on June 11th, which is so critical to the forward progress and ultimate success of this exciting and worthwhile project.

