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October 6, 2005

To: Supervisor Gloria Molina, Chair
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From: David E. Janssen
Chief Administrative Officer

**COUNTY OF LOS ANGELES RETURN-TO-WORK PROGRAM FOR INDUSTRIAL AND
NON-INDUSTRIAL INJURIES OR ILLNESSES**

This memorandum provides your Board with a brief summary of recent and future enhancements to the County of Los Angeles (County) Return-to-Work (RTW) Program. Future enhancements shall include mandatory participation by all County departments and an inter-departmental transfer system for employees with work restrictions who are incapable of returning to their previous position. Employees with industrial and non-industrial injuries or illnesses will be provided appropriate RTW opportunities.

The Chief Administrative Office (CAO) continues working with departments to develop the necessary Countywide RTW infrastructure and to address RTW's impact upon departments' budgets. The CAO is specifically working with the Department of Human Resources (DHR) to determine appropriate position classifications necessary to meet the needs of the RTW Program. Full implementation of the County's enhanced RTW Program is anticipated on July 1, 2006. That target date facilitates Fiscal Year 2005-06 budgeting and allows the CAO time to develop and establish a standardized, Countywide RTW Program. The CAO's final recommendation will be presented to your Board in May 2006.

Background

In December 1997, the DHR initiated an Early Return-to-Work Program for industrial injury or illness predicated upon voluntary participation by County departments. In December 2001, DHR reported that the Early Return-to-Work Program achieved almost \$4.0 million in salary savings from 1999 through 2001.

In 2003, after the RTW Program was centralized into the CAO, the CAO conducted a RTW assessment of all County departments. The assessment identified various aspects of the RTW Program that could be improved; for example, the necessity of mandatory participation by all County departments, and the need to increase the knowledge and understanding of RTW by County personnel. Accordingly, the CAO now conducts monthly RTW training.

During Fiscal Year 2004-05, the following components of the RTW Program were developed and implemented:

1. A standardized case management system is now available through the *County of Los Angeles Return-to-Work Guide*. The new case management system stresses an interactive process between departments and employees.
2. An inter-department communication system to facilitate distribution of employee work restrictions to departments, the CAO and workers' compensation third party administrators. The system includes communication protocols that are monitored daily for quality and timeliness.
3. A County RTW website that includes the County's Medical Provider Network information (<http://cao.co.la.ca.us/mpn/default.htm>).
4. The *County of Los Angeles Return-to-Work Reference Manual* containing Federal and State regulations and the County's RTW policies and procedures is also available on the RTW website.
5. Monthly, comprehensive Countywide training for departments' RTW personnel.
6. Updated supervisory claim packet and employee claim packet to assure properly and timely filed workers' compensation claims.
7. A medical provider packet to communicate the importance of quality and objective medical treatment and expeditiously processed RTW cases.
8. Created Initial Treatment Centers in compliance with the new State of California (California) Medical Provider Network regulations.
9. RTW training and assistance to smaller departments and those departments just beginning to implement RTW.
10. Identification of the key knowledge and expertise required of a journey level RTW Coordinator and the inclusion of that knowledge and expertise in County RTW job descriptions.

11. Established a caseload maximum of 50 RTW cases per journey level RTW Coordinator.
12. Further integration of the CAO's Occupational Health Program and RTW functions to assure County departments are provided a coordinated approach to managing employees with non-industrial work restrictions.
13. Expanded CAO Employee Assistance Program services are now available to employees following RTW placements.
14. Established a group of key stakeholders to assist the CAO develop and implement the Countywide inter-departmental transfer system for employees with work restrictions.

Impact of 2003 and 2004 California Workers' Compensation Reforms

Due to the California 2003 and 2004 workers' compensation reforms, the economic incentive for improving the County's RTW Program greatly increased. One reform provides that when an employer offers work within 60 days of an employee's release to return to work, the employer's cost of permanent disability is reduced 15 percent. Additionally, the employer is not required to provide unnecessary vocational rehabilitation benefits, costing up to \$16,000 for claims that occurred prior to January 1, 2004; or supplemental job displacement benefits, costing up to \$10,000 for claims that occurred after January 1, 2005. However, if the employer fails to make a timely RTW offer, the employer is penalized with a 15 percent increase in permanent disability payments and may also be required to pay unnecessary rehabilitation expense.

Economic Impact

An improved RTW Program will provide County employees with resources necessary to resolve problems much earlier in the recovery period. Early resolution enables County employees to remain productive and stay connected with their departments. Early resolution also reduces recovery periods and increases the probability of full recovery.

RTW Coordinators will become more effective as they work with employees, managers, supervisors, third party administrators, and health care providers to develop specialized and coordinated accommodations.

Implementation of Strategic Plan Goals

An improved RTW Program will further support the County's Strategic Plan Goal 3, Organizational Effectiveness, and Goal 4, Fiscal Responsibility.

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Conclusion

Expediently returning employees to full productivity reduces County workers' compensation and employee benefit expense and avoids unnecessary rehabilitation expense. Timely return to work also avoids expense for disability plans provided by the Los Angeles County Employees' Retirement Association by providing employees with appropriate alternatives to disability.

A Board letter recommending adoption of an improved Countywide RTW Program that includes inter-department transfers will be provided to your Board for consideration in May 2006.

If you have any questions regarding the County's RTW Program, please call me or Rocky Armfield of my staff at (213) 351-5346.

DEJ:SRH
RAA:COB:jh

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Director, Human Resources

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