County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 25, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Raymond G. Fortner, Jr.
County Counsel

JOINT REPORT OF ACCOMPLISHMENTS AND GOALS

On October 16, 2007, on motion by Supervisor Molina, your Board instructed the Chief Executive Officer's (CEO) Risk Manager and County Counsel's Litigation Cost Manager to collaborate in preparing a joint report for the Supplemental Budget agenda, that identifies specific projects or actions accomplished during the year that supported the goal of risk management and reduction of the County's exposure to litigation. Your Board also instructed that the report identify joint goals and objectives for the subsequent year.

Attached is the joint report of 2007-08 accomplishments and 2008-09 goals and objectives for the CEO and County Counsel. We will continue to closely collaborate to achieve our mutual goals and objectives during this Fiscal Year.

In addition, County Counsel and the CEO Risk Manager will develop procedures to improve the timeliness and monitoring of the Corrective Action Plans.

If you have any questions please call us, or your staff may call Rocky A. Armfield, Risk Manager, at (213) 351-5346, or Steven H. Estabrook, Litigation Cost Manager, at (213) 974-1762.

WTF:RGF:SHE
RAA:KG:MH:km

Attachment

c: Executive Officer, Board of Supervisors

Attachment

JOINT REPORT OF LITIGATION COST MANAGER AND RISK MANAGER

FISCAL YEAR 2007-2008 ACCOMPLISHMENTS

During Fiscal Year 2007-2008, the Risk Management Branch of the Chief Executive Office (CEO) and County Counsel undertook several initiatives to address the County's goals of responsible Risk Management thereby reducing exposure to litigation, while concurrently strengthening litigation oversight so as to achieve the best results possible while at the same time controlling litigation costs. These actions included (1) implementation of more effective and exacting Corrective Action Plans; (2) development and implementation of a Litigation Severity Index and Management Protocol which includes a Post-Trial Analysis Protocol and periodic Client Review Meetings; (3) refinements and modifications to the Risk Management Information System (RMIS); (4) development of a RMIS User Manual and training program to maximize the use and benefit of the system; (5) implementation of Case Budgets and Billing Guidelines; and (6) implementation of an interface between RMIS and e-CAPS permitting a more streamlined and efficient method of paying claimants, attorneys and other vendors involved in the claim and litigation processes.

A. Corrective Action Plan (CAP)

County Counsel has collaborated with the CEO to strengthen the CAP process by assisting in the identification of "Priority 1" cases which require early intervention for CAP development. County Counsel has also assisted the CEO in gathering data, researching regulations, standards and policies as related to the CAP evaluation process. They have rendered legal advice and have participated in root cause analysis exercises along with assisting the CEO with the development of several CAPs during the year. This support has served to improve and strengthen the CAP process overall.

B. Litigation Severity Index and Management Protocol

During this fiscal year, County Counsel implemented the Litigation Severity Index and Management Protocols (LSI). The LSI is utilized in the management of all County litigation and deploys resources according to the magnitude of risk faced by the County. Although the LSI provides detailed management protocols for all levels of exposure, it concentrates case-management efforts on litigation which presents the most serious risks to the County.

- The Litigation Management Handbook, which serves as the primary reference source to assist and guide those members of County Counsel who either represent the County in litigated matters or oversee outside counsel in such matters, was issued. The Handbook contains the LSI protocols and sets forth, in a single document, the litigation, policies and procedures of County Counsel. The Handbook provides a comprehensive set of sample documents utilized in litigation, and contains an appendix which includes Budget & Invoice Time Guidelines.

- As part of the LSI, Client Review Meetings were also commenced in Fiscal Year 2007-2008. These meetings are conducted quarterly or more frequently as requested or necessary. The meetings provide an opportunity for County Counsel to brief the Deputies of the Board of Supervisors regarding the more serious, or Priority 1, litigated cases. These briefings include detailed presentations of selected cases, including significant recent developments and settlement recommendations regarding upcoming mediations and trials. The CEO also attends these meetings to provide the Deputies with information regarding the Department's corrective action plans.

- A continuing and always potentially significant risk of litigation is the adverse jury verdict or judicial decision. The Post-Trial Analysis Protocol was developed in conjunction with the LSI to analyze the reasons for significant adverse verdicts or judgments and to identify recommendations which can be applied to the management of existing and future litigated matters to improve their outcomes. The protocols provide criteria which trigger a review and establish a specific review process for completing the analysis and providing recommendations.

- Training sessions for County Counsel attorneys, Third Party Administrator representatives, and CEO Risk Management Branch members were conducted to familiarize them with the LSI and to ensure coordination among all disciplines involved in litigation management. The training sessions provided the participants with a variety of information regarding LSI and clarified various responsibilities ranging from the new Budget forms to reserves.

- A General Litigation Protocol Unit was established by County Counsel to monitor and ensure that the various protocols related to the LSI are followed. These protocols include the scheduling, attendance, and documentation of Roundtable meetings, the proper completion and handling of Case Evaluation Plans and Budgets, and the timely receipt of Trial Counsel Reports.

- The appropriate Change Notices to the Third Party Administrator contracts were executed in order to incorporate the requirements of the LSI into the current TPA contracts.

C. Risk Management Information System (RMIS)

Actions were taken to more fully utilize and access RMIS.

- The RMIS Quick Start Manual was developed and issued to County Counsel attorneys and other end-users of RMIS. Designed to provide a basic and more user-friendly manual, the Manual served as the source document for training and is a focused and streamlined manual for everyday use.

- All County Counsel attorneys and appropriate staff were trained in the use of RMIS. This training included accessing and inputting appropriate data on the database, as well as methods of retrieving data for use in the management of claims and litigated cases.

- A new RMIS "page," entitled the "Attorney Page," was developed to provide County Counsel attorneys with a more user-friendly and efficient means of accessing and utilizing RMIS. The Attorney Page includes, in one location on the database, all of the mandatory fields which must be completed and kept current in order to more effectively manage litigation.

D. Case Budgets & Time Guidelines

In conjunction with the LSI, Case Budget Forms, including an Appellate Budget Form, were designed and introduced for all litigated cases. Budget & Invoice Time Guidelines were also developed to assist in the formulation of budgets and the analysis of outside counsel invoices.

- The new Case Budget is a stand-alone document, separate and distinct from the Case Evaluation Plan. It is a "life-of-the-case" budget designed to project the fees and costs expected to be incurred in each phase of the litigation. The Case Budget format provides an overview of the financial expectations of each major litigation phase and provides an early and continuing cost-benefit analysis. In conformance with the LSI, Case Budgets were implemented for each priority or exposure level. The higher exposure cases require more budget detail. The new Case Budgets were incorporated into the Litigation Management Handbook and the LSI training sessions.

- A new Appellate Budget was also developed and implemented. The County is involved in a significant number of appeals. The appellate process can be a costly one. Similar to the Case Budget, the Appellate Budget is designed to project the fees and costs expected to be incurred during the various phases of the appellate process.

- To assist in establishing and managing budgets, the Budget & Invoice Time Guidelines were developed and provided to County Counsel attorneys. The Guidelines track the various stages of a litigated case and provide recommended time increments for a wide variety of attorney tasks performed by outside counsel during the course of the case. The Guidelines were also developed to assist County Counsel attorneys in reviewing outside counsel invoices. The Budget & Invoice Time Guidelines were included in the Litigation Management Handbook and the LSI training sessions.

E. RMIS/e-CAPS Interface

The need for an electronic interface between the RMIS and the County Accounting and Purchasing System (e-CAPS) has been a priority since the inception of RMIS. On April 1, 2008, an enhancement to RMIS was implemented which allowed County Counsel, CEO and Third Party Administrative staff to enter all payment transactions on a daily basis in RMIS, which is then electronically submitted to e-CAPS for processing on a nightly basis. Processed payment transactions on e-CAPS are listed in a Post Back file which updates RMIS nightly with current information regarding those payment transactions. This enhancement has resulted in cost efficiencies: reduced payment processing costs, ensured payment accuracy and enabled the County to adhere to the vendor payment time frame requirements as established by the Board.

FISCAL YEAR 2008-2009
GOALS & OBJECTIVES

During Fiscal Year 2007-2008, the Risk Management Branch of the Chief Executive Office and County Counsel, jointly and individually, accomplished several key initiatives aimed at improving risk management thereby reducing exposure to litigation while strengthening litigation oversight. In the coming fiscal year, the Risk Management Branch and County Counsel will continue to work together to build on these initiatives as well as identify and implement additional initiatives to improve the management of County risks and reduce its litigation exposure. Goals already identified for the coming year include continuing efforts to fully utilize RMIS, the identification of cause codes and case types and the tracking of liability trends, and the generation of claims and litigation reports. An additional goal is the consideration of an electronic bill review system which is compatible with RMIS and will provide a more efficient and accurate means of reviewing legal invoices. Finally, the Chief Executive Office will explore, in conjunction with the Department of Human Resources, incorporating goals aimed at risk management and litigation reduction efforts into the Management Appraisal and Performance Plan (MAPP) goals for appropriate departmental personnel.

- Develop and implement appropriate "Cause Codes" and "Case Types" for RMIS in order to identify and track the types of claims and lawsuits brought against the County. This identification process will permit necessary exposure and trend analysis.

- Assess and select an appropriate e-billing system compatible with RMIS. Such a system will provide for a more efficient, accurate and cost effective means of reviewing legal invoices.

- Develop and implement COGNOS software capable of generating a variety of claims and litigation reports which analyze the data on RMIS.

- Develop Management Appraisal and Performance Plan (MAPP) goals for departmental personnel which promote the recognition of efforts and actions to further risk management and reduce exposure to litigation.