County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
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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

October 30, 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

JOINT REPORT OF RISK MANAGEMENT ACCOMPLISHMENTS AND GOALS, RESPONSIBILITIES, AND COST INFORMATION - CONTINUED TO NOVEMBER 5, 2008 (AGENDA ITEM NO. 66)

In preparation for the Supplemental Budget, the Chief Executive Office (CEO) Risk Manager and the County Counsel Litigation Cost Manager prepared a joint report of 2007-08 accomplishments and 2008-09 goals and objectives that support the risk management program and reduction of the County's exposure to litigation. This item was continued from the Supplemental Budget Resolution Agenda of October 7, 2008, and is now scheduled to be heard on November 5, 2008.

CEO Risk Management and County Counsel issued the first joint memo on September 25, 2008. Subsequently, additional information was requested regarding: details about the 2008-09 goals and objectives; delineation of areas of responsibility; and summary cost information. This memo, written in collaboration with County Counsel, provides additional information on justification, timelines, and estimated costs, as appropriate, for each of the four goals and objectives.

We have included attachments showing Risk Manager and County Counsel responsibilities and areas of overlap. In addition, we have included an attachment which summarizes the cost information and areas of overlap between the Risk Management Annual Report and the County Counsel Annual Litigation Report. Our two offices will continue to work together to identify issues and trends which should be addressed to reduce the number of future claims.

Risk Management Information System (RMIS)

To improve the coding of claims and litigation data for trending and analyses, RMIS will be enhanced by replacing the current coding system with revised codes that will cater to the unique needs of the County. The information gained from this enhancement will allow the County to establish safeguards against future high-exposure losses, and is anticipated to save the County money.

The cost of this enhancement has been included in Work Order 8 (A), RMIS Enhancement to Functionality, in the amount of $97,500. This Work Order is currently pending final execution by the Contractor and County. The final list of revised codes will be delivered to the Contractor for integration into RMIS by February 28, 2009. Training of CEO, County Counsel, and Third Party Administrator (TPA) staff on enhancements is scheduled to be completed by April 30, 2009. The delivery of the upgrades from the Contractor and implementation by CEO, County Counsel, and TPA is scheduled for June 1, 2009.

Electronic Bill Review System

An appropriate Electronic Billing ("E-Billing") System compatible with RMIS will provide for a more efficient, accurate and cost effective means of reviewing legal invoices. E-Billing Systems have been implemented to increase productivity and reduce costs in litigated matters through more efficient receipt, review, approval and payment of legal expenses. Information obtained via e-billing can be used to more closely monitor case costs and to develop benchmarks which permit systematic evaluations of specific legal activities. Such systems encourage adherence to billing guidelines and case budgets.

RMIS is a "matter management" system. Among other things, RMIS is used to store pertinent information regarding the County's litigated matters. This information includes a variety of financial data, such as fees and costs, exposure levels and budgets. However, RMIS does not presently support submission to the County of electronic invoices by law firms or other vendors. In order to more effectively and efficiently manage legal expenses, an e-billing module should be utilized with RMIS. Such an e-billing system must fulfill several basic requirements. First, it must be compatible with RMIS. Such a system should also "pre-screen" invoices for adherence to established guidelines. Such guidelines would include appropriate timekeepers and rates, allowable expenses, correct billing periods, and mathematical accuracy. The e-billing system should also provide for invoice routing and notification of appropriate individuals within the County, allowing for the analysis of invoices, the exercise of line-item edits and the completion of real-time budget analysis. Finally, the e-billing system should notify the law firm of an approved invoice and be compatible with Accounts Payable or E-caps.

The goal is to issue by January 31, 2009, a solicitation document for the purpose of obtaining additional information regarding e-billing systems and selecting an appropriate vendor. Evaluation of the responses would be completed by April 30, 2009. We estimate that the selection of a vendor and negotiation of a contract should be completed within 60 days of the completion of the evaluation period.

COGNOS Claims and Litigation Data

The CEO and County Counsel agreed that the use of COGNOS software is the most efficient way to provide County departments with claims and litigation data gathered through RMIS that is protected by the attorney-client and attorney work product privileges. These reports will assist County Counsel to reduce litigation costs and assist departments with their risk management efforts.

In order to accomplish this, the CEO and County Counsel are closely working together to design and develop a RMIS data warehouse for County Counsel's internal use by February 1, 2009. County Counsel will review and classify the RMIS information as to its confidentiality by April 1, 2009. Once that determination has been made, the CEO and County Counsel will design and develop RMIS data warehouses to generate data for County departments' use by October 1, 2009. Funding for this project is included in the Insurance Budget.

Management Appraisal and Performance Plan (MAPP)

The CEO will assist departments in their efforts to reduce the County's Cost of Risk, and work with Department Heads to develop MAPP goals for departmental personnel that promote risk management efforts and reduce exposure to litigation.

The attached memo (attachment I), dated April 22, 2008, was distributed to all Department Heads regarding development of a risk management goal specific to the department for the 2008-09 MAPP. A list of potential goals was provided to departments that would improve the County's risk management efforts, and reduce costs and exposure to litigation. Department Heads have included a risk management specific goal in their 2008-09 MAPP.

Additional Information

Attached are a chart explaining the areas of overlap between County Counsel and Risk Management, as well as summary 2007-08 cost information (attachments II & III).

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

WTF:ES
RAA:KG:km

Attachments

c: Executive Officer, Board of Supervisors
County Counsel

K:\Board Memos\CEO Board Memos Word\10.29.08_OPS _BM_- Joint Report of Risk Mgmt Accomplishments_Goals.doc

attachment I

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April 22, 2008

To: All Department Heads

From: William T Fujioka
Chief Executive Officer

RISK MANAGEMENT SUGGESTIONS FOR DEPARTMENT HEAD MANAGEMENT APPRAISAL AND PERFORMANCE PLAN GOALS

The County of Los Angeles (County) allocates considerable resources to workers' compensation and liability exposures. To improve the County's risk management efforts, and to minimize costs associated with losses, each County Department Head will develop a Management Appraisal and Performance Plan (MAPP) goal specific to the department.

Listed below are some potential goals for your consideration:

1. By June 30, 2009, implement a long-term leave and return-to-work management program to reduce by a specific amount, for example 10 percent, the number of employees on long-term leave by returning them to work or removing them from County service through retirement, medical release, or termination of employment.

2. By June 30, 2009, ensure and document departmental conformance with all existing Corrective Action Plan items.

3. By June 30, 2009, for claims identified as having significant potential for Corrective Action Plans (CAP) to be developed, ensure claims are properly investigated, and CAPs developed when the department is notified that the claim is a County Counsel "Priority One" case, or the claim indemnity reserve exceeds $20,000.

4. By June 30, 2009, implement a proactive risk management program that calculates and tracks the departmental Cost of Risk, and prioritizes departmental efforts to reduce the Cost of Risk.

5. By December 31, 2008, improve risk management activities by consulting with Chief Executive Office's (CEO) Risk Manager and staff, if needed, to identify the department's risk management training needs, and coordinate with CEO Risk Management to complete the training.

6. By December 31, 2008, consult with CEO's Risk Manager and staff, if needed, to identify a major departmental risk management concern/issue, and develop a program to reduce the concern/issue's impact on departmental financial resources. A stretch goal would be to implement such a program by June 30, 2009.

If you have any questions or would like assistance developing an appropriate MAPP goal, please contact Rocky A. Armfield, County Risk Manager, at (213) 351-5346.

WTF:ES
RAA:SN:ds

c: Each Supervisor
County Counsel

Overlap Between CEO Risk Management Annual Report and County Counsel Litigation Report

CEO Risk Management Annual Report

- Settlements and attorney fees and costs related to Tort Claims – *non-litigated* Vehicle Liability, Medical Malpractice and General Liability (includes Employment and Law Enforcement) claims.
- All costs and expenses, including attorney fees, related to Workers' Compensation claims and contested matters.

Overlap between CEO Risk Management Annual Report and County Counsel Litigation Report

- Amounts reported are judgments, settlements, and attorney fees and costs related to Tort Lawsuits – *litigated* Vehicle Liability, Medical Malpractice, and General Liability (includes Employment and Law Enforcement) actions.

County Counsel Litigation Report

- Amounts reported are judgments, settlements, and attorney fees and costs for all other or "Non-Tort" lawsuits, such as Contract, Tax, Real Property, Election and Condemnation Lawsuits.

Comparision of CEO Risk Management Annual Report and County Counsel Litigation Report
Payments made during FY 2007-08

	CEO Risk Management Annual Report Only	Overlap Between the Two Reports	County Counsel Litigation Report Only	
Settlements for non-litigated vehicle liability claims (COVERAGE CODE = AL)	$1,595,124			
Settlements for non-litigated general liability claims (COVERAGE CODE = GL)	$859,582			
Settlements for non-litigated medical malpractice claims (COVERAGE CODE = MM)	$1,320,123			
Attorney fees and costs for non-litigated vehicle liability claims (COVERAGE CODE = AL)	$34,539			
Attorney fees and costs for non-litigated general liability claims (COVERAGE CODE = GL)	$518,060			
Attorney fees and costs for non-litigated medical malpractice claims (COVERAGE CODE = MM)	$52,368			
Workers' compensation claim expenses	$212,413,016			
Workers' compensation legal fees and costs	$19,385,232			
Salary continuation and insurance premiums	$57,464,005			
Broker fees, third party administrators (TPAs), CEO Risk Management administrative, other	$66,285,197			
Judgments and settlements for litigated vehicle liability lawsuits (COVERAGE CODE = AL)		$7,268,662		
Judgments and settlements for litigated general liability lawsuits (COVERAGE CODE = GL) *		$24,709,391		
Judgments and settlements for litigated medical malpractice lawsuits (COVERAGE CODE = MM)		$11,895,136		
Attorney fees and costs for litigated vehicle liability lawsuits (COVERAGE CODE = AL)		$1,893,601		
Attorney fees and costs for litigated general liability lawsuits (COVERAGE CODE = GL) *		$30,392,556		
Attorney fees and costs for litigated medical malpractice lawsuits (COVERAGE CODE = MM)		$5,044,492		
Judgments and settlements for all other or "non-tort" lawsuits * (COVERAGE CODE = OTHER)			$1,467,765	
Attorney fees and costs for all other or "non-tort" lawsuits * (COVERAGE CODE = OTHER)			$6,487,428	
Totals	**$359,927,246**	**$81,203,838**	**$7,955,193**	**GRAND TOTAL $449,086,277**

County Counsel Litigation Report		
Total judgments and settlements for all lawsuits	$45,340,954	page 3
Total attorney fees and costs for all lawsuits	$43,818,077	page 19
	$89,159,031	

CEO Risk Management Annual Report		
page 7 annual report	$47,648,018	Total judgments and settlements for tort claims (COVERAGE CODE = AL, GL, MM)
page 7 annual report	$37,935,616	Total attorney fees and costs for tort claims (COVERAGE CODE = AL, GL, MM)
	$85,583,634	
page 7 annual report	$212,413,016	Workers' compensation claim expenses
page 7 annual report	$19,385,232	Workers' compensation legal fees and costs
page 7 annual report	$123,749,202	Salary continuation, insurance premiums, broker, TPA, etc.
	$441,131,084	COST OF RISK

* Due to coding inconsistencies, this line includes some "non-tort cases" that should not be included as General Liability lawsuits; this coding issue is being evaluated and will be resolved.