



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

December 20, 2011

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT, FISCAL YEAR ENDED JUNE 30, 2011

Attached is the *Chief Executive Office Risk Management Annual Report, Fiscal Year Ended June 30, 2011*, which:

- Contains summaries of the past three fiscal year losses and costs for the County of Los Angeles' (County) vehicle liability, general liability, medical malpractice, workers' compensation, and salary continuation/State of California Labor Code 4850 exposures;
- Will help departments recognize the nature and extent of their exposures and losses, with other reports provided throughout the year; and
- Will help departments' efforts to strengthen their return-to-work processes, loss control and prevention activities, and corrective action plans.

Based on the report, the County's Fiscal Year (FY) 2010-11 Cost of Risk calculated to \$508,519,234, or 2.10 percent of the County's \$24,180,195,000 operating budget.

In FY 2010-11, the County's risk management programs experienced several successes:

- Developed a new vision statement: "That risk will be as important a consideration as budget in every decision made at every level of the organization;"
- Implemented a new strategy which focuses Chief Executive Office's (CEO) efforts to "inspire versus require." This new method ensures long-term focus on risk management issues through a connection between effective risk management and achieving the departmental mission;
- Included specific risk management related strategies in the Countywide Strategic Plan;
- Expanded the Legal Exposure Reduction Committee (LERC) to include representation by all County departments;
- Developed LERC subcommittees to address the risk management initiative and priorities included in the County's Strategic Plan;

"To Enrich Lives Through Effective And Caring Service"

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Each Supervisor
December 20, 2011
Page 2

- Realized a nominal increase in the Cost of Risk to 2.10 percent of operating budget in FY 2010-11, compared with 2.00 percent in FY 2009-10;
- Realized a moderate 5 percent increase (\$9.7 million) in workers' compensation expense in FY 2010-11 (\$314.0 million) from FY 2009-10 (\$298.1 million); and
- Realized a continued trend of decreases in the estimated outstanding losses in the County's self-insured workers' compensation program.

Countywide Risk Management Program

Support of risk management activities is essential in reducing the County's Cost of Risk. Commitment towards this endeavor is demonstrated from your Board and Department Heads, as follows:

Board of Supervisors:

1. Supporting LERC's on-going efforts;
2. Developing corrective action plans;
3. Developing Countywide and departmental legal exposure reduction goals; and
4. Developing mandatory risk management-related performance goals for Department Heads.

Department Heads:

1. Embracing risk management-related performance goals;
2. Naming a departmental Risk Management Coordinator;
3. Supporting safety and return-to-work functions; and
4. Requiring staff to take part in workers' compensation and tort liability claim review meetings and roundtables.

Although these commitments contribute to improvements in the Countywide risk management program, continued support from Department Heads will further enhance it. An aggressive and effective loss control and prevention program requires each department to identify their primary Costs of Risk by:

- a. Evaluating business operations;
- b. Completing thorough accident investigations and reviews;
- c. Reviewing loss data; and
- d. Selecting and implementing methodologies to address its identified Costs of Risk.

Early development and implementation of corrective action plans will help reduce the potential for recurrence. The CEO provides support for these efforts by:

- a. Consulting with department staff;
- b. Providing recommendations based on best practices and assisting with their implementation;
- c. Consulting on and approving corrective action plans;

Each Supervisor
December 20, 2011
Page 3

- d. Developing and communicating Countywide corrective action plans;
- e. Providing training about risk management, safety, claims, and return-to-work subjects;
and
- f. Distributing monthly tort liability and workers' compensation loss data to each department.

This report represents the combined efforts of the entire CEO Risk Management Branch team. Input and analysis came from Claims Management, Loss Control and Prevention, Return-to-Work, Risk Management Inspector General, Risk Management Operations, and Workers' Compensation staff.

For more information, your staff may contact Laurie Milhiser, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346.

If you have any questions, please have your staff contact Ellen Sandt at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:ES
LM:SEN:sg

Attachment

c: Each Department Head

2010-11
ANNUAL
REPORT

Empowering Risk Ownership



COUNTY OF LOS ANGELES



CHIEF EXECUTIVE OFFICE

RISK MANAGEMENT BRANCH

JULY 2010 - JUNE 2011



Board of Supervisors



Gloria Molina
First District



Mark Ridley-Thomas
Second District



Zev Yaroslavsky
Third District



Don Knabe
Fourth District



Michael D. Antonovich
Fifth District



WILLIAM T FUJIOKA
CHIEF EXECUTIVE OFFICER

-

Risk Management Branch

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Los Angeles, CA 90010

(213) 351-5346
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This report is available on the Chief Executive Office website at:
<http://ceo.lacounty.gov/>



*W*e are proud to present “Empowering Risk Ownership,” the County of Los Angeles Chief Executive Office, risk management annual report for fiscal year ending June 30, 2011.

The report details the transformational vision of the Risk Management Branch, whose new programs and focus are empowering departments to better understand and manage the nature and extent of departmental exposures and losses.

The report also contains summaries of the fiscal year’s losses and costs for the County of Los Angeles workers’ compensation, vehicle liability, general liability, and medical malpractice self-insured programs. The five tenets of risk management described in the report are intended to provide a framework for improving departmental risk management activities to mitigate exposures and losses.

Thank you.

William T. Fujioka

CHIEF EXECUTIVE OFFICER

Table of Contents

Executive Summary	Page 1
Loss Severity and Frequency Trends	Page 6
Significant Accomplishments	Page 22
Empowering Risk Ownership	Page 30
Statistics	Page 37

Executive Summary

The County of Los Angeles (County) Chief Executive Office (CEO) is pleased to provide its risk management annual report for Fiscal Year (FY) July 1, 2010 through June 30, 2011.

On June 30, 2011, the CEO Risk Management Branch (CEO/RMB) completed its ninth year administering the County's risk management program.

EMPOWERING RISK OWNERSHIP

Historically, risk management in the County has been reactive and focused on managing losses after they have occurred. Current data systems are out-dated and provide limited information to departments to help them understand and manage their actual risks. Traditionally, CEO/RMB has emphasized regulatory or policy compliance, with departments facing multiple levels of requirements to be met monthly, quarterly, or annually.

We believe that true risk management will not occur until departments learn to connect the management of risk to the accomplishment of their mission. If employees are not at work because of injuries sustained during the course of their employment, or if budget dollars are not available because they are being spent to pay medical bills or salary continuation for injured workers, or to pay the claims of third parties resulting from negligent acts or unsafe conditions, ultimately meeting the department's service commitments to County clients will be impacted. Once this message is internalized from the top and throughout each level of the organization and everyone in the organization is empowered to own the risks within their control, the need for "requiring" regulatory compliance will be replaced by "inspiring" risk management.

We also believe that "you can't manage what you don't measure." Consequently, the new risk management paradigm is focused on providing readily understandable data in real-time to help departments understand where losses are occurring and then providing the training, resources, and other support to help them respond proactively and to allocate resources where they can have the maximum impact.

This is accomplished through five tenets of risk ownership defined by CEO/RMB:

1. Data – Timely and relevant data to help departments identify the nature and cause of their losses.
2. Support Programs – Consultative support in Return-to-Work, Loss Control and Prevention, Contracts, and Root Cause Analysis to help departments reduce the frequency and severity of losses.
3. Training – Delivery of training content to effect changes in procedure, process, and behavior focused on preventing and/or reducing losses.

4. Best Practices – Creating and disseminating model programs that can be utilized Countywide towards solving risk issues faced by more than one department.
5. Decentralization – Fostering the development of a risk management function in every department through dissemination of Tenets 1-4.

The tenets of risk ownership reinforce the execution of the County's and CEO/RMB's mission and vision:

The County's Mission Statement is:

To enrich lives through effective and caring service.

CEO/RMB's Mission Statement is:

To partner with departments to evaluate significant risks, hazards, and exposures associated with the delivery of County services, and to develop and implement risk management methodologies to eliminate, minimize, or fund loss.

CEO/RMB's Vision Statement is:

To ensure risk is as important a consideration as budget in every decision made at every level of the organization.

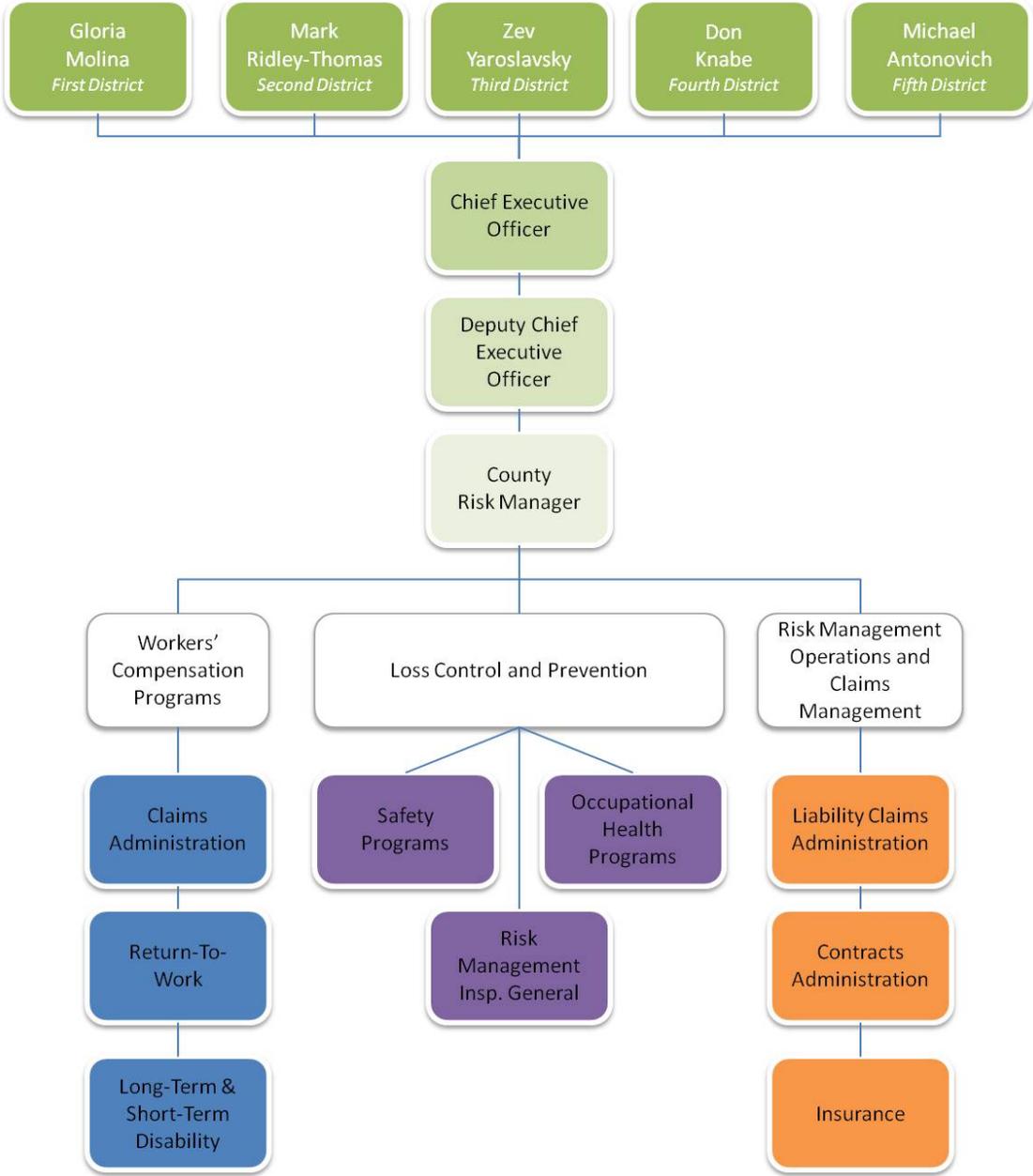
CEO/RMB Staff will strive:

To accomplish the County's mission with direction from the County's Board of Supervisors and CEO senior management, and assistance from County departments and the County of Los Angeles Legal Exposure Reduction Committee.

CEO/RMB LEADERSHIP

CEO/RMB is led by the County Risk Manager, who presides over the various functional areas.

CEO Risk Management Branch Organization Chart



The CEO/RMB intranet site contains contact information and a wide assortment of resource materials. CEO/RMB staff may be contacted at (213) 351-5346. The intranet site can be accessed at: <http://riskmanagement.mylacounty.info/>.

CEO/RMB'S PRIMARY RISK MANAGEMENT RESPONSIBILITIES BY PROGRAM

WORKERS' COMPENSATION CLAIMS ADMINISTRATION

- Management and financing of the County's Workers' Compensation program;
- Administration of the County's Return-to-Work program; and
- Administration of the County's Short-Term and Long-Term Disability Plans.

LOSS CONTROL AND PREVENTION

- Loss prevention training, reporting, standards, procedures, and compliance;
- Loss control and industrial hygiene programs;
- Administration of the County's Occupational Health Program, including employee medical and psychological programs and the Employee Assistance Program; and
- Development and approval of Corrective Action Plans and Summary Corrective Action Plans through the Risk Management Inspector General.

RISK MANAGEMENT OPERATIONS AND CLAIMS MANAGEMENT

- Liability Claims Administration;
- Oversight of the Contract Cities and Special Districts Liability Trust Funds;
- Procurement of commercial insurance above self-insured retentions;
- Review, recommend, and counsel on departmental insurance contract language, including indemnification and other County insurance requirements; and
- Budget forecast for all County departmental liability and commercial insurance costs.

PROGRAM HIGHLIGHTS FOR FY 2010-11

Listed below are program highlights for achievements in FY 2010-11:

- Legal Exposure Reduction Committee (LERC) – Departmental involvement with LERC was significantly expanded and now includes representation from all County departments. Important areas of risk, including workers' compensation cost reduction, vehicle usage and liability, and employment practices are now included in the County's Strategic Plan. LERC has established subcommittees to focus efforts on each of these subjects. Although the subcommittees are chaired by departmental representatives, CEO/RMB provides administrative and technical support for each of the subcommittees, except for the Employment Practices Liability subcommittee which is supported by County Counsel.
- Workers' Compensation and Return-To-Work: CEO/RMB partnered with the Department of Human Resources to evaluate technological solutions to improve Countywide leave administration and disability management. This partnership resulted in the selection of a vendor to provide a new web-based Countywide absence management system. The automated absence management system will provide departments with an efficient leave administration tool that enhances identification, documentation, and reporting capabilities.
- Loss Control and Prevention: CEO/RMB has provided risk analysis, consultative assistance to find effective solutions for root causes, and training for all departments. Emphasis has been placed on developing and implementing appropriate departmental Risk Exposure Cost Avoidance Plans and Management Appraisal and Performance Plan goals. Additional assistance was provided for the LERC subcommittees.
- Risk Management Operations and Claims Management: CEO/RMB successfully procured builders risk insurance that provided construction property coverage for the Martin Luther King, Jr. Multi-Service Ambulatory Care Center and In-Patient Tower projects. The County's builders risk insurance program afforded more extensive and relevant coverage for these critical building projects, and also produced a savings of \$521,529 when compared to the contractor's quotes.
- Comprehensive Risk Management Information System (CRMIS): In FY 2010-11, CEO/RMB undertook an extensive assessment of the current Risk Management Information System (RMIS), which is used to process claims and claims payments, and generate data reports. A needs analysis for departmental users was completed, and a technical specifications document was developed. These two documents allowed CEO/RMB to make immediate improvements to data reports and will provide a roadmap for the eventual replacement of RMIS with a state-of-the-art system.

Additional accomplishments by program area are listed in the Significant Accomplishments section starting on page 22.

Loss Severity and Frequency Trends

COST OF RISK

The Cost of Risk is a ratio of the expenditures for the County's numerous risk management programs divided by the County's operating budget in a specific fiscal year. The effectiveness of the County's risk management programs can be reflected in this comparison since the Cost of Risk includes paid claims (amounts paid in the fiscal year without regard to the year the claims arose), insurance premiums, safety and loss control programs, and operational and administrative expense.

Detailed information is listed in the "Statistics" section of this report regarding the number of claims and expenses for each of the last three fiscal years, by department.

Based on the nature and scope of County operations, County departments will always be susceptible to large claims that significantly impact expenses. The results of FY 2010-11 clearly illustrate this susceptibility. Minimizing the total number of claims often minimizes the number of large claims; therefore, implementing risk management best practices to reduce the frequency of claims is as important as properly handling claims once claims are filed. The County's Cost of Risk now exceeds \$500,000,000 for the first time. On the positive side, the Cost of Risk, as a percentage of the operating budget, is 2.10 percent, a figure which has remained stable over the last eight years.

The Cost of Risk Detail chart follows on Page 7.

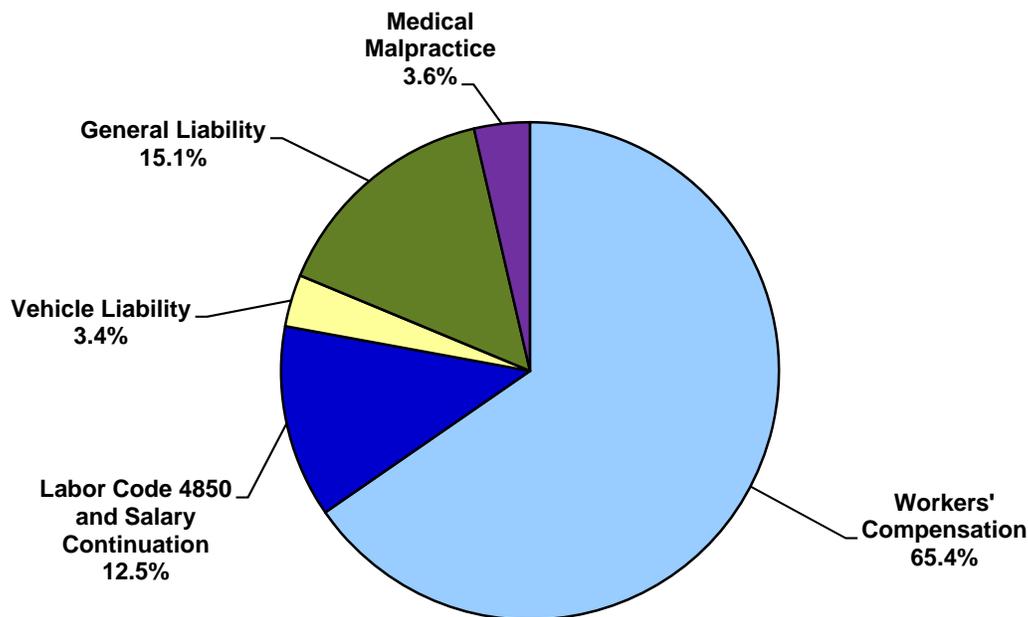
COST OF RISK DETAIL

	FY 2008-09	FY 2009-10	FY 2010-11
Workers' Compensation			
Benefit Expense	\$213,868,306	\$225,376,425	\$236,699,599
Administrative Loss Expense ¹	\$74,508,988	\$72,762,036	\$77,362,681
Workers' Compensation Expense Subtotal	\$288,377,294	\$298,138,461	\$314,062,280
Labor Code 4850 / Salary Continuation	\$49,687,965	\$57,903,637	\$60,120,620
Workers' Compensation Expense Total	\$338,065,259	\$356,042,0989	\$374,182,900
Liability^{2, 3}			
Vehicle Liability Indemnity Expense	\$9,431,020	\$11,979,162	\$13,015,904
General Liability Indemnity Expense	\$29,576,374	\$22,507,812	\$33,680,285
Medical Malpractice Indemnity Expense	\$20,585,265	\$12,210,967	\$13,910,110
Liability Indemnity Expense Subtotal	\$59,592,659	\$46,697,941	\$60,606,298
Vehicle Liability Legal Expense	\$2,580,361	\$2,769,829	\$3,244,323
General Liability Legal Expense	\$36,096,581	\$39,781,835	\$38,960,191
Medical Malpractice Legal Expense	\$4,854,420	\$3,979,675	\$3,452,244
Liability Legal Expense Subtotal	\$43,531,362	\$46,531,339	\$45,656,757
Liability Administrative Expense ⁴	\$10,518,942	\$11,919,734	\$11,432,011
Liability Expense Total	\$113,642,963	\$105,149,014	\$117,695,067
Commercial Insurance⁵ (premiums and fees)	\$17,344,269	\$16,419,286	\$16,641,267
Cost of Risk^{6, 7}	\$469,052,491	\$477,610,398	\$508,519,234
Total County Operating Budget	\$23,784,187,000	\$23,900,864,000	\$24,180,195,000
Cost of Risk (as percentage of County Operating Budget)	1.97%	2.00%	2.10%

- Administrative Expense includes third party administrator fees, medical management fees, bill review fees, the State User fee, and CEO, Auditor-Controller, and County Counsel expenses.
- Paid claims represents the amount paid for all indemnity (pay type OC) in the fiscal year, regardless of occurrence date, and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves. Legal Expenses are defined in liability files as all fees and expenses paid from the liability claim (pay type SS).
- Liability claim information included in this report is: (1) claims coded as Vehicle Liability (AL), General Liability (GL), and Medical Malpractice (MM); but, (2) information excludes Metropolitan Transportation Authority (MTA), Metrolink, departments not listed in Exhibit A, Children Services dependency cases, and probate funding accounts.
- Liability Administrative Expense includes third party administrator fees, consulting and management fees, and CEO expenses.
- The County purchases commercial property insurance on selected properties and equipment. The County also purchases aviation insurance for the Sheriff's and Fire Departments, limited vehicle and general liability insurance for contracts with other agencies, crime insurance to protect the constituents from wrongdoing by County employees, a fidelity bond that covers selected County officials, and fine arts coverage for museum exposures.
- The Cost of Risk is defined as the summation of the items listed, but does not include non-insured property claims and County-owned vehicle claims.
- All amounts are paid as of June 30, 2011, as reported in the County's liability claim database, workers' compensation information system (GenIRIS), and/or the Workers' Compensation Status Report.

The graphs below illustrate that workers' compensation accounts for three quarters of the cost of risk. For FY 2010-11, including administrative, Labor Code 4850, and salary continuation expenses, this represents over \$374 million, or over **\$1 million paid out per calendar day**. The final graph further demonstrates the impact of workers' compensation on the total risk management program showing that workers' compensation accounts for over two thirds of all claims.

COUNTY OF LOS ANGELES PERCENTAGE OF TOTAL EXPENSE PAID BY CLAIM TYPE FY 2010-11

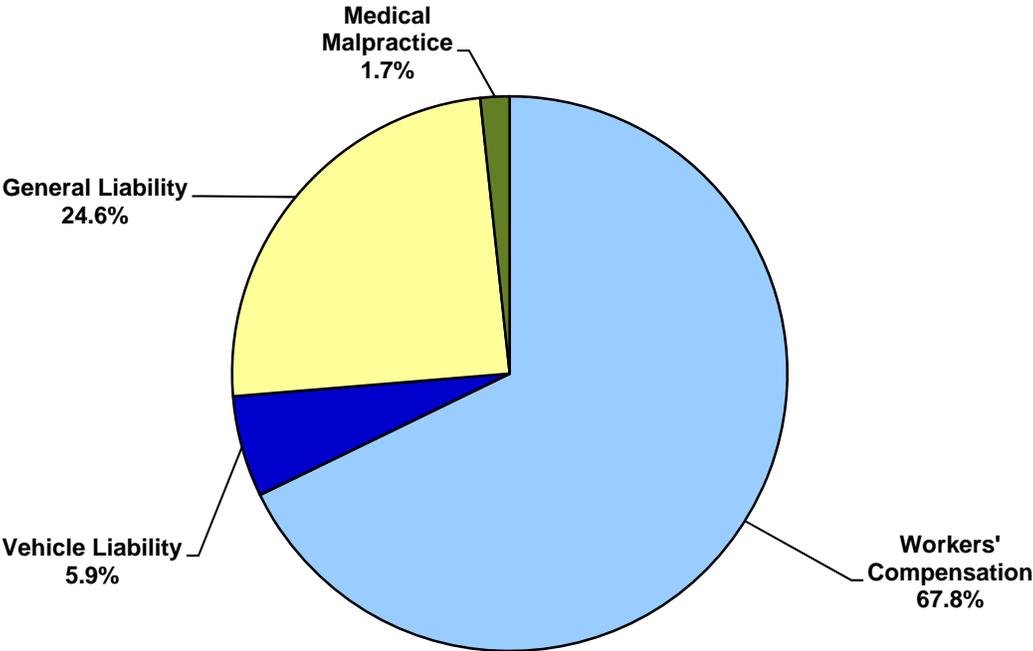


COUNTY OF LOS ANGELES CLAIM SEVERITY (TOTAL EXPENSE PAID) – ALL CLAIMS^{1,2,3} FY 2008-09 THROUGH FY 2010-11

Claim Type	FY 2008-09	FY 2009-10	FY 2010-11
Workers' Compensation ⁴	\$288,377,294	\$298,138,460	\$314,062,280
Labor Code 4850 and Salary Continuation	\$49,687,965	\$57,903,637	\$60,120,620
Vehicle Liability	\$12,011,381	\$14,748,991	\$16,260,226
<i>General Liability (Law Enforcement)</i>	\$25,265,040	\$19,939,962	\$27,049,878
<i>Other General Liability</i>	\$22,586,890	\$19,680,306	\$18,222,220
<i>General Liability (Employment Practices)</i>	\$17,821,025	\$22,669,380	\$27,368,378
General Liability total	\$65,672,955	\$62,289,647	\$72,640,476
Medical Malpractice	\$25,439,685	\$16,190,642	\$17,362,354
TOTAL	\$441,189,280	\$449,271,377	\$480,445,956

1. Data does not include unemployment costs.
2. Data includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort claims.
3. Amount Paid is the total of the transactions paid by coverage code in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of occurrence date; does not include RBNP or IBNR reserves.
4. Workers' compensation amount paid does not reflect State of California Labor Code 4850 or salary continuation payments.

COUNTY OF LOS ANGELES CLAIM FREQUENCY BY CLAIM TYPE FY 2010-11



COUNTY OF LOS ANGELES CLAIM FREQUENCY (TOTAL NUMBER OF CLAIMS FILED) BY CLAIM TYPE FY 2008-09 THROUGH FY 2010-11

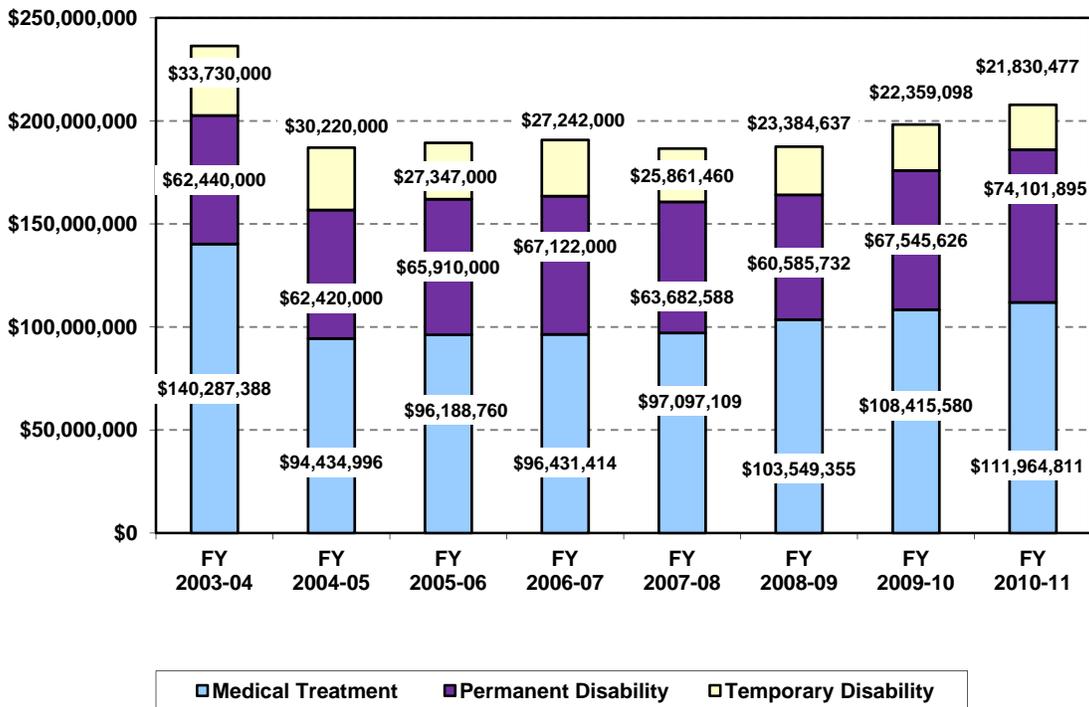
Claim Type ^{1,2}	FY 2008-09	FY 2009-10	FY 2010-11
Workers' Compensation	10,572	10,629	11,234
Vehicle Liability	1,032	942	973
General Liability	3,299	4,207	4,077
Medical Malpractice	285	255	287
TOTAL	15,188	16,033	16,571

1. Total number of claims filed by fiscal year, regardless of date of occurrence; count includes all suffixes.
 2. Includes County Counsel tort claims, but not agencies that are not County departments, i.e., MTA, Foothill Transit, etc.

WORKERS' COMPENSATION PROGRAM

CLAIM SEVERITY

The County's self-insured workers' compensation expenses (excluding Labor Code 4850 and workers' compensation salary continuation benefits) increased by 5.3% in FY 2010-11 (\$298.1 million to \$314.0 million). This increase was attributed, in part, to increases in permanent disability and medical payout expenses. Permanent disability benefit payouts increased 9.8% (\$67.5 million to \$74.1 million) and medical treatment payouts increased 3.3% (\$108.4 million to \$112.0 million).



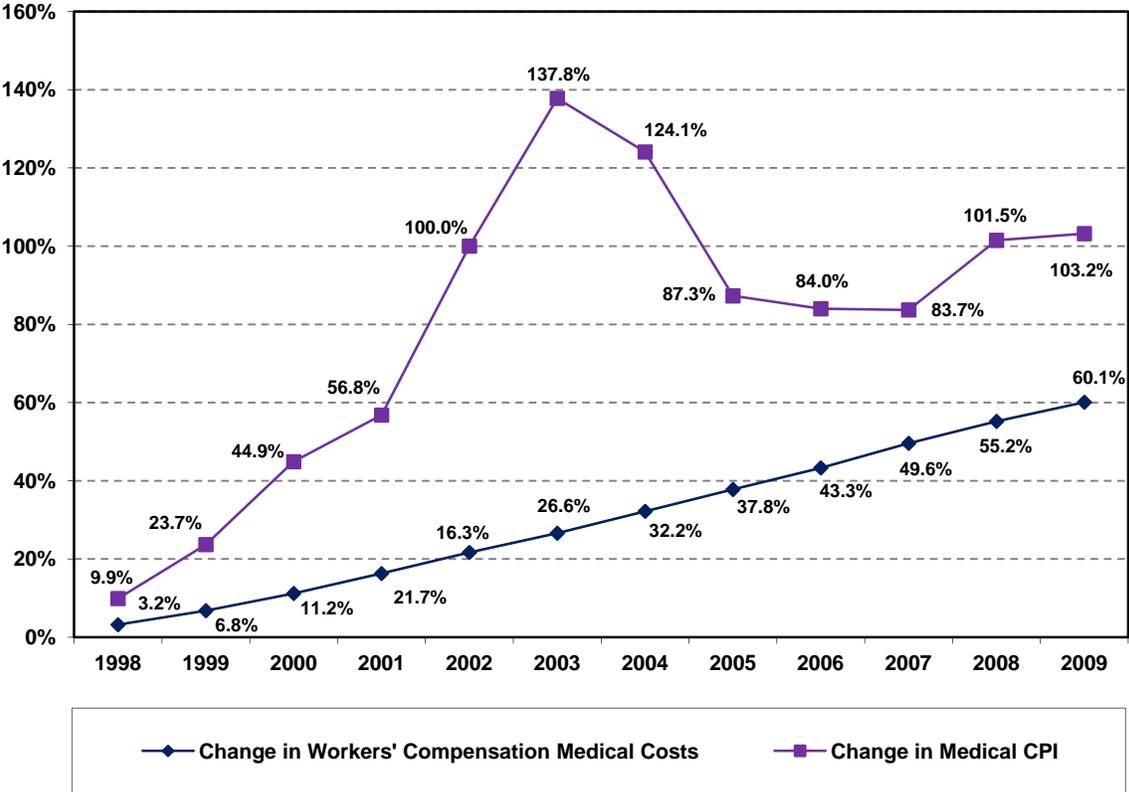
PERMANENT DISABILITY

Permanent disability payouts increased due to statutory weekly benefit rate increases impacting newer claims and application of the *Benson* decision. Due to the progressive nature of the permanent disability schedule, permanent disability benefit payouts increase exponentially as the permanent disability rating increases. Under *Benson*, disabilities arising from two separate injuries are no longer combined to result in a single higher permanent disability rating. CEO/RMB believes *Benson* will reduce ultimate permanent disability expenses over the long term; however, in the short term, it produces two streams of permanent disability benefit payments, increasing current annual permanent disability expenses.

MEDICAL PAYMENTS

The increase in workers' compensation medical expenses is indicative of the Statewide trend of increasing medical expenses following the period of significant reduction attributed to Senate Bill 899 in 2004. As illustrated in the following chart, California workers' compensation medical cost inflation generally exceeds that of the medical component of the Consumer Price Index (CPI) and represents a significant cost driver.

**GROWTH OF WORKERS' COMPENSATION MEDICAL EXPENSES
COMPARED TO
GROWTH OF MEDICAL INFLATION SINCE 1997**



SOURCE: Commission on Health and Safety and Workers' Compensation – Data Source: WCIRB; Bureau of Labor Statistics

TEMPORARY DISABILITY AND SALARY CONTINUATION

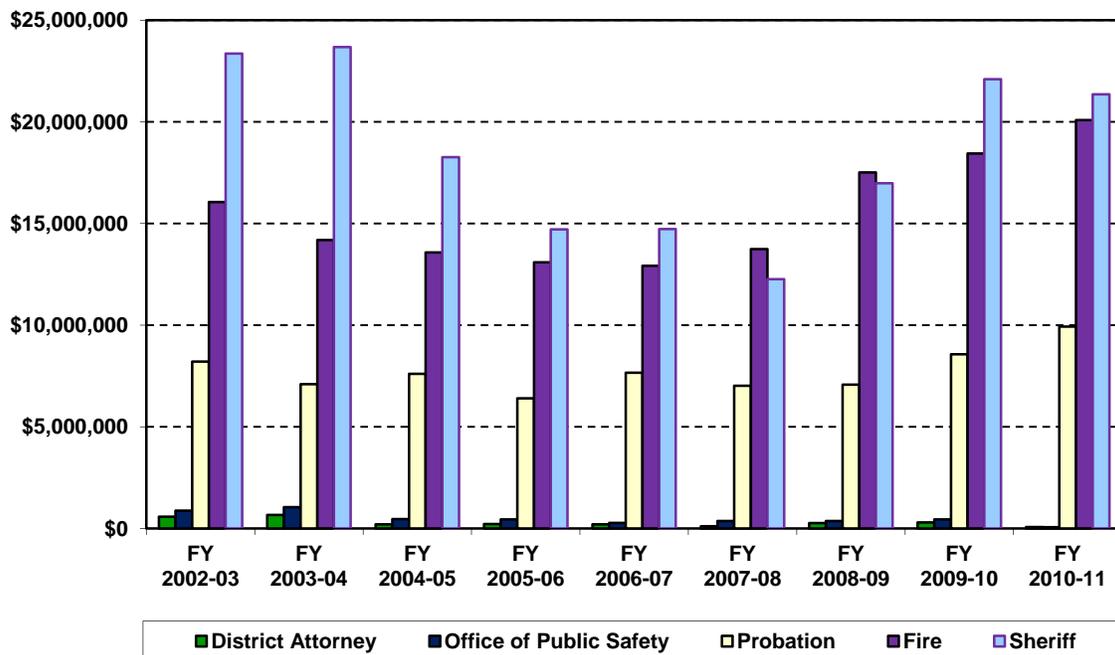
Expenses related to temporary disability benefits decreased 2.7% (\$22.4 million to \$21.8 million) and reflect a continued downward trend from the \$33.7 million in temporary disability paid in FY 2003-04. This decrease was caused by the 2004 reforms and the combined efforts of County Counsel, CEO/RMB, County departments, and workers' compensation third party administrators that applied such reforms.

State of California Labor Code 4850 and County workers' compensation salary continuation expenses increased 3.8% (\$57.9 million to \$60.1 million). A review of Labor Code 4850 payouts indicates that those expenses have increased 4.8% compared to FY 2002-03 payouts (\$49.1 million to \$51.5 million). The recent increases in Labor Code 4850 and salary continuation expenses appear to be partly driven by an increase in the number of workers' compensation claims reported by Fire, Sheriff, and Probation. Over the last three years (FY 2008-09 through FY 2010-11), workers' compensation claims reported by those departments increased 8.2% over the total reported in the prior three years (FY 2005-06 through FY 2007-08).

County of Los Angeles State Labor Code 4850 Expense by Fiscal Year FY 2002-03 THROUGH FY 2010-11 (Excludes Salary Continuation)

FISCAL YEAR	DISTRICT ATTORNEY	OFFICE OF PUBLIC SAFETY	PROBATION	FIRE	SHERIFF
FY 2002-03	\$574,541	\$878,543	\$8,207,591	\$16,054,957	\$23,354,324
FY 2003-04	\$662,894	\$1,048,356	\$7,097,038	\$14,186,108	\$23,679,518
FY 2004-05	\$198,966	\$463,340	\$7,608,916	\$13,579,058	\$18,265,576
FY 2005-06	\$220,551	\$445,418	\$6,398,513	\$13,094,365	\$14,708,341
FY 2006-07	\$200,144	\$272,540	\$7,656,312	\$12,922,178	\$14,723,400
FY 2007-08	\$109,827	\$370,676	\$7,020,446	\$13,736,306	\$12,260,601
FY 2008-09	\$265,920	\$368,610	\$7,073,880	\$17,510,889	\$16,979,878
FY 2009-10	\$299,346	\$446,811	\$8,569,127	\$18,443,689	\$22,099,137
FY 2010-11	\$68,396	\$64,736 ¹	\$9,931,160	\$20,087,615	\$21,352,221
TOTAL	\$2,600,585	\$4,359,030	\$69,562,983	\$139,615,165	\$167,422,996

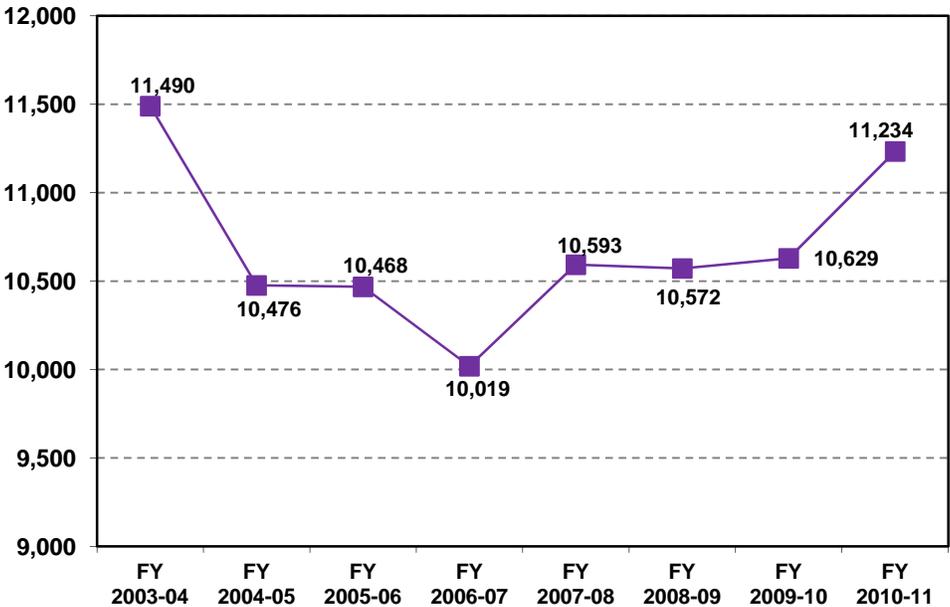
1. The Office of Public Safety was consolidated with the Sheriff's Department in FY 2010-11.



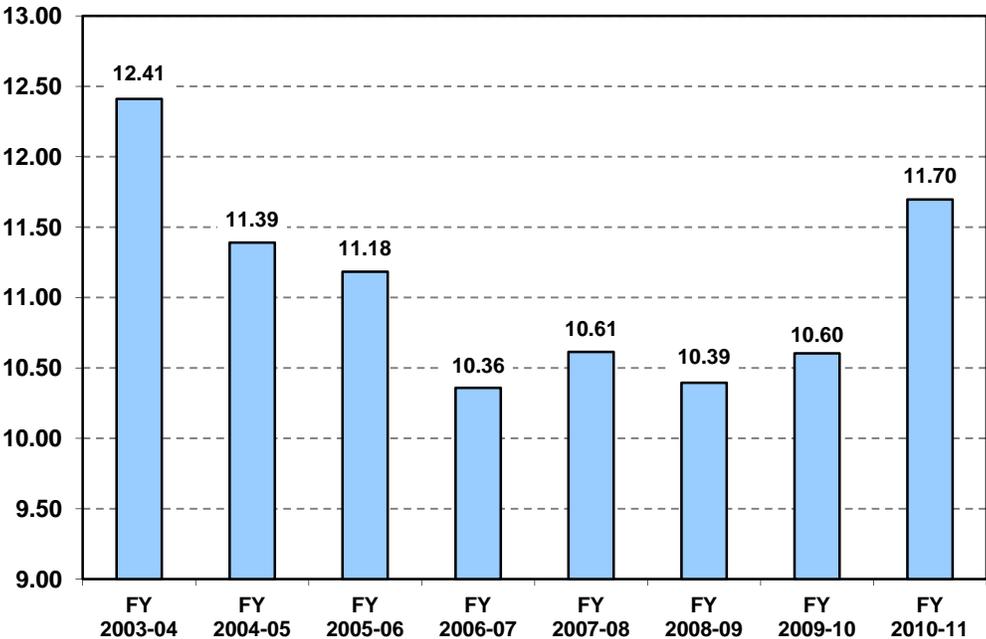
SOURCE: Auditor-Controller, based on 100% IA Earnings.

In FY 2010-11, the number of workers' compensation claims filed increased 5.7% (10,629 to 11,234), and the number of claims per 100 employees increased 10.4% (10.6 to 11.7), as compared to FY 2009-10. This increase was impacted by a higher claim frequency and a lower employee count.

**COUNTY OF LOS ANGELES NUMBER OF WORKERS' COMPENSATION CLAIMS
FY 2003-04 THROUGH FY 2010-11**



**COUNTY OF LOS ANGELES WORKERS' COMPENSATION CLAIMS PER 100 EMPLOYEES¹
FY 2003-04 THROUGH FY 2010-11**



1. Employee count is based on payroll reports as of December 31 for each fiscal year.

CAUSES OF INCIDENTS

Overexertion

Departments with the most cases include the Sheriff (42.4%), Health Services (16.7%), Public Social Services (12.3%), Probation (7.6%), and Fire (6.2%). This includes lifting, carrying, or pushing/pulling objects.

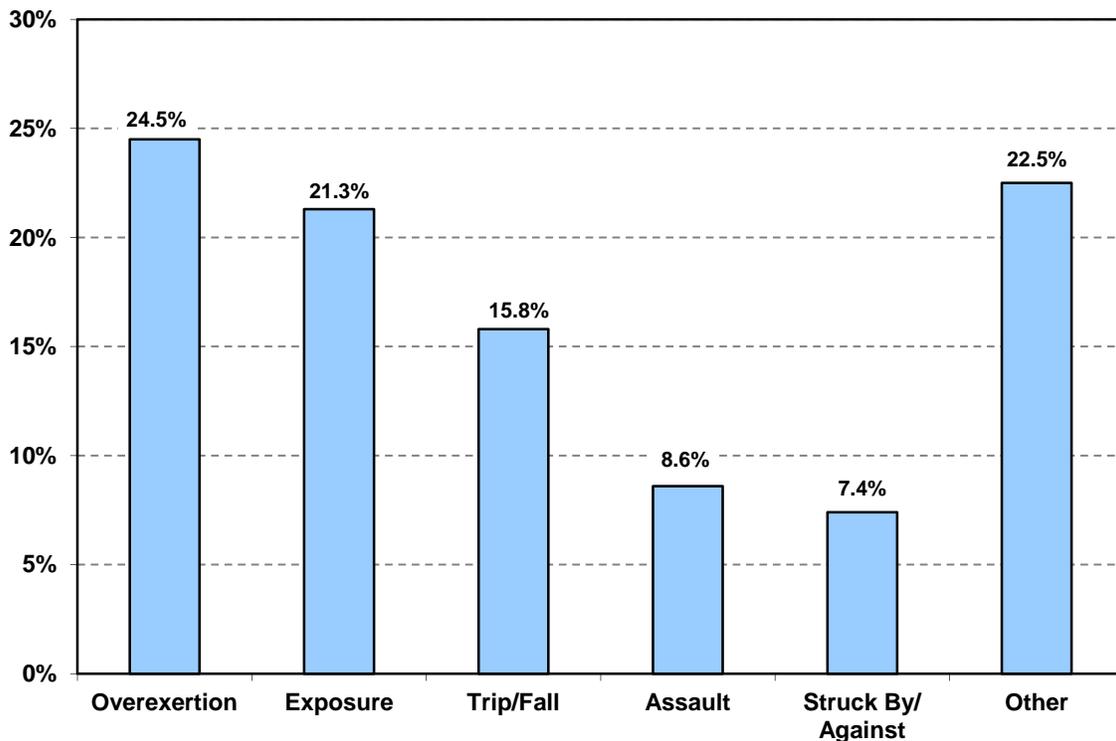
Exposure

Departments with the most exposure cases include Fire (37.2%), Sheriff (27.6%), and Superior Court (6.7%). This category includes dermatitis, exposure to asbestos, hot or cold substances, chemicals, MRSA, noisy conditions, sun (skin cancer), etc.

Trip/Fall

Departments with the most trip/fall cases include Sheriff (25.8%), Health Services (15.3%), Probation (13.5%), and Public Social Services (13.3%). This includes falling down stairs, falling from a chair, ladder or roof, and slips/falls in parking lots, sidewalks, and hallways.

COUNTY OF LOS ANGELES CAUSES OF WORKERS' COMPENSATION CLAIMS FY 2010-11



Assault

Departments with the majority of assaults include the Sheriff (75.2%), Probation (10.5%), and Health Services (10.1%), and are expected given the nature of the exposures in these departments.

Struck By/Against

Leading departments include the Sheriff (25.3%), Health Services (18.3%), and Probation (9.8%).

Other

This category includes all other causes including, but not limited to, cumulative trauma, cardiovascular, caught in/between, and transportation.

ACTUARIAL INFORMATION

Funded on a pay-as-you-go basis, the County workers' compensation program maintains obligations on claims filed many years ago. Such obligations are defined under workers' compensation statutes and may be affected by the aging demographic of the claim population. Over the last three fiscal years, approximately 24% of allocated paid losses (excluding Labor Code 4850 and salary continuation) were paid on workers' compensation claims that were 11 years or older.

CEO/RMB contracts for actuarial services to assess outstanding workers' compensation losses. The estimated outstanding losses are the expenses associated with unpaid claims as of a specific valuation date. Estimated outstanding losses include case reserves, development of known claims, and incurred but not reported claims.

WORKERS' COMPENSATION ACTUARIAL STUDIES – ESTIMATED OUTSTANDING LOSSES

AS OF DATE	ESTIMATED OUTSTANDING LOSSES
JUNE 30, 2004	\$2,627,884,540
JUNE 30, 2005	\$2,556,222,203
JUNE 30, 2006	\$2,435,203,729
JUNE 30, 2007	\$2,262,596,742
JUNE 30, 2008	\$2,176,317,242
JUNE 30, 2009	\$2,114,997,381
JUNE 30, 2010	(Actuarial Study Not Requested)
JUNE 30, 2011	\$2,069,787,555

The *Actuarial Study of the Self-Insured Workers' Compensation Program as of June 30, 2011*, performed by AON Risk Solutions, notes: "We observe continuing favorable development, particularly for claims incurred in 2008/09 and prior. We believe that the reforms and the County's cost control efforts have contributed to this favorable development." As demonstrated in the chart above, the County's estimated outstanding losses for workers' compensation decreased approximately \$558 million when comparing the valuation dates June 30, 2004 and June 30, 2011. The decrease in estimated outstanding losses occurred even though seven years of additional workers' compensation losses were incurred.

LIABILITY PROGRAMS

VEHICLE LIABILITY

The County's vehicle liability expenses have increased approximately 10 percent for FY 2010-11, as compared to FY 2009-10. Both indemnity and legal expenses have increased during this period of time. The total dollar amounts for these expenditures were \$13,015,904 for judgments/settlements and \$3,244,323 for legal fees/costs for a grand total of \$16,260,227. In FY 2009-10, the County paid \$11,979,162 for judgments/settlements and \$2,769,829 for legal fees/costs, for a total of \$14,748,991. The increase in costs can be attributed to three cases that concluded for \$4,750,000, \$3,357,133 and \$1,104,393, respectively, the largest amount involving a County vehicle running a red light. In addition, these cases were "ripe" for closure having an incident date in 2008. Notwithstanding the increase in monetary payments for FY 2010-11, vehicle liability represents about 3.4 percent of the County's Total Cost of Risk.

MEDICAL MALPRACTICE

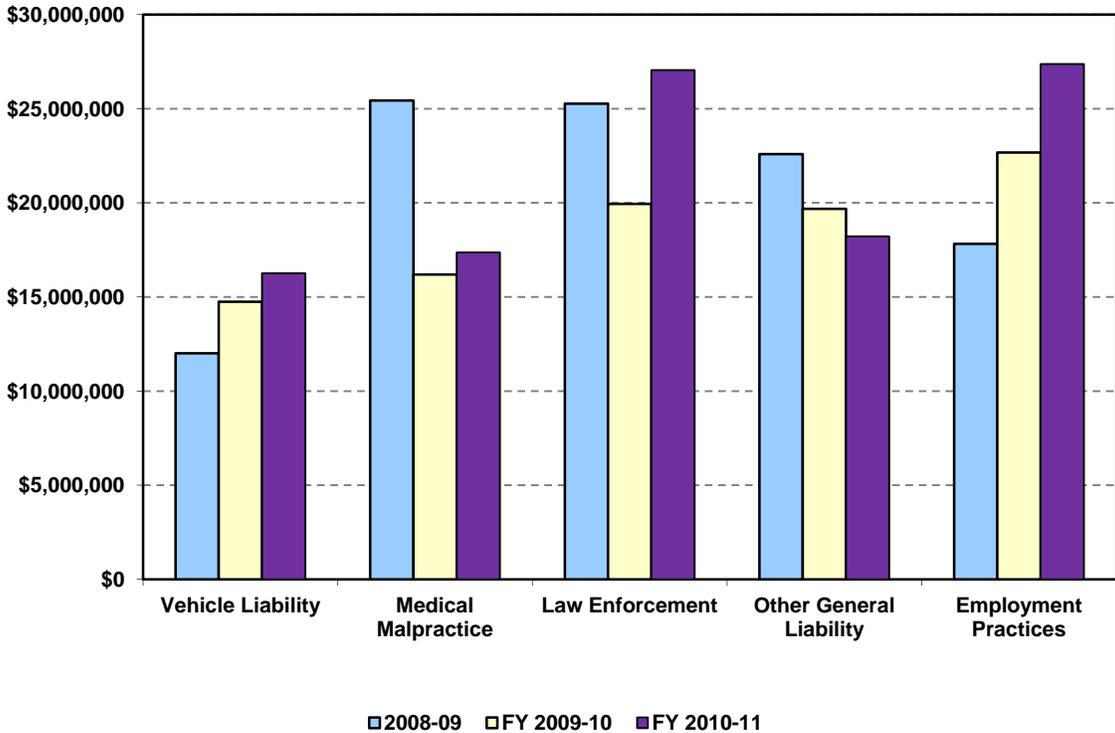
The County's medical malpractice liability expenses have increased approximately 7 percent for FY 2010-11, as compared to FY 2009-10. Medical malpractice is considered a specialty liability exposure by the County although the same legal tort and negligence principles apply. Defending these cases, in part due to overriding medical issues involving standards of care, typically requires expert witnesses which tend to increase defense costs. The total dollar amounts for these expenditures were \$13,910,110 for judgments/settlements and \$3,452,244 for legal fees/costs, for a total of \$17,362,354. In FY 2009-10, the County paid \$12,210,967 for judgments/settlements and \$3,979,675 for legal fees/costs, for a total of \$16,190,642. Medical malpractice represents about 3.6 percent of the County's Total Cost of Risk.

GENERAL LIABILITY

The County's general liability expenses have increased approximately 16 percent for FY 2010-11, as compared to FY 2009-10. General liability includes several categories of liabilities, including cases emanating from the Sheriff such as excessive force, wrongful death, and illegal strip searches. This area of liability also includes employment practices, dangerous road conditions, and cases against the Department of Children and Family Services such as wrongful detentions and removals. The total dollar amounts for these expenditures were \$33,680,285 for judgments/settlements and \$38,960,191 for legal fees/costs, for a total of \$72,640,476. In FY 2009-10, the County paid \$22,507,812 for judgments/settlements and \$39,781,835 legal fees/costs, for a total of \$62,289,647. General liability represents about 15.1 percent of the County's Total Cost of Risk.

Employment practices liability expenses continue to be significantly impacted by the Susan Bouman vs. Peter Pitchess and the County of Los Angeles. This case, still on the books, which started in 1978 and a consent decree has been in effect since 1993. The consent decree requires that the County pay out in excess of \$5,000,000 per year, and the last year of the payouts should be in FY 2011-12. Conclusion of this case will reduce liability exposures going forward.

**COUNTY OF LOS ANGELES TORT LIABILITY COST BY CLAIM TYPE
FY 2008-09 THROUGH FY 2010-11**



LIABILITY CLAIMS MANAGEMENT

The position of CEO/RMB is a support role in the administration of claims and lawsuits filed against the County. County Counsel is the department that controls liability claims intake, legal assignments to defense firms, and approves settlements between \$10,000 and \$20,000. CEO/RMB oversees the settlement of low value claims and works with the third party administrators to attempt to settle legitimate and reasonable claims as early as possible to avoid the additional costs of litigation.

COUNTY OF LOS ANGELES CLAIMS BOARD

Cases involving settlements between \$20,000 and \$100,000 require the approval of the County Claims Board. In the Claims Board meetings, representatives from departments, County Counsel, and outside counsel present justifications for the proposed settlement amount and review corrective action steps designed to prevent recurrences. For claims with settlement amounts greater than \$100,000, the Claims Board refers such settlements, with a recommendation, to the Board of Supervisors for final action. The Claims Board has three (3) appointed members from the Chief Executive Office, County Counsel, and Auditor-Controller. The County Risk Manager is the CEO member of the Claims Board, but the Loss Control and Prevention Manager, Operations Manager, and Risk Management Inspector General are also actively engaged in reviewing and evaluating settlements.

RMIG - CORRECTIVE ACTION PLANS/SUMMARY CORRECTIVE ACTION PLANS

As established by the Board of Supervisors:

- All County Department Heads must include a Summary Corrective Action Plan (SCAP) signed by the CEO Risk Management Inspector General (RMIG) as part of any claims settlement letter forwarded to the Claims Board.
- All County Department Heads must include a SCAP signed by the CEO RMIG and a Corrective Action Plan (CAP) as part of any claims settlement letter forwarded to the Board of Supervisors.

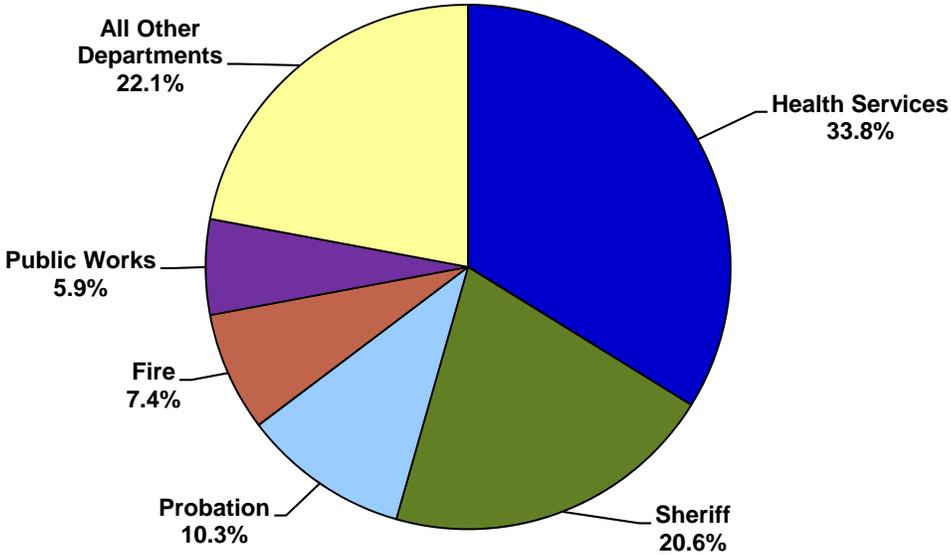
Accordingly, the RMIG manages CAPs and SCAPs through the following process:

- Conducts a detailed analysis of incident reports, claims, significant incidents and adverse events, including monitoring adverse verdicts and items reported in the press;
- Attends County Claims Board meetings, roundtables, and claim reviews;
- Consults with departments and assists them in developing CAPs and SCAPs as soon as practicable;
- Assists in expediting claim settlements by pre-approving all CAPs and SCAPs prior to submission to the Claims Board and/or Board of Supervisors.

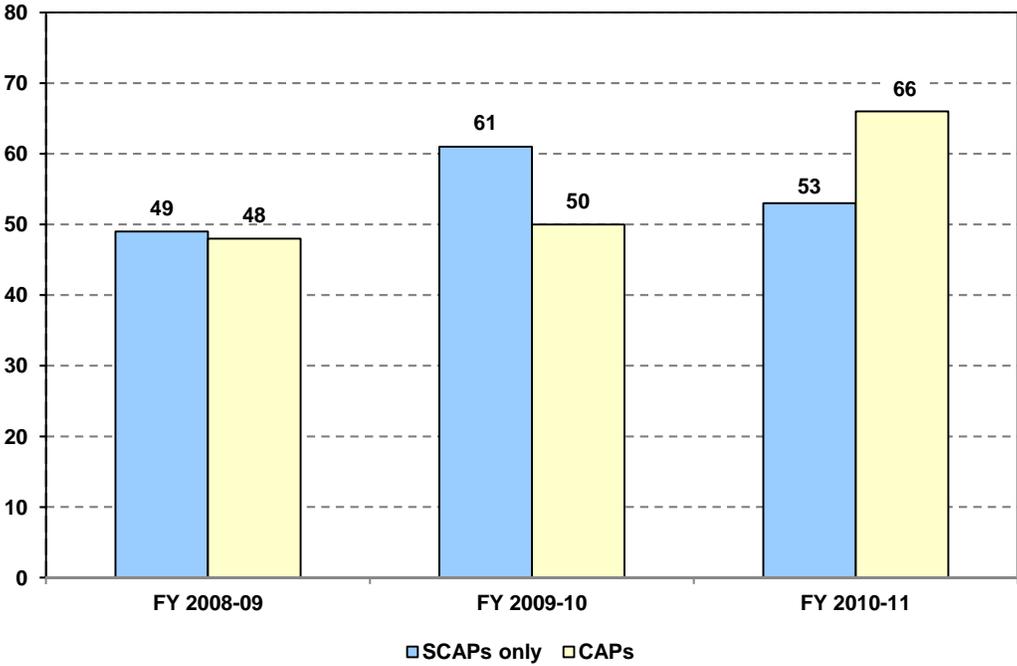
RMIG also participates in all cluster meetings which involve in-depth discussions of CAPs and case facts, and at which Board Deputies, departments, County Counsel, and CEO attend. The purpose of these meetings is to brief the Board Deputies on all relevant information so they can brief their Supervisors before final Board approval is sought for a case.

Many of the CAPs and SCAPs are generated by a small number of departments, as illustrated in the chart below.

COUNTY OF LOS ANGELES CAPs AND SCAPs APPROVED DURING FY 2010-11 BY DEPARTMENT



COUNTY OF LOS ANGELES CAPs AND SCAPs APPROVED BY FISCAL YEAR



As part of best practices to prevent similar losses from occurring in the same department, or in a different department with similar exposures, RMIG both publishes and presents Applicability Notices on a quarterly basis. The Applicability Notices are summary level documents that describe the incident, the root cause analysis of why it occurred, and the CAP steps for correcting the root cause(s) and preventing a repeat incident. Presentations are held at the Risk Management Coordinators quarterly meetings and notices are published on the CEO/RMB website.

- For FY 2010-11, there were a total of 43 applicability notices.
- Twenty-Six (26) were Employment Practices Liability cases, representing total settlement costs of \$6,715,684;
- Twelve (12) were Automobile Liability cases, representing total settlement costs of \$7,585,181;
- Five (5) were General Liability cases, representing total settlement costs of \$1,255,000.

COUNTYWIDE CORRECTIVE ACTIONS

In response to the settlement of two claims with far-reaching impact in the areas of employment practices and the Fair Labor Standards Act, the Board of Supervisors asked CEO to develop a Countywide CAP process.

The development of Countywide CAPs involved collaboration between CEO/RMIG, County Counsel, Human Resources (DHR), Auditor-Controller, and CEO. Specifically, for the Fair Labor Standards Act claim, a mandatory training session was developed and implemented for all County supervisors and managers. For the two employment practices claims which involved sexual harassment and investigation of employees, respectively, Countywide corrective actions included reinforcement of existing training programs and the creation of the County Equity Oversight Panel, which deals with all types of discrimination.

RECAP/MAPP GOALS

Risk Exposure Cost Avoidance Plans (RECAPs) and Department Head Management Appraisal and Performance Plan (MAPP) goals remain key tools for ensuring departmental focus on risk management issues. Development of these plans requires departments to study their risks, identify areas for improvement, and develop strategic action plans to lead to improved performance.

Key accomplishments reported by departments for FY 2010-11 include:

- Established a risk management committee to coordinate and review all risk management functions;
- Implemented return-to-work best practices and improved deficiencies noted in program self-assessments;
- Improved timeliness of accident investigations and identification of corrective actions;

- Completed Legal Exposure Reduction Training for all managers and supervisors; and
- Conducted risk management program audits and implemented corrective actions as needed.

Key initiatives planned by departments for FY 2011-12 include:

- Improving methods of communicating safety and other risk management information;
- Implementing corrective actions, as identified through Countywide Corrective Action Plans;
- Establishing an accident review committee to determine accident causes and necessary preventive actions;
- Enhancing return-to-work programs and staffing levels; and
- Developing risk management dashboards to help monitor risk management issues.

Details on the balance of achievements and future initiatives are found in the Statistics section, page 37.

Significant Accomplishments

FY 2010-11

LEGAL EXPOSURE REDUCTION COMMITTEE

The Legal Exposure Reduction Committee (LERC) met nine times during FY 2010-11. Some of the items discussed included:

- Program management updates or considerations for County Counsel and CEO, including upgrades to the Risk Management Information System, selection of a new electronic billing system, consideration of changes to the claim intake process, development of corrective actions for all claims, distribution of claim expense and frequency data to department contacts, methods of communicating with departments, development of a pharmacy benefit network for workers' compensation claims, and the role of the third party administrators in the claim and litigation process;
- The County Counsel quarterly litigation report;
- A review of the top paid judgments and settlements;
- Development of goals and objectives for FY 2011-12;
- Corrective Action Plans and Summary Corrective Action Plans;
- Risk Exposure Cost Avoidance Plans submitted by each department; and
- Announcements about various training opportunities, including training for risk management coordinators, safety officers, and return-to-work coordinators.

Subcommittee status reports follow:

WORKERS' COMPENSATION AND RETURN-TO-WORK

The Workers' Compensation and Return-to-Work subcommittee was established to evaluate and recommend measures and mechanisms that would facilitate the minimization of liability from a cost reduction and loss control perspective, in addition to assessing for best practices at furthering the prevention of workers' compensation claims and returning employees to work as expeditiously as legally possible. Parameters utilized in order of importance are: 1) mandatory requirements, 2) best practices, and 3) good ideas.

The concept of the first recommendation occurred at the subcommittee's first meeting held in April 2011, where discussion of the liability, both current and potential, of rehiring permanent and stationary employees (due to industrial injuries/illnesses) into other County departments/positions led to the realization that there was no current Countywide identifier for former employees. A recommendation was made to establish a

procedure that assures and safeguards against such scenarios during the County's (whether at DHR or departmental level) initial examination process and the post-conditional offer process (live scan).

Currently, the subcommittee is completing the list of identifying triggers for scrutiny, such as compromise and release with resignation letter, do not rehire, etc., as they await the launching of the absence management system in the first quarter of 2012, as the vehicle to drive this.

Future plans for the subcommittee include:

- The utilization of Civil Service Rule (CSR) 16.02 and 16.04 as a way to unencumber applicable positions;
- The utilization of CSR 5.12.020 for unauthorized leave of absences;
- Best practices for the Countywide utilization of Schedule A time (eight-hour day, Monday through Friday);
- Creation of a Countywide "injured workers" bank to perform temporary light duty;
- The art of disciplining performance issues versus disability issues; and
- Non-adversarial initial contact (postcard/letter) to injured employees at beginning of leave of absence, explaining the process and inviting them to seek County assistance as needed (may be viewed/argued as first invitation to the interactive process).

VEHICLE LIABILITY

The Vehicle Liability subcommittee was established in April 2011, with the intended purpose of developing and implementing Countywide enterprise risk, and frequency and severity mitigation initiatives to address first- and third-party vehicle liability, employee safety, and standardized vehicle loss control management systems. In order to accomplish its purpose, the subcommittee adopted several values, including placing the safety of employees first; empowering employees to act in a safe, compliant, and defensive manner while operating vehicles on behalf of the County; and leveraging motor vehicle safety best practices across the County and collaborating with internal stakeholders in identifying risk mitigation strategies.

The subcommittee determined that efforts to control vehicle liability-related costs vary greatly between County departments. Therefore, the subcommittee focused its efforts on evaluating current department practices and policies as related to controlling vehicle liability in order to establish best practices, and developing policies, procedures, and guidelines for Countywide implementation. These efforts have included, but are not limited to:

- Survey of departmental "How Am I Driving?" programs as submitted to the CEO;
- Development of a disciplinary action policy for preventable accidents (currently being reviewed by DHR);

- Evaluation of Countywide implementation of the Department of Motor Vehicles Employer Pull Notice Program to non-mandated drivers; and
- Mandating defensive driver training for all employees operating vehicles for County-related business.

EMPLOYMENT PRACTICES LIABILITY

The Employment Practices Liability subcommittee is chaired by County Counsel. Activities that have been completed or are in process include:

- Involved with the establishment of the Countywide Equity Oversight Panel;
- Coordinated Countywide training on wage and hour issues;
- Evaluating departmental overtime policies to identify problematic issues;
- Exploring legislation as a possible means of reducing County exposure;
- Developing a periodic bulletin to communicate lessons learned; and
- Reviewing the process of issuing discipline letters to unclassified employees.

CLASSIFICATION STUDIES

The Classification Studies subcommittee was established to evaluate the departmental structures for risk management, safety, return-to-work, and claims management functions, and classification levels for staff performing these functions. In March 2011, the subcommittee was expanded to include representatives from many line departments. The goal of the expanded subcommittee is to study departmental structures and develop staffing models for different types of departments. There could be models for small, medium and large departments, like-type departments, or some other model. The committee evaluated past classification studies and potential methods of grouping departments, including by function, budget, number of employees, and claim frequency and/or expense.

The subcommittee determined there are considerable differences between departments regarding their approach to risk management functions. As a result, it developed a *Survey of Risk Management-Related Tasks by Assigned Parties in the Department*. This survey was distributed to each department in October 2011. The results of this survey will be used to help the subcommittee understand how the risk management functions are handled in each department. The survey results, combined with departmental organizational charts, will be used to develop recommendations for departmental risk management structures. No single structure is appropriate for all departments; the intention of this committee is to provide options for consideration.

MEDICAL MALPRACTICE (HOSPITALS)

The Medical Malpractice (Hospitals) subcommittee was developed to evaluate the underlying root causes of significant medical events and develop methods to reduce the risk of these events. Activities are directed towards system-wide, evidence-based practices which have the potential to improve the quality of care

provided and reduce the opportunity for adverse events. Current activities either underway or planned include:

- Mandated system-wide training for fetal heart rate monitoring tied to physician credentialing;
- Resident supervision audits with facility-specific actions;
- Standardized consents for invasive procedures;
- Identification and implementation of “Best Practices” in the Intensive Care Unit, Emergency Department, Anesthesia, Infection Prevention, and Medication Care area;
- California Hospital Assessment and Reporting Taskforce (CHART) quarterly pressure ulcer prevalence audits;
- Implementation of centralized infection prevention tracking, reporting, and analysis software;
- Development of system-wide policy for treatment of bed bugs;
- Targeted infection prevention efforts in the areas of central line and surgical related infections;
- Implementation of quality improvement measures in the areas of acute myocardial infarction, congestive heart failure, pneumonia, patient satisfaction, and surgical care;
- Implementation of standardized evaluation of personnel involved in significant medical events;
- Creation of core curriculum for healthcare providers in patient safety;
- Standardization of discussion points with patients regarding risks of chemotherapy;
- Development of Moderate Sedation staff education module;
- Development of Central Line staff education module;
- Development of standardized “treatment refusal” form;
- Standardization of “fall risk assessment” tool;
- Development of standardized process for determining fetal viability;
- Development of Risk Management Handbook;
- System-wide review of practices for fetal monitoring during procedures and development of guidelines for the monitoring of pregnant patients during procedures;
- System-wide review related to the “fast-tracking” of financial approvals for patients with urgent needs; and
- Quarterly review of risk reduction strategies and procedures.

MEDICAL MALPRACTICE (NON-HOSPITALS)

The Medical Malpractice (Non-Hospitals) subcommittee was established on June 30, 2011. The purpose of the subcommittee was to assess adequacy of best practices to limit liability in Medical Malpractice Emergency Medical Services currently practiced, thereby reducing costly exposures, and suggest best practices in Medical Malpractice Emergency Medical Services that support LERC goals. Two ways the subcommittee has furthered this purpose have been to review actual County case studies which had a negative impact to the County that could have potentially been avoided if best practices had been implemented, and review Corrective Action Plans and Summary Corrective Action Plans.

Three topics that have been discussed in the subcommittee include:

1. Review of high risk areas within each applicable County department.
 - a. Sheriff discussed inmate medical services scheduling issues between Health Services and Sheriff;
 - b. Sheriff and Probation discussed access to higher levels of care which include:
 - i. Transportation issues;
 - ii. Delay of care issues; and
 - iii. What should be done when hospitals are closed.
 - c. Fire's high risk area will concentrate on stroke/heart attack;
 - d. Mental Health's high risk area will concentrate on suicide;
 - e. Public Health's high risk area will concentrate on medication errors and misdiagnosis; and
 - f. Probation's high risk area will concentrate on children with medical conditions both at admissions and while in custody.

2. Review of Patient Safety Organizations

The subcommittee discussed the Patient Safety Network (PSN) system and all of the benefits of having such a system in place for all departments that provide medical services, and will be developing a proposal to expand the use of the system to all appropriate departments.

3. Review of Current Risk Management Structures in Each Representative's Applicable Department

The subcommittee briefly discussed various types of risk management structures. All of the departments who are members of the subcommittee appeared to have reliable risk management structures which adequately address medical malpractice issues. Fire's risk management system and their medical section could have a more cohesive merger of the two processes. This could be extremely beneficial to all parties involved, not only for cost savings but preventive measures including patient safety issues and solving any disconnect between risk management and medical. This issue is being further addressed by the subcommittee.

All three topics are still being discussed and the subcommittee will continue do to so until viable options and/or solutions are recommended.

TRAINING AND COMMUNICATION

The Training and Communication subcommittee is tasked with evaluating the current training offerings and communication channels and content that can support LERC-related objectives. Because of the decentralized nature and disparate exposures faced by departments, training offerings and communication content for mitigating exposures, such as vehicle liability and employment practices, vary greatly.

For training, the initial focus is to determine the current status of offerings. This subcommittee polled other LERC subcommittees to determine what training programs and communications are presently in place, creating a matrix to map current offerings by LERC-related objectives (e.g., “What training does your department have available to reduce vehicle liability claims?”). At this time, the polling is not complete. Once all subcommittees have responded, this subcommittee will address any identified gaps and recommend improvements.

For communication, the initial focus is to determine the ideal communication content and channel for best practices, lessons learned, and general information pieces that can be used by managers and employees in furtherance of LERC-related initiatives.

To that end, existing Countywide and department-specific communication channels, such as web portals and e-mail newsletters, are being reviewed and evaluated. For content, this subcommittee reviewed and evaluated best communication practices from the private sector and is also looking internally at existing best practices (e.g., Risk Management Coordinators quarterly meetings) to determine what can be co-opted for LERC-related communications.

Finally, this subcommittee is working with DHR to evaluate if certain behaviors (e.g., promoting safe work practices, or reporting conditions or employee behavior that can cause potential liability) can be built into non-MAPP job descriptions to reinforce principles learned in training.

WORKERS' COMPENSATION AND RETURN-TO-WORK

- Provided ongoing training in the areas of workers' compensation, return-to-work/disability management, and long-term and short-term disability, through quarterly seminars as well as intensive classroom training. The quarterly return-to-work seminars were attended by a total of 412 County return-to-work coordinators, managers, and human resources personnel and the classroom training was attended by 134 participants.
- A Return-to-Work Desk Reference Manual was completed and made available Countywide on the CEO/RMB website. The manual promotes consistency throughout the County establishing protocols for assisting injured/ill employees in returning to work.

- Participated and provided consultation in over 120 claim reviews with County departments and third party administrators relating to workers' compensation and return-to-work issues.
- Conducted 37 return-to-work trainings for various departments based on departmental requests and/or needs.

LOSS CONTROL AND PREVENTION

- Quarterly loss control and prevention meetings were attended by a total of 205 County safety officers, human resources personnel, and others with safety responsibilities. The meetings covered *Manage Your Risk Before It Manages You*, *Vehicle Loss Control*, *Preparing for the 2011 Department Self-Assessment Tool*, and *How to Develop an Effective Vehicle Safety Program*.
- The yearly *Department Self-Assessment Tool for Loss Control and Prevention* was completed and returned to CEO/RMB by most departments. The *Tool* is intended to assist departments in identifying important subjects that should be part of a workplace safety program, and assessing the completeness of their individual programs.
- Training on a range of health and safety topics was presented to 17 departments. A total of 897 employees were trained in these efforts. The three most attended training topics were *Cal/OSHA Recordkeeping Requirements*, *Office Ergonomics*, and *Cal/OSHA Requirements for an Injury and Illness Prevention Program*.
- In addition to training, 673 consultations were provided to departments on a variety of issues, including Cal/OSHA compliance, corrective action plan development and review, health and safety, and liability.
- Assistance was provided to departments in preparing their FY 2010-11 Risk Exposure Cost Avoidance Plan (RECAP) Status Reports and their FY 2011-12 RECAPs.
- In conjunction with the Board of Supervisors' decision to consolidate the Office of Public Safety into the Sheriff's Department, the Occupational Health Programs section expedited processing over 300 employee medical examinations to assist in the transfer of employees to their new department(s).
- Evaluated the Countywide Drug Free Workplace Testing Program protocols and procedures on the usage of medical marijuana to ensure compliance with applicable Federal and State guidelines.

RISK MANAGEMENT OPERATIONS AND CLAIMS MANAGEMENT

- CEO/RMB was included for the first time in Countywide contracting trainings and provided valuable insight on indemnification and insurance requirements;
- CEO/RMB developed an emergency Request For Proposals for an insurance program for small business and special event sponsors after the contracting broker suddenly, and without notice, went out of business;

RISK MANAGEMENT INSPECTOR GENERAL

- Under the direction of the Board of Supervisors, and in concert with DHR and County Counsel, CEO/RMB created the first Countywide Corrective Action Plan documents. An extension of department-specific Corrective Action Plans, the Countywide Corrective Action Plans address claims and exposures with Countywide impact, and provide specific guidance to all departments on identifying and preventing similar claims and exposures in their respective units.

Empowering Risk Ownership

Following are the key areas that CEO/RMB focused on in FY 2010-11, and will continue to expand on in FY 2011-12.

INSPIRE VS. REQUIRE

- * Data
- * Support Programs
- * Training
- * Best Practices
- * Decentralization

Inspire vs. Require is the foundation of empowering risk ownership. This concept has been introduced during FY 2010-11 through presentations to department Risk Management Coordinators, Human Resource Managers, Los Angeles County Management Council, department Chief Deputies, and various departmental staff meetings. A PowerPoint program was developed and CEO/RMB will continue to promote this program and make it available as opportunities arise.

All CEO/RMB efforts for FY 2011-12 will strive to have *Inspire vs. Require* as an underlying theme. CEO/RMB will endeavor to help departments connect best risk management practices to their mission and provide them with the data they need to understand how their actions or inactions result in losses and expenditures which divert resources from their core functions.

LERC

- * Data
- * Support Programs
- * Training
- * Best Practices
- * Decentralization

The Legal Exposure Reduction Committee (LERC) expanded its focus in FY 2010-11 to include representation from all departments. Specific activities to be accomplished by LERC are handled through the subcommittees whose activities were described previously. The County's Strategic Plan includes priority items relating to workers' compensation cost reduction, vehicle usage and liability, and employment practices; each of these priority items are addressed by one of the subcommittees.

CRMIS

- * Data
- * Support Programs
- * Training
- * Best Practices
- * Decentralization

Empowering risk ownership cannot be achieved without complete, timely, and accurate data being available to departments so that they can fully understand their exposures and loss experience. The current Risk Management Information System is due to sunset at the end of 2012. In FY 2010-11, CEO/RMB completed a needs analysis and a technical specifications document that will provide a roadmap for the replacement of RMIS with a state-of-the-art system.

The Comprehensive Risk Management Information System (CRMIS) will aggregate data from the County Counsel system, the workers' compensation claims administration system, and other sources and consolidate it into comprehensive dashboards, programmed reports, and customizable reports providing user-friendly data for departments.

RISK FINANCING

- * Data
- * Support Programs
- * Training
- * Best Practices
- * Decentralization

The County is unique among large self-insured entities in its cash approach to risk financing. In FY 2010-11, the County expended \$508 million. This expenditure covered the cost of claims and litigation which may have actually occurred many years ago. Essentially, the cash financing approach uses current dollars to pay for prior year losses. A more prudent funding approach would be to use current dollars to pay for current year losses and preferably to set aside current dollars to pay for losses in future years. A case in point is the experience of the Department of Public Works. Several large cash settlements created serious cash flow problems in FY 2010-11. These settlements derived from claims incurred many years ago. Had appropriate money been set aside in the year the claim occurred, FY 2010-11 cash flow would not have been adversely impacted.

The basis for developing a long-term funding strategy is an actuarial study. The actuarial process uses mathematical and statistical techniques to predict future losses based upon past loss experience. Funding strategies can then be developed to cover current losses and establish reserves for future losses. In addition, premium allocation strategies can be developed to incentivize department loss control actions and risk management best practices. CEO/RMB is developing funding options for Board consideration in FY 2011-12.

NEW PROGRAMS AND INITIATIVES

- * Data
- * Support Programs
- * Training
- * Best Practices
- * Decentralization

While many programs will carry forward from FY 2010-11 and be further developed, several new programs are being introduced for FY 2011-12. In Workers' Compensation, a new absence management platform is being launched and a pharmacy benefit network is being implemented. In RMIG, a new "recommended remedial action" process will facilitate earlier identification of root causes for liability incidents. For both RMIG and Loss Control and Prevention, new Excel-based data reports containing both liability and workers' compensation data will assist departments in early identification of loss trends, and will be the basis for revised root cause analysis and CAP/SCAP development training modules.

Following are new program details by program area:

LEGAL EXPOSURE REDUCTION COMMITTEE

The Legal Exposure Reduction Committee has expanded its activities and now has various subcommittees which are addressing significant areas of risk. These subcommittees include:

- Workers' Compensation and Return-to-Work*
- Vehicle Liability*
- Employment Practices Liability*
- Classification Studies
- Medical Malpractice (Hospitals)
- Medical Malpractice (Non-Hospitals)
- Training and Communication

* These subcommittees are focused on County Strategic Plan initiatives.

WORKERS' COMPENSATION AND RETURN-TO-WORK

RETURN-TO-WORK

Various trainings and seminars are offered throughout the year to promote consistent disability management practices within the County. CEO/RMB will continue to focus on four additional areas for FY 2011-12:

- In collaboration with the DHR, CEO is assisting in the implementation of a web-based Countywide leave and absence management system (LeaveLink System). This automated system will enhance leave administration, compliance, documentation, tracking, and reporting capabilities.
- Assisting departments in evaluating employees on long-term leave and expediting medical separations or retirement processes;
- Expanding return-to-work options for employees with temporary work restrictions which cannot be accommodated within their unit of assignment; and
- Assisting DHR in evaluating placement options for employees with permanent work restrictions which cannot be accommodated within their department.

PHARMACY BENEFIT MANAGEMENT PROGRAM

On October 1, 2011, the County implemented a workers' compensation pharmacy benefit management network (PBM) to improve the delivery of appropriate medication to injured workers and reduce costs. The major components of the PBM follow:

- Nationwide Pharmacy Network;
- Home Delivery;
- Generic Funneling and Step Therapy;
- Formulary;
- Concurrent and Retrospective Drug Utilization Review;
- ScriptAlert Reporting (identifying high risk claims);
- Global and Granular Data Analysis;
- Physician Outreach Program; and
- Prescription charges reduced below the California Official Medical Fee Schedule.

CARVE-OUT

The Fire Department, Local 1014, County Counsel, and CEO are partnering to implement a workers' compensation carve-out designed to improve labor-management relations, organizational effectiveness, reduce the number of workers' compensation disputes between the County and covered employees, expedite benefit delivery and enhance return-to-work results, and reduce costs to the County.

FIRE DEPARTMENT INITIATIVE

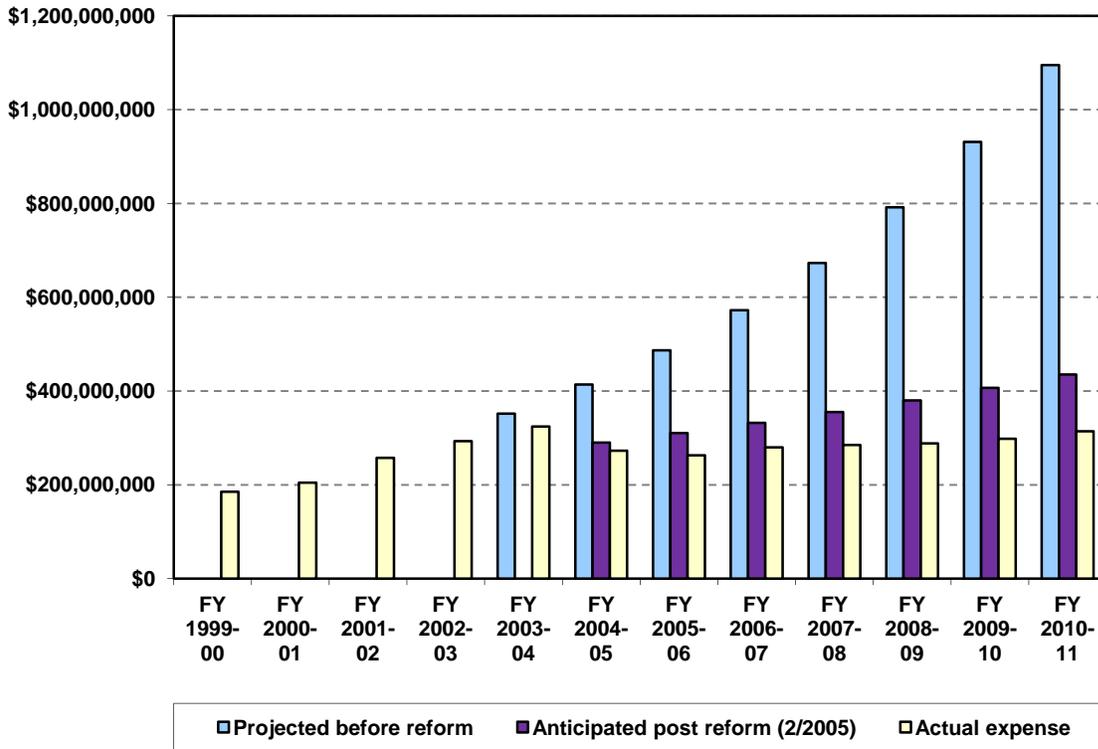
In an effort to reduce costs associated with industrial injury/illness time-off and improve service to industrially injured employees, Fire developed and implemented enhanced processes for managing workers' compensation cases. The initiative required significant effort from Fire, CEO, medical care providers, and the workers' compensation third party administrator. The fundamentals of the program are expedited contact with injured workers, streamlined medical treatment protocols, and funneling to medical specialists familiar with the needs of the Fire Department. During the next year, Fire and CEO staff will develop metrics to measure the effectiveness of the initiative.

LEGISLATIVE AND REGULATORY

Beginning in 2004, California's workers' compensation system implemented significant reforms. These reforms were essential in providing employers with workers' compensation cost avoidance mechanisms and platforms to manage expenses. Even with the reforms, expenses were anticipated to increase due to reform erosions, mid-course corrections, indemnity benefit increases, and workers' compensation medical inflation.

The following chart demonstrates the expense stabilization experienced by the County’s workers’ compensation program and anticipated expense increase.

COUNTY OF LOS ANGELES WORKERS’ COMPENSATION EXPENSE AND COST AVOIDANCE
(Excludes Salary Continuation and Labor Code 4850)



CEO and County Counsel will continue to actively work with public and private employers and associations, as well as with appropriate State of California administrative and legislative staff, to prevent the erosion of the workers’ compensation reforms of FY 2003-04, and advocate that system benefit increases are balanced with real reductions in system cost drivers.

LOSS CONTROL AND PREVENTION

In FY 2011-12, CEO/RMB will:

- Develop another comprehensive loss control and prevention self-assessment tool for departments to evaluate their safety programs for regulatory compliance and best practices.
- Re-evaluate the Countywide office ergonomic effort to achieve more cost-effective outcomes and a reduction in workers' compensation costs.
- Provide targeted loss control and prevention resources to high-risk departments to help improve compliance with safety and health regulations and best practices, with a goal of reducing the frequency and severity of employee injuries or illnesses.

RISK MANAGEMENT OPERATIONS AND CLAIMS MANAGEMENT

In FY 2011-12, CEO/RMB will conduct an actuarial analysis of all liability exposures. In using this data, and in working with various risk management consultants with specialized expertise, it is hoped that the County will develop, present, and adopt a long-term risk financing strategy for all County departments.

In FY 2011-12, CEO/RMB issued a Request for Proposals for commercial insurance brokerage services. The County's current commercial insurance policies will expire on July 1, 2012, and a new Broker of Record will be selected to assist the County in obtaining comprehensive coverage with fair pricing.

CEO/RMB has undertaken several initiatives for FY 2011-12, including issuing various work orders for services under the current Risk Management and Insurance Consulting Services Master Agreement. Work orders have been issued for actuarial services, risk financing, and workers' compensation initiatives.

RISK MANAGEMENT INSPECTOR GENERAL

In FY 2011-12, CEO/RMB will:

- Implement a Recommended Remedial Action process to complement the CAP/SCAP process. This early intervention process will reinforce loss control efforts and assure SCAPs are initiated and completed in a timely fashion.
- Update liability reports and initiate pilot workers' compensation reports on Cognos. Integrating the two types of reports on one platform represents an intermediate step towards aggregating risk information for departments, and providing the workers' compensation reports will support LERC and RECAP goals by providing departments with more useful risk information.
- Revise Root Cause Analysis and Corrective Action Plan training modules. RMIG will provide workshops in both areas starting in January 2012.

RISK FINANCING

In FY 2011-12, CEO/RMB will:

- Conduct an actuarial study to project future losses in liability programs;
- Convene a task force composed of County staff charged with budget and financial responsibilities as well as large stakeholder departments;
- Retain an expert consultant to work with a task force to develop risk financing recommendations; and
- Make recommendations for consideration by CEO budget development and the Board for long-term risk financing.

Statistics

- All Claims Frequency and Expense Summary..... Exhibit A
- Workers' Compensation Claim Frequency and Expense Summary..... Exhibit B
- State of California Labor Code 4850 and Salary Continuation Expense Summary Exhibit C
- Vehicle Liability Claim Frequency and Expense Summary. Exhibit D
- General Liability Claim Frequency and Expense Summary Exhibit E
- Medical Malpractice Claim Frequency and Expense Summary Exhibit F
- RECAP/MAPP Goals..... Exhibit G



EXHIBIT A**COUNTY OF LOS ANGELES ALL CLAIMS FREQUENCY AND EXPENSE SUMMARY**

Department	FY 2008-09		FY 2009-10		FY 2010-11	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Affirmative Action Compliance	2	\$42,625	3	\$21,761	2	\$17,833
Agricultural Commissioner/Weights and Measures	54	\$908,601	45	\$3,712,518	43	\$950,164
Alternate Public Defender	12	\$107,232	22	\$198,774	11	\$108,491
Animal Care and Control	128	\$1,553,426	133	\$1,116,261	173	\$1,006,599
Assessor	52	\$1,181,621	56	\$1,671,536	40	\$1,395,301
Auditor-Controller	55	\$766,134	20	\$500,048	23	\$466,569
Beaches and Harbors	39	\$1,374,640	45	\$479,617	47	\$460,556
Board of Supervisors	35	\$1,555,047	37	\$902,811	29	\$1,701,285
Chief Executive Office	29	\$1,256,124	24	\$1,936,467	46	\$1,904,447
Chief Information Office	0	\$39,485	0	\$8,590	0	\$2,203
Child Support Services	119	\$3,173,403	118	\$3,309,102	148	\$3,885,431
Children and Family Services	522	\$19,450,789	507	\$21,605,877	538	\$22,503,464
Community and Senior Services	24	\$946,549	26	\$2,553,286	54	\$1,639,382
Consumer Affairs	4	\$107,996	1	\$56,503	1	\$83,571
Coroner	73	\$1,424,706	32	\$864,752	39	\$1,057,950
County Counsel	9	\$361,974	11	\$424,596	27	\$617,868
District Attorney	144	\$5,472,892	139	\$5,291,714	143	\$4,985,261
Fire	1,439	\$54,221,111	1,490	\$60,135,029	1,555	\$67,954,429
Health Services	1,695	\$69,725,868	1,668	\$61,815,430	2,148	\$65,150,250
Human Relations Commission	2	\$41,584	0	\$34,328	0	\$5,891
Human Resources	6	\$120,138	7	\$184,175	13	\$106,835
Internal Services	148	\$4,475,242	156	\$4,942,442	173	\$4,951,220
LACERA	8	\$345,942	17	\$407,093	12	\$410,453
Mental Health	224	\$7,837,514	391	\$6,624,829	270	\$7,829,500
Military and Veterans Affairs	0	\$12,054	2	\$19,671	0	\$17,686
Museum of Art	2	\$57,225	4	\$117,720	7	\$141,551
Museum of Natural History	7	\$257,165	2	\$158,231	1	\$423,118
Non-Jurisdictional	483	\$174,350	304	\$279,226	383	\$467,080
Office of Public Safety	113	\$5,117,807	215	\$5,301,475	171	\$3,630,736
Parks and Recreation	275	\$3,947,958	205	\$3,722,766	343	\$5,175,622
Pending Assignment	86	\$4,079	18	-\$90	16	\$0
Probation	904	\$38,299,667	907	\$35,682,746	1,014	\$40,755,045
Public Defender	63	\$2,210,166	55	\$1,497,804	61	\$1,553,407
Public Health	217	\$6,877,916	244	\$7,249,627	258	\$8,472,894
Public Library	51	\$787,481	50	\$565,873	75	\$839,000
Public Social Services	843	\$34,390,894	896	\$35,940,190	976	\$39,047,217
Public Works	908	\$12,470,707	971	\$13,274,940	1,029	\$14,543,465
Regional Planning	30	\$473,202	18	\$308,091	33	\$519,513
Registrar-Recorder/County Clerk	90	\$3,901,455	84	\$3,055,986	106	\$2,859,205
Sheriff	6,010	\$144,223,332	6,955	\$152,268,900	6,688	\$161,093,201
Superior Court	294	\$10,048,445	257	\$9,660,397	293	\$10,522,879
Treasurer and Tax Collector	133	\$1,444,734	85	\$1,370,285	116	\$1,189,383
TOTAL⁴	15,188	\$441,189,280	16,033	\$449,271,377	16,571	\$480,445,956

1. Amount Paid is the total of the transactions paid by coverage code in the fiscal year regardless of occurrence date plus amounts paid for workers' compensation from the Workers' Compensation Status Report. Amount Paid includes indemnity and legal fees and expenses. Does not include RBNP or IBNR reserves. Workers' compensation paid does not reflect State of California Labor Code 4850 or salary continuation payments. Data does not include unemployment costs.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information does include County Counsel tort files. County Counsel expenditures are included.
3. Amounts valued as of June 30, 2011.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

COUNTY OF LOS ANGELES
WORKERS' COMPENSATION CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2008-09 THROUGH FY 2010-11

Department	FY 2008-09		FY 2009-10		FY 2010-11	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Affirmative Action Compliance	2	\$41,935	3	\$21,761	2	\$17,833
Agricultural Commissioner/Weights and Measures	28	\$541,923	31	\$620,750	25	\$856,735
Alternate Public Defender	7	\$50,400	15	\$73,643	7	\$65,711
Animal Care and Control	100	\$959,125	99	\$788,985	132	\$616,515
Assessor	24	\$843,956	36	\$1,313,069	27	\$973,482
Auditor-Controller	17	\$297,077	7	\$215,635	13	\$201,350
Beaches and Harbors	21	\$573,648	13	\$387,445	25	\$377,712
Board of Supervisors	11	\$197,645	13	\$119,901	14	\$193,563
Chief Executive Office	13	\$357,442	7	\$348,429	9	\$324,847
Chief Information Office	0	\$39,485	0	\$8,590	0	\$2,203
Child Support Services	100	\$2,861,687	101	\$2,751,958	124	\$3,585,970
Children and Family Services	387	\$16,148,124	368	\$15,931,483	382	\$15,857,097
Community and Senior Services	15	\$761,120	19	\$704,495	33	\$910,543
Consumer Affairs	3	\$107,996	1	\$56,503	1	\$77,174
Coroner	34	\$778,841	25	\$689,675	15	\$726,074
County Counsel	7	\$318,718	6	\$364,037	16	\$592,051
District Attorney	67	\$3,908,491	74	\$4,141,258	74	\$3,598,160
Fire	1,306	\$34,580,503	1,326	\$37,617,412	1,383	\$42,269,729
Health Services	1,230	\$40,609,535	1,279	\$39,596,207	1,369	\$40,498,620
Human Relations Commission	0	\$39,929	0	\$34,328	0	\$5,891
Human Resources	4	\$68,916	5	\$117,300	13	\$84,458
Internal Services	99	\$3,848,214	109	\$4,544,192	104	\$4,205,171
LACERA	8	\$329,403	17	\$398,406	12	\$369,578
Mental Health	170	\$5,154,174	296	\$5,346,415	195	\$5,381,008
Military and Veterans Affairs	0	\$12,054	2	\$19,671	0	\$17,686
Museum of Art	2	\$57,225	4	\$115,529	6	\$112,960
Museum of Natural History	5	\$223,409	2	\$114,024	0	\$243,412
Non-Jurisdictional	0	\$0	0	\$0	0	\$0
Office of Public Safety ⁴	67	\$4,044,477	44	\$3,409,182	11	\$3,111,351
Parks and Recreation	177	\$3,318,823	135	\$2,858,631	159	\$2,701,721
Pending Assignment	3	\$0	4	\$0	5	\$0
Probation	823	\$22,085,338	846	\$23,865,566	946	\$26,646,815
Public Defender	51	\$903,391	35	\$783,073	38	\$1,081,159
Public Health	174	\$5,808,864	206	\$6,018,834	223	\$7,357,882
Public Library	41	\$759,404	42	\$560,133	62	\$806,013
Public Social Services	783	\$32,593,077	846	\$34,155,932	921	\$36,624,041
Public Works	254	\$5,365,086	220	\$5,271,514	254	\$7,284,318
Regional Planning	2	\$246,027	1	\$56,376	8	\$279,333
Registrar-Recorder/County Clerk	69	\$2,332,243	74	\$2,714,884	84	\$2,569,914
Sheriff	4,150	\$86,772,149	4,042	\$91,766,545	4,235	\$92,709,480
Superior Court	292	\$9,616,640	257	\$9,089,322	293	\$9,745,232
Treasurer and Tax Collector	26	\$820,800	19	\$1,147,367	14	\$979,488
TOTAL	10,572	\$288,377,294	10,629	\$298,138,460	11,234	\$314,062,280

1. Amount Paid is the total of the transactions paid for workers' compensation in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves. Workers' compensation paid does not include State of California Labor Code 4850 or salary continuation payments.
2. Amounts shown as listed on the Workers' Compensation Status Report.
3. Superior Court expenses are billed to the State of California; these expenses are not controllable by the County as these are State of California employees.
4. The Office of Public Safety was consolidated with the Sheriff's Department in FY 2010-11.

EXHIBIT C

COUNTY OF LOS ANGELES
STATE LABOR CODE 4850 AND SALARY CONTINUATION EXPENSE SUMMARY
FY 2008-09 THROUGH FY 2010-11

Department	FY 2008-09	FY 2009-10	FY 2010-11
	Amount Paid ¹	Amount Paid ¹	Amount Paid ¹
Affirmative Action Compliance	\$690	\$0	\$0
Agricultural Commissioner/Weights and Measures	\$12,035	\$74,258	\$33,548
Alternate Public Defender	\$0	\$18,201	\$0
Animal Care and Control	\$90,354	\$55,556	\$18,407
Assessor	\$19,059	\$43,261	\$80,608
Auditor-Controller	\$8,810	\$4,026	\$364
Beaches and Harbors	\$35,467	\$2,138	\$20,484
Board of Supervisors	\$77,657	\$0	\$211
Chief Executive Office	\$8,293	\$37,971	\$7,199
Chief Information Office	\$0	\$0	\$0
Child Support Services	\$128,965	\$79,838	\$154,000
Children and Family Services	\$891,392	\$779,268	\$973,899
Community and Senior Services	\$2,792	\$0	\$22,015
Consumer Affairs	\$0	\$0	\$6,398
Coroner	\$28,900	\$43,872	\$37,448
County Counsel	\$0	\$0	\$0
District Attorney	\$332,925	\$367,316	\$128,761
Fire	\$17,714,088	\$18,727,163	\$20,252,025
Health Services	\$1,871,252	\$1,875,701	\$2,212,400
Human Relations Commission	\$0	\$0	\$0
Human Resources	\$36,796	\$24,633	\$7,845
Internal Services	\$169,181	\$248,419	\$102,930
LACERA	\$16,539	\$8,687	\$40,875
Mental Health	\$225,664	\$235,611	\$404,520
Military and Veterans Affairs	\$0	\$0	\$0
Museum of Art	\$0	\$2,191	\$28,591
Museum of Natural History	\$9,996	\$1,186	\$0
Non-Jurisdictional	\$0	\$0	\$68,956
Office of Public Safety	\$375,398	\$451,682	\$0
Parks and Recreation	\$172,460	\$91,481	\$155,348
Pending Assignment	\$0	\$0	\$0
Probation	\$7,180,876	\$8,679,089	\$10,193,650
Public Defender	\$110,036	\$119,535	\$105,891
Public Health	\$284,082	\$374,536	\$297,512
Public Library	\$0	\$0	\$1,271
Public Social Services	\$1,215,114	\$1,319,264	\$1,514,014
Public Works	\$208,522	\$397,677	\$318,555
Regional Planning	\$21,879	\$0	\$0
Registrar-Recorder/County Clerk	\$71,555	\$150,435	\$81,365
Sheriff	\$17,872,383	\$23,069,367	\$22,027,158
Superior Court	\$431,805	\$570,075	\$777,647
Treasurer and Tax Collector	\$63,000	\$51,200	\$46,729
TOTAL	\$49,687,965	\$57,903,637	\$60,120,620

1. Amount Paid is as reported by the Auditor-Controller based on the sum of 70% IA, 100% IA, and MegalA expense.

EXHIBIT D**COUNTY OF LOS ANGELES VEHICLE LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2008-09 THROUGH FY 2010-11**

Department	FY 2008-09		FY 2009-10		FY 2010-11	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Affirmative Action Compliance	0	\$0	0	\$0	0	\$0
Agricultural Commissioner/Weights and Measures	17	\$206,545	6	\$2,999,174	9	\$16,930
Alternate Public Defender	0	\$6,347	1	\$0	0	\$0
Animal Care and Control	3	\$26,193	10	\$81,397	13	\$19,764
Assessor	7	\$4,006	2	\$15,949	2	\$41,374
Auditor-Controller	2	\$0	2	\$17,781	0	\$935
Beaches and Harbors	3	\$395,263	4	\$24,032	1	\$44,260
Board of Supervisors	12	\$36,700	13	\$52,319	3	\$86,626
Chief Executive Office	1	\$0	0	\$0	9	\$5,769
Chief Information Office	0	\$0	0	\$0	0	\$0
Child Support Services	3	\$3,239	0	\$0	0	\$0
Children and Family Services	46	\$272,361	33	\$182,526	62	\$323,400
Community and Senior Services	3	\$2,512	1	\$745	2	\$12,081
Consumer Affairs	0	\$0	0	\$0	0	\$0
Coroner	6	\$83,380	1	\$4,017	13	\$24,659
County Counsel	0	\$2,674	2	\$0	1	\$0
District Attorney	9	\$40,105	10	\$42,603	8	\$26,121
Fire	87	\$346,415	83	\$414,706	113	\$3,727,756
Health Services	14	\$101,612	14	\$282,156	5	\$143,623
Human Relations Commission	2	\$1,655	0	\$0	0	\$0
Human Resources	1	\$0	0	\$0	0	\$0
Internal Services	22	\$59,287	29	\$58,570	36	\$75,419
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	13	\$1,429,273	11	\$137,145	30	\$1,223,596
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	107	\$25,911	87	\$66,110	85	\$94,513
Office of Public Safety	18	\$57,526	13	\$85,153	0	\$132,079
Parks and Recreation	41	\$134,443	20	\$441,029	17	\$1,495,699
Pending Assignment	0	\$3,499	7	-\$90	8	\$0
Probation	13	\$149,463	10	\$75,398	9	\$54,687
Public Defender	2	\$0	3	\$559	9	\$19,105
Public Health	26	\$100,424	22	\$145,995	13	\$41,848
Public Library	4	\$6,448	7	\$5,740	7	\$7,718
Public Social Services	9	\$39,332	7	\$88,589	6	\$89,822
Public Works	86	\$398,279	96	\$1,065,751	108	\$586,694
Regional Planning	1	\$0	0	\$0	5	\$6,069
Registrar-Recorder/County Clerk	1	\$4,955	2	\$0	4	\$12,755
Sheriff	475	\$8,073,534	450	\$8,461,637	412	\$7,946,924
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	0	\$0	0	\$0
TOTAL⁴	1,032	\$12,011,381	942	\$14,748,991	973	\$16,260,226

1. Amount Paid is the total of the transactions paid for vehicle liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts do not include non-insured and non-third party vehicle losses which are directly paid by the departments. Amounts valued as of June 30, 2011.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT E**COUNTY OF LOS ANGELES GENERAL LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2008-09 THROUGH FY 2010-11**

Department	FY 2008-09		FY 2009-10		FY 2010-11	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
Affirmative Action Compliance	0	\$0	0	\$0	0	\$0
Agricultural Commissioner/Weights and Measures	9	\$148,098	8	\$18,336	9	\$42,950
Alternate Public Defender	5	\$50,485	6	\$106,930	4	\$42,780
Animal Care and Control	25	\$477,754	24	\$190,323	28	\$351,913
Assessor	21	\$314,600	18	\$299,257	11	\$299,837
Auditor-Controller	36	\$460,247	11	\$262,606	10	\$263,920
Beaches and Harbors	15	\$370,262	28	\$66,002	21	\$18,100
Board of Supervisors	12	\$1,243,045	11	\$730,591	12	\$1,420,886
Chief Executive Office	15	\$890,389	17	\$1,550,067	28	\$1,566,633
Chief Information Office	0	\$0	0	\$0	0	\$0
Child Support Services	16	\$179,512	17	\$477,306	24	\$145,462
Children and Family Services	89	\$2,138,912	104	\$4,712,600	94	\$5,349,068
Community and Senior Services	6	\$180,125	6	\$1,848,046	19	\$694,743
Consumer Affairs	1	\$0	0	\$0	0	\$0
Coroner	33	\$268,821	4	\$104,585	8	\$269,306
County Counsel	2	\$40,582	3	\$60,559	10	\$25,818
District Attorney	68	\$1,191,371	55	\$740,537	61	\$1,232,219
Fire	35	\$1,340,951	73	\$2,714,224	52	\$1,590,766
Health Services	204	\$4,584,804	153	\$4,685,844	538 ⁵	\$5,228,857
Human Relations Commission	0	\$0	0	\$0	0	\$0
Human Resources	1	\$14,426	2	\$42,242	0	\$14,532
Internal Services	27	\$398,560	18	\$91,261	33	\$567,701
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	31	\$944,685	54	\$870,460	27	\$762,769
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	1	\$0
Museum of Natural History	2	\$23,760	0	\$43,021	1	\$179,706
Non-Jurisdictional	364	\$148,114	201	\$213,116	266	\$298,079
Office of Public Safety	26	\$637,961	158	\$1,356,947	171	\$387,305
Parks and Recreation	57	\$322,232	50	\$331,625	167 ⁶	\$822,855
Pending Assignment	83	\$580	7	\$0	3	\$0
Probation	68	\$8,883,990	51	\$3,062,693	57	\$3,859,893
Public Defender	10	\$1,196,739	17	\$594,637	14	\$347,252
Public Health	15	\$666,546	13	\$688,890	16	\$757,382
Public Library	6	\$21,629	1	\$0	6	\$23,998
Public Social Services	51	\$543,371	40	\$376,405	49	\$819,340
Public Works	568	\$6,498,820	655	\$6,539,998	667	\$6,353,899
Regional Planning	27	\$205,296	17	\$251,715	20	\$234,112
Registrar-Recorder/County Clerk	20	\$1,492,702	8	\$190,667	18	\$195,172
Sheriff	1,377	\$29,232,652	2,446	\$28,895,439	2,031 ⁵	\$38,310,059
Superior Court	2	\$0	0	\$1,000	0	\$0
Treasurer and Tax Collector	107	\$560,934	66	\$171,718	102	\$163,166
TOTAL⁴	3,299	\$65,672,955	4,207	\$62,289,647	4,077	\$72,640,476

1. Amount Paid is the total of the transactions paid for liability claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2011.
4. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.
5. Over 400 claims for Health Services and the Sheriff's Department involve billing disputes. This is a new type of claim.
6. There were over 85 claims involving an environmental hazard at the same location.

COUNTY OF LOS ANGELES
MEDICAL MALPRACTICE CLAIM FREQUENCY AND EXPENSE SUMMARY
FY 2008-09 THROUGH FY 2010-11

Department	FY 2008-09		FY 2009-10		FY 2010-11	
	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)	# New Claims	Amount Paid ^{1,2,3} (all claims)
DHS – Antelope Valley Cluster	10	\$21,336	5	\$48,904	8	\$83,380
DHS – Coastal Cluster	85	\$3,041,756	65	\$1,930,690	75	\$8,722,537
DHS – LAC+USC Healthcare Network	107	\$7,705,466	76	\$5,212,657	98	\$4,922,714
DHS – Other ⁴	2	\$1,025	3	\$3,750	3	\$0
DHS – Rancho Los Amigos	16	\$32,240	7	\$173,152	13	\$878,966
DHS – San Fernando Valley Cluster	27	\$6,349,198	40	\$7,716,099	39	\$1,964,299
DHS – Southwest Cluster	20	\$5,407,644	26	\$290,270	18	\$494,854
Health Services Subtotal⁵	247	\$22,558,665	201	\$15,375,522	236	\$17,066,750
Children and Family Services	0	\$0	2	\$0	0	\$0
Coroner	0	\$264,764	2	\$22,603	3	\$462
Fire	11	\$239,154	8	\$661,524	7	\$114,152
Mental Health	10	\$83,718	30	\$35,198	18	\$57,606
Non-Jurisdictional	12	\$325	16	\$0	21	\$5,532
Office of Public Safety	2	\$2,445	0	-\$1,489	0	\$0
Probation	0	\$0	0	\$0	2	\$0
Public Health	2	\$18,000	3	\$21,372	6	\$18,270
Public Social Services	0	\$0	3	\$0	0	\$0
Sheriff	8	\$2,272,614	17	\$75,912	10	\$99,581
TOTAL⁵	285	\$25,439,685	255	\$16,190,642	287	\$17,362,354

1. Amount Paid is the total of the transactions paid for medical malpractice claims and lawsuits in the fiscal year; amount includes indemnity and legal fees and expenses, regardless of date of occurrence. Does not include RBNP or IBNR reserves.
2. Above information includes pending and non-jurisdictional departments, but does not include associated agencies that are not County departments, i.e., MTA, Foothill Transit, etc. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2011.
4. DHS – Other includes Emergency Medical Services Administration, Juvenile Court Health Services, and Health Services-NOC.
5. The total number of claims does not add up to the sum of claims by department since some claims are allocated to multiple departments; count includes all suffixes.

EXHIBIT G

RECAP/MAPP GOALS

Risk Exposure Cost Avoidance Plans (RECAPs) and Department Head Management Appraisal and Performance Plan (MAPP) goals remain key tools for ensuring departmental focus on risk management issues. Development of these plans requires departments to study their risks, identify areas for improvement, and develop strategic action plans to lead to improved performance.

Some of the key accomplishments and initiatives reported and planned by departments were listed earlier.

Additional accomplishments reported by departments for FY 2010-11 include:

- Developed an electronic inventory of Material Safety Data Sheets for all hazardous materials within the department;
- Developed a Department of Motor Vehicles (DMV) Employer Pull Notice Program policy;
- Conducted multiple safety training sessions regarding department-specific exposures;
- Implemented a vehicle use policy and vehicle accident review committee;
- Developed training materials for field operations and implemented training;
- Improved accident investigation procedures and identification of corrective actions;
- Updated policies to improve return-to-work management;
- Trained staff on protocols for evaluating vehicle property damage claims;
- Developed safety awareness bulletins and distributed monthly;
- Implemented corrective actions based on a safety management self-assessment;
- Implemented periodic litigation management meetings;
- Posted injury and illness prevention and ergonomic programs on department website to ensure employees have easy access to the materials;
- Incorporated RECAP goals into the department strategic plan;
- Trained return-to-work staff to create reports using the workers' compensation database;
- Implemented a new risk management structure and hired staff;
- Developed a formal system for employees to request reasonable accommodation and trained employees;
- Implemented a vehicle accident review committee;
- Developed a bi-annual risk management forum for managers to improve communication;

- Performed study of lower back injuries, identified job classifications requiring training, and provided training;
- Established new employee orientation program;
- Analyzed departmental complaints to identify potential exposure areas;
- Improved communication with third party administrators regarding investigation of claims;
- Identified and mitigated Americans with Disabilities Act barriers; and
- Implemented a formal safe driving program.

Additional initiatives planned by departments for FY 2011-12 include:

- Developing and implementing an Employee Orientation Health and Safety Guidelines Handbook;
- Establishing a tracking system for vehicle accidents and repairs;
- Providing training on ergonomics and field operations;
- Conducting roundtable reviews of active workers' compensation and long-term leave cases and developing action plans to help resolve the cases;
- Developing safety committees to improve communication throughout the department;
- Implementing a DMV Employer Pull Notice program to monitor the license status of authorized drivers;
- Establishing quarterly meetings with branch/division managers to discuss risk issues within the department;
- Developing procedures to communicate lessons learned and best practices throughout the department;
- Establishing a departmental risk management webpage to provide resources such as forms, training, educational materials, and reports;
- Enhancing risk management information systems to isolate active, high priority cases for review and monitoring;
- Implementing a "How Am I Driving?" program in the department;
- Identifying and recognizing top-performing units relating to risk management metrics; and
- Improving disciplinary procedures to improve accountability.