



County of Los Angeles CHIEF EXECUTIVE OFFICE

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

WILLIAM T FUJIOKA
Chief Executive Officer

January 7, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
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 2012-13

Attached is the *Chief Executive Office Risk Management Annual Report, Fiscal Year 2012-13*, that:

- Contains summaries of the past three fiscal year losses and costs for the County of Los Angeles' (County) vehicle liability, general liability, medical malpractice, and workers' compensation and salary continuation/State of California Labor Code 4850 exposures;
- Will help departments to 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.

As contained in the report, the County realized reduction in the overall cost of risk for Fiscal Year (FY) 2012-13, as highlighted below:

- Total cost of risk was reduced by \$12,559,310, or 2.14 percent of the County's operating budget of \$24,228,102,000.
- The County's employment practices liability frequency and paid claim severity decreased 19.2 percent and 31.0 percent respectively for FY 2012-13. This decrease began in FY 2010-11, and since then has seen an overall decrease in frequency of 47.6 percent.
- The County's vehicle liability frequency decreased by 5.1 percent and paid claim severity decreased 22.8 percent for FY 2012-13. This continues on its three-year trend in terms of paid claims reduction of 50.6 percent.
- Medical malpractice liability frequency decreased 4.5 percent and severity decreased 14.0 percent for FY 2012-13. The three-year trend in frequency remains in range, while the severity continues on a decline of 30.6 percent.

"To Enrich Lives Through Effective And Caring Service"

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Reduction in the overall costs of risk for FY 2012-13 (Continued)

- Other general liability frequency and paid claim severity decreased 22.3 percent and 58.0 percent respectively. This large severity decrease can be attributable to four large claims being paid in the prior fiscal year. The County continues to see an overall decrease in frequency of 38.8 percent since FY 2010-11.
- Law enforcement liability frequency decreased 3.9 percent, and paid claim severity increased 53.1 percent in FY 2012-13 due to three payments in excess of \$1 million as compared to the prior years with no cases above \$1 million.
- Workers' compensation costs continue to rise with the passage of increasingly costly legislation. The program experienced an increase in claims of only 0.9 percent, while the costs of the claims increased 2.5 percent.

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 the Board of Supervisors and Department Heads, as follows:

Board of Supervisors

1. Supporting the on-going efforts of the Legal Exposure Reduction Committee (LERC);
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 and approving corrective actions plans;
- d. Developing and communicating Countywide corrective action plans;
- e. Providing training regarding risk management, safety, claims, and return-to-work subjects; and
- f. Distributing monthly tort liability and workers' compensation loss data to each department.
- g. Maintaining the Enterprise Risk Information Center dashboard.

This report represents the combined efforts of the entire Chief Executive Office Risk Management Branch team. Input and analysis was provided by staff of Loss Control and Prevention, Risk Management Inspector General, Workers' Compensation, Return-to-Work, Claims Management, and Risk Management Operations.

If you have any questions, please have your staff contact Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346.

WTF:BC
STR:sg

Attachment

c: All Department Heads



Inside County Risk

FY 2012-13 ANNUAL REPORT

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

RISK MANAGEMENT BRANCH
JULY 2012 THROUGH JUNE 2013





Gloria Molina
First District



Mark Ridley-Thomas
Second District



Zev Yaroslavsky
Third District



Don Knabe
Fourth District



Michael D. Antonovich
Fifth District

BOARD OF SUPERVISORS



CHIEF EXECUTIVE OFFICE

RISK MANAGEMENT BRANCH

Inside County Risk

Risk Management
Annual Report

We are pleased to present the County of Los Angeles Risk Management Annual Report for the fiscal year ending June 30, 2013.

This report is intended to assist County of Los Angeles (County) management with the assessment of the nature and extent of departmental exposures and losses. The information, combined with ongoing reports and dashboards, provides guidance and direction for improving departmental risk management activities.

The report also contains summaries of the fiscal year's losses and costs for the County workers' compensation, vehicle liability, general liability, and medical malpractice self-insured programs.

Thank you.



William T Fujioka
Chief Executive Officer

County of Los Angeles
Chief Executive Office (CEO)
Risk Management Branch
3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
(213) 351-5346
(213) 252-0404 Fax

This report is available on the Chief Executive Office website at:
<http://ceo.lacounty.gov/>



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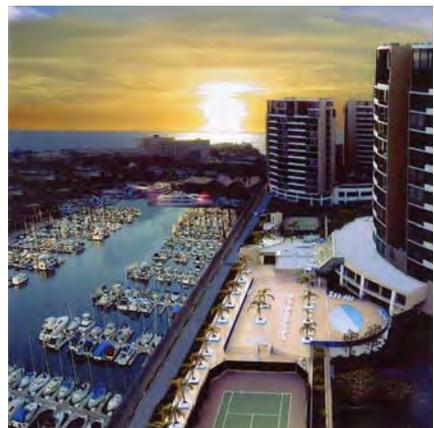
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CEO RISK MANAGEMENT BRANCH (CEO/RMB) LEADERSHIP

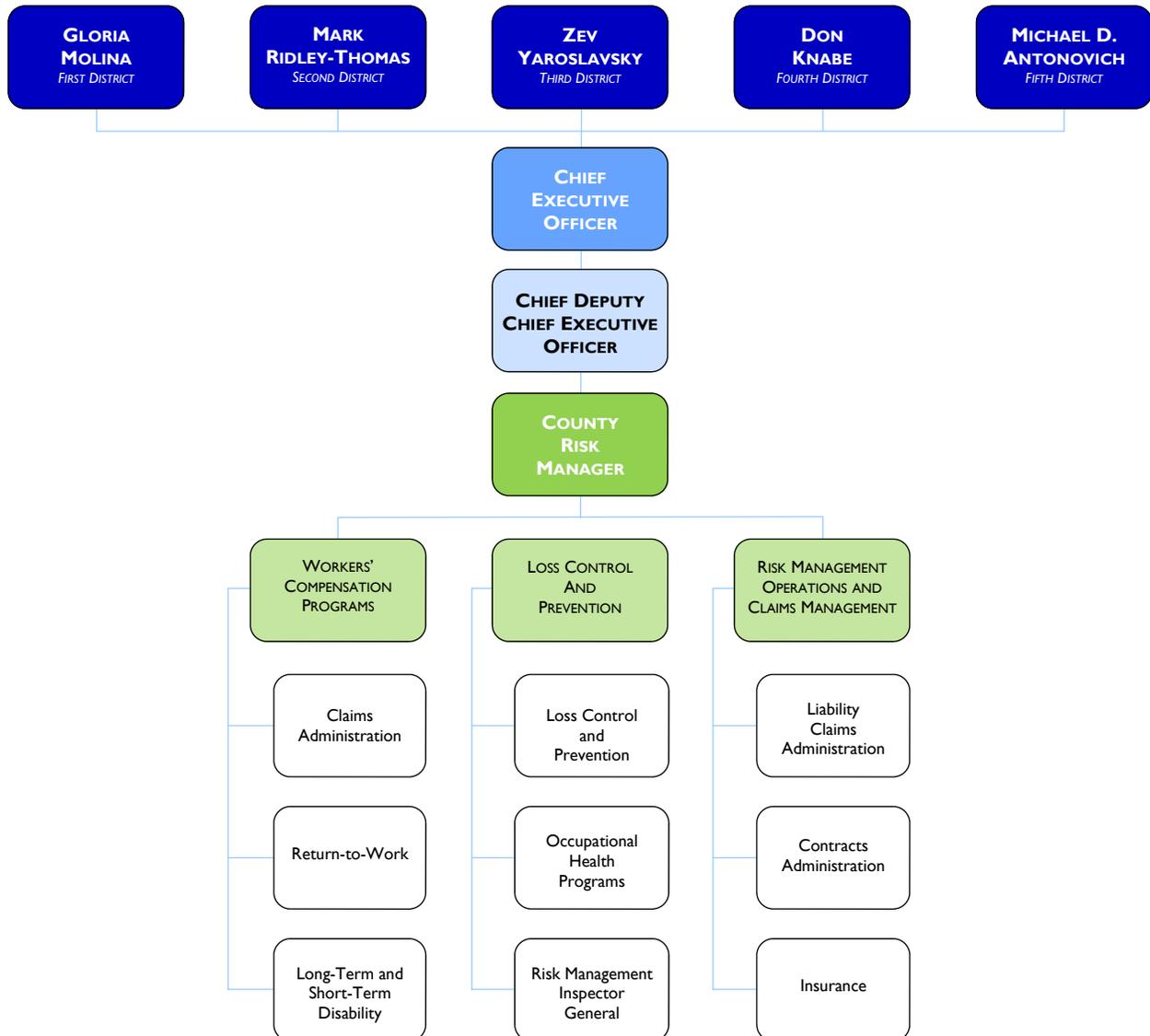
CEO/RMB is led by the County Risk Manager, who presides over the various functional areas.

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>



COUNTY RISK MANAGER'S MESSAGE

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, 2012 through June 30, 2013.

Fiscal Year 2012-13 saw a transitional period of leadership at the CEO Risk Management Branch (CEO/RMB). As a relatively young consolidated risk management program, efforts have focused on establishing the risk management infrastructure necessary for a sustainable program. This infrastructure includes the support from County leadership at the Board, Executive, and Department level.

The CEO/RMB team has collaborated with key individuals to develop a network of professionals within the County to coordinate risk management activities, including, but not limited to: corrective action plans, return-to-work standards, risk control best practices, and effective claim management.

As a vital partner of CEO/RMB, County Counsel has welcomed innovative approaches to risk and litigation support through collaborative efforts which have included instituting a Countywide data analytics program, global settlements, collaboration at roundtable meetings, and training partnerships with Third Party Administrators, Risk Management Coordinators, and Return-to-Work Coordinators.

Risk evolves and so with it must the County's approach to risk management. This year's annual report includes the first evolution of the development of Key Performance Indicators for the County and its Third Party Administrators. As the County moves to a more progressive and predictive modality of risk management, these indicators will be the measurement tools to analyze successes and opportunities for future risk control and prevention efforts.

Overall, the County experienced several successes related to the Cost of Risk. The remainder of this report details specific data points. Highlighted below is a summation of the key cost drivers:

- Total Cost of Risk was reduced by \$12,559,310. The total Cost of Risk represents 2.14 percent of the County's operating budget.
- The County's employment practices liability frequency and severity decreased 19.2 percent and 31.0 percent, respectively.
- The County's vehicle liability frequency and severity decreased by 5.1 percent and 22.8 percent, respectively.
- Other general liability frequency and severity decreased 22.3 percent and 58.0 percent, respectively.
- The medical malpractice liability frequency and severity decreased 4.5 percent and 14.0 percent, respectively.

- The law enforcement liability frequency decreased 3.9 percent and paid claim severity increased 53.1 percent, primarily due to three payments in excess of \$1 million compared to no such payments in the prior fiscal year.
- Workers' compensation costs continue to rise with the passage of increasingly costly legislation. The workers' compensation

program experienced an increase in claims of only 0.1 percent, while the costs of the claims increased 2.5 percent.

Many opportunities to lower our overall costs remain. The remainder of this report outlines our key objectives for the upcoming fiscal year and the specific cost drivers impacting the County's overall Cost of Risk.



KEY OBJECTIVES FY 2013-14

CEO/RMB provides leadership and direction for the County's risk management programs. Key objectives for FY 2013-14 include:

- Linking enhanced claims-related dashboard data to pre-defined best practices for departmental implementation;
- Enhancing the Countywide strategic plan emphasis on risk management while continuing the emphasis on key areas of workers' compensation cost reduction, vehicle usage and liability, and employment practices;
- Reviewing and implementing risk management best practices and improvements recommended by the Legal Exposure Reduction Committee;
- Continuing collaboration between CEO, County Counsel, and departmental risk management staff;
- Improving the Corrective Action Plans' (CAP) process and evaluating their effectiveness, including notification to the Board of Supervisors (Board) about CAPs considered to be insufficient;
- Encouraging department executives to gain a better understanding of their unique risks and exposures (through Risk Management Plans and Risk Management Overview presentations for the Board Deputies);
- Developing better methods of sharing best practices and lessons learned by leveraging technology (training videos, intranet, etc.);
- Focusing concentrated preventative efforts on "cost driver" issues in key departments;
- Updating and connecting claims administration systems;
- Developing better cause coding methodologies to improve data analysis capabilities;
- Enhancing claims-related dashboards to improve and simplify trend analysis;
- Actively participating in Statewide workgroups to guide the development of rules and regulations relating to the implementation of workers' compensation legislative reforms;
- Implementing provisions included in the workers' compensation legislative reforms; and
- Implementing a campaign to promote the early return-to-work program.

FINANCIALS

ACTUARIAL INFORMATION

Funded on a pay-as-you-go basis, the County workers' compensation program maintains obligations on claims filed many years ago. These benefits are defined under the ever changing workers' compensation statutes, and are affected by the aging demographic of the claim population and State and federal regulations.

The CEO contracts for actuarial services to assess outstanding workers' compensation losses. Actuarial services assist the County in projecting costs associated with past, current, and future losses associated with workers' compensation.

WORKERS' COMPENSATION ACTUARIAL STUDIES – ESTIMATED OUTSTANDING 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.

The *Actuarial Study of the Self-Insured Workers' Compensation Program* is reflecting projected ultimate losses with relatively flat loss development.

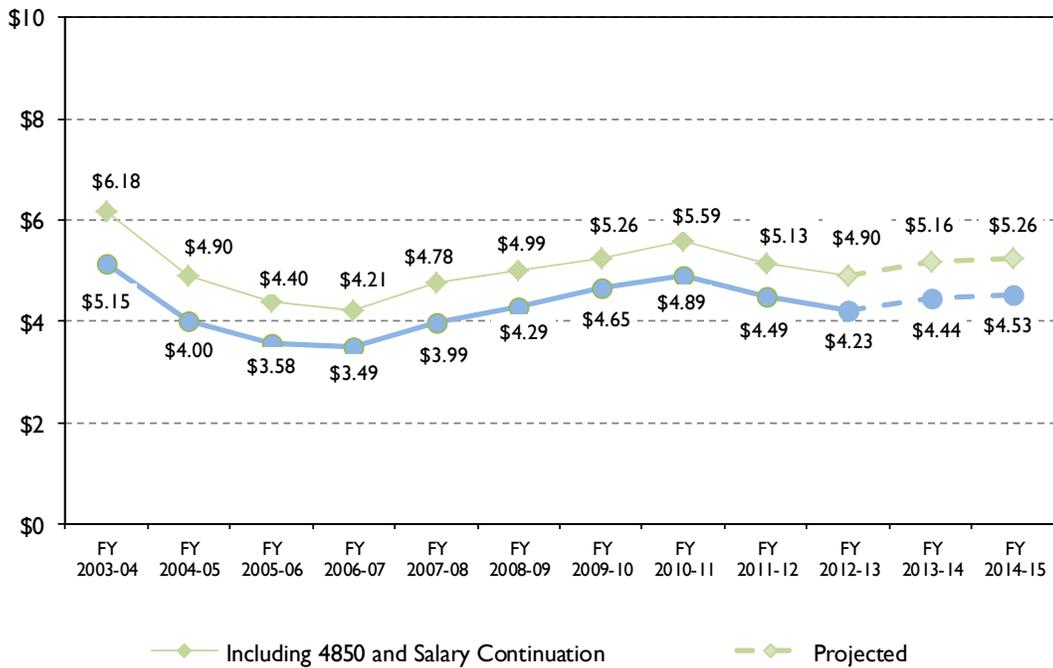
WORKERS' COMPENSATION ACTUARIAL STUDIES – ACTUAL AND PROJECTED PAYMENTS

Approximately 25 percent of allocated paid losses, or roughly \$70 million of the \$285 million, were paid on workers' compensation claims that were more than 10 years old. Note: These figures exclude Labor Code 4850 and salary continuation (see Chart 1).

Loss experience trends, as measured by loss rate per \$100 of payroll, are projected to continue to rise approximately 7.0 percent over the next two fiscal years. Chart 1 shows the cost of claims per \$100 of payroll.

AS OF DATE	ESTIMATED OUTSTANDING LOSSES
June 30, 2011	\$2,069,878,555
June 30, 2012	\$2,078,461,237
June 30, 2013	\$2,086,254,784

Chart 1:
COST OF CLAIMS PER \$100 OF PAYROLL



WORKERS' COMPENSATION LOSS EXPERIENCE

In FY 2012-13, the number of workers' compensation claims filed increased 0.9 percent (10,766 to 10,867), and the number of claims per 100 employees increased 1.4 percent (11.35 to 11.52), as compared to FY 2011-12.

With the exception of FY 2010-11, the County has been experiencing an increase in claim frequency of approximately 1 percent per year (see Chart 2).

WORKERS' COMPENSATION CLAIMS PER 100 EMPLOYEES

The corresponding number of employees associated with the loss experience per \$100 of payroll is listed in Chart 3. This data reflects the number of workers' compensation claims over the last 5 years.

Chart 2:
NUMBER OF WORKERS' COMPENSATION CLAIMS
FY 2008-09 THROUGH FY 2012-13

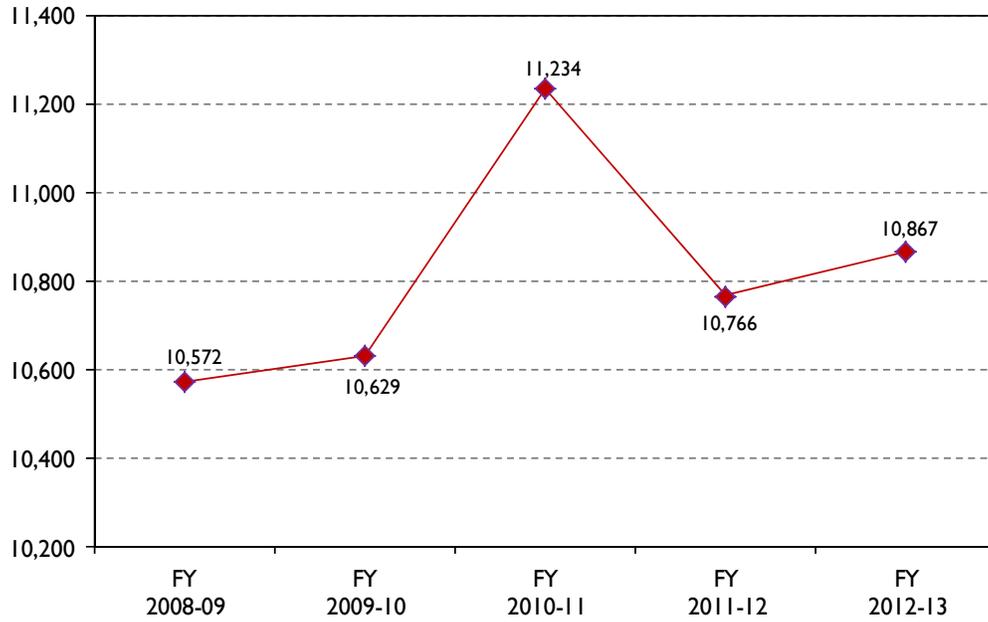
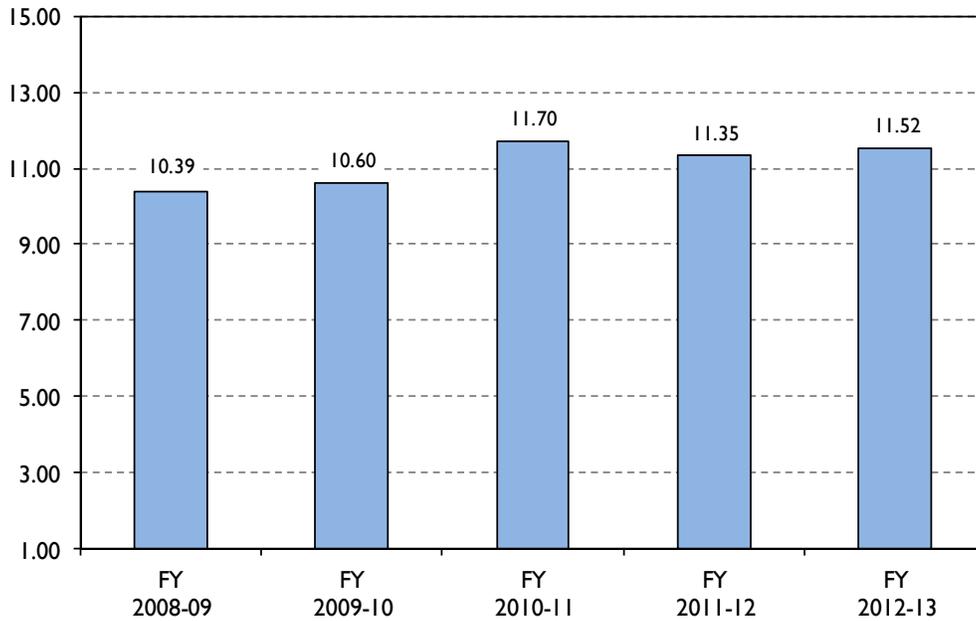


Chart 3:
WORKERS' COMPENSATION CLAIMS PER 100 EMPLOYEES



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

COST OF RISK

The Cost of Risk is a ratio of the expenditures for the County's various cost of claims paid divided by the County's operating budget in a specific fiscal year. The effectiveness of the County's risk management programs, policy decisions, and the effects of State and federal regulations are reflected in the Cost of Risk since it includes paid workers' compensation claims, general liability claims, and the cost to defend a myriad of tort and non-tort related claims. The Cost of Risk also includes the costs associated with loss control and prevention programs, insurance premiums, and operational and administrative expenses.

During FY 2012-13, the County experienced a decrease of 1.4 percent or \$12,559,310. The Cost of Risk (excluding non-County agencies), as a percentage of the operating budget, is 2.14 percent.

Detailed information listed in the "Statistics" section of this report shows the number of claims and expenses for the last three fiscal years, by department, for workers' compensation, Labor Code 4850 and salary continuation, vehicle liability, general liability (including employment practices liability and law enforcement liability), and medical malpractice.

RISK FINANCING

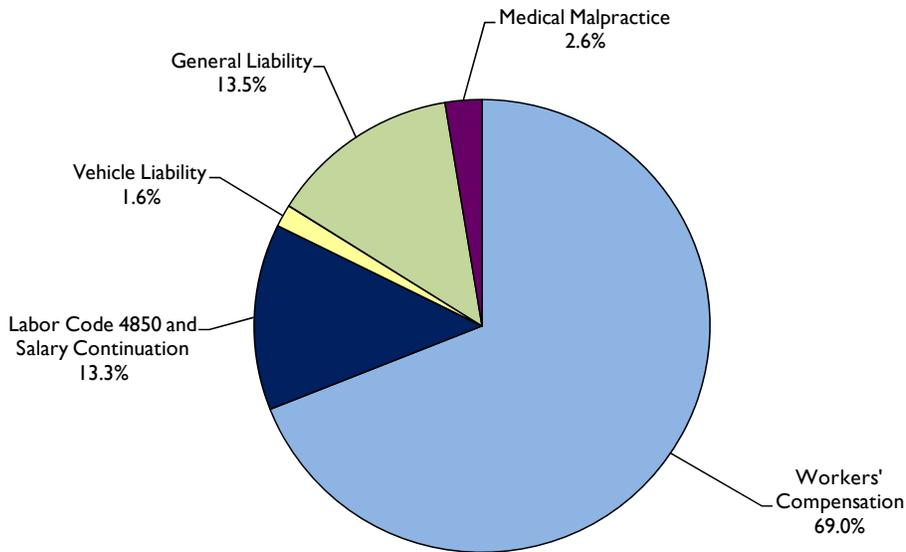
The County currently finances nearly all losses on a cash basis; therefore, any liability or workers' compensation claim that arises is subject to cash payment by the County regardless of size. Based on the nature and scope of County operations, natural disasters, and external influences, County departments will always be susceptible to large claims that significantly impact expenses. The results of FY 2012-13 illustrate this susceptibility; ten claims accounted for 20.9 percent of all general liability expenses.



The County instituted several risk management best practices to manage the cost of large loss claims outside of litigation management. While not intended to be all inclusive, the main elements of prevention and transfer techniques instituted are as follows:

- Minimizing the frequency of claims decreases the potential of one of those claims becoming a large loss. The County currently utilizes loss control and prevention best practices specific to departments that are coordinated through the CEO.
- Requiring Corrective Action Plans and/or Summary Corrective Action Plans for all settlements with an indemnity amount excess of \$20,000. These plans summarize the nature of the claim, identify the root cause of the problem, and identify corrective action steps to be taken by the department or the County as a whole to minimize the potential for similar events to occur.
- Requiring each department to develop Risk Management Plans on an annual basis. These plans provide an overview of each department's risk management program, significant risk issues for that department, and mitigation measures or goals designed to prevent or minimize the given exposure.
- Establishing Management Appraisal and Performance Plan (MAPP) goals by each Department Head on an annual basis. These goals are tracked and evaluated through their performance evaluation.
- Providing early trend analysis and reporting capabilities through departmental specific dashboards. This includes a drill down capacity to identify the "Top 5 Causes of Concern" for each type of loss.
- Contractual risk transferring of large loss potential which involves reviewing, recommending, and constructing departmental insurance contract language, including indemnification language and proper endorsement usage that is consistent throughout the County and formulated to provide protection to the various contractors and the County, should an adverse event occur. County Counsel and CEO/RMB Operations collaborate with departments in this endeavor.

Chart 4:
PERCENTAGE OF TOTAL COST PAID BY CLAIM TYPE FY 2012-13



**CLAIM SEVERITY (TOTAL COST PAID) - ALL CLAIMS 1,2,3
 FY 2010-11 THROUGH FY 2012-13**

CLAIM TYPE	FY 2010-11	FY 2011-12	FY 2012-13
Workers' Compensation ⁴	\$314,062,280	\$337,268,942	\$346,214,074
Labor Code 4850 and Salary Continuation	\$60,120,620	\$60,688,906	\$66,978,802
Vehicle Liability	\$16,260,226	\$10,403,941	\$8,026,347
General Liability	\$72,640,476	\$89,407,457	\$67,724,610
Medical Malpractice	\$17,362,354	\$14,916,343	\$12,821,794
TOTAL	\$480,445,956	\$512,685,589	\$509,765,627

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 paid does not reflect State of California Labor Code 4850 or salary continuation payments, which are shown separately.

CEO/RMB performs a myriad of training and education seminars throughout the year to further enhance departmental efforts to reduce all claims. The efforts of CEO/RMB are reflected in the accomplishments sections of this report.

OVERALL COSTS

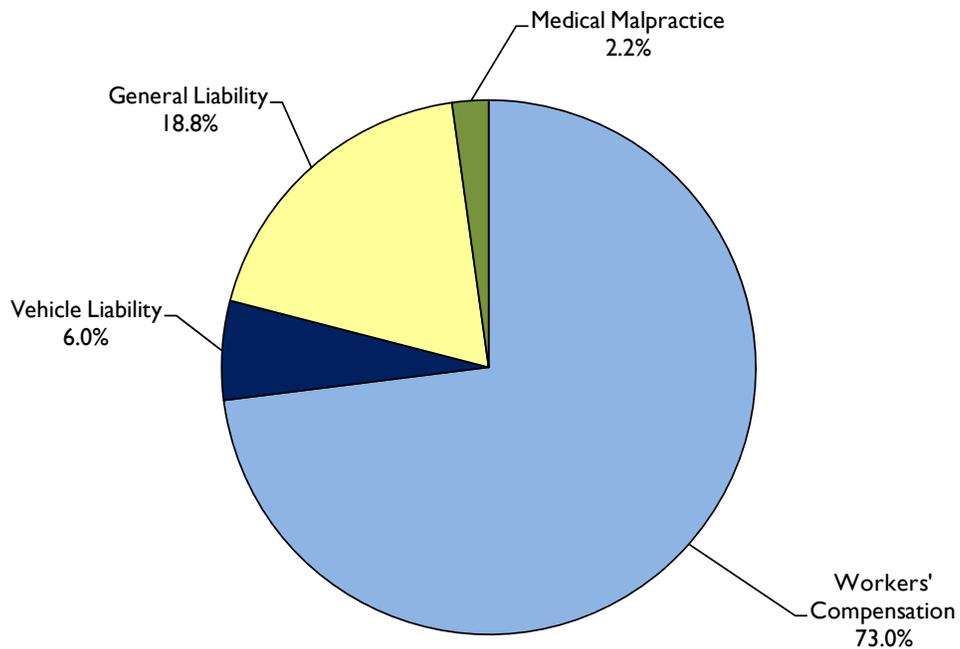
The overall Cost of Risk graph (Chart 4) illustrates that workers' compensation (including Labor Code 4850 and salary continuation) accounts for more than 80 percent of the Cost of Risk. For FY 2012-13, this represents approximately \$413 million.

**CLAIM FREQUENCY BY CLAIM TYPE
FY 2012-13**

Further demonstrating the impact of workers' compensation on the total risk management program, Chart 5 shows that workers' compensation accounts for

almost three quarters of all claims. The methods and activities of managing the overall Cost of Risk is outlined in the remainder of the FY 2012-13 Annual Report.

Chart 5:
CLAIM FREQUENCY BY CLAIM TYPE FY 2012-13



**CLAIM FREQUENCY (TOTAL NUMBER OF CLAIMS) BY CLAIM TYPE
FY 2010-11 THROUGH FY 2012-13**

CLAIM TYPE ^{1,2}	FY 2010-11	FY 2011-12	FY 2012-13
Vehicle Liability	973	942	894
General Liability	4,077	3,380	2,789
Medical Malpractice	287	335	320
Workers' Compensation	11,234	10,766	10,867
TOTAL	16,571	15,423	14,870

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

The County's Self-insured Workers' Compensation Claim Administration Program is the largest of any local governmental entity in California. It is responsible for administering approximately 25,000 open workers' compensation claims. Statutorily mandated benefits are delivered through partnerships with four Third Party Administrators (TPAs), three medical management and cost containment contractors (MMCCs) and a pharmacy benefit management company (PBM). CEO's Workers' Compensation On-Site

County Representatives (OSCRs) provide on-site assistance to TPA staff, County departments, and injured workers. In addition, OSCRs authorize high value payment transactions and act as liaisons between departments, defense counsel, and TPAs. County Counsel staff and contracted defense attorneys provide legal support.

The following chart provides a simplified representation of the County's workers' compensation program.

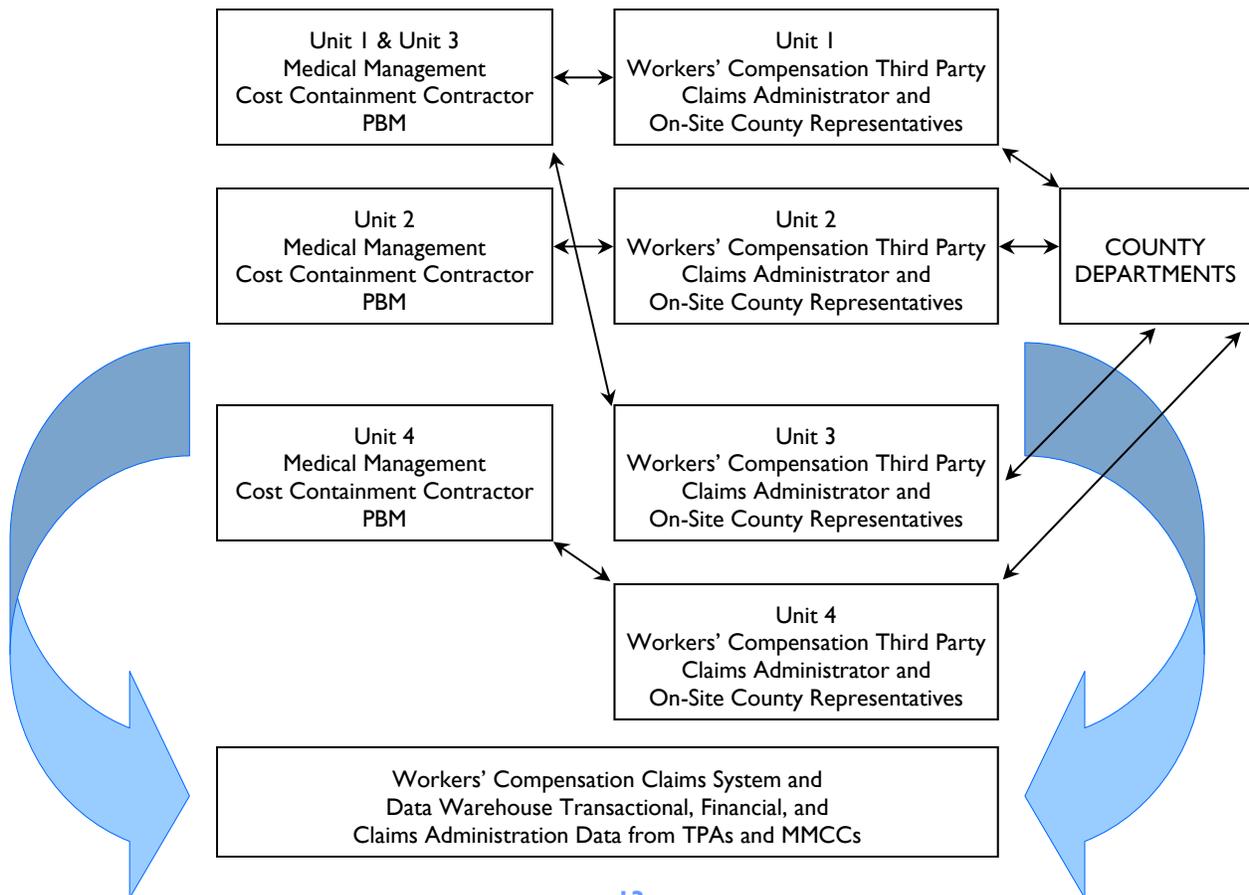
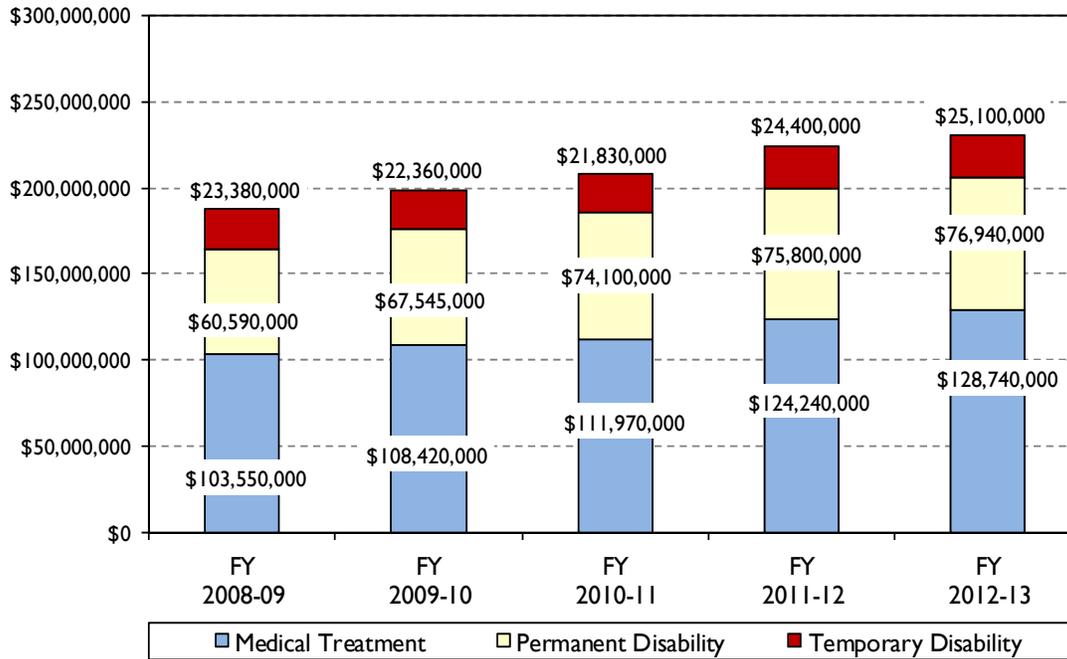


Chart 6:
WORKERS' COMPENSATION CLAIM COSTS
FY 2008-09 THROUGH FY 2012-13



WORKERS' COMPENSATION CLAIM COSTS

The County's self-insured workers' compensation expenses (excluding Labor Code 4850 and salary continuation benefits) increased by 2.6 percent in FY 2012-13 (\$337.3 million to \$346.2 million). This increase was attributed, in part, to increases in medical, permanent disability, and temporary disability expenses. Medical treatment payouts increased 3.6 percent from FY 2011-12 to FY 2012-13 (\$124.2 million to \$128.7 million). Permanent disability payouts increased 1.5 percent from FY 2011-12 to FY 2012-13 (\$75.8 million to

\$76.9 million). Temporary disability payouts increased 2.9 percent from FY 2011-12 to FY 2012-13 (\$24.4 million to \$25.1 million) as illustrated in Chart 6.

MEDICAL MANAGEMENT PROGRAM

In FY 2012-13, the workers' compensation program was billed over \$506 million in medical charges. These charges were reduced by approximately \$354 million (almost 70 percent) in compliance with medical management cost avoidance platforms. Overall, medical cost trends saw an escalation for workers' compensation payers since the

low-point experience post SB 899 reforms in 2005. This is demonstrated in Chart 7, trending aggregate medical payouts of self-insured public agencies as reported to the Office of Self Insurance Plans (OSIP).

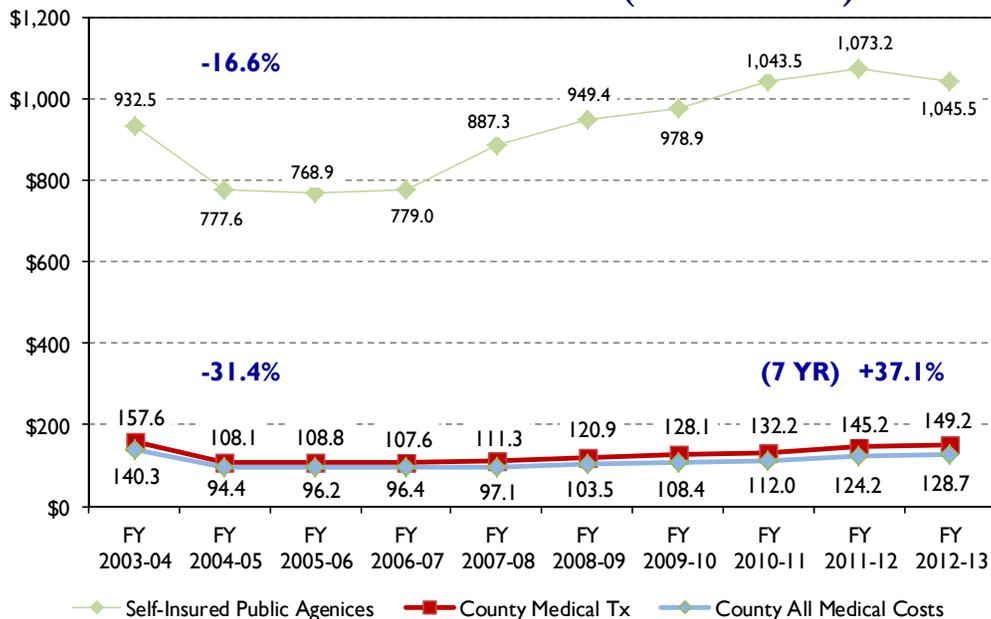
On October 1, 2011, the County implemented the workers' compensation Pharmacy Benefit Management network (PBM) to improve the delivery of appropriate medication to injured workers and manage costs. A greater PBM penetration rate allows for the application of cost avoidance platforms on the workers' compensation program. A key component of the PBM is funneling costly single-source prescriptions (SSB) to safe, less costly generic brands. One PBM program goal is to leverage home delivery to facilitate

generic usage and allow injured workers the benefit of easy delivery of medications. PBM data for the first quarter of FY 2013-14 reflects the following compared to the benchmark quarter:

- Network penetration rate of 92.2 percent (an increase of 34.8 percent);
- Home delivery rate of 12.2 percent (an increase of 50.6 percent);
- SSB prescription rate of 26.1 percent (a decrease of 13.3 percent); and
- Generic prescription rate of 70.8 percent (an increase of 6.5 percent).

Chart 7:

MEDICAL PAYOUT TREND PUBLIC SELF-INSURED EMPLOYERS OSIP ANNUAL REPORT DATA (IN MILLIONS)



During the next several years, the program goal is to have the County's workers' compensation pharmacy program achieve a 76 percent generic usage rate and a 20 percent SSB usage rate.

MEDICAL COST AND SENATE BILL 863

SB 863 implemented changes to the California Workers' Compensation Program in 2013, and is presenting employers with new workers' compensation medical management challenges and unknowns. The independent medical review (IMR) process was implemented to expedite the resolution of medical treatment disputes. It allows an injured worker to dispute utilization review decisions by requesting an IMR. The use of an IMR expert removes the dispute from the workers' compensation courts. Though well intended, the legal landscape of the California workers' compensation system created more IMR requests than expected (Statewide 15,000 – 20,000 per month). This influx created delays in processing disputes. Additionally, employers will experience additional costs, as they are obligated to pay \$560 for most IMRs. It is too early



to determine if the large number of IMR requests will significantly impact utilization review or overall medical costs.

SB 863 also requires the Division of Workers' Compensation Administrative Director to adopt a resource-based relative value scale (RBRVS) physician fee schedule. The Rand Center for Health and Safety in the Workplace estimated that by year 2017, total allowable fees will be 11.9 percent higher than what is allowed now. It is uncertain

how the medical community will react to certain increases in payments for some procedures and reductions in others.

PERMANENT DISABILITY PAYMENTS

As noted in prior County Risk Management Annual Reports, 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. *Benson* will dampen ultimate permanent disability expense increases over the long term; however, in the short term, it produces two streams of permanent disability benefit payments, increasing current annual permanent disability expenses.

CEO/RMB believes the minimal increase in FY 2011-12 and FY 2012-13 permanent disability payouts reflect the impact of *Benson* and the application of the 2005 revised permanent disability rating schedule. Caution should be used when predicting permanent disability payout trends as the purpose of SB 863 was to substantially increase permanent disability benefits for injured workers. Those benefit increases go into effect for injuries on or after January 1, 2013, with an additional increase for injuries on or after January 1, 2014. Based on information currently available, CEO/RMB believes the ultimate impact of SB 863 will be a 30 to 40 percent increase in overall permanent disability benefits.

TEMPORARY DISABILITY AND SALARY CONTINUATION PAYMENTS

FY 2012-13 temporary disability benefit payouts increased 2.9 percent from FY 2011-12. This can be explained, in part, by the State-mandated maximum temporary disability rate increases. Those maximum temporary disability rates increased 2.4 percent in Calendar Year (CY) 2012 and 5.6 percent in CY 2013. Labor Code 4850 and salary continuation expenses reflected an increase of approximately 10.4 percent (\$60.7 million to \$66.7 million).

WORKERS' COMPENSATION UNIT SIGNIFICANT ACCOMPLISHMENTS

On January 1, 2013, the Los Angeles County Fire Department workers' compensation carve-out agreement went into effect. The purpose of the agreement is to provide an expedited procedure to resolve medical-legal disputes, facilitate prompt return to work efforts, and improve the experience of those employees injured in the course and scope of employment.

STATE LABOR CODE 4850 EXPENSE BY FISCAL YEAR FY 2004-05 THROUGH FY 2012-13 (Excludes Salary Continuation)

FISCAL YEAR	DISTRICT ATTORNEY	PROBATION	FIRE	SHERIFF
FY 2008-09	\$265,920	\$7,073,880	\$17,510,889	\$16,979,878
FY 2009-10	\$299,346	\$8,569,127	\$18,443,689	\$22,099,137
FY 2010-11	\$68,396	\$9,931,160	\$20,087,615	\$21,352,221
FY 2011-12	\$79,503	\$7,937,737	\$21,171,873	\$23,359,402
FY 2012-13	\$350,682	\$7,257,722	\$21,647,798	\$27,974,335
TOTAL	\$1,063,847	\$40,769,626	\$98,861,864	\$111,764,973

SOURCE: Auditor-Controller, based on 100 percent Industrial Accident (IA) Earnings.

The Fire Department coupled the implementation of the agreement with improved early return-to-work efforts and physician funneling intended to expedite the delivery of quality medical care. Initial results are promising, as the time to determine the medical compensability of a workers' compensation claim decreased approximately 64 percent (200 days to 72 days).

In FY 2012-13, CEO/RMB, MMCCs, and TPAs:

- Collaborated to roll-out the State-mandated workers' compensation eBilling process;
- Implemented workers' compensation program changes to comply with SB 863 requirements;
- Continued to work with public and private sector employers to influence workers' compensation regulatory efforts associated with SB 863; and

- Enhanced the orthopedic physician out-reach program to streamline the delivery of quality medical care.

FY 2013-14 OBJECTIVES

- On January 1, 2014, three newly contracted TPAs will begin using evidence-based, return-to-work guidelines to improve overall return-to-work efforts.
- Collaborate with MMCCs to improve physician education programs that emphasize return-to-work and evidence-based medical treatment requirements.
- Work with the medical management companies to evaluate Maximus IMR findings and modify existing utilization review triggers to expedite medical care and reduce unwarranted loss adjustment expenditures.

- Increase key performance measures for the pharmacy benefit program.

- Collaborate with industry professionals to evaluate the cost drivers associated with high dollar claims.



DISABILITY MANAGEMENT PROGRAMS

The CEO/RMB Disability Management Unit is responsible for developing, implementing, and monitoring Countywide policies and procedures related to components of return-to-work and disability management for the County.

The Disability Management Unit establishes Countywide procedures in compliance with the Americans with Disabilities Act (ADA), Fair Employment and Housing Act (FEHA), and Workers' Compensation laws. Furthermore, the Unit oversees reasonable accommodations provided by departments, as appropriate, while monitoring employees on leave of absence and providing recommendations to resolve issues relating to long-term leaves of absence. Finally, the Unit monitors compliance with established procedures, thereby aiding in expediting recovery and cost reduction.

The CEO/RMB Disability Management Unit manages the following programs:

- Return-to-Work (RTW)
- Short-Term Disability (STD)
- Long-Term Disability (LTD)
- Survivor Benefits (SB)

Actuarial valuations are completed biennially via collection of census data, re-evaluating assumptions, and review of the substantive plan. The actuarial report for FY 2012-13 is being reviewed.

The Short-Term and Long-Term Disability and Survivor Benefit programs are overseen by CEO/RMB Disability Management Unit staff and administered through a TPA, Sedgwick Claims Management Services. Claim eligibility is determined by the TPA, who provides approval for benefit payments.

These programs are funded as a County subsidized income replacement benefit plan. Employees may purchase additional coverage depending on their benefit plan.

RETURN-TO-WORK PROGRAM (RTW)

County departments are required to implement and maintain an effective Return-to-Work Program. CEO/RMB Disability Management Unit staff assists the departments in administering their programs, providing guidance with disability-related laws, specialized training, and guidance, when needed.

The Unit's efforts of implementing consistent procedures that balance the protections afforded employees who desire to return to work are reflected in the reduction of Long-Term Disability claims and in Employment Liability claims.

SHORT-TERM DISABILITY

The County established the STD Plan which offers an income replacement benefit of up to 100 percent for eligible injured, ill, or pregnant employees who are on the MegaFlex Cafeteria Plan. The maximum plan benefit allowable is 182 calendar days (inclusive of the designated waiting period). The County offers two STD benefit options:

1. **Core Benefit** (County Paid): Requires a 14 consecutive calendar day waiting period before benefits become payable. A 70 percent income replacement benefit is paid for

the remainder of the approved STD period; or

2. **Additional Benefit** (Purchased): Requires a 7 consecutive calendar day waiting period. A 100 percent income replacement benefit is payable for the first 3-week period. An 80 percent income replacement benefit is paid for the remainder of the approved STD period.

Overall, STD claims approved in FY 2012-13 decreased by 3.8 percent, while those covered by the program increased 1.3 percent over the prior year.

LONG-TERM DISABILITY

The County established the LTD Plan which offers eligible employees up to a 60 percent income replacement, based on their basic monthly compensation, in the event the employee becomes disabled and unable to work beyond a

	FY 2011-12	FY 2012-13	PERCENT CHANGE
SHORT-TERM DISABILITY CLAIMS APPROVED			
Class 10 ₁	150	130	-13.3%
Class 11 ₂	633	615	-2.8%
Overall	783	753	-3.8%
NUMBER OF COVERED EMPLOYEES			
Class 10 ₁	6,010	6,011	0.0%
Class 11 ₂	5,222	5,372	+2.9%
Overall	11,232	11,383	+1.3%

1. Benefit Class 10 has a 14 day waiting period and 70 percent income replacement.
 2. Benefit Class 11 has a 7 day waiting period and 100 percent income replacement for 21 days; then 80 percent.

NEW LTD CLAIMS APPROVED BY FISCAL YEAR

	FY 2011-12	FY 2012-13	PERCENT CHANGE
General Members	524	472	-9.9%
MegaFlex/4 - Plan 3	4	4	0.0%
MegaFlex/6 - Plan 4	86	84	-2.3%
TOTAL	614	560	-8.8%

six-month waiting period. LTD benefits generally stop when an employee is no longer considered disabled or when they reach age 65, unless the waiting period commenced on or after the date they attained age 62, in which case payment ceases in accordance with the pre-established plan schedule.

Overall, LTD claims approved in FY 2012-13 decreased by 8.8 percent over the prior plan year. Total LTD claims open as of June 30, 2013 were 1,504; of that 857 (57 percent) are classified as Occupational and 647 (43 percent) are classified as Non-Occupational.

SURVIVOR BENEFIT

The County also established the Survivor Benefit (SB) Plan, which provides an eligible surviving spouse/ domestic partner with a monthly benefit in the event of an employee's death. The SB benefit is equal to 55 percent of the LTD benefit, and is paid throughout the survivor's lifetime.

New SB claims decreased by 2.8 percent in FY 2012-13; however, the number of claims processed found to be eligible for benefits increased by 14.3 percent. Overall, a total of 1,213 eligible survivors received this benefit.

	FY 2011-12	FY 2012-13	PERCENT CHANGE
New Survivor Benefit Claims Processed	176	171	-2.8%
New Survivor Benefit Claims Approved	63	72	+14.3%



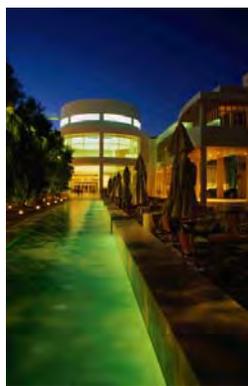
DISABILITY MANAGEMENT UNIT SIGNIFICANT ACCOMPLISHMENTS

- Developed and implemented a file organization procedure for RTW claims. RTW training and written guidelines were provided to all departments. It is expected that all departments will organize their RTW files in the manner prescribed.
- Developed an RTW flow chart to provide guidance to departments on the disability management process.
- Updated the RTW Manual since the initial development in 2011, with revisions that include the new file management guideline and the RTW flow chart.
- Conducted quarterly RTW seminars attended by 413 County employees, including RTW Coordinators, managers, and human resources personnel.
- Conducted RTW 101 training sessions attended by 148 County employees who were new to RTW or were interested in learning more about RTW.

- Provided individualized guidance to several departments regarding effective management of employees on a long-term leave of absence.
- Provided tailored training to over 100 RTW Coordinators and managers for several departments including Probation and the Department of Public Social Services.
- Provided input and recommendations for 33 workers' compensation claim reviews.
- Attended 50 Interactive Process Meetings to provide expert advice on reasonable accommodation and RTW best practices.
- Reviewed requests and provided 59 letters of concurrence for departments to pursue a medical release pursuant to Civil Service Rule 9.08(c).
- Develop and implement an effective, automated system capable of tracking employees on disability leave or on a modified/alternative assignment. In addition, the Americans with Disabilities Act (ADA)/Fair Employment and Housing Act (FEHA), and County policy and procedures will be incorporated into the system.
- Conduct a Countywide assessment of adherence to file management procedures, which was established in FY 2012-13.
- Create a dashboard for department management that will allow for trend analysis and action based on regularly updated data.

FISCAL YEAR 2013-14 OBJECTIVES

- Hire additional staff to create a task force intended to assist departments with resolving issues related to employees on long-term disability.
- Develop enhanced training components to introduce to a more technical and sophisticated audience, while maintaining the core training of RTW 101 and quarterly updates.



LIABILITY PROGRAMS

LIABILITY CLAIMS MANAGEMENT

The CEO/RMB Liability Claims Management Unit provides consultative support and direction in the administration of various claims and lawsuits filed against the County. This includes first- and third-party property claims, and claims arising out of vehicle liability, general liability, employment practices liability, law enforcement, and medical malpractice. Overseeing the various claims involves providing administration and direction to two Third Party Administrators (TPAs), one

for general liability and one for medical malpractice/professional liability claims.

GENERAL LIABILITY CLAIMS

Carl Warren & Company currently oversees a majority of the general liability claims that encompasses the subsets of vehicle liability and employment liability. Below you will find Key Performance Indicators (KPI) for general liability claims handled by this TPA.

GENERAL LIABILITY CLAIM ADMINISTRATION

	FY 2010-11	FY 2011-12	FY 2012-13
Claim Closing Ratio ¹	95%	95%	96%
Allocated Loss Adjustment Expense ²	33%	32%	63%
Litigation Reserve Ratio ³	24%	31%	28%

1. Claim Closing Ratio: Metric tracking total number of cases opened and closed during a defined period of time. Used to analyze case loads and claim closure efficiency.
2. Allocated Loss Adjustment Expenses (ALAE): Expenses tracked to a specific case file such as attorney fees, investigation costs, and other specific costs associated with the claim. Used to track the costs of defending the claim and are separate from indemnity expenses.
3. Litigation Reserve Ratio: Metric tracking the percent of legal fees paid as compared to the total reserved value of the case. This KPI is important since there should be a reasonable correlation between the ultimate settled or closed case value and the amount of legal fees paid.

Data Analysis

The TPAs are not solely responsible for the management of the respective programs since they do not control the entire claims administration process and have limits on their authority. However, the data shows that the general liability TPA is managing the claims timely and within expected cost parameters. The

increase in the Allocated Loss Adjustment Expense (ALAE) percentage in FY 2012-13 can be attributed to the significant drop (71.2 percent) in indemnity paid for the claims administered by this TPA. The County's greatest exposure is for cases involving serious injuries, which represent the greatest percentage of total dollars spent.

VEHICLE LIABILITY CLAIMS

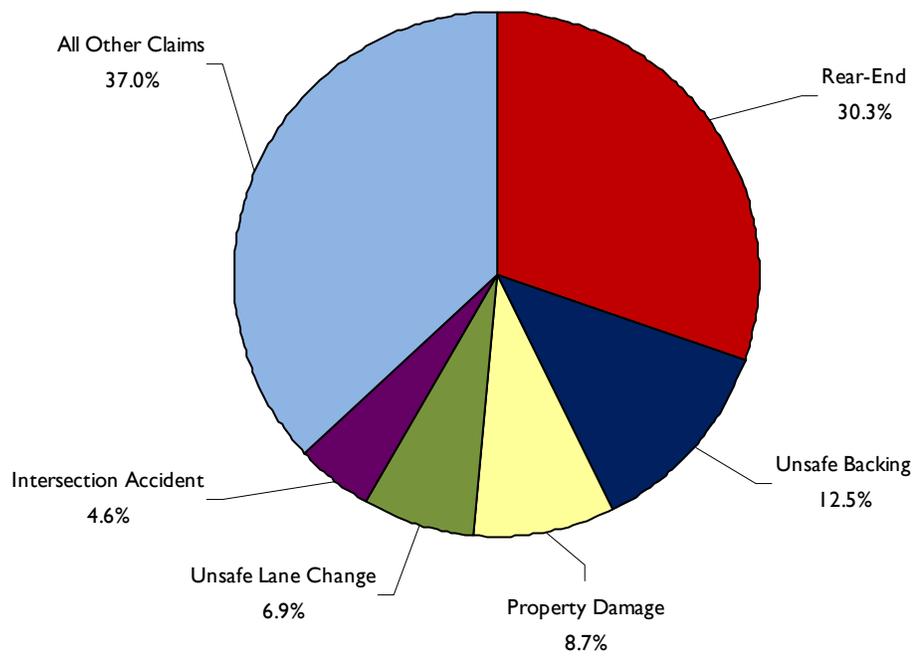
The County’s vehicle liability frequency decreased 5.1 percent, and paid claim severity decreased 22.8 percent for FY 2012-13. The severity decrease began in FY 2010-11, and since then has seen an overall decrease in terms of paid claims of 50.6 percent.

Vehicle liability loss exposure is attributable to various road-related

hazards and the number of miles driven. The most prevalent accidents with the greatest severity are allegations of rear end collisions (21 percent), intersection collisions (17 percent), and pedestrian related (10 percent).

Vehicle liability represents 1.5 percent of the County’s total Cost of Risk.

Chart 8:
VEHICLE LIABILITY FREQUENCY FY 2012-13



PRIMARY CAUSE	CLAIM COUNT	PERCENTAGE
Rear-End	271	30.3%
Unsafe Backing	112	12.5%
Property Damage	78	8.7%
Unsafe Lane Change	62	6.9%
Intersection Accident	41	4.6%
All Other Claims	330	37.0%
TOTAL	894	100.0%

Chart 9:
OTHER GENERAL LIABILITY FREQUENCY

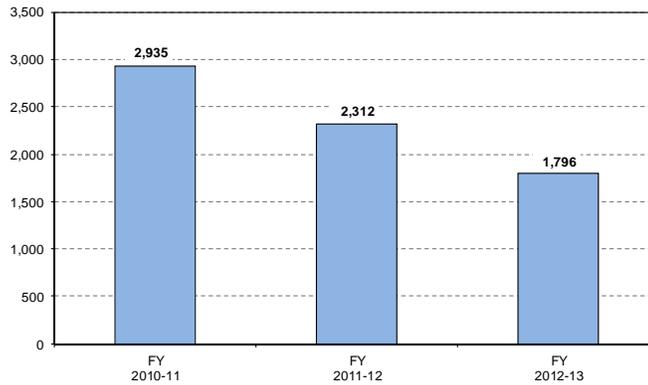
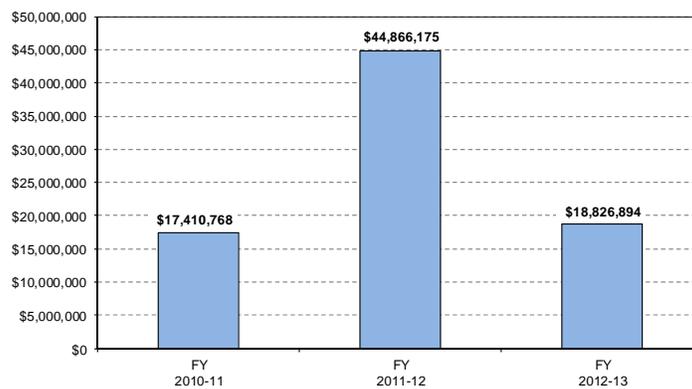


Chart 10:
OTHER GENERAL LIABILITY SEVERITY



OTHER GENERAL LIABILITY CLAIMS

Other general liability includes all claims filed against the County that are not otherwise broken out in employment, medical malpractice, vehicle, or law enforcement liability. This includes dangerous conditions and property-related claims. Claims in this category also include non-tort claims which include taxation, elections, redevelopment, and contract disputes.

The County’s other general liability frequency and paid claim severity decreased for FY 2012-13 by 22.3 percent and 58.0 percent, respectively. This large severity decrease can be attributable to four large claims paid in the prior fiscal year. The County

continues to see an overall decrease in frequency of 38.8 percent since FY 2010-11 (see Charts 9 and 10).

Other general liability loss exposure is attributable to a wide range of tort and non-tort actions filed against the County. The most prevalent claims with the greatest severity in terms of paid dollars are non-tort allegations involving issues such as tax and contract disputes. However, dangerous conditions claims account for 12 percent of paid expenses in this category.

Other general liability represents 3.6 percent of the County’s total Cost of Risk.

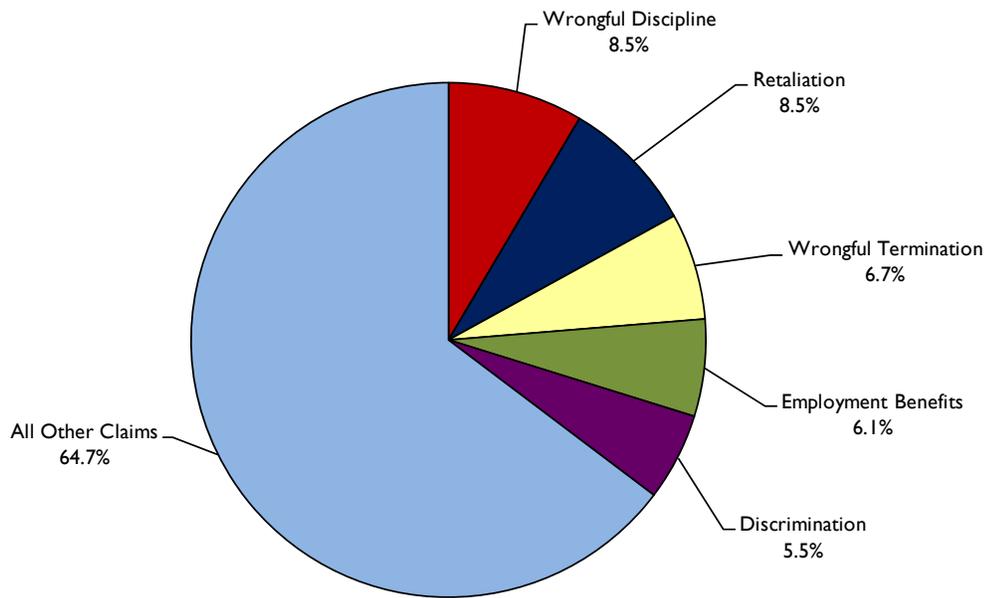
**EMPLOYMENT PRACTICES
LIABILITY CLAIMS**

The County’s employment practices liability frequency and paid claim severity decreased for FY 2012-13 by 19.2 percent and 31.0 percent, respectively. This decrease began in FY 2010-11, and since then has seen an overall decrease in frequency of 47.6 percent (see Chart 11).

The employment liability loss exposure is attributable to an increase in turnover and the number of employees hired. The most prevalent claims with the greatest severity are allegations of disability discrimination (15 percent), failure to promote (12 percent) and retaliation (8 percent).

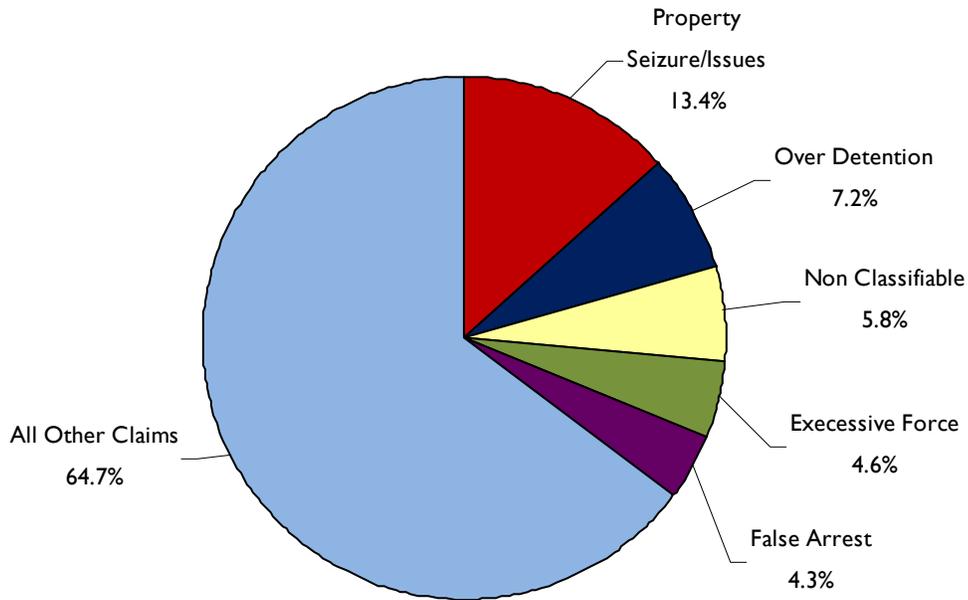
Employment practices liability represents 3.1 percent of the County’s total Cost of Risk.

**Chart 11:
EMPLOYMENT PRACTICES LIABILITY FREQUENCY FY 2012-13**



PRIMARY CAUSE	CLAIM COUNT	PERCENTAGE
Wrongful Discipline	14	8.5%
Retaliation-Whistle Blower	14	8.5%
Wrongful Termination	11	6.7%
Employment Benefits	10	6.1%
Discrimination	9	5.5%
All Other Claims	106	64.7%
TOTAL	164	100.0%

Chart 12:
LAW ENFORCEMENT LIABILITY FREQUENCY FY 2012-13



PRIMARY CAUSE	CLAIM COUNT	PERCENTAGE
Property Seizure/Issues	111	13.4%
Over Detention	60	7.2%
Non Classifiable	48	5.8%
Excessive Force	38	4.6%
False Arrest	36	4.3%
All Other Claims	536	64.7%
TOTAL	829	100.0%

LAW ENFORCEMENT LIABILITY CLAIMS

The County’s law enforcement liability frequency decreased 3.9 percent and paid claim severity increased 53.1 percent in FY 2012-13. This year, three cases had payments in excess of \$1 million, compared to the prior years with no cases above \$1 million. These three cases account for the majority of the increase (see Chart 12).

The most prevalent claims with the greatest severity are allegations of false arrest (19 percent), wrongful death (10 percent) and excessive force (9 percent).

Law enforcement liability represents 6.4 percent of the County’s total Cost of Risk.

MEDICAL MALPRACTICE

Sedgwick Claims Management Services, the County's TPA, oversees the claims related to professional liability programs that encompass hospital professional liability and medical malpractice.

Data Analysis

Unlike the general liability TPA, the medical malpractice TPA manages both non-litigated and litigated claims. These claims tend to behave differently than general liability as experts are more prevalent in determining the potential exposure to liability. However, the principles of claims closure, cost containment, and appropriate reserving are all performance measures that compare to general liability claims.

The data shows that the medical malpractice TPA is managing the claims timely and within expected cost parameters. The County's greatest exposure is for cases involving serious

injuries and those cases represent the greatest percentage of total dollars spent.

MEDICAL MALPRACTICE CLAIMS

The County's medical malpractice liability frequency decreased 4.5 percent and the severity decreased 14.0 percent for FY 2012-13 (see Chart 13).

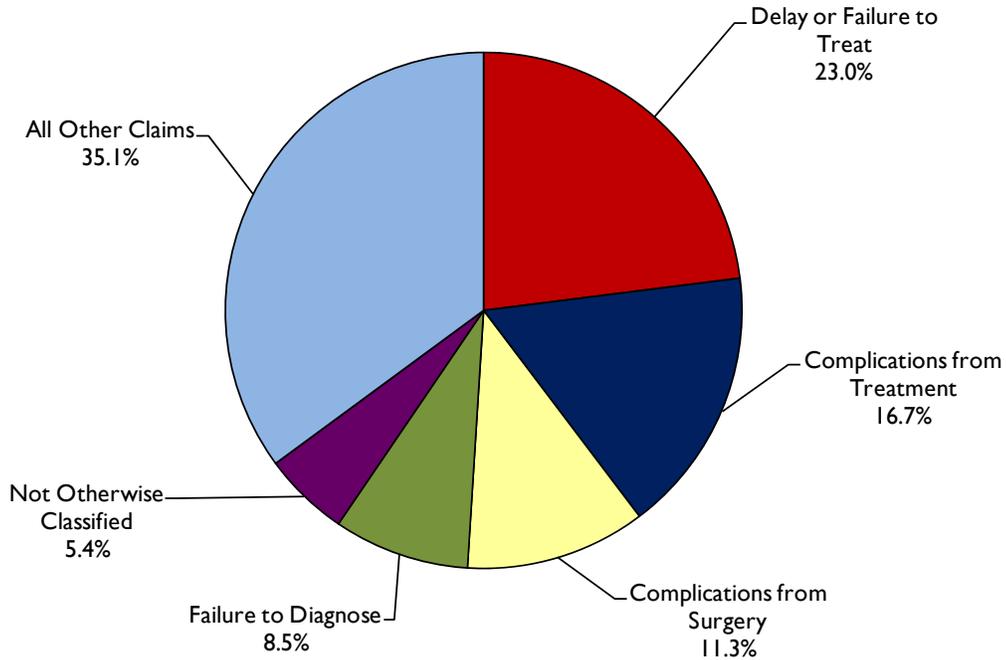
Medical malpractice liability loss is attributable to various departments; however, the majority of the loss is related to care in the hospitals. Hospital exposures are those related to patient contact; therefore, the more patients seen the more probability that claims will arise. The most prevalent claims with the greatest severity are allegations of treatment complications (50 percent), delay/failure to treat (26 percent) and surgery complications (5 percent).

Medical malpractice represents 2.5 percent of the County's total Cost of Risk.

MEDICAL MALPRACTICE CLAIM ADMINISTRATION

	FY 2010-11	FY 2011-12	FY 2012-13
Claim Closing Ratios	93%	103%	100%
Allocated Loss Adjustment Expense	24%	18%	19%
Litigation Reserve Ratio	20%	17%	16%

Chart 13:
MEDICAL MALPRACTICE LIABILITY FREQUENCY FY 2012-13



PRIMARY CAUSE	CLAIM COUNT	PERCENTAGE
Delay or Failure to Treat	81	23.0%
Complications from Treatment	59	16.7%
Complications from Surgery	40	11.3%
Failure to Diagnose	30	8.5%
Not Otherwise Classified	19	5.4%
All Other Claims	124	35.1%
TOTAL	353	100.0%

SMALL AND PROPERTY CLAIMS

The CEO/RMB Liability Claims Management’s Small and Property Claims Unit represents the County in cases that are filed in the Superior Court Small Claims Division. The Small and Property Claims Unit also administers lost or stolen property claims filed against the Sheriff’s Department, Department of Health Services property

losses, and damage losses occurring on County property. In addition, the Unit subrogates claims when County property is damaged by a third party and assists departments in administering the County’s permittee drivers program. For fiscal years 2010-11, 2011-12, and 2012-13, the Unit administered 984, 617, and 573 cases, respectively.



TREND ANALYSIS

WORKERS' COMPENSATION

CAUSES OF INCIDENTS

The County of Los Angeles employs over 95,000 employees with diverse occupational exposures over thousands of job descriptions. While each department has hazards that pose specific risks to its employees, the overall exposure can be summarized into the following 7 classifications for 80 percent of the injuries sustained by County employees.

Assault

Assaults include all aspects of a third party combating with County employees. Departments with the majority of assaults include: Probation (16.9 percent), Sheriff (12.9 percent), and Health Services (5.8 percent).

Cumulative Trauma

Cumulative trauma and bodily injury include injuries that are sustained over time due to the repetitive motion of the worked performed or stress incurred from the job. Departments with the most cases include: Public Social Services (18.6 percent), Children and Family Services (15.4 percent), and Health Services (13.1 percent).

Overexertion

Overexertion includes injuries due to lifting, carrying, and pushing or pulling. Departments with the most cases include: Sheriff (32.8 percent), Health Services (27.5 percent), Public Social Services (24.4 percent), and Fire (17.8 percent).

Exposure

This category includes exposure to physical hazards including particulates, fumes, and chemicals; environmental exposure including heat, cold, sun, and noise; and biological hazards including blood, body fluids, viral, and bacterial exposures. Departments with the most exposure cases include: Fire (55.6 percent) and Sheriff (13.2 percent).

Trip and/or Fall

This includes falling down in the office environment which includes stairs, chairs, escalators, elevators, and over various floor surfaces. Externally, this includes falling from vehicles, ladders, roof tops, and surfaces in parking lots, sidewalks, and in rough terrain. Departments with the most trip and/or fall cases include: Probation (22.8 percent), Children and Family Services (22.3 percent), Public Social Services (22.0 percent), and Health Services (17.7 percent).

Struck by/or Against

This includes injury resulting from being struck by or crushed by a human, animal, or inanimate object or force not vehicle related. Additionally, this can include injury caused by striking against something or someone or from flying or falling objects. Leading departments include: Probation (7.0 percent), Health Services (6.7 percent), and Sheriff (6.2 percent).

Other

This category includes all other causes including, but not limited to, presumptive injuries, cardiovascular related, caught in or between, and transportation-related injuries.

DEPARTMENTAL ANALYSIS

Six departments account for over 80 percent of all claim frequency: Sheriff (37.9 percent), Health Services (14.2 percent), Fire (12.2 percent), Public Social Services (9.0 percent), Probation (6.2 percent), and Children and Family Services (3.4 percent). All department data can be found in Exhibit B in the Statistics chapter of this report.

Sheriff

Sheriff's Department employees work in arduous and dynamic environments encompassing varied areas of risk exposure, including law enforcement, emergency response, building trades, and administrative functions.

Overexertion injuries continue to be a leading cost factor for the Department

TYPE OF WORKERS' COMPENSATION CLAIMS BY DEPARTMENT

TYPE OF CLAIM	SHERIFF	HEALTH SERVICES	FIRE	PUBLIC SOCIAL SERVICES	PROBATION	CHILDREN AND FAMILY SERVICES
Assault	12.9%	5.8%	0.7%	0.3%	16.8%	1.0%
Cumulative Trauma/ Body Injury	7.8%	13.1%	10.0%	18.6%	11.4%	15.4%
Exposure	13.2%	8.6%	55.6%	2.6%	4.6%	2.8%
Trip and/or Fall	10.5%	17.7%	6.8%	22.0%	22.8%	22.3%
Overexertion	32.8%	27.5%	17.7%	24.4%	13.3%	20.0%
Struck by or Against	6.2%	6.7%	4.4%	5.0%	7.0%	5.6%
Other	16.6%	20.6%	4.8%	27.1%	24.1%	32.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

as a result of lifting, pushing, and pulling. Additionally, injuries resulting from law enforcement activities would be expected to increase claims of cumulative trauma. Each bureau has an identified safety officer to assist in communicating and implementing the Department's safety programs and directives. These safety officers undergo annual refresher training on Cal/OSHA required programs and other safety- and health-related issues. These individuals serve as an extension of the Department's designated safety officer, and assist in implementation of the various safety- and health-related programs throughout the Department. The Department is currently in process of filling the safety officer position within the Facilities Services Bureau.

Health Services

Department of Health Services' (DHS) employees are exposed to a variety of hazards, including patient handling, slips, falls, and exposures. The Department created an Ad Hoc Committee to analyze/address underlying exposures related to patient handling and aid in the transition to assistive patient lift devices. The Committee created four mitigation measures, as follows:

1. Establish an enterprise Ad Hoc committee co-chaired by the DHS Risk Manager and Chief Nursing Officer to coordinate DHS compliance efforts.

2. Perform an existing patient handling equipment needs assessment.
3. Establish lift teams at all four hospitals.
4. Open the lines of communication with the California Hospital Association and Cal/OSHA regarding interpretative issues related to the ongoing regulatory rule-making processes.

Finally, slip, trip, and fall issues are continuing to be addressed through regular inspection protocols and awareness training.

Fire

Fire Department employees often work in volatile environments with consistently arduous physical demands and a myriad of potentially hazardous exposures. In the course and scope of providing critical emergency response services, injuries would be expected from overexertion and exposure to environmental elements. In order to control these types of injuries, the Department developed a "Comprehensive Risk Management Plan" in December 2012 which includes short, mid, and long-term initiatives for the Department. The program is under review and pending implementation. Additionally, the Department continues the Fitness-for-Life! program which emphasize wellness and fitness through annual medical evaluations, physical ability testing, and targeted education.

Public Social Services

The Department of Public Social Services (DPSS) is one of the largest departments with an employee count nearly double that of the next largest social service department. The DPSS workers' compensation claim report rate is between other departments in the same operational cluster, and is not the highest in that comparable group of departments. DPSS recently acquired several safety positions, ranging from Safety Inspectors to Safety Officers. The Department filled some of the positions and is actively moving to fill the remaining vacancies.

The Department coordinated several types of training, including Threat Management for all supervisors and Facility Inspections, and training of all property and emergency management staff. Key safety program elements include data trend analysis, targeted efforts regarding the most common types of claims, facility inspection programs, and ergonomics.

Probation

The Probation Department is another department that has inherent risks based on operations and is in the process of hiring four additional safety personnel to assist with risk management efforts. The leading types



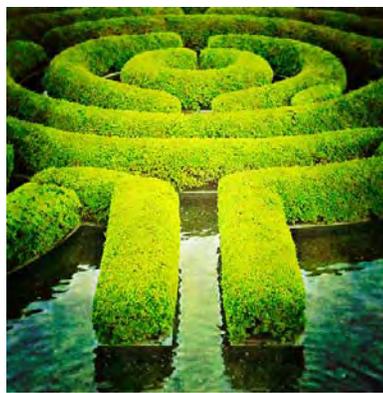
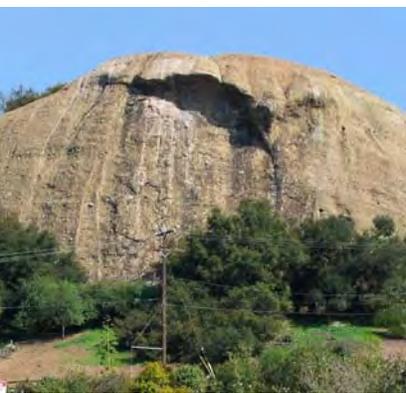
of losses have been identified and mitigation efforts have been implemented. A Safe Crisis Management Subcommittee has been implemented to address the assault exposure. Sworn staff who conduct restraint- and security-related duties receive 160 hours of core training hours and an additional 24 training hours annually. The training is designed to provide staff with the ability to identify, safely manage, and reduce the likelihood of situations associated with minors acting out during supervision. Also, the Department has incorporated the Countywide Ergonomics Task Force Project, allowing the Department to purchase recommended ergonomic equipment through County Agreement Vendors at County agreed pricing. Overexertion includes a variety of claims which are being addressed through training, ergonomic evaluations, and the Department's Office Ergonomics Subcommittee.

Probation Department continues to see a reduction in overall claim frequency. After dropping nearly 23.2 percent in FY 2011-12 the Department decreased another 6.6 percent in FY 2012-13. Since FY 2010-11, the Department has reduced the frequency of injuries by 28.2 percent.

Children and Family Services

The workers' compensation claim rate for the Department of Children and Family Services is 5.6 per 100 employees, which is lower than the

Countywide average of 11.5, and low relative to the other social service departments. Loss control efforts include quarterly meetings to review and identify leading cost drivers to better focus and reallocated prevention efforts. The Department recently implemented procedures to acquire ergonomic-related equipment for cumulative trauma claims in an effort to reduce costs associated with equipment purchase and acquisition. The Department is currently in process of filling their Safety Officer vacancy.



LOSS CONTROL AND PREVENTION

The CEO/RMB Loss Control and Prevention Section consists of Risk Management Inspector General, Loss Control and Prevention, and Occupational Health Programs. Each unit within the Section has responsibilities related to the control and prevention of injuries in their defined fields of expertise. Collectively, the three units work together to create a safe and healthful environment for County employees, visitors, and citizens, while minimizing the overall Cost of Risk.

RISK MANAGEMENT INSPECTOR GENERAL

The Risk Management Inspector General's (RMIG) responsibility includes assisting County departments in the development and approval of Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs). Additionally, RMIG

collaborates with the departments, CEO/RMB Liability Management Unit, and County Counsel to meet the mandates established by the Board of Supervisors, which include:

- All County Department Heads must include a SCAP signed by the CEO/RMB RMIG as part of any claims settlement letter forwarded to the Claims Board and to the Board of Supervisors.

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

- Reviews all claims entered into the claim system weekly to determine early intervention efforts and collaboration with all concerned. This includes the departments and CEO/RMB Liability Claims Management, Operations, and Loss Control and Prevention.

Loss Control and Prevention's Mission

To ensure a safe and healthful environment for County of Los Angeles employees, visitors, and citizens; and to minimize the County's Cost of Risk.

- 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, as necessary;
- Consults with departments and assists them in developing CAPs and SCAPs, as soon as practical;
- Assists in expediting claim settlements by pre-approving all CAPs and SCAPs prior to submission to the Claims Board and/or Board of Supervisors;
- Escalates requests for CAP/SCAP information through department

management and the Board of Supervisors, if necessary, if information provided is not thorough or timely.

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 Charts 14 and 15.

Chart 14:
CAPs AND SCAPs APPROVED DURING FY 2012-13
By Department

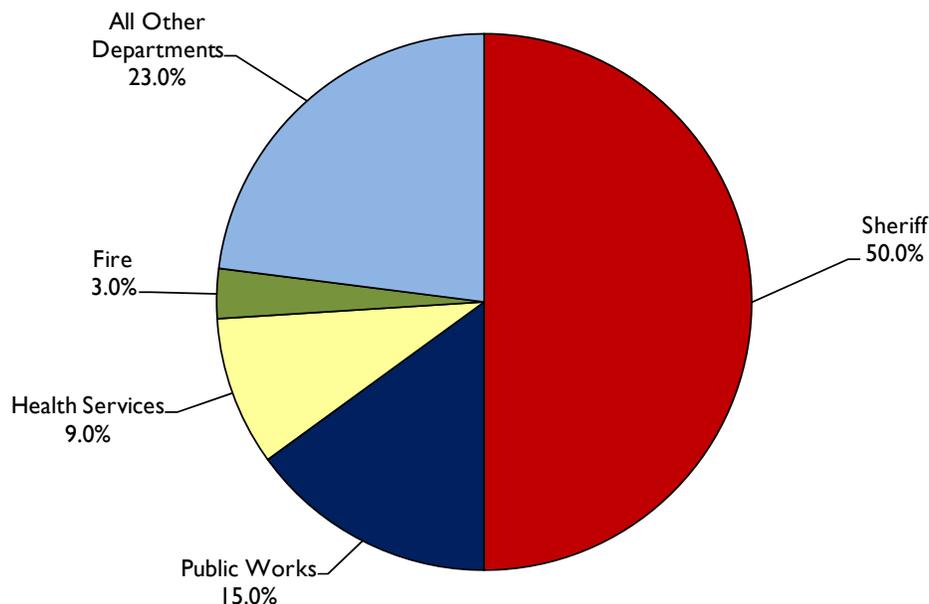
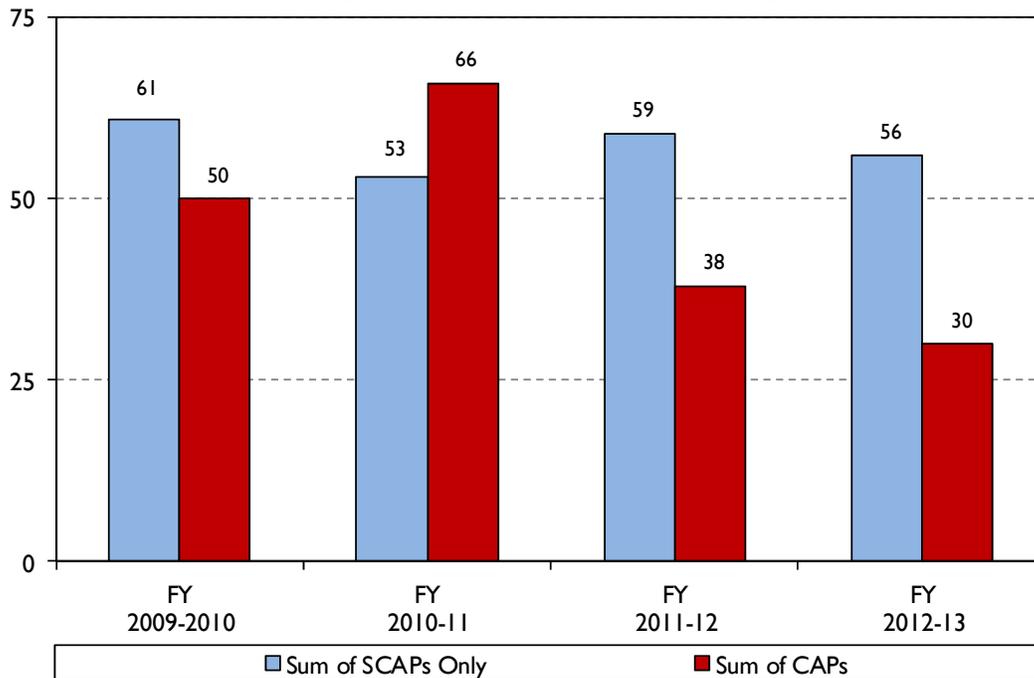


Chart 15:
CAPs AND SCAPs APPROVED BY FISCAL YEAR



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 intranet site.

For FY 2012-13, there were a total of 28 Applicability Notices:

- There were seventeen (17) employment practices liability cases, totaling \$4,526,900 in settlement costs;

- There were eight (8) vehicle liability cases, totaling \$598,250 in settlement costs;
- There were three (3) general liability cases, totaling \$118,750 in settlement costs.

RMIG Significant Accomplishments

- Participated in two separate Legal Exposure Reduction Committee's subcommittees in the areas of training and communication and medical malpractice exposures. RMIG staff's knowledge of claims and their root causes contributed significantly to the development of loss exposure reduction programs within each subcommittee.

- RMIG's leadership role in the Medical Malpractice Subcommittee resulted in finalizing the Patient Safety Network contract. Through significant effort, the amended DHS contract leverages purchasing power and legal protections afforded to include Sheriff, Mental Health, Public Health, and Fire.
- Collaborated with Board Deputies and Sheriff's Department to improve the information contained in the Department's CAPs, resulting in enhanced CAPs that better explained processes, policies, and procedures. The enhanced CAPs resulted in a more transparent and streamlined review and approval process, which expedited claims approvals for the Department's cases, which represented 45 percent of RMIG's CAP/SCAP activity this fiscal year.
- Implemented a CAP/SCAP self-audit and verification procedure which increases departments' accountability by requiring that they self-audit and

report the exact status of each Corrective Action Plan step, beginning six months after the CAP/SCAP is approved.

- Implemented a weekly review and follow-up procedures on all claims entered into the claim system weekly to determine early intervention efforts.

FY 2013-14 Objectives

- Complete implementation of tracking and compliance tool to allow departments to input, review, and submit CAPs and SCAPs electronically.
- Revise Root Cause Analysis and CAP training modules to reflect new procedures arising from the tracking and compliance tool.
- Continue a leadership role as liaison between Board offices and departments in order to continuously improve the creation, review, implementation, and monitoring of CAPs and SCAPs.
- Collaborate with CEO/RMB Liability Claim Management staff and County Counsel at specified roundtables to identify early intervention opportunities.



LOSS CONTROL AND PREVENTION

CEO/RMB Loss Control and Prevention (LCP) provides risk analysis, consultative assistance to find effective solutions for root causes, and training for all departments. Targeted loss control and prevention efforts are focused on high-risk departments but provide regular assistance to all departments. Activities of LCP include the following:

- Training on loss prevention, reporting, standards, procedures, and compliance.
- Loss control and industrial hygiene programs provided to departments upon request and as needed.
- Developing best practices, model safety and health programs, safety bulletins, and “Risk Alerts!” for Countywide use and implementation.
- Developing action plans for County departments for leading causes of workers’ compensation and general liability claims;
- Assisting departments in preparing for risk management presentations at cluster meetings and in meeting several risk management-related Management Appraisal and Performance Plan goals.
- Developing standardized lists for ergonomic products for use in cost minimization efforts related

to ergonomic evaluations for workers’ compensation cases.

- Serving as subject matter experts in absence of risk management staff for departments and in training/supervision/guidance for new staff.
- Participating in weekly claim triage process for both liability and workers’ compensation claims.

Loss Control and Prevention Significant Accomplishments

Loss Control and Prevention Unit launched the Countywide Enterprise Risk Information Center. Using state-of-the-art business intelligence, the County now has a risk management dashboard that is accessible to all departments. The dashboard is updated regularly to aid in determining trends as they occur rather than waiting for monthly or quarterly reports. Other significant accomplishments include:

- Quarterly loss control and prevention meetings were attended by over 350 County safety officers, human resources personnel, and others with safety responsibilities. The meetings covered: 1) Ergonomics and the Workstation; 2) Recordkeeping Requirements: Hazard Communication 2013 Update and Accident Investigations; 3) Indoor Mold Concerns: Identify, Clarify and Remedy; and 4) Trends in Office Ergonomics and Equipment Demonstration.

- Customized training on a range of health and safety topics was presented to 14 departments. The three most attended training topics were Cost Drivers and Data Analysis; Cal/OSHA Recordkeeping Requirements, Office Ergonomics, and Conducting Safety and Health Inspections.
- 783 consultations were provided to departments on a variety of issues, including Cal/OSHA compliance, health and safety, and liability.
- In collaboration with County departments, developed mitigation measures for the departmental Risk Management Overview presentations and provided assistance to departments in presenting their FY 2012-13 Risk Exposure Cost Avoidance Plan (RECAP) Status Reports and their FY 2013-14 Risk Management Plans (RMP).

FY 2013-14 Objectives

- Coordinate efforts to leverage the dashboard data into trend-specific, loss control best practices.
- Continue to work with information technology partners to further enhance the Enterprise Risk Information Center.

- Expand and revise the *Introduction to Occupational Safety and Health* training series.
- Evaluate and, when appropriate, create training programs for placement on the County's Learning Net.
- Implement final recommendations developed by the Ergonomics Task Force to achieve cost-effective outcomes and a reduction in workers' compensation claims costs.
- Evaluate and perform review/audit of department's programs, as related to specific programs.

OCCUPATIONAL HEALTH PROGRAMS

Occupational Health Programs administers medical and psychological programs associated with pre- and post-employment, as well as the Employee Assistance Program. The functions and programs include the following:

- Pre-placement medical/psychological evaluations;
- Employee medical evaluations;
- Fitness for Life! program;
- Drug and alcohol testing program; and
- Medical/Psychological re-evaluations.

Occupational Health Programs Significant Accomplishments

- In conjunction with the County of Los Angeles' Reasonable Suspicion Drug Testing Program, facilitated the testing of 17 employees suspected of being under the influence of drugs and/or alcohol, and provided line departments with guidance and/or recommendations when a positive drug screening examination was received.
- Actively participated in department outreach activities to better advertise the processes and procedures as related to various functions of the Occupational Health Programs, such as reasonable suspicion testing protocols, federal Department of Transportation (DOT) drug and alcohol testing protocols, and medical and psychological re-evaluation procedures. This was completed through the Risk Management Coordinators and Return-to-Work Coordinators meeting presentations and one-on-one meetings with selected departments.
- Updated the Countywide drug testing policy to include additional classifications that have been determined to be safety-sensitive.
- Transitioned from an existing record storage vendor to a new vendor, involving an extensive amount of historical medical files.

- Developed a computerized color vision test for safety applicants.
- In partnership with the Fire Department, began the process for eliminating unnecessary and/or harmful medical testing components of the Fitness for Life! program.
- Updated the Reasonable Suspicion Drug and Alcohol Training program.
- Streamlined pre-placement testing protocols for County employees (eliminated basic examinations for LACERA and Registrar-Recorder/County Clerk items).

FY 2013-14 Objectives

- Develop and implement a Request for Proposals for a DOT Random Drug and Alcohol testing contractor.
- Establish better communication with departments regarding significant revisions or new testing guidelines and standards.





STATISTICS

FY 2010-11 TO FY 2012-13

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

Cost of Risk Detail..... Exhibit G



EXHIBIT A

ALL CLAIMS FREQUENCY AND EXPENSE SUMMARY

Department	FY 2010-11		FY 2011-12		FY 2012-13	
	# 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	\$17,833	0	\$0	0	\$42,488
Agricultural Commissioner/Weights and Measures	43	\$950,164	56	\$753,824	46	\$747,885
Alternate Public Defender	11	\$108,491	6	\$214,469	6	\$119,720
Animal Care and Control	173	\$1,006,599	127	\$1,700,575	123	\$1,192,100
Assessor	40	\$1,395,301	56	\$1,081,561	67	\$1,181,527
Auditor-Controller	23	\$466,569	25	\$360,678	106	\$709,733
Beaches and Harbors	47	\$460,556	27	\$1,240,506	36	\$685,209
Board of Supervisors	29	\$1,701,285	25	\$1,725,593	21	\$719,886
Chief Executive Office	46	\$1,904,447	37	\$10,597,597	11	\$2,350,868
Chief Information Office	0	\$2,203	4	\$8,352	0	\$24,614
Child Support Services	148	\$3,885,431	159	\$4,741,710	118	\$4,822,371
Children and Family Services	538	\$22,503,464	582	\$21,553,546	524	\$19,427,058
Community and Senior Services	54	\$1,639,382	38	\$2,064,001	35	\$2,560,586
Consumer Affairs	1	\$83,571	1	\$16,125	3	\$91,246
Coroner	39	\$1,057,950	33	\$836,901	31	\$1,119,307
County Counsel	27	\$617,868	10	\$576,235	21	\$427,509
District Attorney	143	\$4,985,261	182	\$5,682,750	121	\$5,050,200
Fire	1,555	\$67,954,429	1,455	\$71,910,990	1,467	\$74,458,558
Health Services	2,148	\$65,150,250	1,965	\$70,361,004	1,922	\$59,846,731
Human Relations Commission	0	\$5,891	0	\$9,425	0	\$0
Human Resources	13	\$106,835	9	\$187,098	17	\$318,041
Internal Services	173	\$4,951,220	157	\$4,679,302	130	\$4,795,375
LACERA	12	\$410,453	12	\$574,455	13	\$545,480
Mental Health	270	\$7,829,500	294	\$7,923,556	330	\$8,864,956
Military and Veterans Affairs	0	\$17,686	5	\$24,415	2	\$38,100
Museum of Art	7	\$141,551	4	\$67,249	4	\$108,823
Museum of Natural History	1	\$423,118	0	\$233,503	2	\$135,773
Non-Jurisdictional	383	\$467,080	539	\$3,646,309	593	\$769,389
Office of Public Safety	171	\$3,630,736	5	\$1,666,404	1	\$2,842,022
Parks and Recreation	343	\$5,175,622	422	\$5,252,975	283	\$5,103,924
Pending Assignment	16	\$0	5	\$0	0	\$0
Probation	1,014	\$40,755,045	796	\$38,075,783	760	\$37,562,060
Public Defender	61	\$1,553,407	64	\$1,100,922	63	\$1,344,367
Public Health	258	\$8,472,894	210	\$8,458,734	231	\$8,790,393
Public Library	75	\$839,000	68	\$855,576	57	\$908,717
Public Social Services	976	\$39,047,217	1,054	\$36,499,088	1,038	\$39,600,631
Public Works	1,029	\$14,543,465	1,021	\$24,832,153	649	\$13,850,576
Regional Planning	33	\$519,513	15	\$898,996	14	\$506,281
Registrar-Recorder/County Clerk	106	\$2,859,205	69	\$2,876,125	92	\$2,534,496
Sheriff	6,688	\$161,093,201	5,785	\$167,521,124	5,722	\$184,545,668
Superior Court	293	\$10,522,879	294	\$10,584,102	253	\$11,782,891
Treasurer and Tax Collector	116	\$1,189,383	73	\$1,291,877	80	\$1,240,068
TOTAL⁴	16,571	\$480,445,956	15,423	\$512,685,589	14,870	\$501,765,627

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, 2013.
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 B
**WORKERS' COMPENSATION
CLAIM FREQUENCY AND EXPENSE SUMMARY**

Department	FY 2010-11		FY 2011-12		FY 2012-13	
	# 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	\$17,833	0	\$0	0	\$0
Agricultural Commissioner/Weights and Measures	25	\$856,735	40	\$651,621	36	\$680,105
Alternate Public Defender	7	\$65,711	4	\$198,843	6	\$118,647
Animal Care and Control	132	\$616,515	99	\$726,277	100	\$930,196
Assessor	27	\$973,482	35	\$847,609	26	\$886,901
Auditor-Controller	13	\$201,350	15	\$324,678	24	\$427,583
Beaches and Harbors	25	\$377,712	18	\$622,327	18	\$512,440
Board of Supervisors	14	\$193,563	9	\$641,617	11	\$236,212
Chief Executive Office	9	\$324,847	13	\$339,216	9	\$619,979
Chief Information Office	0	\$2,203	4	\$8,352	0	\$19,751
Child Support Services	124	\$3,585,970	136	\$4,207,182	104	\$4,516,158
Children and Family Services	382	\$15,857,097	383	\$15,417,133	372	\$15,287,529
Community and Senior Services	33	\$910,543	10	\$942,453	15	\$900,372
Consumer Affairs	1	\$77,174	0	\$16,125	3	\$91,246
Coroner	15	\$726,074	19	\$737,028	17	\$1,062,565
County Counsel	16	\$592,051	9	\$548,875	17	\$405,474
District Attorney	74	\$3,598,160	82	\$3,919,214	62	\$3,652,820
Fire	1,383	\$42,269,729	1,328	\$47,672,830	1,321	\$49,444,811
Health Services	1,369	\$40,498,620	1,431	\$46,589,989	1,541	\$41,665,987
Human Relations Commission	0	\$5,891	0	\$9,425	0	\$0
Human Resources	13	\$84,458	8	\$156,879	16	\$280,234
Internal Services	104	\$4,205,171	98	\$4,201,006	92	\$3,911,594
LACERA	12	\$369,578	12	\$563,519	13	\$479,530
Mental Health	195	\$5,381,008	213	\$6,717,114	272	\$7,189,608
Military and Veterans Affairs	0	\$17,686	4	\$10,834	2	\$32,585
Museum of Art	6	\$112,960	3	\$67,249	1	\$104,708
Museum of Natural History	0	\$243,412	0	\$128,228	1	\$135,773
Non-Jurisdictional	0	\$0	0	\$0	4	\$0
Office of Public Safety	11	\$3,111,351	3	\$2,969,232	1	\$2,524,592
Parks and Recreation	159	\$2,701,721	202	\$3,920,887	191	\$3,591,369
Pending Assignment	5	\$0	4	\$0	0	\$0
Probation	946	\$26,646,815	727	\$27,328,288	679	\$28,529,360
Public Defender	38	\$1,081,159	41	\$747,269	34	\$1,004,954
Public Health	223	\$7,357,882	169	\$6,884,337	189	\$6,879,942
Public Library	62	\$806,013	58	\$824,764	46	\$872,357
Public Social Services	921	\$36,624,041	1,014	\$34,510,222	980	\$37,597,979
Public Works	254	\$7,284,318	258	\$5,420,225	205	\$6,436,340
Regional Planning	8	\$279,333	1	\$199,398	2	\$237,525
Registrar-Recorder/County Clerk	84	\$2,569,914	59	\$2,584,556	66	\$2,124,794
Sheriff	4,235	\$92,709,480	3,938	\$104,439,147	4,119	\$110,938,044
Superior Court	293	\$9,745,232	294	\$10,124,898	253	\$10,948,597
Treasurer and Tax Collector	14	\$979,488	25	\$1,050,095	19	\$935,413
TOTAL⁴	11,234	\$314,062,280	10,766	\$337,268,942	10,867	\$346,214,074

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

**STATE OF CALIFORNIA LABOR CODE 4850 AND
SALARY CONTINUATION EXPENSE SUMMARY**

Department	FY 2010-11	FY 2011-12	FY 2012-13
	Amount Paid ¹	Amount Paid ¹	Amount Paid ¹
Affirmative Action Compliance	\$0	\$0	\$0
Agricultural Commissioner/Weights and Measures	\$33,548	\$33,444	\$17,496
Alternate Public Defender	\$0	\$9,682	\$0
Animal Care and Control	\$18,407	\$96,559	\$59,072
Assessor	\$80,608	\$46,326	\$24,955
Auditor-Controller	\$364	\$8,195	\$84,147
Beaches and Harbors	\$20,484	\$40,962	\$25,402
Board of Supervisors	\$211	\$6,161	\$0
Chief Executive Office	\$7,199	\$41,823	\$63,116
Chief Information Office	\$0	\$0	\$4,863
Child Support Services	\$154,000	\$138,585	\$128,608
Children and Family Services	\$973,899	\$572,217	\$870,952
Community and Senior Services	\$22,015	\$51,626	\$90,695
Consumer Affairs	\$6,398	\$0	\$0
Coroner	\$37,448	\$2,914	\$5,390
County Counsel	\$0	\$13,300	\$17,484
District Attorney	\$128,761	\$207,950	\$400,747
Fire	\$20,252,025	\$21,617,102	\$22,021,731
Health Services	\$2,212,400	\$2,247,793	\$2,295,280
Human Relations Commission	\$0	\$0	\$0
Human Resources	\$7,845	\$13,561	\$33,649
Internal Services	\$102,930	\$124,647	\$219,084
LACERA	\$40,875	\$10,936	\$65,950
Mental Health	\$404,520	\$301,245	\$574,983
Military and Veterans Affairs	\$0	\$13,581	\$5,515
Museum of Art	\$28,591	\$0	\$3,954
Museum of Natural History	\$0	\$0	\$0
Non-Jurisdictional	\$68,956	\$0	\$0
Office of Public Safety	\$0	\$0	\$0
Parks and Recreation	\$155,348	\$163,232	\$218,144
Pending Assignment	\$0	\$0	\$0
Probation	\$10,193,650	\$8,162,015	\$7,459,851
Public Defender	\$105,891	\$17,819	\$124,362
Public Health	\$297,512	\$356,370	\$393,708
Public Library	\$1,271	\$19,812	\$5,811
Public Social Services	\$1,514,014	\$1,262,485	\$1,282,576
Public Works	\$318,555	\$379,842	\$471,566
Regional Planning	\$0	\$0	\$0
Registrar-Recorder/County Clerk	\$81,365	\$98,586	\$141,442
Sheriff	\$22,027,158	\$24,136,854	\$28,958,691
Superior Court	\$777,647	\$459,204	\$834,294
Treasurer and Tax Collector	\$46,729	\$34,078	\$75,284
TOTAL	\$60,120,620	\$60,688,906	\$66,978,802

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

EXHIBIT D
VEHICLE LIABILITY
CLAIM FREQUENCY AND EXPENSE SUMMARY

Department	FY 2010-11		FY 2011-12		FY 2012-13	
	# 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	\$16,930	7	\$22,889	4	\$9,960
Alternate Public Defender	0	\$0	0	\$0	0	\$0
Animal Care and Control	13	\$19,764	3	\$32,546	4	\$23,578
Assessor	2	\$41,374	5	\$5,612	6	\$10,191
Auditor-Controller	0	\$935	0	\$0	0	\$0
Beaches and Harbors	1	\$44,260	2	\$346,579	4	\$6,619
Board of Supervisors	3	\$86,626	5	\$5,295	1	\$2,656
Chief Executive Office	9	\$5,769	4	\$12,101	0	\$0
Chief Information Office	0	\$0	0	\$0	0	\$0
Child Support Services	0	\$0	2	\$0	2	\$1,216
Children and Family Services	62	\$323,400	58	\$194,325	44	\$229,812
Community and Senior Services	2	\$12,081	2	\$3,560	8	\$7,979
Consumer Affairs	0	\$0	0	\$0	0	\$0
Coroner	13	\$24,659	2	\$6,941	5	\$13,607
County Counsel	1	\$0	0	\$0	1	\$1,504
District Attorney	8	\$26,121	10	\$116,660	12	\$125,409
Fire	113	\$3,727,756	84	\$517,746	105	\$639,333
Health Services	5	\$143,623	8	\$44,039	15	\$22,037
Human Relations Commission	0	\$0	0	\$0	0	\$0
Human Resources	0	\$0	0	\$0	0	\$0
Internal Services	36	\$75,419	26	\$119,000	19	\$136,511
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	30	\$1,223,596	18	\$51,390	19	\$188,139
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	85	\$94,513	109	\$40,124	93	\$27,950
Office of Public Safety	0	\$132,079	0	\$123,208	0	\$44,589
Parks and Recreation	17	\$1,495,699	26	\$151,595	18	\$100,832
Pending Assignment	8	\$0	1	\$0	0	\$0
Probation	9	\$54,687	15	\$164,802	11	\$17,069
Public Defender	9	\$19,105	3	\$49,821	6	\$70,217
Public Health	13	\$41,848	11	\$72,717	19	\$28,997
Public Library	7	\$7,718	4	\$11,000	2	\$4,390
Public Social Services	6	\$89,822	7	\$20,534	8	\$41,665
Public Works	108	\$586,694	89	\$1,020,027	83	\$274,420
Regional Planning	5	\$6,069	0	\$8,121	0	\$0
Registrar-Recorder/County Clerk	4	\$12,755	0	\$0	4	\$2,639
Sheriff	412	\$7,946,924	441	\$7,263,309	401	\$5,995,028
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$0	0	\$0	0	\$0
TOTAL⁴	973	\$16,260,226	942	\$10,403,941	894	\$8,026,347

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, 2013.
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
GENERAL LIABILITY
CLAIM FREQUENCY AND EXPENSE SUMMARY

Department	FY 2010-11		FY 2011-12		FY 2012-13	
	# 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	\$42,488
Agricultural Commissioner/Weights and Measures	9	\$42,950	9	\$45,870	6	\$40,324
Alternate Public Defender	4	\$42,780	2	\$5,944	0	\$1,073
Animal Care and Control	28	\$351,913	25	\$845,193	19	\$179,254
Assessor	11	\$299,837	16	\$182,014	35	\$259,480
Auditor-Controller	10	\$263,920	10	\$27,805	82	\$198,003
Beaches and Harbors	21	\$18,100	7	\$230,638	14	\$140,748
Board of Supervisors	12	\$1,420,886	11	\$1,072,520	9	\$481,018
Chief Executive Office	28	\$1,566,633	20	\$10,204,457	2	\$1,667,773
Chief Information Office	0	\$0	0	\$0	0	\$0
Child Support Services	24	\$145,462	21	\$395,943	12	\$176,389
Children and Family Services	94	\$5,349,068	141	\$5,362,973	108	\$3,038,765
Community and Senior Services	19	\$694,743	25	\$1,061,593	9	\$1,561,524
Consumer Affairs	0	\$0	1	\$0	0	\$0
Coroner	8	\$269,306	10	\$89,848	5	\$37,745
County Counsel	10	\$25,818	1	\$14,060	3	\$3,047
District Attorney	61	\$1,232,219	90	\$1,438,926	45	\$871,224
Fire	52	\$1,590,766	31	\$1,834,015	31	\$1,986,561
Health Services	538 ⁵	\$5,228,857	273	\$7,094,900	117	\$4,022,294
Human Relations Commission	0	\$0	0	\$0	0	\$0
Human Resources	0	\$14,532	1	\$16,658	1	\$4,158
Internal Services	33	\$567,701	33	\$234,649	19	\$528,186
LACERA	0	\$0	0	\$0	0	\$0
Mental Health	27	\$762,769	43	\$819,433	27	\$866,803
Military and Veterans Affairs	0	\$0	1	\$0	0	\$0
Museum of Art	1	\$0	1	\$0	3	\$161
Museum of Natural History	1	\$179,706	0	\$105,275	1	\$0
Non-Jurisdictional	266	\$298,079	391	\$636,953	475	\$740,597
Office of Public Safety	171	\$387,305	1	\$1,543,096	0	\$272,841
Parks and Recreation	167 ⁶	\$822,855	194	\$1,017,261	74	\$1,193,579
Pending Assignment	3	\$0	0	\$0	0	\$0
Probation	57	\$3,859,893	52	\$2,413,945	70	\$1,551,865
Public Defender	14	\$347,252	20	\$286,013	23	\$144,834
Public Health	16	\$757,382	22	\$1,102,123	17	\$1,055,765
Public Library	6	\$23,998	6	\$0	9	\$26,159
Public Social Services	49	\$819,340	33	\$705,847	50	\$678,411
Public Works	667	\$6,353,899	674	\$18,012,059	361	\$6,668,250
Regional Planning	20	\$234,112	14	\$691,477	12	\$268,756
Registrar-Recorder/County Clerk	18	\$195,172	10	\$192,983	22	\$265,621
Sheriff	2,031 ⁵	\$38,310,059	1,394	\$31,515,282	1,175	\$38,521,543
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	102	\$163,166	48	\$207,704	61	\$229,371
TOTAL⁴	4,077	\$72,640,476	3,380	\$89,407,457	2,789	\$67,724,610

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, 2013.
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.

EXHIBIT F

**MEDICAL MALPRACTICE
CLAIM FREQUENCY AND EXPENSE SUMMARY**

Department	FY 2010-11		FY 2011-12		FY 2012-13	
	# 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 – Ambulatory Care Network	36	\$620,619	31	\$826,383	20	\$540,771
DHS – Harbor-UCLA Medical Center	74	\$8,700,319	87	\$8,311,075	100	\$1,383,226
DHS – Juvenile Court Health Services	0	\$0	2	\$38	0	\$191
DHS – LAC+USC Medical Center	103	\$4,922,638	108	\$1,980,075	126	\$9,361,095
DHS – Olive View-UCLA Medical Center	40	\$1,944,208	33	\$439,872	21	\$461,056
DHS – Rancho Los Amigos	13	\$878,966	3	\$2,826,840	5	\$94,794
Health Services Subtotal⁴	239	\$17,066,750	253	\$14,384,283	249	\$11,841,133
Children and Family Services	1	\$0	0	\$6,898	0	\$0
Community and Senior Services	0	\$0	1	\$4,769	3	\$16
Coroner	4	\$462	2	\$170	4	\$0
District Attorney	0	\$0	0	\$0	2	\$0
Fire	7	\$114,152	12	\$269,297	10	\$366,122
Mental Health	18	\$57,606	20	\$34,374	12	\$45,423
Non-Jurisdictional	23	\$5,532	39	\$0	21	\$842
Office of Public Safety	0	\$0	1	\$100	0	\$0
Probation	2	\$0	2	\$6,733	0	\$3,915
Public Health	6	\$18,270	8	\$43,187	6	\$431,981
Sheriff	10	\$99,581	12	\$166,532	27	\$132,362
TOTAL⁴	288	\$17,362,354	335	\$14,916,343	320	\$12,821,794

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, 2013.
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 G
COST OF RISK DETAIL

WORKERS' COMPENSATION	FY 2010-11	FY 2011-12	FY 2012-13
Benefit Expense	\$236,699,599	\$256,346,731	\$261,212,780
Loss Expense ¹	\$66,143,020	\$69,317,099	\$72,967,604
Administrative Expense ²	\$11,219,661	\$11,605,112	\$12,033,690
Workers' Compensation Expense Sub-Total	\$314,062,280	\$337,268,942	\$346,214,074
Labor Code 4850/Salary Continuation	\$60,120,620	\$60,688,906	\$66,978,802
Workers' Compensation Expense Total	\$374,182,900	\$397,957,848	\$413,192,876
LIABILITY^{3, 4}			
Vehicle Liability Indemnity Expense	\$13,015,903	\$6,151,991	\$3,088,729
General Liability Indemnity Expense	\$33,680,285	\$47,232,333	\$26,225,201
Medical Malpractice Indemnity Expense	\$13,910,110	\$12,675,953	\$10,242,308
Liability Indemnity Expense Sub-Total	\$60,606,298	\$66,060,277	\$39,556,238
Vehicle Liability Legal Expens	\$3,244,323	\$4,251,950	\$4,935,886
General Liability Legal Expense	\$38,960,190	\$42,175,124	\$41,306,050
Medical Malpractice Legal Expense	\$3,452,244	\$2,240,390	\$2,579,485
Liability Legal Expense Sub-Total	\$45,656,757	\$48,667,464	\$48,821,421
Liability Administrative Expense ⁵	\$11,432,011	\$12,065,712	\$11,472,160
Liability Expense Total	\$117,695,066	\$126,793,453	\$99,849,819
Purchased Insurance (Premiums and Fees)	\$16,641,266	\$17,309,648	\$17,628,758
COST OF RISK^{6, 7}	\$508,519,232	\$542,060,949	\$530,671,453
TOTAL COUNTY OPERATING BUDGET	\$24,180,195,000	\$24,502,944,000	\$24,228,102,000
COST OF RISK (AS PERCENTAGE OF COUNTY OPERATING BUDGET)	2.10%	2.21%	2.19%
Non-County Agencies			
LACERA	\$410,453	\$574,455	\$545,480
Superior Court	\$10,522,879	\$10,584,102	\$11,782,891
Sub-Total (Non-County Agencies)	\$10,933,332	\$11,158,557	\$12,328,371
COST OF RISK (EXCLUDING NON-COUNTY AGENCIES)	\$497,585,900	\$530,902,392	\$518,343,082
COST OF RISK (NON-COUNTY AGENCY AS PERCENTAGE OF COUNTY OPERATING BUDGET)	2.06%	2.17%	2.14%

1. Loss Expense includes third party administrator fees, medical management fees, bill review fees, State User fee, etc.
2. Administrative Expense includes CEO, Auditor-Controller, and County Counsel expenses.
3. 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).
4. 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, Metrolink, departments not listed in Exhibit A, Children Services dependency cases, and probate funding accounts.
5. Liability Administrative Expense includes third party administrator fees, consulting and management fees, and CEO expenses.
6. The Cost of Risk is defined as the summation of the items listed, but does not include non-insured property claims and property damage to County-owned vehicles.
7. All amounts are paid as of June 30, 2013, as reported in the County's liability claim database, workers' compensation information system (GenIRIS), and/or the Workers' Compensation Status Report.

County of Los Angeles
Chief Executive Office
Risk Management Branch
3333 Wilshire Boulevard, Suite 820
Los Angeles, CA 90010
(213) 351-5346
(213) 252-0404 Fax

This report is available on the Chief Executive Office website at:
<http://ceo.lacounty.gov/>