



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive
Office
Department No.: 012
For Agenda Of: 8/21/2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Chandra L. Wallar, County Executive Officer
Director(s)
Contact Info: Tom Alvarez, Budget Director, 568-3432

SUBJECT: **Transfer of Risk Management Program**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Authorize the County Executive Officer to transfer the Risk Management Program from the General Services Department to the County Executive Office (CEO);
- b) Adopt the attached Resolution reallocating positions in the General Services/Risk Management Program to the County Executive Office; and
- c) Direct staff to return to the Board with any necessary budget revisions to actualize the transfer the Risk Program to the CEO's office.

Summary Text:

Currently, the Risk Management Program is part of the General Services Department in the Financial Services Division. Risk Management oversees the County's Workers' Compensation, General Liability and Medical Malpractice Funds. Also included in Risk Management are the Safety, Health Insurance Portability and Accountability Act (HIPAA) Compliance, Adults with Disability Act (ADA) Accommodation, and Back to Work (BTW) programs. Few counties in California include Risk

Management in the General Services Department. The more typical locations for the program are in the CEO, Human Resources or County Counsel departments. The recommended actions will move the Risk Management Program and all the associated positions to the County Executive Office.

Background:

The functions in Risk Management are primarily administration/management of the Workers' Compensation, Medical Malpractice and General Liability insurance programs. This involves both self-insured and third party insurance programs. As such, there is extensive work associated with the financial oversight and analysis/interpretation of claim data, loss trends, estimation of ultimate liabilities including review of actuarial reports, coordination with County Counsel, corrective actions to reduce future injuries and the establishment of appropriate rates to allocate the ultimate costs back to the responsible department. Additionally, the Safety and BTW programs focus on injury prevention and the return of injured employees to health and the workplace.

From time to time the appropriate placement of Risk Management has arisen and with the recent merger of Human Resources into the CEO's Department there appears to be a logical synergy to merge Risk Management into the CEO Department as many the Risk Management programs overlap into both Human Resources as well as financial management of the County. The move would take advantage of the fiscal depth and oversight capabilities in the CEO Budget and Research team for the insurance review and analysis aspects of Risk Management. Additionally, the Safety, HIPAA, ADA and BTW efforts could coordinate efforts with Human Resources to promote a healthy, compliant and safe work environment.

Fiscal and Facilities Impacts:

Risk Management is comprised of three Funds:

- 1910 – Medical Malpractice, FY 2012/13 Expenditures \$538,000
- 1911 – Workers' Compensation, FY 2012/13 Expenditures \$17,522,000
- 1912 – General Liability, FY 2012/13 Expenditures \$6,411,000

It is anticipated that the overall expenditures of these Funds will remain the same but that costs paid from the Risk funds to reimburse General Services for management and administrative support will now shift to the CEO's department.

Special Instructions:

None

Attachments:

Resolution

Authored by: Tom Alvarez; Jeri Muth