

RISK MANAGEMENT DIVISION

General Services Department

Presented to the

Santa Barbara County Board of Supervisors

JANUARY 2010



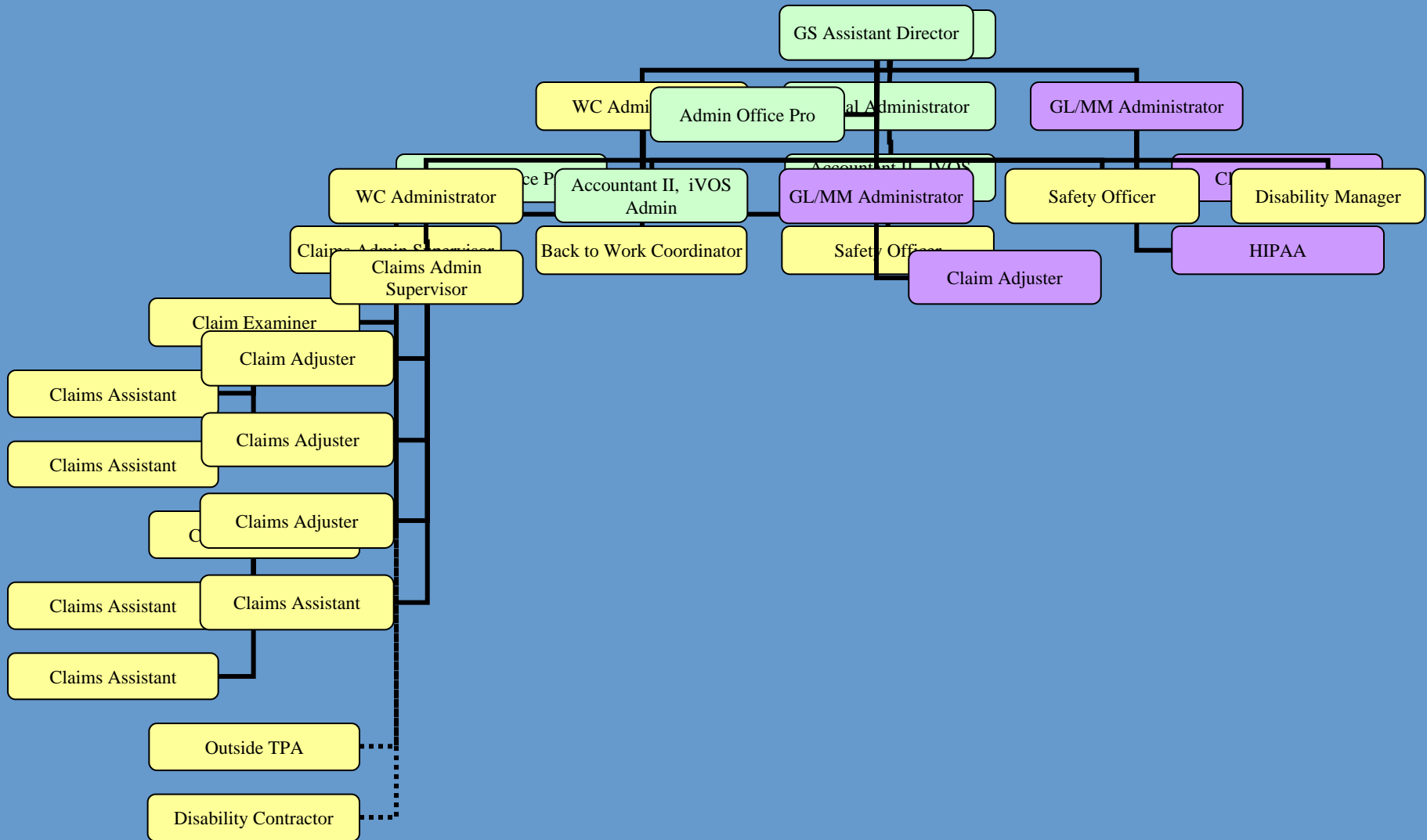
County of Santa Barbara

What is Risk Management?

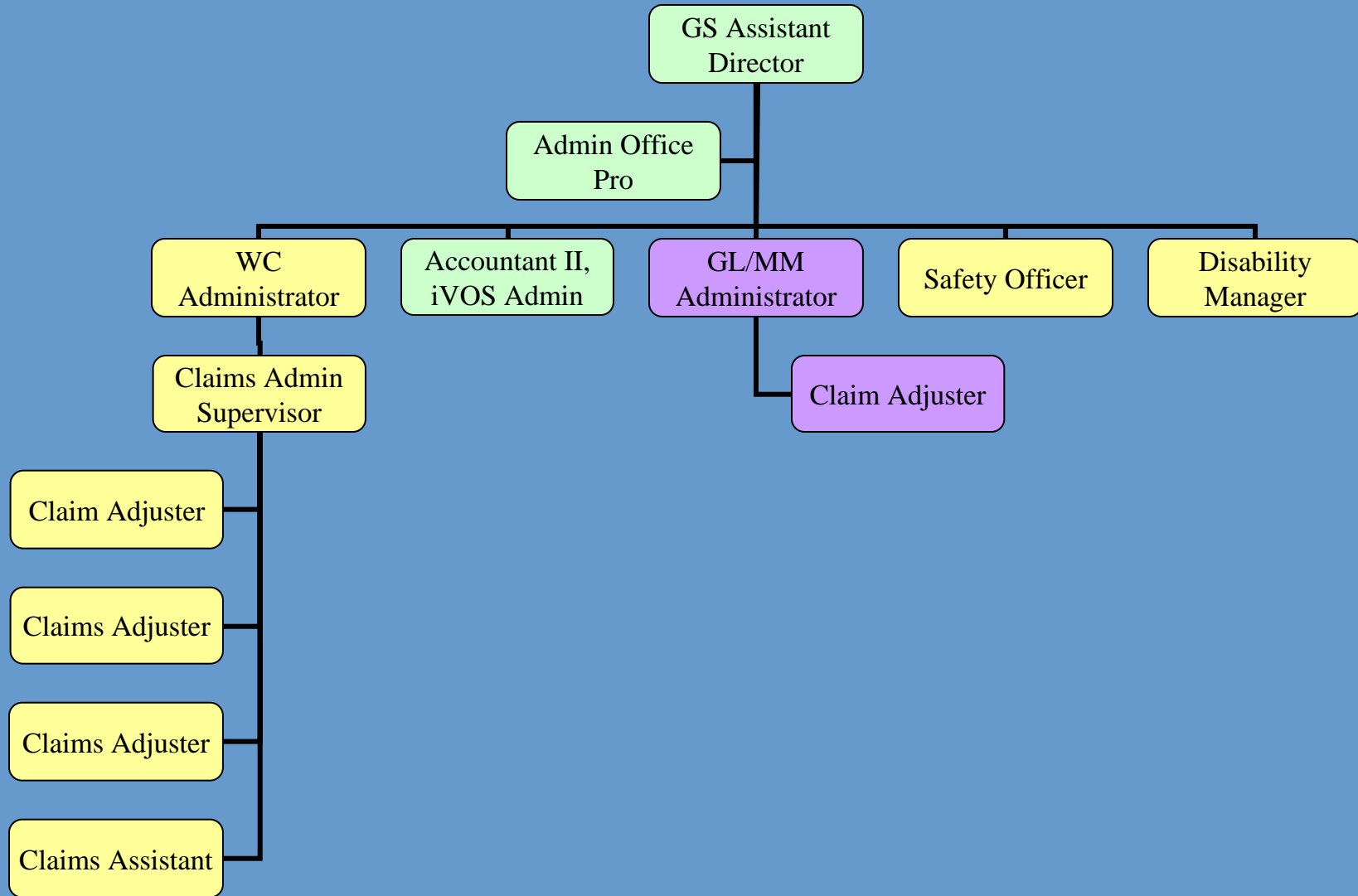
- Risk Assessment
- Risk Finance
- Risk Transfer
- Risk Avoidance/Prevention



Who is Risk Management?



Who is Risk Management?



Types of Risks We Manage

Accounted for in Workers' Compensation Fund:

1. Self administration of all workers' compensation claims and coordination with County Counsel for the defense of litigated claims.
2. Disability Management for Employees' Industrial (WC) and non-industrial injuries and illnesses
3. Countywide Safety Program, including OSHA compliance oversight



Types of Risks We Manage

Accounted for in the Liability Fund:

1. Self-administration of general liability claims, including representation in small claims court and coordination with County Counsel for claims in Superior Court.
2. Purchase of insurance to protect the county assets, including building & personal property all-risk and earthquake, pollution liability, vehicles, employee bond, aviation and watercraft, and the filing of related claims for losses.
3. HIPAA privacy compliance, including training of county employees



Types of Risk We Manage

Accounted for in the Medical Malpractice Fund:

1. Self-administration of medical malpractice claims

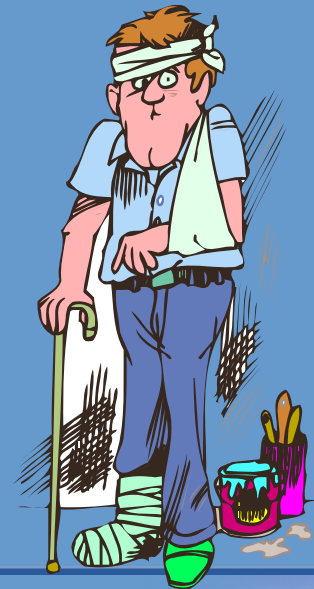


RISK MANAGEMENT EVALUATION TEAM

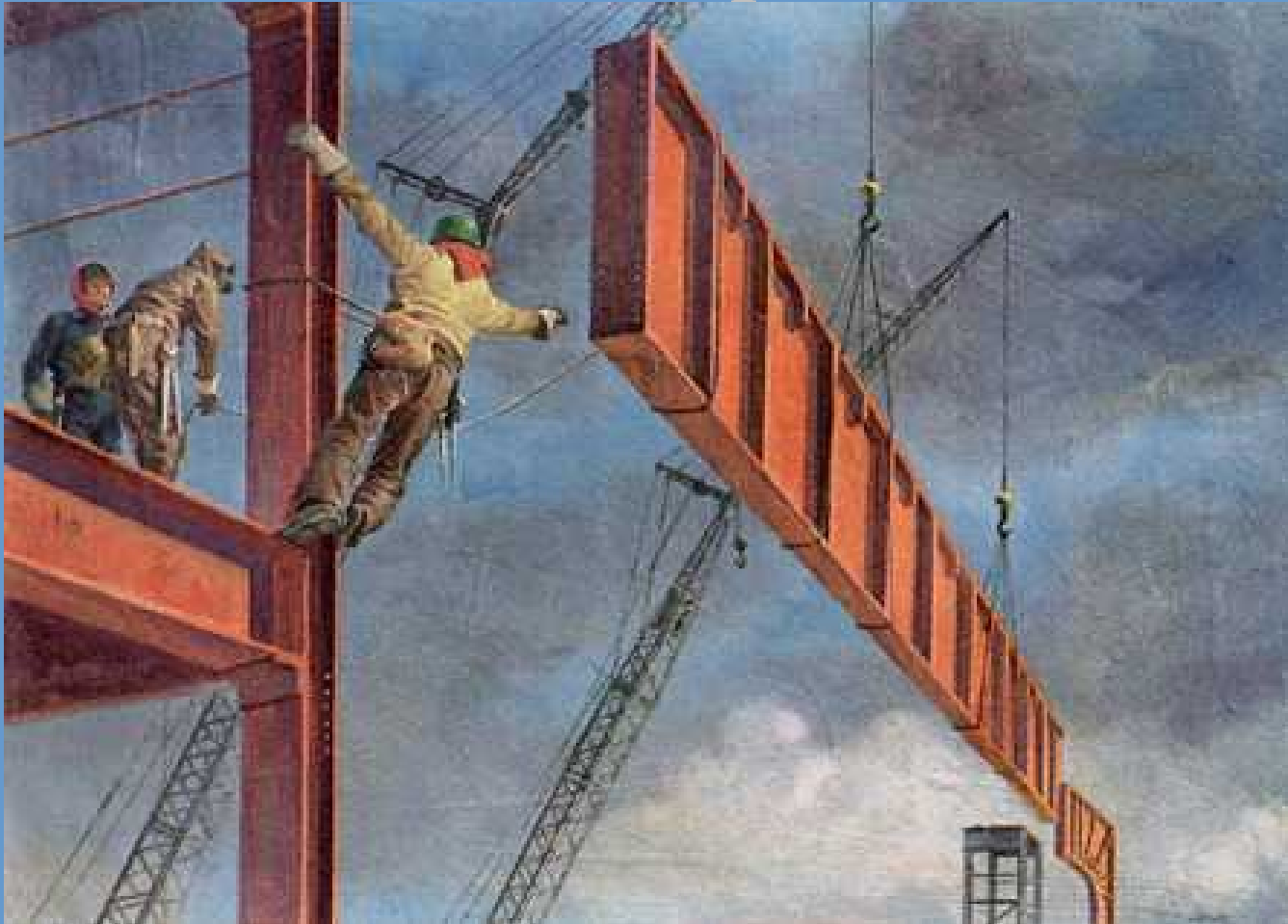
- Established to provide oversight of policies & procedures of risk management, plus review of rate calculations
- Members include representatives from Risk Management, County Counsel, Auditor Controller and County Executive offices.
- Meetings are held 3 or 4 times per year.



MANAGING WORKERS' COMPENSATION CLAIMS



Why Do We Have Workers' Compensation?



The Employees' Early Industrial Exposure

- **Before 1911**
- **No Workers' Compensation**
- **If injured, employee had to sue employer**



California was one of the first states to pass Workers' Compensation Law

- **Effective 1911 – voluntary system**
- **Effective 1913 – compulsory system**
- **Employee gave up his right to sue**
- **Employer paid benefits to injured employee**
- **No fault system**



Workers' Compensation Laws Help Promote Industrial Safety



- ⇒ **Prevention is the only solution**
- ⇒ **Financial responsibility motivates employers to implement safety measures to protect employees**



California Workers' Compensation

- ⇒ **Claims increased**
- ⇒ **Costs escalated**
- ⇒ **Administration became complex**
- ⇒ **Santa Barbara County was no exception**



SB 899 Changes the W/C Labor Code Laws



Senator Poochigian
Reform Bill's Author



Governor Schwarzenegger



Work Comp Legislation SB899, Effective 4-19-04

Treatment Guidelines

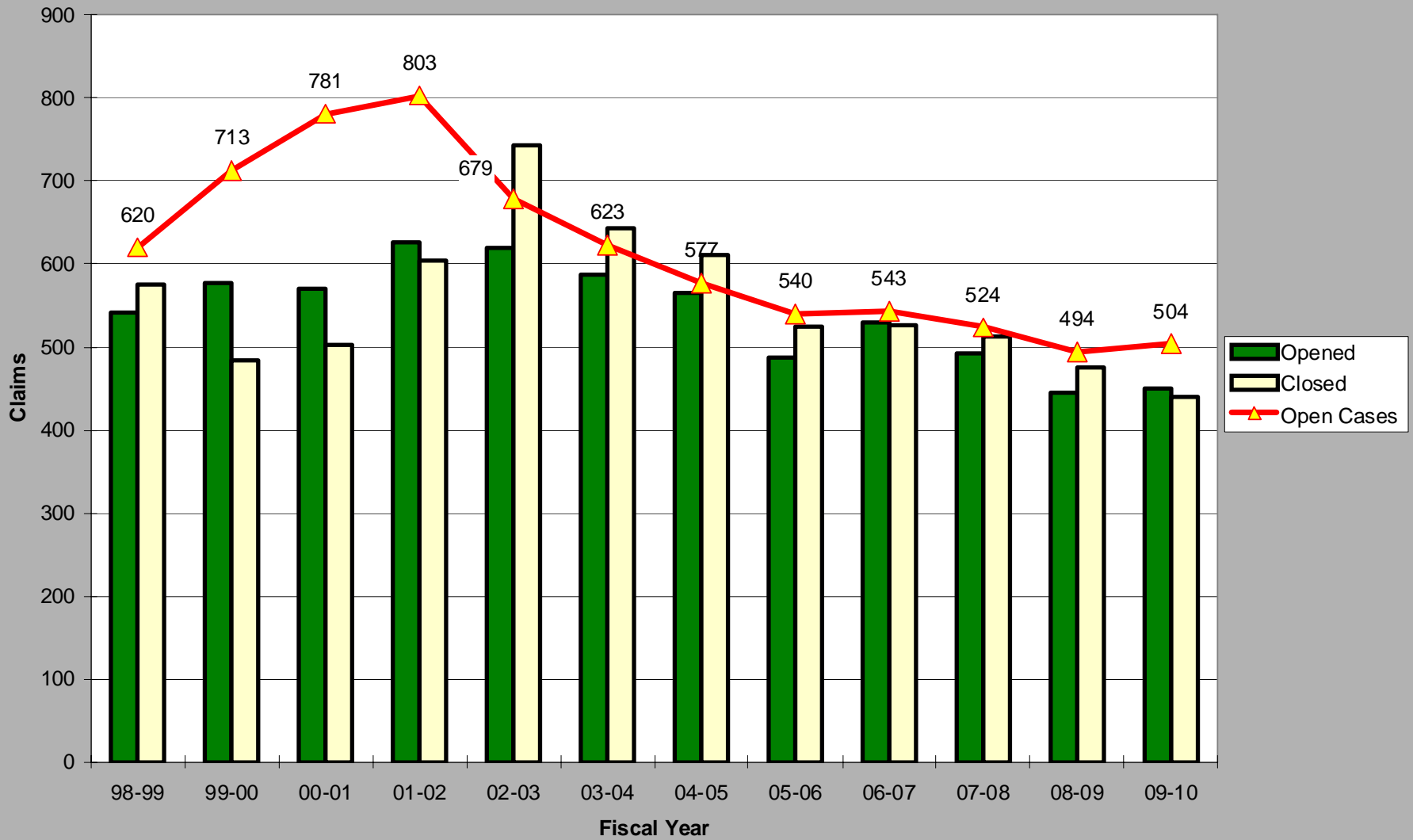
- Utilization review (repealed presumption of correctness of treating physician)
- Payments for medical treatment are in accordance with an established fee schedule amount
- Limited occupational and physical therapy and chiropractic care to 24 visits each
- Disputes are resolved through an AME or QME process.

Early Medical Treatment

- Employer must immediately provide medical care, even for disputed claims, up to \$10,000 limit during the disputed period



HISTORY OF WORKERS' COMPENSATION CLAIMS



Balance Sheet

As of: 6/30/2002
Accounting Period: CLOSED

Selection Criteria: Fund = 1911

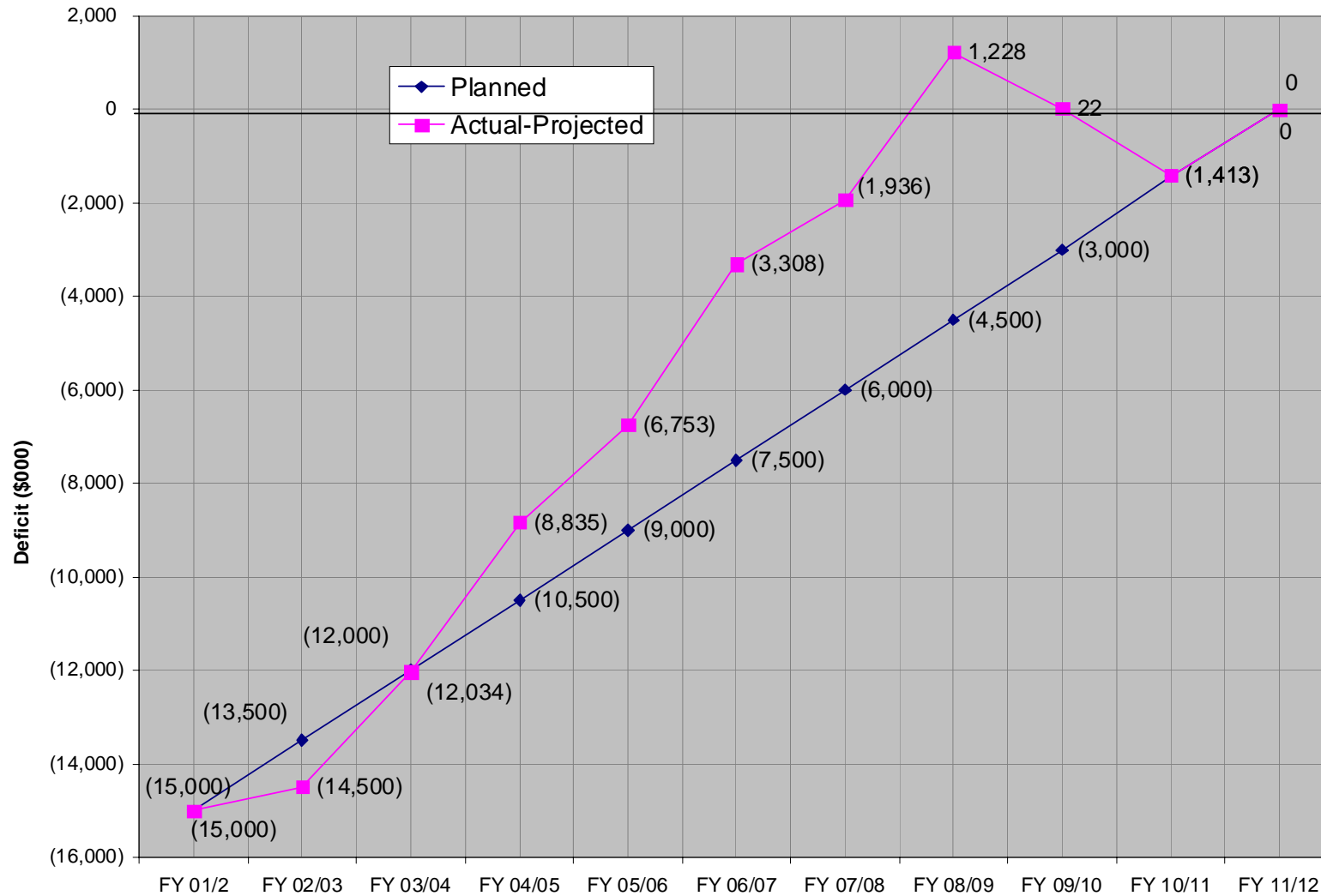
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Fund 1911 -- Workers' Comp Self Insurance

	Beginning Balance 7/1/2001	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 6/30/2002
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	11,518,745.73	14,305,078.23	12,657,203.55	13,166,620.41
0115 -- Treasury FMV Adjustment	69,256.45	189,194.60	160,319.89	98,131.16
0240 -- Interest Receivable	155,503.80	602,539.22	654,450.47	103,592.55
0733 -- Accum Depr-Equipment	-62,952.71	91,139.18	28,186.47	0.00
0760 -- Office Furniture & Equipment	122,412.79	0.00	13,890.05	108,522.74
0766 -- Accum Depr-Office Furn & Equip	0.00	0.00	83,422.71	-83,422.71
Total Assets	11,802,966.06	15,187,951.23	13,597,473.14	13,393,444.15
Total Assets & Other Debits	11,802,966.06	15,187,951.23	13,597,473.14	13,393,444.15
Liabilities, Equity & Other Credits				
Liabilities				
1010 -- Warrants Payable	0.00	8,895,971.92	8,895,971.92	0.00
1015 -- EFT Payable	1,765.01	1,484,774.78	1,487,653.76	4,643.99
1020 -- Salaries & Benefits Payable	35,306.25	824,436.66	826,398.90	37,268.49
1210 -- Accounts Payable	18,032.42	10,371,593.93	10,362,278.11	8,716.60
1230 -- Claims Payable	9,099,671.00	0.00	1,520,006.00	10,619,677.00
1240 -- Other Accrued Expenses	33,040.00	33,040.00	46,500.00	46,500.00
1241 -- Accrued Expenses-Budgetary	1,126.88	0.00	0.00	1,126.88
1350 -- Compensated Absence-short term	11,985.04	41,250.53	29,265.49	0.00
1730 -- Unidentified Deposits	0.00	324,569.95	324,569.95	0.00
1930 -- Compensated Absences-long term	47,940.17	24,482.62	47,083.45	70,541.00
1960 -- Other Long-Term Liabilities	11,020,329.00	0.00	5,432,994.00	16,453,323.00
Total Liabilities	20,269,195.77	22,000,120.39	28,972,721.58	27,241,796.96
Equity				
2330 -- Contributed Capital	1,455,126.00	0.00	0.00	1,455,126.00
2350 -- Retained Earnings-Unreserved	-9,921,355.71	57,073,898.68	51,691,775.58	-15,303,478.81



10 Year Workers' Compensation Deficit Reduction Plan



How do we determine the amount of liability we need to record at the end of each year for WC claims?

➡ At least once per year we obtain an actuarial review of our Workers' Compensation Program.

➡ Actuary- a specialist in the mathematics of insurance who calculates rates, reserves, dividends and other statistics



Balance Sheet - By Fund

As Of: 12/24/2009
Accounting Period: OPEN

1911 Workers' Comp Self Insurance

	Beginning Balance 07/01/09	Year-To-Date		Ending Balance 12/24/09
		Debits	Credits	
Assets & Other Debits				
Assets				
0110 - Cash in Treasury	30,875,073.99	7,747,815.19	6,216,166.26	32,406,722.92
0115 - Treasury FMV Adjustment	243,928.85	0.00	16,909.27	227,019.58
0230 - Accounts Receivable	467,738.00	0.00	457,355.64	10,382.36
0240 - Interest Receivable	118,150.19	113,925.53	232,075.72	0.00
0730 - Equipment	9,049.39	0.00	0.00	9,049.39
0733 - Accum Depr-Equipment	-7,239.76	0.00	904.98	-8,144.74
0760 - Office Furniture & Equipment	138,267.95	0.00	0.00	138,267.95
0766 - Accum Depr-Office Furn & Equip	-117,126.26	0.00	2,150.88	-119,277.14
<i>Total Assets</i>	<u>31,727,842.35</u>	<u>7,861,740.72</u>	<u>6,925,562.75</u>	<u>32,664,020.32</u>
<i>Total Assets & Other Debits</i>	<u>31,727,842.35</u>	<u>7,861,740.72</u>	<u>6,925,562.75</u>	<u>32,664,020.32</u>
Liabilities, Equity & Other Credits				
Liabilities				
1010 - Warrants Payable	0.00	2,953,101.61	2,965,216.07	12,114.46
1015 - EFT Payable	993.85	2,027,014.77	2,051,999.18	25,978.26
1020 - Salaries & Benefits Payable	46,237.24	584,825.80	570,686.74	32,098.18
1210 - Accounts Payable	4,742.37	5,035,612.42	5,021,337.65	-9,532.40
1230 - Claims Payable	7,346,000.00	0.00	0.00	7,346,000.00
1240 - Other Accrued Expenses	25,000.00	25,000.00	0.00	0.00
1440 - Capital Lease Oblig-short term	1,710.58	0.00	0.00	1,710.58
1730 - Unidentified Deposits	0.00	1,508,560.34	1,989,328.63	480,768.29
1910 - Net OPEB Obligation-long term	56,024.00	0.00	0.00	56,024.00
1915 - Capital Lease Oblig-long term	1,778.99	0.00	0.00	1,778.99
1930 - Compensated Absences-long term	101,091.00	4,962.00	0.00	96,129.00
1950 - Litigation & Ins. Claim Liab	22,916,000.00	0.00	0.00	22,916,000.00
<i>Total Liabilities</i>	<u>30,499,578.03</u>	<u>12,139,076.94</u>	<u>12,598,568.27</u>	<u>30,959,069.36</u>
Equity				
2350 - Retained Earnings-Unreserved	1,228,264.32	30,282,631.63	30,759,318.27	1,704,950.96



Borrowing from an ISF

1. The loan must be recorded as an account receivable in the ISF's financial records;
2. The loan must be repaid with interest, and the interest computed at the same rate that the ISF could have earned had the loan not taken place;
3. The period of the loan must not exceed 36 months;
4. The loan must not impact adversely on the ISF's current cash requirements;
5. The loan must be included in the measurement of the ISF's assets for any actuarial purposes; and
6. The loan agreement must include a clause that permits the ISF to demand accelerated repayment of all or any part of the loan if its cash requirements so dictate.



How do we determine how much funding is needed for the current budget year?

➔ The actuary's report provides us with the amount of the ultimate cost of claims and expenses for claims incurred during the program year, taking into account our self insurance retention amount.



What is Self Insured Retention?

- SIR is the self insurance that we retain - effectively the amount of risk that we assume for *each claim*
- SIR is not a deductible per employee
- If an employee has several claims, the costs must be carefully accounted for under each individual claim



Are there special procedures we have to follow to be self insured?

Yes, there are many, including:

- Annual Report of Claims Inventory
- Annual Certification of Claims Adjusters
- Annual Certification of Medical Bill Reviewers
- Public Self Insurer's Annual Report
- Periodic audits of our claims administration
- Maintain compliance with Cal/OSHA
- Pay Fees to the State (increased dramatically this year from \$148K to \$255K)
- New MMSEA compliance

We have been self-insured since 1979



What about amounts above our SIR?

- We purchase “excess insurance” from CSAC
- CSAC reimburses us for the direct expenses actually paid out on the claims that exceed the amount of the SIR
- CSAC does not reimburse us for any penalties paid nor for any of our administrative costs, nor costs for county counsel to defend our claims even though those are direct costs – CSAC does reimburse for outside legal counsel fees on those claims that exceed our SIR



What does our excess insurance cost?

Fiscal Year	SIR	Cost of Excess Insurance
2002/2003	300,000	871,550
2003/2004	300,000	1,099,281
2004/2005	500,000	1,046,141
2005/2006	500,000	902,644
2006/2007	500,000	869,120
2007/2008	500,000	860,766
2008/2009	500,000	687,068
2009/2010	500,000	660,711



2010-11 FUNDING

	OPTION 1	OPTION 2	OPTION 3
PREMIUM	12,830,000	10,956,000	9,365,000
CONFIDENCE LEVEL	70%	60%	50%

- BUDGET PRINCIPLE FOR 2010-11
 - Reduce rates charged to departments from the Internal Service Funds to the extent fiscally prudent in order to mitigate departmental budget gaps.



Dept	Department	FY 2010-11 Premium	FY 2010-11 Premium if 70% Confidence Level Used	Savings Achieved from Reduction in Confidence Level	FY 2009-10 Premium	FY2010/11 Increase/Decrease over 2009-10	
						\$	%
011	Board of Supervisors	12,614	14,772	(2,158)	12,343	271	1.68%
012	County Executive Office	14,960	17,518	(2,559)	17,252	(2,292)	-9.72%
013	County Counsel	108,270	126,789	(18,519)	278,004	(169,734)	-61.79%
021	District Attorney	157,977	184,999	(27,022)	159,231	(1,254)	-0.82%
022	Probation	769,740	901,402	(131,662)	952,695	(182,955)	-11.48%
023	Public Defender	64,710	75,778	(11,068)	80,365	(15,655)	-7.34%
031	Fire	2,080,441	2,436,296	(355,855)	1,610,845	469,596	24.25%
032	Sheriff	3,542,926	4,148,936	(606,010)	3,250,039	292,887	9.01%
041	Public Health	1,155,844	1,353,549	(197,705)	984,047	171,797	17.46%
043	ADMHS	400,727	469,270	(68,543)	348,315	52,412	15.05%
044	Social Services	854,916	1,001,147	(146,232)	977,344	(122,428)	-12.53%
045	Child Support Services	170,045	199,131	(29,086)	148,922	21,123	14.18%
051	Agriculture & Cooperative	25,396	29,739	(4,344)	26,002	(606)	-2.33%
052	Parks	204,942	239,997	(35,055)	246,091	(41,149)	-16.72%
053	Planning & Development	85,661	100,313	(14,652)	104,570	(18,909)	-18.08%
054	Public Works	824,110	965,073	(140,962)	905,693	(81,583)	-9.01%
055	Housing & Comm Develop	21,884	25,627	(3,743)	7,096	14,788	208.40%
061	Auditor-Controller	38,030	44,535	(6,505)	37,570	460	1.22%
062	Clerk-Recorder-Assessor	151,620	177,555	(25,934)	313,207	(161,587)	-51.59%
063	General Services	117,796	137,944	(20,149)	281,851	(164,055)	-58.21%
064	Human Resources	27,502	32,207	(4,704)	30,824	(3,322)	-10.78%
065	Treasurer-Tax Collector	34,654	40,581	(5,927)	33,534	1,120	3.34%
066	Information Technology	60,849	71,257	(10,408)	120,955	(60,106)	-49.69%
810	SBCERS	11,925	13,965	(2,040)	11,668	257	2.21%
990	General County Programs	18,462	21,620	(3,158)	17,537	925	5.27%
	Grand Total	\$ 10,956,000	\$ 12,830,000	\$ (1,874,000)	10,956,000	(0)	0.00%
	TOTAL GENERAL FUND	\$ 7,515,298	\$ 8,800,774	(1,285,476)	7,395,428	119,870	1.62%
	TOTAL OTHER FUNDS	\$ 3,440,702	\$ 4,029,226	(588,524)	3,560,572	(119,870)	-3.37%
	Grand Total	\$ 10,956,000	\$ 12,830,000	\$ (1,874,000)	\$10,956,000	-	0.00%



Dept	Department	WC Claims Experience	Payroll Exposure	\$8,764,800	\$2,191,200	FY10-11 Premium	% of total premium
				Premium			
				80%	20%		
032	Sheriff	6,233,058	54,140,049	3,151,611	391,316	3,542,926	32.34%
041	Public Health	1,777,447	35,573,084	898,728	257,117	1,155,844	10.55%
044	Social Services	1,195,554	34,645,188	604,506	250,410	854,916	7.80%
031	Fire	3,696,598	29,239,230	1,869,105	211,337	2,080,441	18.99%
043	ADMHS	448,896	24,039,282	226,974	173,752	400,727	3.66%
054	Public Works	1,324,262	21,379,244	669,584	154,526	824,110	7.52%
022	Probation	1,218,071	21,285,555	615,891	153,849	769,740	7.03%
021	District Attorney	148,071	11,498,360	74,869	83,108	157,977	1.44%
053	Planning & Development	52,961	8,146,636	26,779	58,883	85,661	0.78%
062	Clerk-Recorder-Assessor	184,413	8,076,566	93,244	58,376	151,620	1.38%
063	General Services	120,855	7,842,955	61,108	56,688	117,796	1.08%
023	Public Defender	34,038	6,571,705	17,211	47,499	64,710	0.59%
045	Child Support Services	258,728	5,426,993	130,820	39,225	170,045	1.55%
061	Auditor-Controller	5,477	4,878,417	2,769	35,260	38,030	0.35%
052	Parks	337,345	4,755,292	170,571	34,370	204,942	1.87%
013	County Counsel	152,363	4,320,951	77,039	31,231	108,270	0.99%
066	Information Technology	58,975	4,293,045	29,820	31,029	60,849	0.56%
065	Treasurer-Tax Collector	17,743	3,553,236	8,971	25,682	34,654	0.32%
990	General County Programs	683	2,506,468	346	18,116	18,462	0.17%
064	Human Resources	19,240	2,459,095	9,728	17,774	27,502	0.25%
051	Agriculture & Cooperative	19,141	2,174,531	9,678	15,717	25,396	0.23%
012	County Executive Office	293	2,049,248	148	14,812	14,960	0.14%
011	Board of Supervisors	80	1,739,574	41	12,573	12,614	0.12%
810	SBCERS	-	1,649,913	-	11,925	11,925	0.11%
055	Housing & Comm Develop	30,180	916,451	15,260	6,624	21,884	0.20%
		17,334,472	303,161,068	8,764,800	2,191,200	\$ 10,956,000	100.00%



Old Claims Never Die They Get Adjusted

- **It may take several years to report and close claims**
- **New information on existing claims impact the total losses after the policy period**
- **The only way to truly finalize a claim is to settle it by **Compromise & Release****



CLAIM GENERAL TIMELINES

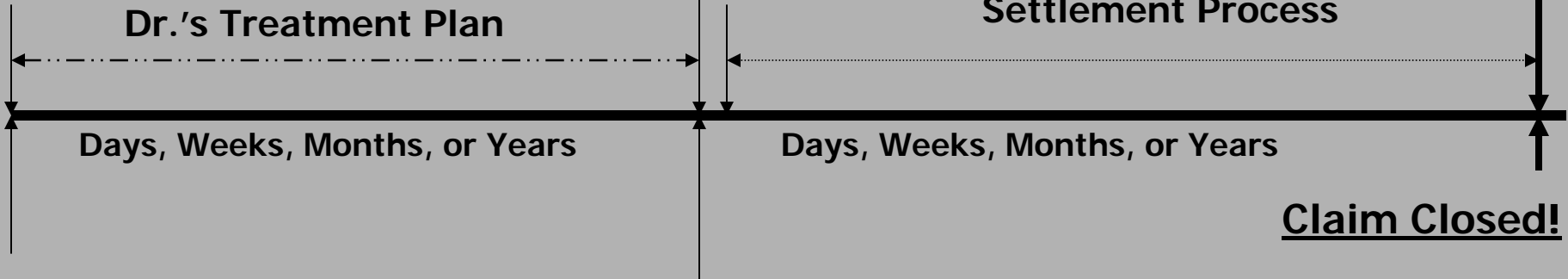
We pay TTD, TPD, and PD benefits, submit treatment requests through utilization, have medical claims processed through bill review and pay through FIN.

Injured Worker P & S

Dr. Evaluates PD.

We obtain rating from DEU, manage the disability, and negotiate settlement of the claim.

Date of Injury



Initial Dr.'s Visit

Dr. Determines:

No PD, PD, and/or QIW



OPEN CLAIMS BY FISCAL YEAR

FISCAL YEAR	# CLAIMS OPEN	FISCAL YEAR	# CLAIMS OPEN	FISCAL YEAR	# CLAIMS OPEN	FISCAL YEAR	# CLAIMS OPEN
1970/1971	0	1980/1981	1	1990/1991	5	2000/2001	17
1971/1972	0	1981/1982	2	1991/1992	2	2001/2002	24
1972/1973	0	1982/1983	1	1992/1993	5	2002/2003	27
1973/1974	1	1983/1984	3	1993/1994	6	2003/2004	35
1974/1975	3	1984/1985	4	1994/1995	6	2004/2005	34
1975/1976	2	1985/1986	4	1995/1996	12	2005/2006	30
1976/1977	1	1986/1987	4	1996/1997	13	2006/2007	32
1977/1978	2	1987/1988	1	1997/1998	12	2007/2008	59
1978/1979	2	1988/1989	3	1998/1999	11	2008/2009	73
1979/1980	3	1989/1990	2	1999/2000	14	2009/2010	66
TOTAL	14	TOTAL	25	TOTAL	86	TOTAL	397



Why do Fire & Sheriff have so many claims?

Occupational Risk + Presumptions

- Heart Trouble
- Hernia
- Pneumonia
- Cancer
- Tuberculosis
- Low back impairment (Sheriff)
- Blood Borne Infectious Diseases
- MRSA
- Exposure to Biochemical Substance
- Meningitis

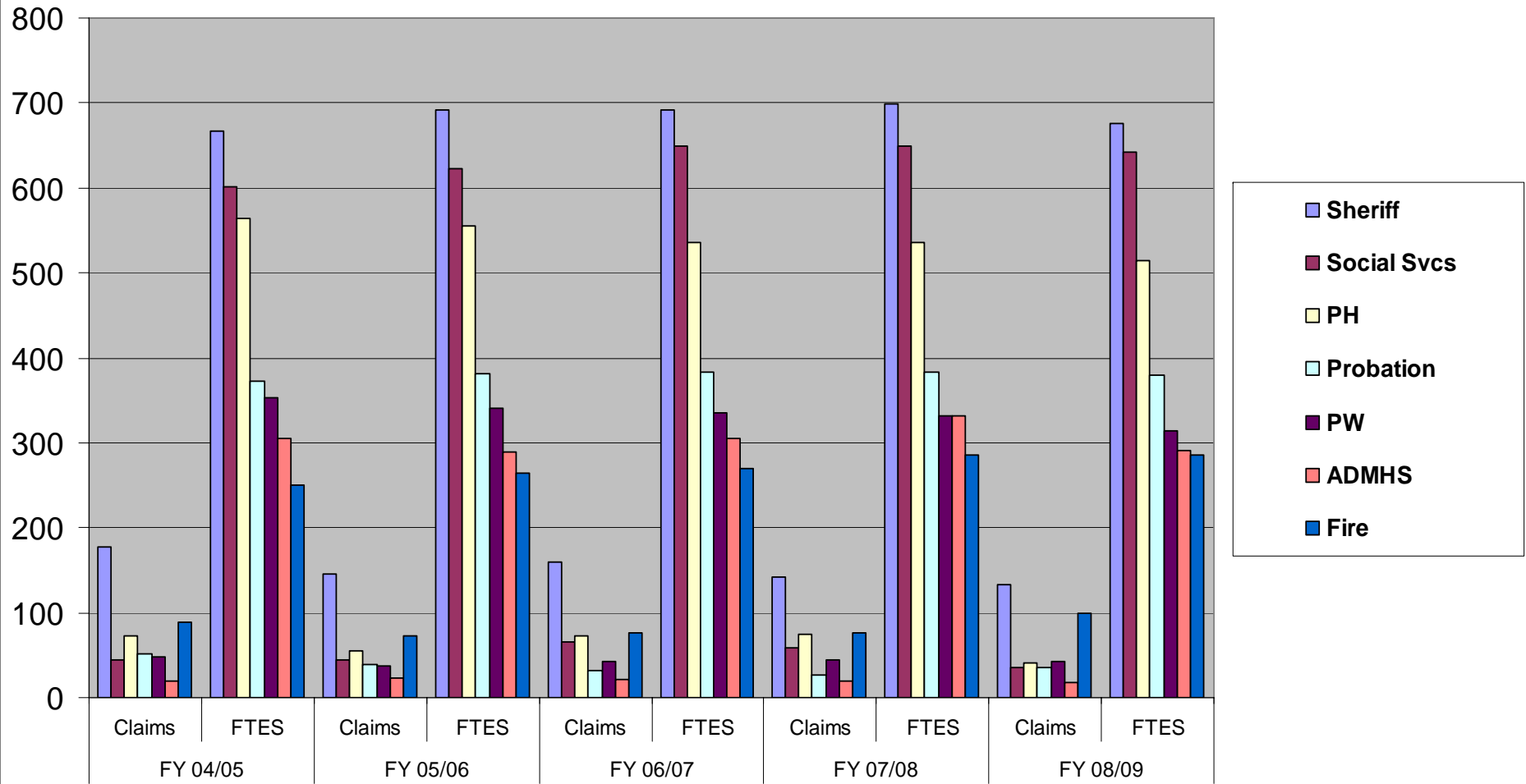


CLAIMS SUMMARY

DATE	TPA TOTAL	RM Total	Grand Total	Litigated Claims
6/30/2004	197	423	623	219
6/30/2005	198	379	577	220
6/30/2006	177	363	540	214
6/30/2007	191	352	543	190
6/30/2008	180	326	524	125
6/30/2009	0	494	494	101



Claims and FTES by Department



FOR CLAIMS FILED IN 2008-09

Department	Claims	% Claims	FTES	% FTES
Sheriff	133	30.6%	676.0	16.2%
Fire	99	22.8%	285.3	6.8%
PH	41	9.4%	513.6	12.3%
Probation	36	8.3%	379.3	9.1%
PW	43	9.9%	314.0	7.5%
Social Svcs	35	8.1%	642.4	15.4%
ADMHS	18	4.1%	291.5	7.0%
TOTAL TOP 7	405	93.3%	3,102.0	74.4%
All Others	29	6.7%	1,069.2	25.6%
OVERALL TOTAL	434	100.0%	4,171.2	100.0%



Historic Medical & Indemnity Costs Relative to Open Claims Count

	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09
INDEMNITY PAYMENTS	\$ 3,779	\$ 5,786	\$ 5,150	\$ 4,520	\$ 4,996	\$ 4,292	\$ 3,916	\$ 4,430	\$ 4,636
%CHANGE	7%	53%	-11%	-12%	11%	-14%	-9%	13%	5%
MEDICAL COSTS	\$ 2,942	\$ 3,415	\$ 4,321	\$ 3,888	\$ 3,385	\$ 2,936	\$ 3,244	\$ 3,351	\$ 4,492
%CHANGE	41%	16%	27%	-10%	-13%	-13%	10%	3%	34%
OPEN CLAIMS EQ.Y.	781	803	679	623	577	540	543	524	494
%CHANGE	10%	3%	-15%	-8%	-7%	-6%	1%	-3%	-6%



DEPARTMENT	No Claims Filed	Claims Filed	TOTAL ACTIVE EMPLOYEES 12/23/2009	% of employees who never filed claims	% of employees who have filed claims
Fire	77	222	299	26%	74%
Sheriff	267	510	777	34%	66%
Public Works	157	159	316	50%	50%
Probation	237	202	439	54%	46%
General Services	75	53	128	59%	41%
Child Support	62	34	96	65%	35%
Parks	100	54	154	65%	35%
Public Health	460	227	687	67%	33%
Social Services	518	253	771	67%	33%
Public Defender	50	23	73	68%	32%
Clerk Recorder	80	36	116	69%	31%
ADMHS	247	106	353	70%	30%
Agriculture	19	8	27	70%	30%
TTC	37	15	52	71%	29%
ITD	33	11	44	75%	25%
District Attorney	103	30	133	77%	23%
Human Resources	31	9	40	78%	23%
Auditor-Controller	56	9	65	86%	14%
SBCERS	19	3	22	86%	14%
P&D	113	14	127	89%	11%
Gen County	33	4	37	89%	11%
County Counsel	37	4	41	90%	10%
BOS	20	2	22	91%	9%
HCD	12	1	13	92%	8%
CEO	30	1	31	97%	3%
TOTALS	2,873	1,990	4,863	59%	41%



Workers' Compensation

Remedy/Resolution



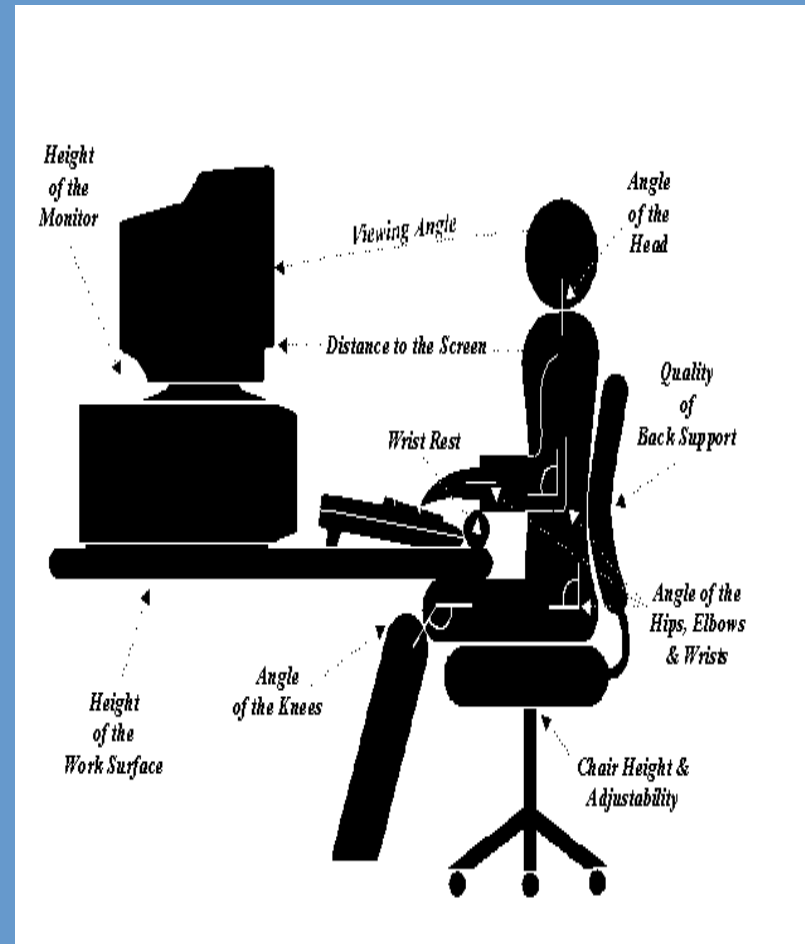
Safety

- Safety is a core value rather than a priority
 - Treating safety as a priority means action kicks in only *after* an accident has happened, whereas...
 - Treating safety as core value can help prevent the accident from happening in the first place



Ergonomics

Design factors, as for the workplace, intended to maximize productivity by minimizing operator fatigue and discomfort:

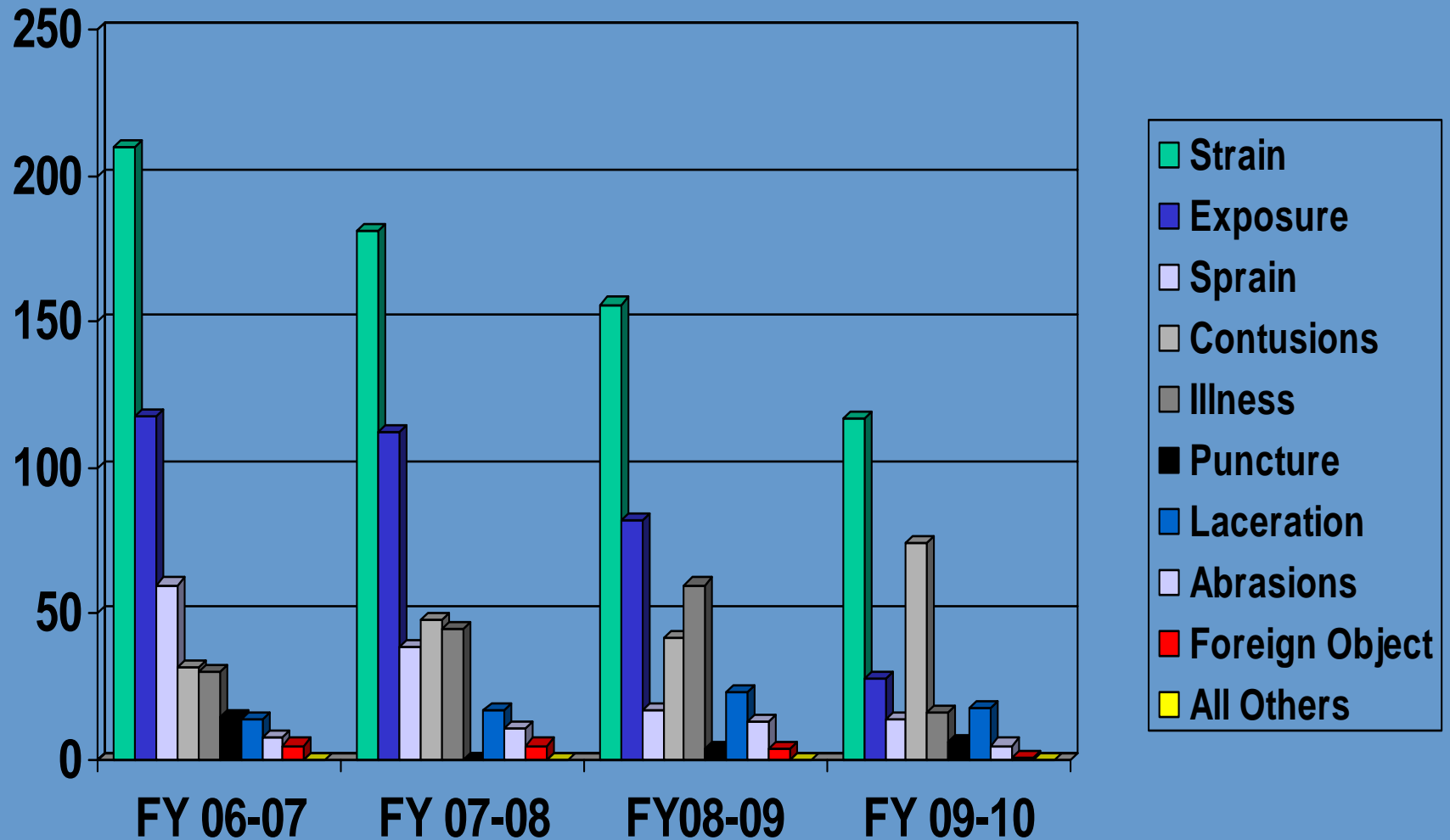


Bickmore Injury Prevention Study

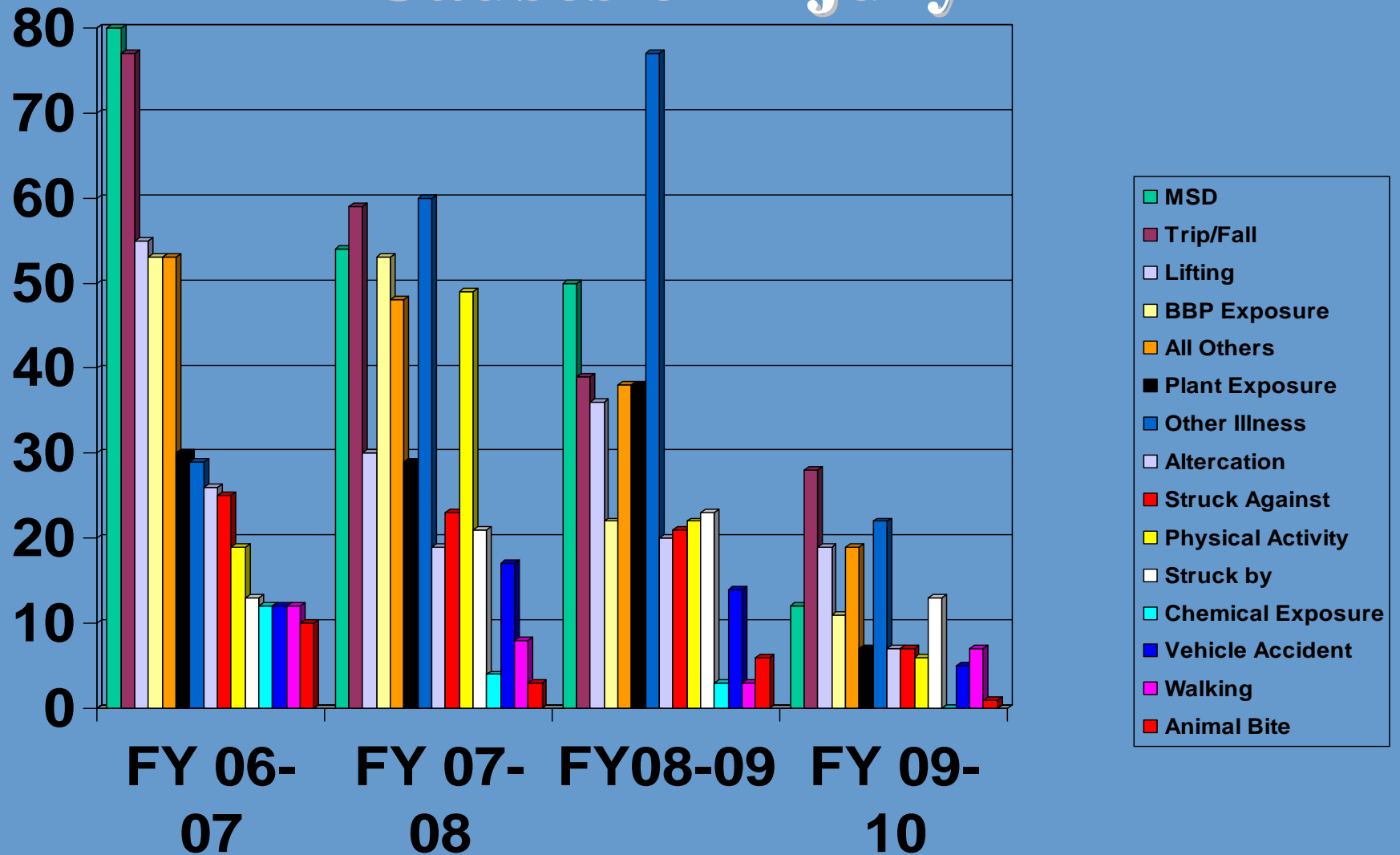
- Survey Conducted January, 2004 To Analyze Employee Perceptions About:
 - *Safety Training*
 - *Safety Accountability*
 - *Safety Communication*
 - *Safety Culture*
- Target Audience
 - Entire employee population (department head thru line staff)
 - 4,470 surveys distributed
 - 2,699 surveys returned – 60% return rate!



Injuries by Type



Causes of Injury



Safety Newsletters

- Each month the county safety officer distributes an electronic safety newsletter to departmental representatives who in turn send it to their employees
- It is also accessible via a link on the county intranet page each month under “quick links”
- Includes safety training articles and a safety quiz – the answers to the quiz are provided in the subsequent month’s newsletter.



Other Ways We Assist With County Safety Training and Issues

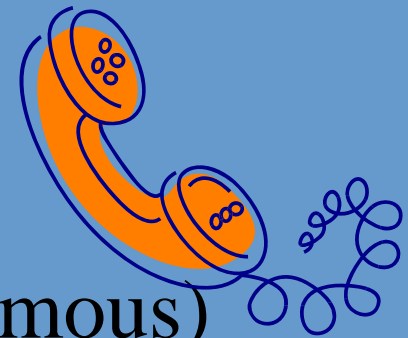
- New Employee Orientation
 - Wheel of Values
 - Informs employees as to when it is appropriate to report an injury
- Department's Monthly Safety Meeting
 - Emphasize safety
 - County Safety Officer is always happy to attend and also seeks out no-cost training for departments



SAFETY HOTLINE

Calls can be made to the
Safety Hotline

805-884-6879



(The callers can remain anonymous)

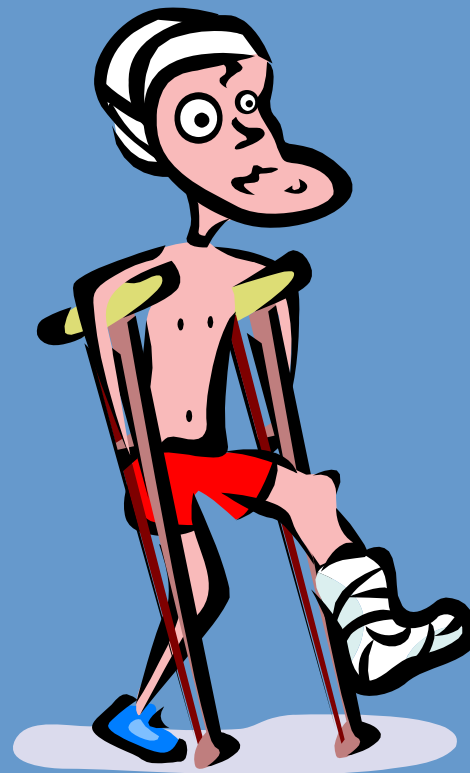


Looking Forward

- The Key to Long-Term Workers' Compensation Cost Reduction:
 - Reinforce safety as a core value, not a priority that can be shifted



Disability Management



How WC Reform Heightened FEHA Risks

Then & Now

- Temporary disability: employee was paid benefits. Return-to-work decisions were deferred. Requests to work were rare.
- On return to work, questions **were**:
 - Is employee P&S?
 - Can s/he perform essential job functions of the job s/he was doing, with or without modifications?
- If answer is “no,” vocational rehabilitation benefits provided by WC carrier. **Employer had no duty to consider other accommodations.**
- Any disputes handled in WC forum
- Temporary disability: if TTD, paid for max 104 weeks. Return to modified job or bridge assignment must be considered.
- On return to work, questions **are**:
 - Can s/he work even before P&S?
 - Can s/he perform essential job functions with accommodation OR: Are there other jobs for which she is qualified by training education, experience?
- Vocational rehab gone. Re-training voucher & PD increase may apply. **BUT, employer has burden to consider all reasonable accommodations**
- Disputes handled in *civil jury*



Disability Management Law

- “It shall be an unlawful employment practice, unless based upon a bona fide occupational qualification, . . . for an employer or other entity covered by this part to fail to make **reasonable accommodation** for the known physical or mental disability of an applicant or employee.”

* * * * *

- “It shall be an unlawful employment practice, For an employer ... to fail to **engage in a timely, good faith, interactive process with the employee ...** to determine effective reasonable accommodations, if any, in response to a request for reasonable accommodation”



Three Part Definition of Disability

1. A physical, mental, cognitive or medical condition that *actually limits* the performance of one or more major life activities; or
2. A record of impairment (or of limitation) or record of treatment for a limitation; or
3. Being “regarded as” disabled



Potential Reasonable Accommodations

- Making existing facilities useable and accessible
- Modification of existing job duties
- Light duty, shift changes or alternate schedules
- Job restructuring
- Part-time or modified work schedules
- Reassignment to vacant position
- Acquisition of equipment or assistive devices
- Acquisition of adaptive technologies
- Temporary transfers to another Work Station or facility
- Modifications to examinations or training materials
- Modifications to seniority or other workplace policies
- Suspension of “no fault” attendance or leave of absence policy
- Extended unpaid leaves of absence



What is Usually NOT a Reasonable Accommodation?

- Monitoring by the employer to be sure employee takes medication
- Elimination of an essential job function (as a job modification)
- Reduction of performance standards in modified or other job
- Removal of another employee in order to effectuate job transfer
- Employer supplied personal items for both workplace and off-duty
 - The precise accommodation the employee insists upon (if it isn't otherwise reasonable)
- An assignment that would require the employer or an individual to violate a federal, state law, or local ordinance



The Interactive Process

- **Is a dialog between an employer and a disabled employee to determine whether there is a reasonable accommodation that would enable the employee or applicant to perform the essential functions of the job**



The BENEFITS



The **Back to Work Program** is another benefit provided to supervisors and their employees

by Santa Barbara County!



Where is the modified work done?

- Modified Duties Usually Sought In:
 - Employee's Own Division, then
 - Employee's Own Department, then
 - Outside of Department
 - Employee's Department Always Absorbs Costs
- Set Up and Monitored by our Disability Manager



Return To Work OBJECTIVES

- **Return injured employees to useful, productive work and ensure progressive increases in duties until the highest level of function is achieved**
- **Avoid the conditioning behavior that occurs when employees are not working**



ADVANTAGES

- **Employee does not feel alienated**
- **Medical recovery is faster**
- **Keeps claim costs down**
- **Litigation rate lower**
- **Reduces moral hazards**
- **Employer has more control of claim**
- **Keeps other employees from thinking they can have a “paid vacation”**
- **Helps comply with ADA and FEHA**



How many of our claimants have not yet returned to work?

DEPARTMENT	Working	BTW Program	Separated	LOA	Non County	TOTAL
Sheriff	79	-	53	13	4	149
Fire	29	1	43	3	-	76
Public Health	18	5	13	9	-	45
Social Services	24	3	8	6	1	42
Probation	14	4	11	7	-	36
Public Works	18	3	13	2	-	36
ADMHS	8	3	5	1	-	17
General Services	4	-	5	-	-	9
Parks	4	2	1	2	-	9
Clerk Recorder	3	-	3	-	-	6
Superior Court	-	-	5	-	-	5
District Attorney	1	-	4	-	-	5
Public Defender	1	-	1	1	-	3
County Counsel	-	-	2	-	-	2
AG Comm	-	-	1	-	-	1
Child Support	-	-	1	-	-	1
Housing	-	-	1	-	-	1
Human Resources	-	-	1	-	-	1
Planning & Dev	-	-	1	-	-	1
Treasurer	1	-	-	-	-	1
TOTALS	204	21	172	44	5	446
% of TOTAL	46%	5%	39%	10%	1%	100%



Employees on LOA Report as of PP 200926

Department	# Employees on LOA Report	# With WC Claims	# With No Open WC Claim
Sheriff	22	13	9
Social Services	22	6	16
Public Health	18	9	9
Probation	14	7	7
Fire Dept	5	3	2
District Attorney	4	0	4
ADMHS	4	1	3
Public Works	4	2	2
Child Support	3	0	3
Parks	3	2	1
Public Defender	2	1	1
General Services	2	0	2
CEO	1	0	1
County Counsel	1	0	1
Ag Comm	1	0	1
Auditor Controller	1	0	1
TOTALS	107	44	63



RETURN TO WORK STAY AT WORK!



Liability Fund



General Liability



General Liability Program

- The General Liability Program administers claims from third parties alleging damages due to negligence arising out of:
 - Personal injury
 - Property damage
 - Public officials errors and omissions
 - Employment practices liability
 - Automobile liability



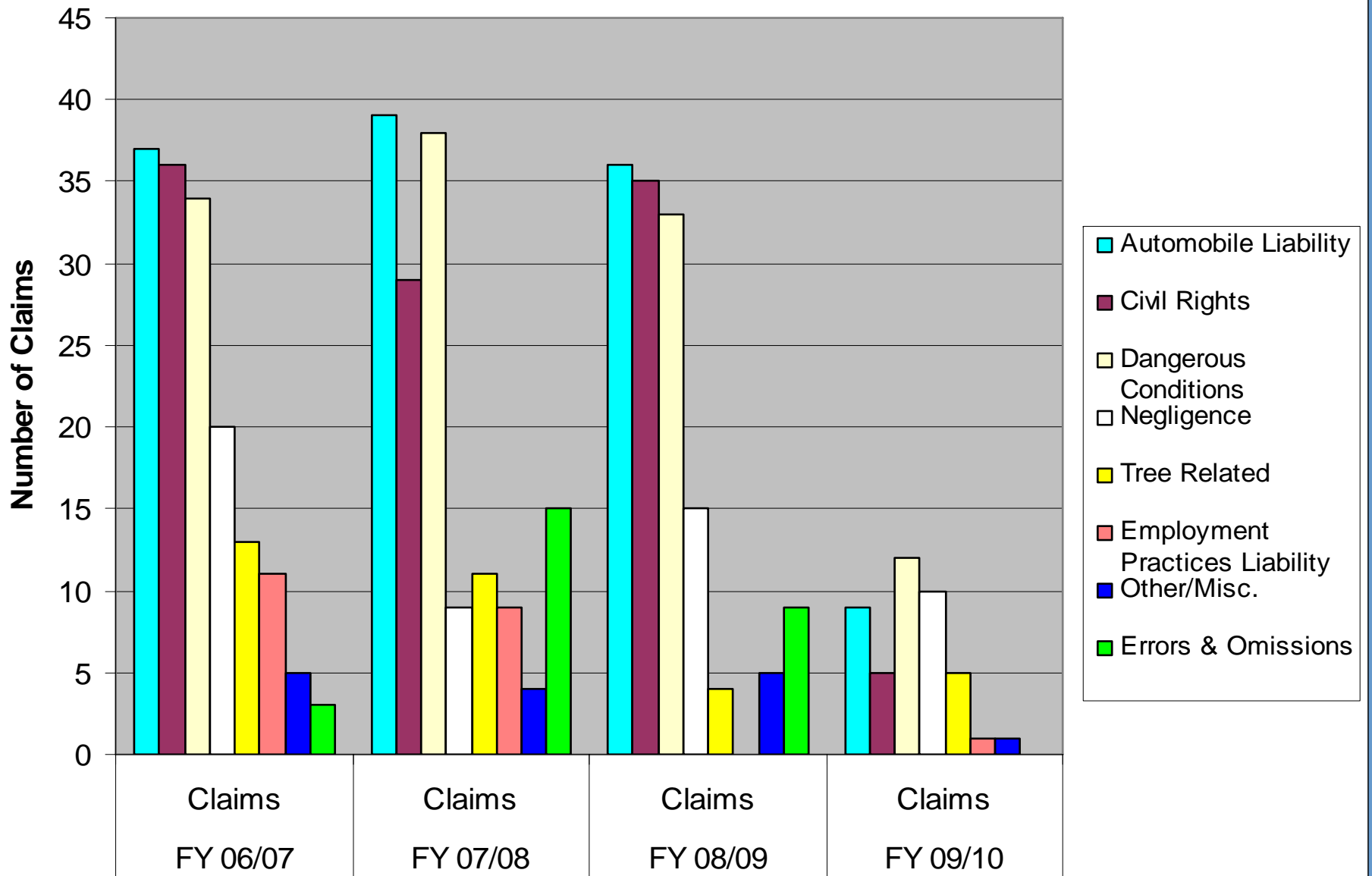
TYPES of CLAIMS

Auto Accidents
Trips and Falls

Land Use
Civil Rights

Lost Property at Jail
Excessive Force





General Liability



GL CLAIMS PAID HISTORY

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
CLAIMS PAID	\$ 1,798,900	\$ 1,410,000	\$ 2,934,000	\$ 884,000	\$ 339,000	\$ 865,000	\$ 498,000
%CHANGE	221%	-22%	108%	-70%	-62%	155%	-42%



EMPLOYMENT ISSUES

**DFEH
Complaints**

Termination

Discrimination

Harassment



PROPERTY INSURANCE

- Included in the General Liability Fund is the cost of insurance to protect the county assets, including building & personal property all-risk and earthquake, pollution liability, vehicles, employee bond, aviation and watercraft
- Risk Management files insurance claims for losses when they exceed deductibles



What are our insurance deductibles?

- Property All Risk - \$10,000 except for boiler & machinery at \$5,000.
- Watercraft - \$1,000
- Flood - \$25,000 (\$100,000 per occurrence)
- Vehicles - \$10,000 each (except buses at \$100,000)
- Earthquake – 5% of the total value per each separate building per occurrence subject to a \$100,000 minimum



BUILDING & PERSONAL PROPERTY SIGNIFICANT ACCOMPLISHMENTS

- Virtually all structures were independently appraised for insurance purposes as of 3-31-2009
- Completely reconciled the data base maintained by our insurer to our internal square footage data base to ensure that all assets are insured and properly accounted for in order to fairly and accurately allocate costs to departments based upon their relative square footage occupancy



How do we determine the amount of liability we need to record at the end of each year for General Liability claims?

☞ We follow the same procedures as we do in Workers' Compensation.

☞ We use that same actuary to determine the amount of liability we need to record for)
outstanding claims at the end of
each year.



Balance Sheet

As of: 6/30/2003
Accounting Period: CLOSED

Selection Criteria: Fund = 1912

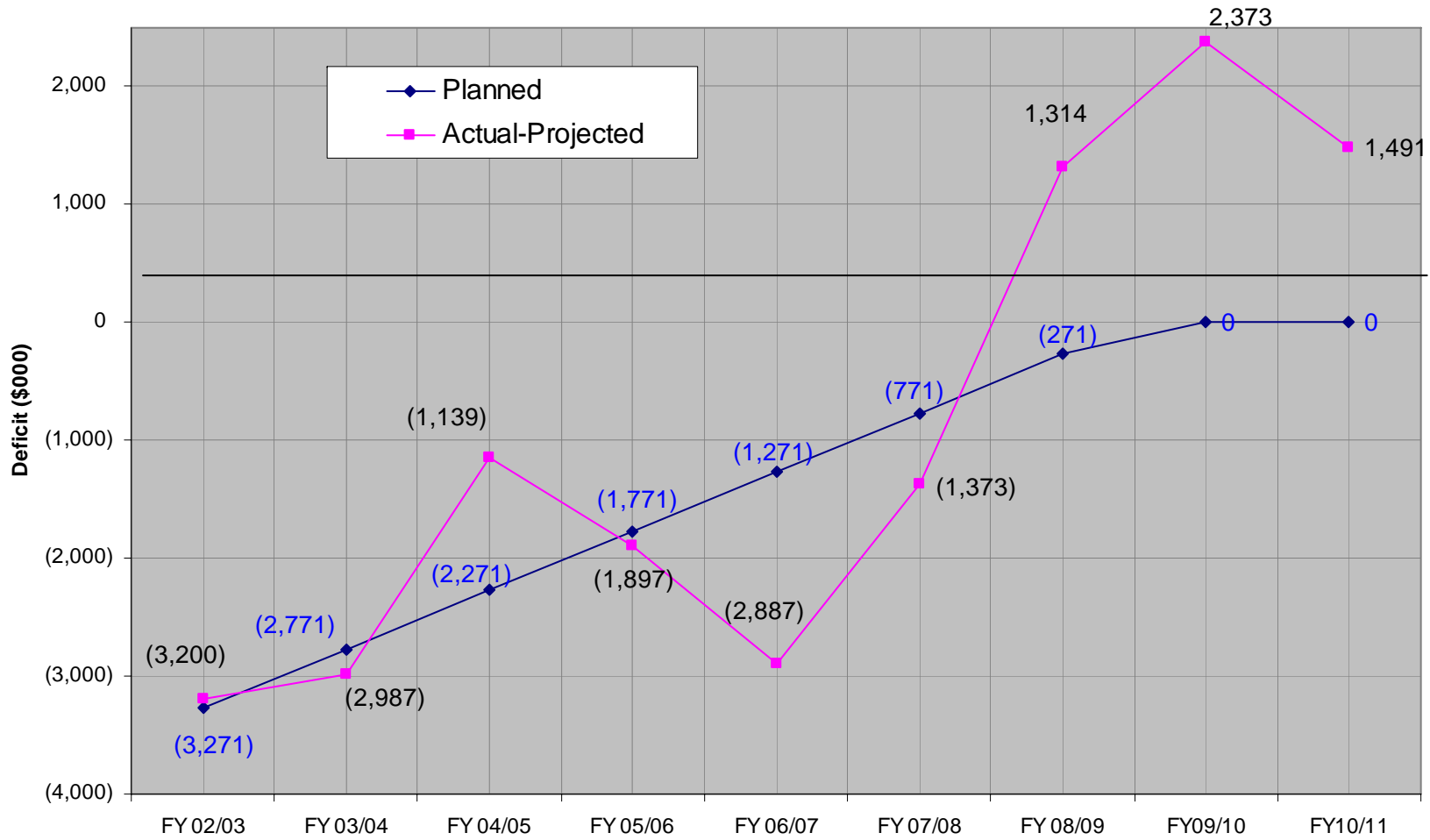
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Fund 1912 -- County Liability-Self Insuranc

	Beginning Balance 7/1/2002	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 6/30/2003
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	3,479,810.62	5,040,581.38	6,446,227.31	2,073,944.67
0115 -- Treasury FMV Adjustment	29,954.27	9,089.84	4,850.37	34,373.74
0240 -- Interest Receivable	37,029.90	72,731.28	95,719.94	14,041.24
0760 -- Office Furniture & Equipment	37,891.05	0.00	0.00	37,891.05
0766 -- Accum Depr-Office Furn & Equip	-30,152.63	0.00	7,538.44	-37,691.07
Total Assets	3,554,133.21	5,122,362.48	6,554,136.06	2,122,359.63
Total Assets & Other Debits	3,554,133.21	5,122,362.48	6,554,136.06	2,122,359.63
Liabilities, Equity & Other Credits				
Liabilities				
1010 -- Warrants Payable	0.00	4,332,034.49	4,332,034.49	0.00
1015 -- EFT Payable	0.00	129,066.58	129,066.58	0.00
1020 -- Salaries & Benefits Payable	13,546.08	326,799.76	328,744.32	15,490.64
1210 -- Accounts Payable	0.00	4,457,913.66	4,457,913.66	0.00
1230 -- Claims Payable	25,000.00	4,997,769.00	7,291,920.00	2,319,151.00
1240 -- Other Accrued Expenses	97,500.00	315,129.00	217,629.00	0.00
1241 -- Accrued Expenses-Budgetary	241.39	0.00	0.00	241.39
1730 -- Unidentified Deposits	0.00	558,431.73	558,431.73	0.00
1930 -- Compensated Absences-long term	26,228.00	2,506.00	4,444.00	28,166.00
1950 -- Litigation & Ins. Claim Liab	0.00	4,861,280.00	7,892,061.00	3,030,781.00
1960 -- Other Long-Term Liabilities	3,199,000.00	3,199,000.00	0.00	0.00
Total Liabilities	3,381,515.47	23,179,930.22	25,212,244.78	5,393,830.03
Equity				
2350 -- Retained Earnings-Unreserved	192,617.74	29,537,514.29	26,073,426.15	-3,271,470.40
Total Equity	192,617.74	29,537,514.29	26,073,426.15	-3,271,470.40



7 Year General Liability Deficit Reduction Plan at Expected Confidence



General Liability

Balance Sheet

As of: 12/27/2009
Accounting Period: OPEN

Selection Criteria: Fund = 1912

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 1912 -- County Liability-Self Insuranc

	Beginning Balance 7/1/2009	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 12/31/2009
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	7,321,096.13	4,151,368.69	4,234,544.57	7,237,920.25
0115 -- Treasury FMV Adjustment	57,840.40	0.00	13,498.65	44,341.75
0240 -- Interest Receivable	27,448.07	20,692.71	48,140.78	0.00
0760 -- Office Furniture & Equipment	37,691.05	0.00	0.00	37,691.05
0766 -- Accum Depr-Office Furn & Equip	-37,691.07	0.00	0.00	-37,691.07
Total Assets	7,406,384.58	4,172,061.40	4,296,184.00	7,282,261.98
Total Assets & Other Debits	7,406,384.58	4,172,061.40	4,296,184.00	7,282,261.98
Liabilities, Equity & Other Credits				
Liabilities				
1010 -- Warrants Payable	0.00	469,782.06	470,651.79	869.73
1015 -- EFT Payable	0.00	2,675,078.94	2,675,426.94	348.00
1020 -- Salaries & Benefits Payable	16,663.22	224,025.98	207,362.76	0.00
1210 -- Accounts Payable	2,934.00	3,145,003.23	3,142,069.23	0.00
1230 -- Claims Payable	2,345,000.00	0.00	0.00	2,345,000.00
1240 -- Other Accrued Expenses	356,450.00	356,450.00	0.00	0.00
1730 -- Unidentified Deposits	0.00	28,580.12	28,580.12	0.00
1910 -- Net OPEB Obligation-long term	17,751.00	0.00	0.00	17,751.00
1930 -- Compensated Absences-long term	14,486.00	0.00	380.00	14,866.00
1950 -- Litigation & Ins. Claim Liab	3,339,000.00	0.00	0.00	3,339,000.00
Total Liabilities	6,092,284.22	6,898,920.33	6,524,470.84	5,717,834.73
Equity				
2350 -- Retained Earnings-Unreserved	1,314,100.36	14,527,860.27	14,778,187.16	1,564,427.25
Total Equity	1,314,100.36	14,527,860.27	14,778,187.16	1,564,427.25
Total Liabilities, Equity & Other Credits	7,406,384.58	21,426,780.60	21,302,658.00	7,282,261.98



2010-11 FUNDING

	OPTION 1	OPTION 2	2009-10 FOR COMPARISON ONLY
PREMIUM	7,125,154	6,671,154	
SURPLUS	-2,093,000	-2,746,000	
NET PREMIUM	5,032,154	3,925,154	7,457,400
CONFIDENCE LEVEL	70%	50%	70%

- **BUDGET PRINCIPLE FOR 2010-11**
 - Reduce rates charged to departments from the Internal Service Funds to the extent fiscally prudent in order to mitigate departmental budget gaps.



Department	General Liability	Insurance	Premium FY 2010-11	Premium	Premium FY 2009-10	\$change
Sheriff	1,171,645	172,159	1,350,226	26.83%	2,101,238	(751,012)
District Attorney	143,563	23,939	167,901	3.34%	453,833	(285,931)
County Executive Office	296,215	9,161	305,775	6.08%	462,136	(156,361)
Probation	127,763	87,341	242,082	4.81%	357,201	(115,119)
Parks	52,089	58,739	116,467	2.31%	183,621	(67,154)
Planning And Development	74,371	15,510	90,281	1.79%	154,250	(63,970)
Fire	113,423	58,618	195,503	3.89%	256,702	(61,199)
General Services	55,822	45,614	128,447	2.55%	187,313	(58,866)
Clerk-Recorder-Assessor	40,485	49,071	92,408	1.84%	111,788	(19,380)
Public Health	25,783	18,378	44,561	0.89%	63,937	(19,376)
Treasurer-Tax Collector	69,687	11,106	88,374	1.76%	107,746	(19,372)
County Counsel	31,555	7,916	39,872	0.79%	55,251	(15,379)
Housing & Community Develop	17,453	1,366	19,219	0.38%	34,304	(15,086)
Public Defender	26,938	19,477	54,517	1.08%	61,204	(6,687)
Auditor-Controller	11,040	11,630	23,071	0.46%	29,448	(6,377)
Information Technology	2,420	567	3,387	0.07%	9,678	(6,291)
Board of Supervisors	5,063	8,688	14,151	0.28%	19,150	(4,999)
Agriculture & Cooperative Ext	18,199	4,123	31,225	0.62%	35,372	(4,147)
Public Works	20,730	4,675	25,805	0.51%	16,296	9,509
Human Resources	5,535	5,367	26,277	0.52%	16,328	9,949
General County Programs	3,060	14,161	34,994	0.70%	14,962	20,032
SUBTOTAL GENERAL FUND	2,312,839	719,807	3,186,746	63.33%	4,886,647	(1,699,901)
SUBTOTAL NON-GENERAL	1,080,138	585,216	1,845,408	36.67%	2,570,753	(725,345)
TOTAL	3,392,977	1,305,023	5,032,154	100.00%	7,457,400	(2,425,246)



What does our excess insurance cost for General Liability?

Fiscal Year	SIR	Total Premium	Dividend	Cost of Excess Insurance
2002/03	500,000	524,592	(285,442)	239,150
2003/04	500,000	751,811	(128,099)	623,712
2004/05	500,000	891,764	(107,756)	784,008
2005/06	500,000	1,126,350	(6,489)	1,119,861
2006/07	500,000	1,310,681	-	1,310,681
2007/08	500,000	1,300,982	-	1,300,982
2008/09	500,000	1,525,982	(97,257)	1,428,725
2009/10	500,000	1,414,262	-	1,414,262



When would county staff contact Risk Management's General Liability Staff?

Questions regarding a claim

We like your questions!



Questions about contracts

General insurance questions



General Liability

HIPAA

- Health Insurance Portability and Accountability Act (HIPAA) - Federal Mandate-signed into law in 1996
- The County Has a Legal Responsibility to Comply with HIPAA Rules
- Compliance Requires
 - Awareness
 - Training



Any of our employees who are likely to see Private Health Information need to be trained

Risk Management Trains Staff Who Perform At Least One of the Following Tasks with Protected Health Information (PHI):

- View
- Handle
- Process
- Distribute
- Audit
- Create
- Receive
- Have Any Exposure To



Which departments must have training?

Department Name	Reason for Requirement
ADMHS	Covered Entity (healthcare provider)
Public Health	Covered Entity (healthcare provider)
Fire Department	Covered Entity (paramedics = healthcare providers) & Business Associate
Human Resources	Covered Entity (self insured medical plan admin) & Business Associate
Auditor Controller	Business Associate
County Counsel	Business Associate
General Services	Business Associate
ITD	Business Associate
Probation	Business Associate with CE components (infirmaries in juvenile halls and camps)
Sheriff	Business Associate with CE components (infirmaries in jails)
Social Services	Business Associate
Treasurer-Tax Collector	Business Associate



What is a Covered Entity?

- A provider of medical or other health care services or any other person or organization who furnishes bills, or is paid for health care (PHD, ADMHS, Fire)
- An individual plan or group plan that pays the costs of medical care or provides medical care (HR-Benefits Division)
- Provides clearinghouse functions (none at County)



What is a Business Associate

Business Associates include County Counsel, General Services, ITD, TTC, Auditor-Controller, Probation, Sheriff.

DEFINITION:

Performs any function or activity covered by HIPAA on behalf of a covered entity

-or-

Provides a service on behalf of a covered entity involving the transfer of Protected Health Information (PHI)



What is “Privacy”?



The Privacy Rule States...

- That Our Clients Have a Right To:
 - Know the defined uses and disclosures of health information
 - Be informed of our privacy policies (Notice of Privacy Practices-NPP)
 - Know how to file a complaint for misuse of information (County HIPAA Compliance Officer)
 - If a complaint is filed, there can be No retaliation, intimidation, or discrimination against the patient



The Privacy Rule also States...

- That Our Clients Have a Right To:
 - Have their PHI kept confidential
 - Be able to request to see their PHI in private
 - Request amendments to their PHI
 - To obtain PHI by alternative means or at alternative sites (fax, P.O. box)



It also States...

- That Covered Entities and Business Associates must:
 - Have a Privacy Officer
 - Have policies and procedures to protect PHI
 - Provide Physical and Technical safeguards to PHI
 - Train employees that deal with PHI on the HIPAA regulations



Shhhhhh.....

CONFIDENTIALITY

Risk management maintains strict confidentiality in all cases.

You can count on it!



Questions?

