



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT  
Chief Executive Officer

March 29, 2022

To: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

From: Fesia A. Davenport  
Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

## CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT, FISCAL YEAR 2020-21 (ITEM NO 30-A, BOARD MEETING OF FEBRUARY 6, 2018)

Attached is the *Chief Executive Office Risk Management Annual Report, Fiscal Year 2020-21*. The purpose of the report is to inform the Board of Supervisors (Board) of a summarized Cost of Risk in Liability and Workers' Compensation (WC) exposures; assist departments to recognize the nature and extent of their exposures and losses; and provide direction on risk management strategies to be taken in the current and subsequent fiscal years (FY).

The COVID-19 pandemic impacted the number and cost of claims this FY as courts, County of Los Angeles (County) operations, and treatment providers temporarily closed, teleworked, or reduced hours to adjust to the pandemic. It is expected that these numbers will increase in subsequent years.

Details of the number, type, and cost of claims are included in the attached report. The following is a summary of the risk categories, along with prevention activities implemented by the Chief Executive Office – Risk Management Branch (CEO Risk Management):

### **Total Cost of Risk**

The total of all costs related to Liability and WC decreased by \$17.6 million to \$706.7 million, which represents a 2.4 percent decrease over FY 2019-20. The County's Total Cost of Risk decreased from 2.17 to 2.00 percent of the County's operating budget; this represents a 7.95 percent decrease over FY 2019-20. The Total Cost of Risk is measured as a percentage of the County's operating budget.

### **Vehicle Liability<sup>1</sup>**

Vehicle accident claims decreased by 344 to 805, which represents a 29.9 percent decrease over FY 2019-20. The cost of claims and lawsuits decreased by \$12.5 million to \$15.6 million, which represents a 44.3 percent decrease over FY 2019-20.

CEO Risk Management actively collaborates with County departments to coordinate training and policy development designed to address the risk factors that contribute to vehicle accidents. Our Loss Control and Prevention Unit provides consultations and education initiatives to departments that experience increased claims.

### **Other General Liability<sup>1</sup>**

These claims have decreased by 767 to 2,255, which represents a 25.4 percent decrease over FY 2019-20. The cost of claims and lawsuits decreased by \$5.6 million to \$51.5 million, which represents a 9.8 percent decrease over FY 2019-20.

CEO Risk Management works with departments and County Counsel to contact claimants who file repetitive contract and billing disputes when they should be seeking other administrative remedies. Other General Liability claims are addressed through training and education, in collaboration with the departments.

### **Employment Practices Liability (non-Workers' Compensation)<sup>1</sup>**

These claims have decreased by 22 to 116, which represents a 15.9 percent decrease over FY 2019-20. The cost of claims and lawsuits decreased by \$13.4 million to \$16.8 million, which represents a 44.4 percent decrease over FY 2019-20.

CEO Risk Management continues to collaborate with departments to create and implement effective Corrective Action Plans (CAPs) to improve policies and training to prevent future employment liabilities.

### **Law Enforcement Liability<sup>1</sup>**

These claims have increased by 7 to 575, which represents a 1.2 percent increase over FY 2019-20. The cost of claims and lawsuits decreased by \$3.1 million to \$35.1 million, which represents an 8.1 percent decrease over FY 2019-20.

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<sup>1</sup> In FY 2020-21, County Counsel implemented a new system to manage litigation activities and CEO implemented a new system to manage claim activities with data exchange between the two systems. These systems allow the County to generate more accurate reporting and classification studies based on our specific needs. Therefore, these reports will have different costs associated with the departments. CEO reports on tort liability and Worker's Compensation claims, while County Counsel reports on both non-tort and tort liability cases and does not report on Workers' Compensation matters. County Counsel's Annual Litigation Cost Report should be utilized to evaluate trends related to litigation expenses, and the CEO Risk Management Annual Report should be used to analyze Workers' Compensation and Liability claim trends.

CEO Risk Management continues to collaborate with law enforcement departments to facilitate effective CAPs and implement meaningful policy changes.

#### **Medical Malpractice Liability<sup>1</sup>**

These claims have decreased by 14 to 142, which represents a 9.0 percent decrease over FY 2019-20. The cost of claims and lawsuits decreased by \$3.3 million to \$4.6 million, which represents a 42.2 percent decrease over FY 2019-20.

CEO Risk Management and the Legal Exposure Reduction Committee established elements of a “Just Culture” within the County’s medical provider departments to improve communication and best practices which have shown to ultimately lower our overall risk. “Just Culture” is an approach to error management in a humane and fair evaluation through a correction process for human errors.

#### **Workers’ Compensation**

These claims have decreased by 228 to 12,147, which represents a 1.8 percent decrease over FY 2019-20. The cost of claims and lawsuits increased by \$7.9 million to \$409.0 million, which represents a 2.0 percent increase over FY 2019-20.

CEO Risk Management continues to work with departments to prevent injuries through training and education initiatives. However, the COVID-19 pandemic lowered our overall interactions with departments over the last quarter of the FY. For several years, cost containment programs have been implemented to curtail the long-term costs of WC claims, including catastrophic loss insurance, permanent claim closure of over \$200 million in claim liability; and increasing assistance to injured workers to facilitate expedited claims, treatment, and their return to work. These cost containment programs have proven to reduce costs to the County, and departments should continue to implement effective return-to-work programs to continue reducing costs.

For the last several years, CEO Risk Management, along with several partners within the County, have been developing a comprehensive claims and risk management system. The new system combines eight legacy systems to allow the County to have better control of claims, litigation costs, and exposures. The advanced system is substantially completed and online. We will continue to improve the system as necessary throughout the next several years.

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<sup>1</sup> In FY 2020-21, County Counsel implemented a new system to manage litigation activities and CEO implemented a new system to manage claim activities with data exchange between the two systems. These systems allow the County to generate more accurate reporting and classification studies based on our specific needs. Therefore, these reports will have different costs associated with the departments. CEO reports on tort liability and Worker’s Compensation claims, while County Counsel reports on both non-tort and tort liability cases and does not report on Workers’ Compensation matters. County Counsel’s Annual Litigation Cost Report should be utilized to evaluate trends related to litigation expenses, and the CEO Risk Management Annual Report should be used to analyze Workers’ Compensation and Liability claim trends.

Each Supervisor  
March 29, 2022  
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This report represents the combined efforts of the entire CEO Risk Management team. Input and analysis were provided by staff of Liability Claims and Recovery, Loss Control and Prevention, Office of Privacy, Risk Management Finance, Risk Management Inspector General, Risk Transfer, and Workers' Compensation.

Should you have any questions concerning this matter, please contact me or Steven T. Robles, Assistant Chief Executive Officer/County Risk Manager, at (213) 351-5346 or [SRobles@ceo.lacounty.gov](mailto:SRobles@ceo.lacounty.gov).

FAD:JMN  
STR:sg

Attachment

c: All Department Heads



# RISK MANAGEMENT

Los Angeles County Chief Executive Office

## Inside County Risk FY 2020-21 Annual Report

Steven T. Robles  
County Risk Manager  
March 29, 2022



**RISK  
MANAGEMENT**



**Hilda L. Solis**  
First District



**Holly J. Mitchell**  
Second District



**Sheila Kuehl**  
Third District



**Janice Hahn**  
Fourth District



**Kathryn Barger**  
Fifth District

**COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS**



CHIEF EXECUTIVE OFFICE  
RISK MANAGEMENT BRANCH

2020-21

Inside  
County Risk  
Risk Management Annual Report



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## RISK MANAGER'S MESSAGE

The County of Los Angeles (County), Chief Executive Office – Risk Management Branch (CEO Risk Management) is pleased to provide its Risk Management Annual Report for Fiscal Year (FY) 2020-21.

In previous fiscal years, we focused on improving the County's risk culture and operational capabilities. These initiatives ultimately led to an enterprise risk model that embeds risk management into the planning, execution, and completion of all Board of Supervisors' (Board) priorities and operational functions of the County.

As these programs begin to mature, we are realizing significant results, including: the ability to attract multiple insurers to cover our larger loss exposures, the elimination of hundreds of Workers' Compensation claims, stable loss development, and increased third-party recoveries.

Over the last several years, we have been focusing on updating the data management associated with claims and litigation. I am pleased to announce that this process is complete with the successful retirement of six legacy systems into a comprehensive Risk Management Information System (RMIS) that has already proven to be flexible, reliable, and user friendly. In fact, the COVID-19 pandemic generated various mandates on managing County exposures, and we were able to transition our RMIS to provide relevant information to keep in legal compliance and better manage employees impacted by the pandemic.

As indicated in previous annual reports, we are now able to move forward in the development of the next generation Fraud, Waste, and Abuse Analytics system upon completion of the comprehensive RMIS. Utilizing artificial intelligence and machine learning, this system will allow for continuous auditing of the touch points within our systems to insure the best possible outcomes, system integrity, and recovery.

In FY 2020-21, we focused on managing various initiatives to track and reduce COVID-19 spread amongst County employees. As such, we continue to implement a multi-year plan to control costs and reduce liability, as follows:

1. The purchase of commercial insurance to protect against the risk of catastrophic loss events.
2. An aggressive claim closure program has been implemented to finalize Workers' Compensation claims for employees who no longer work for the County. This benefits the injured worker as it gives more control over the administration of their health care, and it benefits the County as it lowers our long-term liabilities.
3. Completion of the comprehensive claims and risk management system enabling the County to have better control of claims and litigation costs and exposures.

## RISK MANAGER’S MESSAGE (CONTINUED)

Overall, the County’s Cost of Risk remains near the industry standard of 2.0%. Below is a brief trend indicator for the categories of loss we typically observe and how it contributes to the overall Cost of Risk.

The frequency increase indicator is marked in red as we will typically see increased costs associated with the increased claims. Conversely, as we currently see downward trends (marked in green) in claims, we can expect to see lower costs in the future. For example, Law Enforcement Liability had been on a downward trend for three consecutive years. This year, we continue to realize the costs savings of the lower frequency.

This year’s annual report is organized to allow for identification of claim trends specific to Workers’ Compensation, General Liability, and sub-categorized areas, including Law Enforcement, Employment Practices, Medical Malpractice, Automobile, and General Liability - Other. These categories represent different exposures and prevention requirements that will allow County departments the ability to focus efforts according to specific losses. Each department also has the Enterprise Risk Information Center dashboard at their disposal for more detailed information.

Claim Type	% Change in Frequency	% Change in Expense
Workers' Compensation	-1.8%	2.0%
Automobile Liability	-29.9%	-44.3%
General Liability - Other	-25.4%	-11.2%
Law Enforcement Liability	1.2%	-8.1%
Employment Practices Liability	-15.9%	-44.4%
Medical Malpractice Liability	-9.0%	-42.2%
<b>Total</b>	<b>-7.9%</b>	<b>-3.6%</b>
<b>Cost or Risk (excluding non-County agencies)</b>		<b>2.0%</b>

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

# KEY OBJECTIVES—FISCAL YEAR 2021-22

CEO Risk Management provides leadership and direction for the County’s Risk Management and Privacy programs. Key objectives for FY 2021-22 include:

- Implement performance, audit, and fraud digital monitoring of our Third-Party Administrators and vendors to increase performance, lower costs, and provide better services to our injured workers.
- Develop the next generation Fraud, Waste, and Abuse Analytics system to ensure the best possible outcomes, system integrity, and loss recovery.
- Diagnose and implement any remaining improvements to RMIS.
- Complete an assessment of the technical and legal challenges of adding additional communication channels to injured workers.

- Further develop the privacy incident response policy and protocols to address cybersecurity incidents and expand vendor management functions to further protect the County’s data and information.
- Continue to lower the unfunded liabilities in the Workers’ Compensation Program by closing claim exposures, funding liabilities, and capping losses with catastrophic loss insurance.
- Proceed with updating the Medical Malpractice, Hospital Liability, Automobile Liability, and General Liability Claims Administration and Legal Defense Management Services contracts.
- Assess the reduction in Workers’ Compensation claims experienced during the COVID-19 pandemic in several departments to further improve the costs associated with Workers’ Compensation.
- Assess the increased Workers’ Compensation claim costs in the Safety classification to better engage departments, identify cost drivers, and assist in loss control implementation.



COST

PREVENTION

SOLUTION

IDENTIFY

RECOVERY

## COST OF RISK

The Cost of Risk is the ratio of the expenditures for the County's various cost of claims paid, divided by the County's Operating Budget in a specific FY. 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 2020-21, the County experienced a decrease in the Cost of Risk of 3.6%.

## THE COUNTY'S OBJECTIVE IS TO MINIMIZE ITS TOTAL COST OF RISK

Detailed information is listed in the "Statistics" section of this report regarding the number of claims and expenses for each of the last three FYs by department for Workers' Compensation, State of California Labor Code (LC) 4850 and Salary Continuation, Automobile Liability, General Liability, Employment Practices Liability, Law Enforcement Liability, and Medical Malpractice.

The table on the next page illustrates the totality of all categories of risk as related to the County's Operating Budget.



## COST OF RISK<sub>1</sub>

Category	FY 2018-19	FY 2019-20	FY 2020-21
<b>Workers' Compensation</b>			
<b>Workers' Compensation Expense</b>	<b>\$413,085,705</b>	<b>\$401,160,401</b>	<b>\$409,016,919</b>
<sup>2</sup> Labor Code 4850 and Salary Continuation	\$116,452,158	\$127,304,869	\$133,418,720
<b>Workers' Compensation Expense Total</b>	<b>\$529,537,863</b>	<b>\$528,465,270</b>	<b>\$542,435,639</b>
<b>Liability</b>			
<b>Liability Expense Total</b>	<b>\$154,025,721</b>	<b>\$181,216,667</b>	<b>\$144,939,061</b>
<b>Purchased Insurance (premium and fees)</b>	\$22,375,478	\$25,344,978	\$28,476,443
<b>Cost of Risk</b>	<b>\$705,939,062</b>	<b>\$735,026,915</b>	<b>\$715,851,144</b>
<b>Cost of Risk (excluding non-County agencies)</b>	<b>\$694,972,538</b>	<b>\$724,361,149</b>	<b>\$706,762,945</b>
<b>Total County Operating Budget (000)</b>	\$31,311,700	\$33,328,813	\$35,328,479
<b>Cost of Risk (Excluding non-County agencies as a percentage of the County's Operating Budget)</b>	<b>2.22%</b>	<b>2.17%</b>	<b>2.00%</b>

1. Detailed Cost of Risk Information can be found in Exhibit G of this report.
2. Labor Code 4850 benefits are provided to defined safety officers. The benefit pays full salary tax free for one year while they are disabled due to an industrial injury and cannot work. The County provides certain employees salary continuation benefits that restore 70% of their wages tax free while they are unable to work due to an industrial injury. The benefit is available for one year from the date of the industrial injury.

## RISK FINANCING

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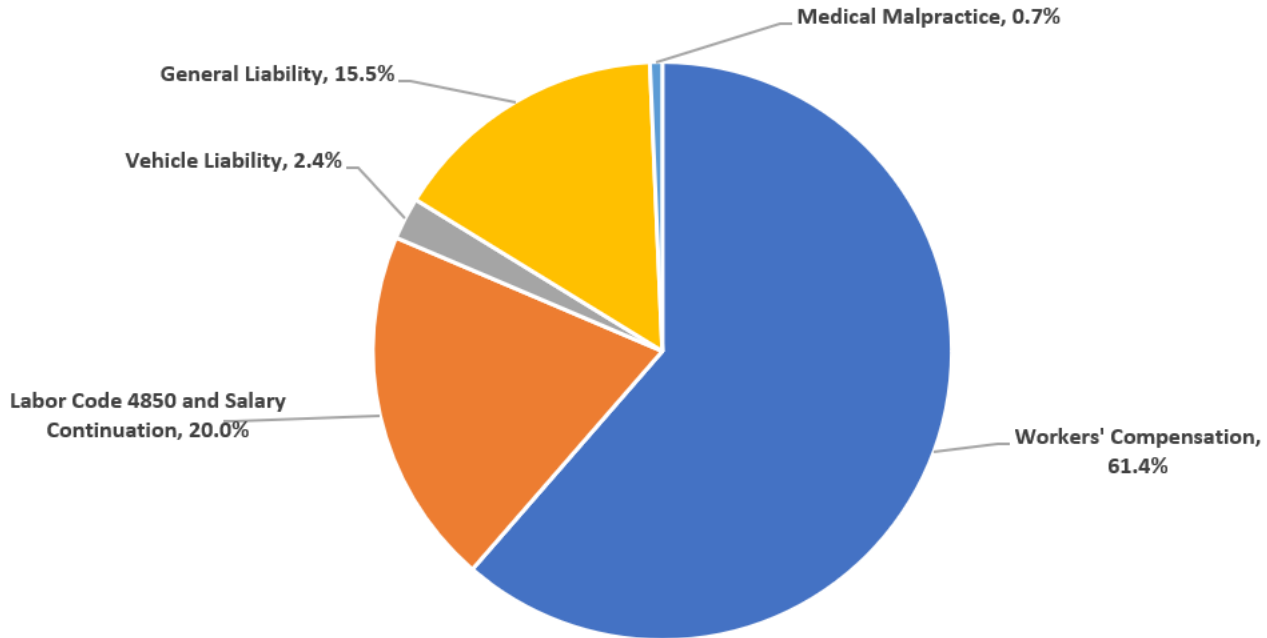
The County currently finances nearly all losses on a cash basis; therefore, any liability or Workers' Compensation claim that arises is subject to cash payment by the County, regardless of size. Based on the nature and scope of County operations, natural disasters, and external influences, County departments will be susceptible to large claims that significantly impact expenses. The results of FY 2020-21 illustrate this susceptibility as the top-10 claims of each expense category accounted for significant portions of expense, as follows: Law Enforcement top-10 claims accounted for 55.3% of expenses; General Liability top-10 claims accounted for 31.6% of expenses; Automobile Liability top-10 claims accounted for 60.0% of expenses; Medical Malpractice top-10 claims accounted for 49.1% of expenses; and Employment Liability top-10 claims accounted for 32.7% of expenses. The County has instituted several risk management techniques to manage the cost of large loss claims outside of litigation management. Minimizing the frequency of claims minimizes the possibility 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 Chief Executive Office (CEO), as follows:

- Corrective Action Plans and/or Summary Corrective Action Plans are required for all settlements with an indemnity amount in excess of \$100,000 and as requested by the Risk Management Inspector General (RMIG). These plans summarize the nature of the claim and identify the root cause of the problem and corrective action steps to be taken by the department, or the County as a whole, to minimize the potential for similar events to occur.
- Risk Management's Loss Control and Prevention updated several online training modules to address the risk factors that contribute to vehicle accidents, and issued notices to departments that were experiencing increased claims.
- Risk Management Plans are developed by each department 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.
- CEO Risk Management provides reporting and early trend analysis 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 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 Risk Management collaborate with departments in this endeavor.

## OVERALL COSTS

The overall Cost of Risk graph below illustrates that Workers' Compensation accounts for **61.4%** of the Cost of Risk. For FY 2020-21, this represents approximately **\$409** million.

### PERCENTAGE OF TOTAL COST PAID BY CLAIM TYPE – FY 2020-21



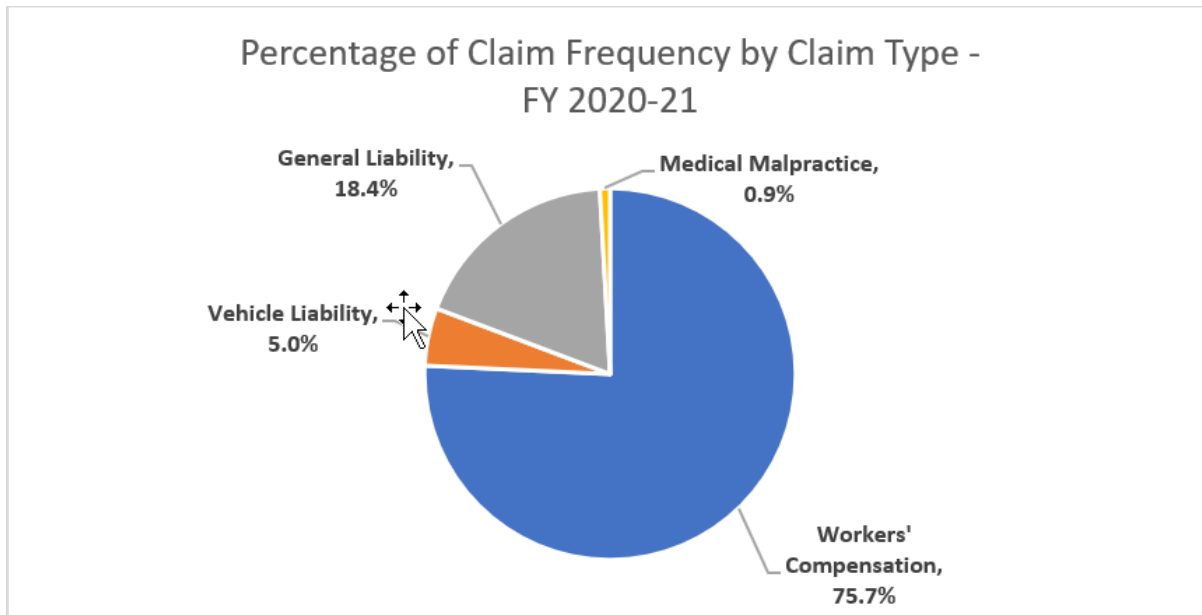
### CLAIM SEVERITY (TOTAL COST PAID) - ALL CLAIMS 1,2,3 - FY 2018-19 THROUGH FY 2020-21

Claim Type	FY 2018-19	FY 2019-20	FY 2020-21
Workers' Compensation	\$413,085,705	\$401,160,401	\$409,016,919
Labor Code 4850 and Salary Continuation	\$116,452,158	\$127,304,869	\$133,418,720
Vehicle Liability	\$13,893,712	\$28,176,437	\$15,685,346
Law Enforcement Liability	\$58,919,309	\$38,228,175	\$35,150,030
Employment Practices Liability	\$16,995,262	\$30,242,152	\$16,816,246
Other General Liability	\$42,559,687	\$58,032,882	\$51,547,333
Medical Malpractice	\$4,221,652	\$7,918,033	\$4,579,751
<b>TOTAL</b>	<b>\$666,127,486</b>	<b>\$691,062,949</b>	<b>\$666,214,345</b>

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). 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 Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
4. Workers' Compensation paid does not reflect State of California Labor Code 4850 and Salary Continuation payments, which are shown separately.

## CLAIM FREQUENCY BY CLAIM TYPE – FY 2020-21

In further demonstrating the impact of Workers' Compensation on the total risk management program, the graph below illustrates that Workers' Compensation accounts for almost three quarters of all claims.



### CLAIM FREQUENCY (TOTAL NUMBER OF CLAIMS FILED) BY CLAIM TYPE FY 2018-19 THROUGH FY 2020-21

Claim Type <sup>1,2</sup>	FY 2018-19	FY 2019-20	FY 2020-21
Workers' Compensation	12,057	12,375	12,147
Vehicle Liability	1,015	1,149	805
Law Enforcement Liability	606	568	575
Employment Practices Liability	121	138	116
Other General Liability	2,839	3,022	2,255
Medical Malpractice	194	156	142
<b>TOTAL</b>	<b>16,832</b>	<b>17,408</b>	<b>16,040</b>

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).

The methods and activities of managing the overall Cost of Risk are outlined in the remainder of the FY 2020-21 Annual Report.



## WORKERS' COMPENSATION PROGRAM

The County's self-insured Workers' Compensation Claim Administration Program is the largest such local governmental program in the State of California. As a mandated employer-funded social benefit program, it is responsible for administering approximately 32,000 open workers' compensation claims with nearly 12,200 new workers' compensation claims reported annually. Statutorily mandated benefits are delivered through partnerships established under four Third-Party Administrator (TPA) contracts, three Medical Management and Cost Containment contracts (MMCCs), and a Pharmacy Benefit Management (PBM) Network. CEO's Workers' Compensation On-Site County Representatives (OSCRs) aid TPA staff, County departments, and injured workers. In addition, OSCRs authorize high-value settlements and payment transactions, perform fiscal reconciliation services, and act as liaisons between departments, defense counsel, and TPAs. The Office of the County Counsel (County Counsel) staff and contracted defense attorneys provide legal support.

Workers' compensation expenses are generally separated into three categories: 1) allocated benefit expenses [ABE]; 2) allocated loss adjustment expenses [ALAE]; and 3) unallocated loss adjustment expenses [ULAE]. ABE include medical benefits, salary continuation and temporary disability benefits, permanent disability benefits, and death benefits. Such expenses are charged to the Workers' Compensation claim file.

ALAE include non-benefit payments to contract law firms, investigation firms, and other ancillary service providers. Such expenses are also charged to the Workers' Compensation claim file. ULAE include the cost of TPAs, MMCCs, County Counsel's Workers' Compensation Division staff, CEO Risk Management staff, State User Assessments, claims administration system, excess insurance, and other overhead charges required to administer or provide risk protection for the Workers' Compensation Program. Such expenses are not charged or allocated to individual Workers' Compensation claims.

Total Workers' Compensation expenses paid in FY 2020-21, excluding Labor Code Section 4850 and Salary Continuation benefits, were \$409.0 million. This represents a 2.0% increase in Workers' Compensation expenses from FY 2019-20, which totaled \$401.2 million.

### DISABILITY



MANAGEMENT

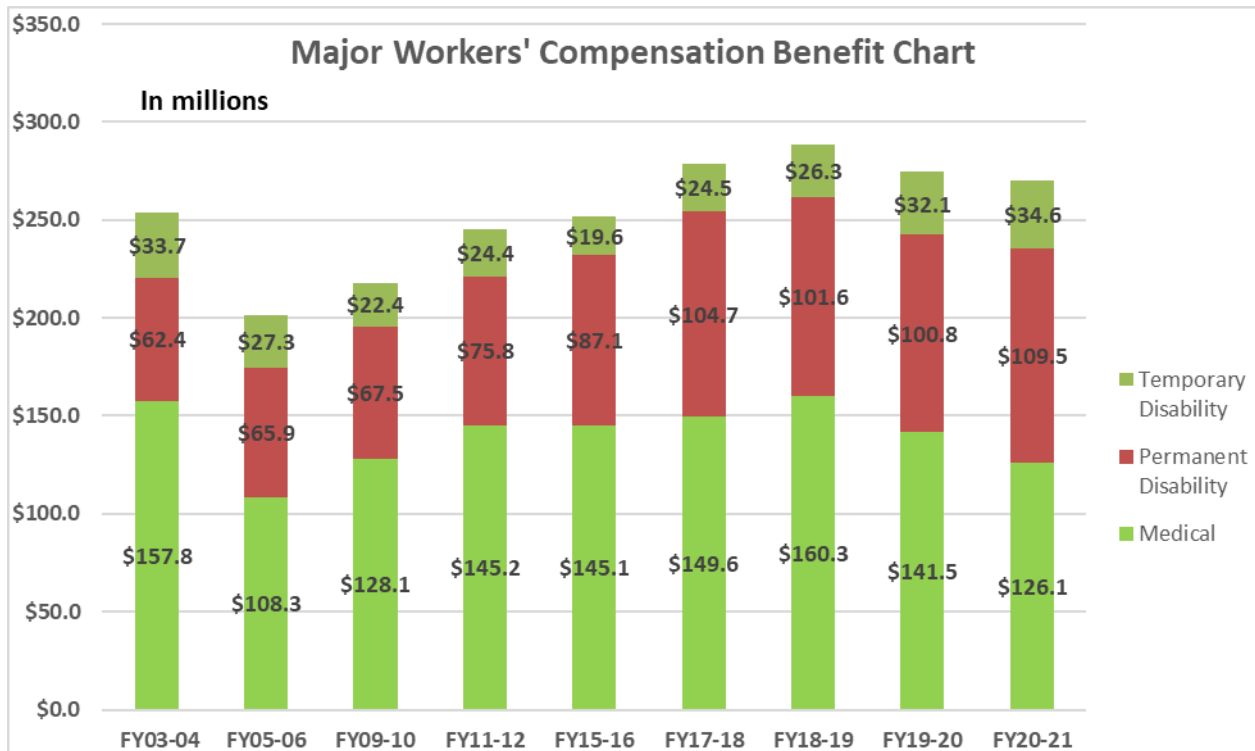
BENEFITS

## WORKERS' COMPENSATION PROGRAM — MAJOR ALLOCATED BENEFIT EXPENSES

In FY 2020-21, total medical expenses equaled \$126.1 million. This represents a 10.9% decrease from the total medical expense of \$141.5 million experienced in FY 2019-20. The decrease was due to medical facilities reducing services during the pandemic. Temporary disability expenses increased from \$32.1 million in FY 2019-20 to \$34.6 million in FY 2020-21, an increase of 7.8%. This increase was driven, in part, by an approximate 4% increase in the temporary disability rate. Salary continuation and Labor Code (LC) 4850 expenses (predominately driven by LC 4850 benefits) increased 4.8% from the \$127.3 million in FY 2019-20 to \$133.4 million in FY 2020-21. CEO Risk Management continues to believe the LC 4850 expense is driven by increases in salary and the demographics of the population eligible for LC 4850 benefits, and may show some stabilization in future years.

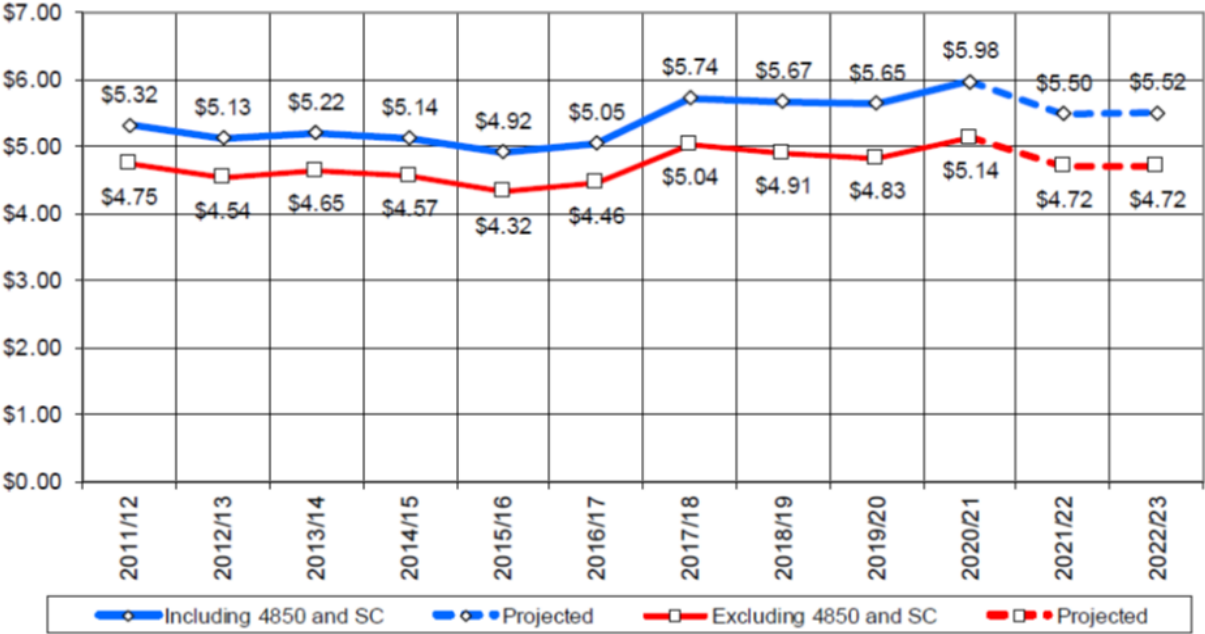
Permanent disability expenses increased 8.6%, from \$100.8 million in FY 2019-20 to \$109.5 million in FY 2020-21. CEO Risk Management believes future increases in permanent disability payments may stabilize as the permanent disability rating and payment schedule established under Senate Bill (SB) 863 (legislative session 2011-12) is experienced.

Changes to the permanent disability rating and payment schedule under SB 863 significantly increase exposure to Workers' Compensation disability payments. As an example, a firefighter with a presumptive industrial heart condition with a 40% whole person impairment would be entitled to \$87,835 in permanent disability prior to the passage of SB 863. The same exact disability under the SB 863 provisions will entitle that firefighter to \$206,307.50 in permanent disability and life pension benefits.



**Workers' Compensation Program — Major Allocated Benefit Expenses**  
(Continued)

**Graph III-2  
Loss Rate per \$100 of Payroll**



FINANCE

COMPENSATION

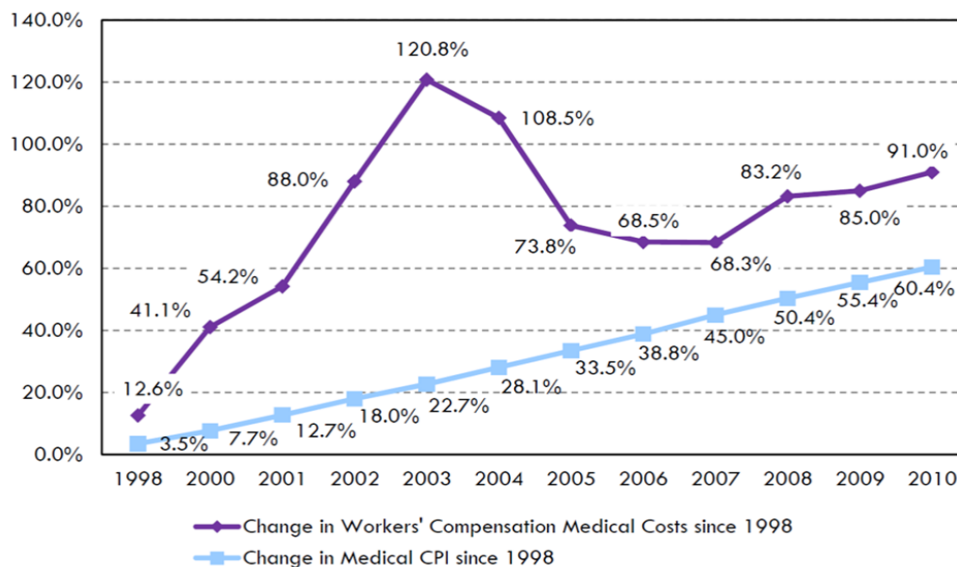


## WORKERS' COMPENSATION PROGRAM—ALLOCATED AND UNALLOCATED LOSS ADJUSTMENT EXPENSES

Traditionally, the County Workers' Compensation Program's allocated and unallocated loss adjustment expenses account for approximately 20-22% of overall Program expenses. The ALAE and ULAE represent the legal, administrative, and operational costs to deliver balanced Workers' Compensation benefits. In FY 2020-21, the combined ALAE and ULAE represented 22.8% of Program expenses. This includes approximately \$4.7 million for excess insurance and \$4.0 million for a comprehensive RMIS upgrade. The County Workers' Compensation Program's allocated and unallocated loss adjustment expenses compare favorably to loss adjustment expenses experienced by California Workers' Compensation insurers and other self-insured employers. The California Commission on Health and Safety and Workers' Compensation (CHSWC) 2020 Annual Report reflected ALAE and ULAE accounted for 36% of overall Workers' Compensation systemwide expenses in calendar year 2019.

Over the last 17 years, County Workers' Compensation loss adjustment expenses have increased, in part, due to medical management cost containment strategies that include utilization review. CEO Risk Management believes California's implementation of evidence-based medical guidelines have stabilized the Workers' Compensation inflationary trends experienced in the late 1990s and early 2000s. The graph below demonstrates the impact of Workers' Compensation legislation that became effective in 2004, and its impact on cost stabilization.

**WORKERS' COMPENSATION MEDICAL EXPENSES VS. MEDICAL INFLATION SINCE 1998**

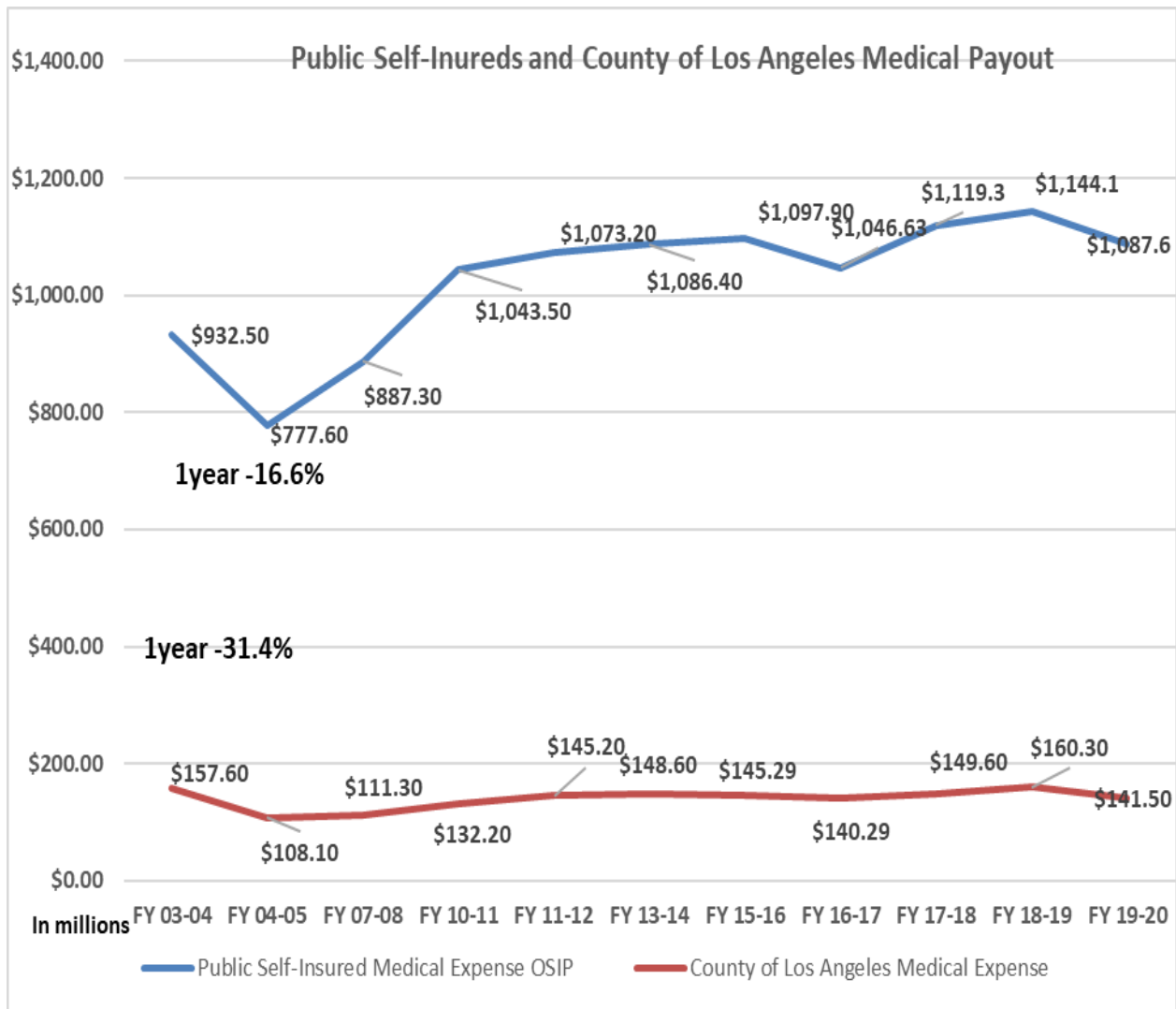


SOURCE: Commission on Health and Safety and Workers' Compensation – Data Source: WCIRB; Bureau of Labor Statistics

## WORKERS' COMPENSATION — EXPENSES

The County Workers' Compensation medical spending has remained relatively stable as demonstrated by the chart below. This chart reflects aggregate public agency Workers' Compensation medical payment data (including the County's Workers' Compensation payment amounts) and the County's annual Workers' Compensation medical payments since FY 2003-04.

CEO Risk Management believes the significant decrease in Workers' Compensation medical cost experienced between FY 2003-04 and FY 2004-05 was a direct result of urgency legislation implemented to address the California "Workers' Compensation Crisis." Aggregate Office of Self-Insurance Plan (OSIP) FY 2020-21 payment information was not available at the time of the printing of this report.

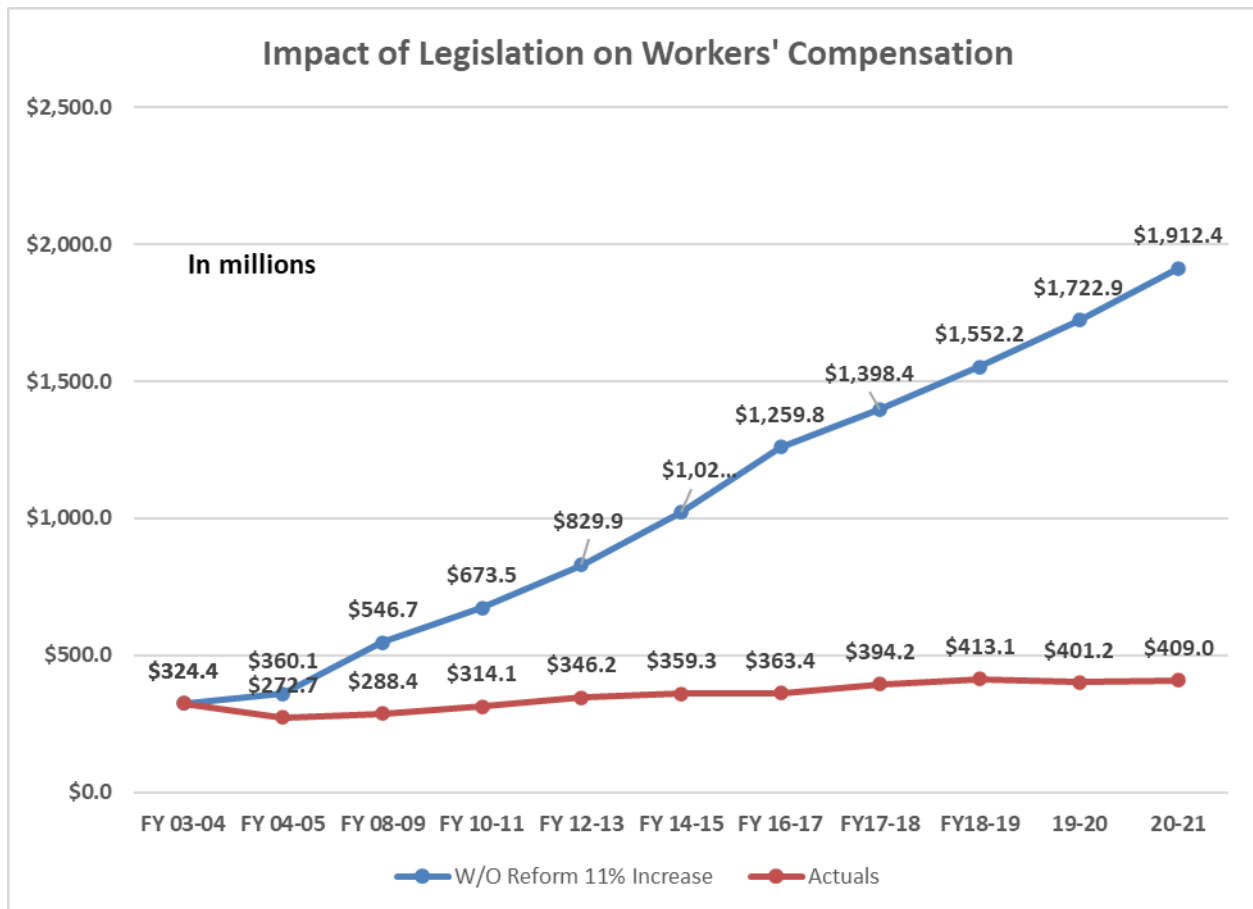


## WORKERS' COMPENSATION — EXPENSES (CONTINUED)

From FY 1998-99 through FY 2002-03, the County's Workers' Compensation medical costs increased 133.8%. During that period, County Workers' Compensation Program costs, excluding salary continuation and LC 4850 benefits, experienced double-digit inflation.

The following chart estimates that escalation absent cost avoidance strategies afforded under the FY 2003-04 legislation compared to actual costs. FY 2020-21 actual costs contain a premium payment for excess insurance that did not exist in FYs prior to FY 2016-17. Regardless of the cost of this additional protection, the Workers' Compensation Program's annual increase since FY 2003-04 calculates to approximately 1.5%.

### WORKERS' COMPENSATION EXPENSES (EXCLUDING SALARY CONTINUATION AND LABOR CODE 4850) COMPARISON - ESTIMATED WITHOUT REFORM AND ACTUAL EXPENSES



## **WORKERS' COMPENSATION — MEDICAL MANAGEMENT COST CONTAINMENT AND OUTSTANDING LIABILITIES**

### **Medical Management Cost Containment**

Medical expenses are the largest single component of the County Workers' Compensation Program cost (excluding LC 4850 and Salary Continuation). During FY 2020-21, the Program received approximately 401,035 bills accounting for 1,289,407 lines of procedures, services, and/or supplies from medical service providers. Such bills were for medical services to treat injured workers that included in-patient hospital services, nursing care, surgery, physician visits, physical therapy, chiropractic care, durable medical equipment, and drug therapy. Each bill is reviewed to ensure charges are paid at or below the State Official Medical Fee Schedule.

The County's Workers' Compensation Program applies utilization review (UR) processes to assess certain physician treatment requests. UR is the process used by California Workers' Compensation insurers and administrators to determine if requested medical care is consistent with the California Medical Treatment Utilization Schedule. CEO Risk Management and MMCC staffs collaborate with respected physicians to determine reasonable utilization review triggers to ensure medical treatment can be delivered in an unencumbered manner. The evaluation of UR triggers is an ongoing process and protocols are assessed periodically and influenced by physician prescribing patterns.

### **Outstanding Liabilities**

As reflected in the Workers' Compensation Actuarial Study, the County Workers' Compensation Program's outstanding liabilities, as of June 30, 2021, were approximately \$3.31 billion (at a 50% confidence level). This represents an increase of 5.4% over the estimated outstanding liabilities of \$3.14 billion, as of June 30, 2020. As the actuarial study indicates, payroll is one of the most common exposure measures for Workers' Compensation. The actuarial study notes a reported increase in County payroll of 41% from FY 2013-14 to FY 2020-21. The \$3.31 billion (not including Courts) in outstanding liabilities include all future obligations for existing claims and incurred but not reported claims.

Actuarial analysis of the County Workers' Compensation Program's last 20 years of loss distribution reflects approximately 15.6% of Workers' Compensation claims account for 81.6% of the total incurred (paid to date and remaining reserves). Additionally, 18% of payments (excluding salary continuation/LC 4850) in FY 2020-21 were issued from claims older than ten years. Overall, the actuarial study underscores the long-tail nature of Workers' Compensation exposures and expenses.

As of June 30, 2004, the actuarial study established future outstanding liabilities were \$2.63 billion (including the Courts) and, as of June 30, 2021, the outstanding liabilities were \$3.37 billion (including the Courts). This equates to an increase of 28.1% over a 17-year period. CEO Risk Management continues to evaluate various alternate risk techniques to stabilize exposures and expenses, including a loss portfolio transfer and lump-sum settlements for high exposure Workers' Compensation claims.

## WORKERS' COMPENSATION — OUTSTANDING LIABILITIES (CONTINUED)

In FY 2017-18, CEO Risk Management and County Counsel's Workers' Compensation Division implemented a Workers' Compensation claim settlement project. The goal of the project was to terminate future exposures and uncertainties of identified Workers' Compensation claims using Compromise and Release agreements or structured settlements. During the last four FYs, the County Workers' Compensation Program processed approximately \$94 million in such settlements, which impacted approximately 2,720 claims, and resolved an estimated \$207 million in ultimate potential exposure (that includes the settlement amount).

### **A WORD ABOUT COMPROMISE & RELEASE SETTLEMENTS**

Compromise & Release and structured settlements (collectively C&Rs) have been used to extinguish the uncertainty of future Workers' Compensation liabilities for many years. The County Workers' Compensation Program has utilized C&R settlements for many years and has developed standard analysis protocols that include rated age life expectancy, present value interest factor evaluation, non-submit and submit Medicare set-a-side agreements, and legal probability analysis.

Though a C&R may be a preferred method of settlement, several factors need to be considered. Those factors follow:

- Injured workers are under no obligation to consider a C&R;

- Applicant attorneys, Workers' Compensation judges, and the County Workers' Compensation Program understand the value of future Workers' Compensation benefits and will calculate settlements to ensure adequacy;
- Medicare must be protected, and the set-a-sides often inflate the cost of the C&R; and
- C&Rs expedite the payout of future benefits and that needs to be contemplated from a Countywide budget perspective.

The last bullet point is relevant given the County has undertaken a generative policy agenda to protect the neediest County residents, assist underserved populations, and promote an improved quality of life for all County communities.

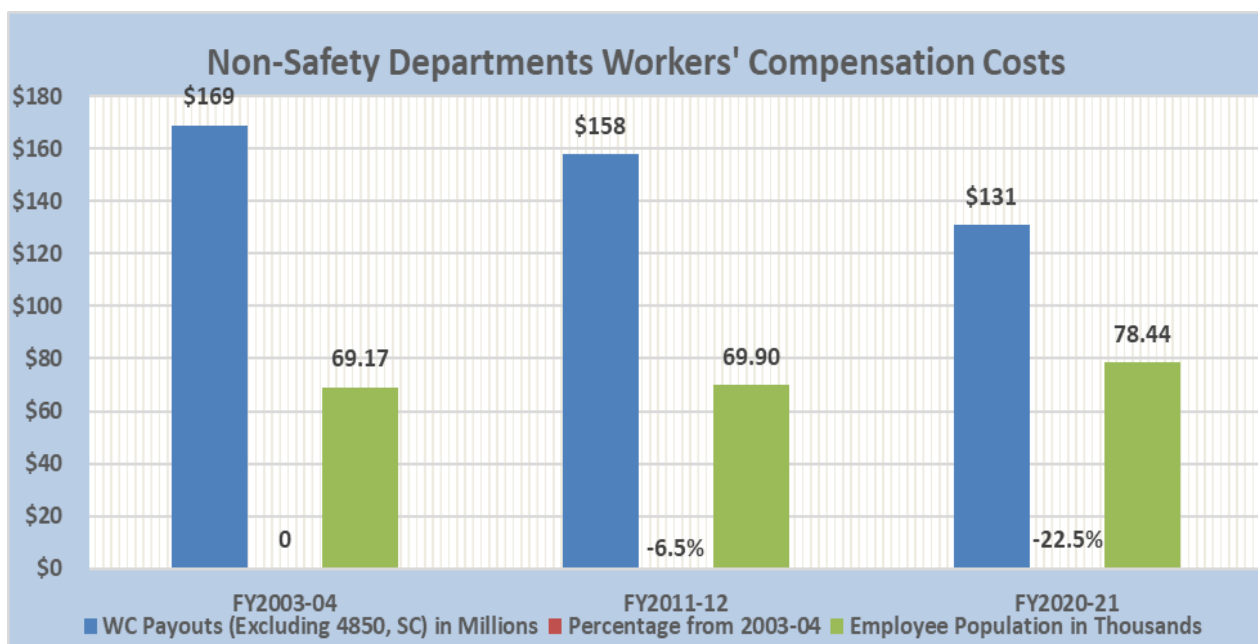


## WORKERS' COMPENSATION — PUBLIC SAFETY DEPARTMENTS

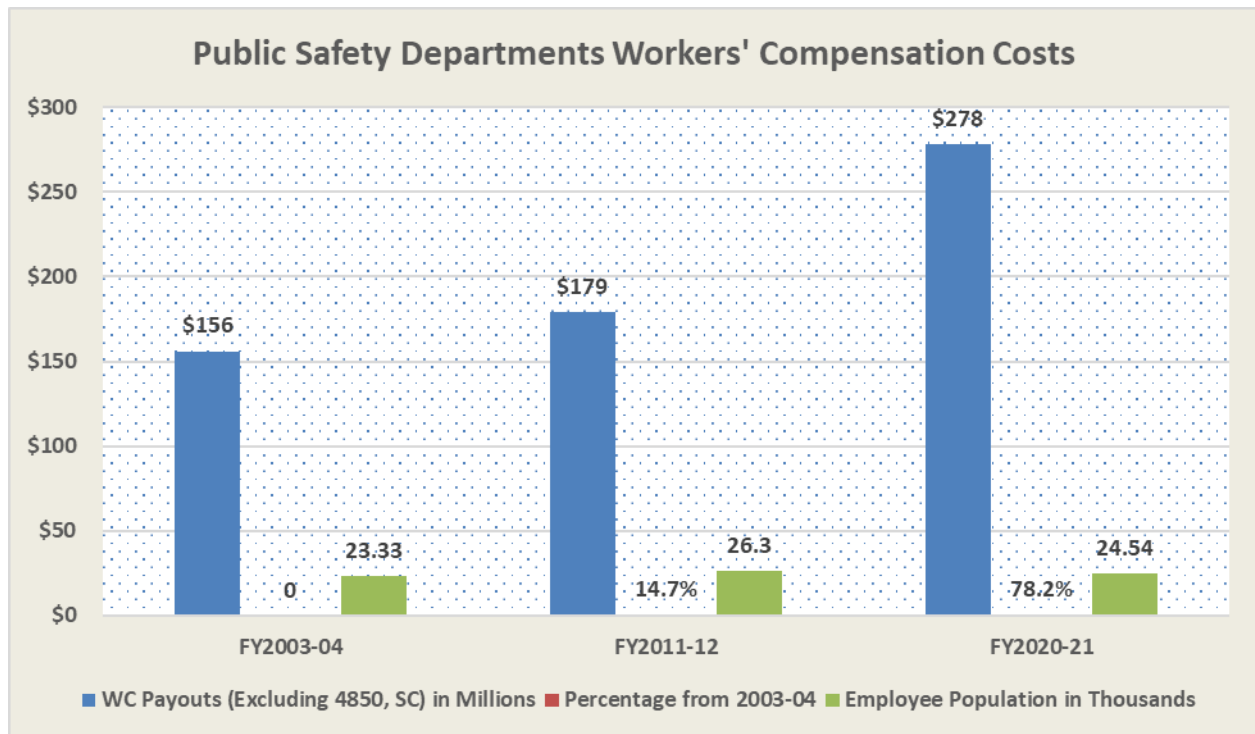
The nature of the job duties County employees perform significantly impacts Workers' Compensation Program expenses. Many County employees subject themselves to dangerous situations on behalf of the public. Those exposures and some of the presumptions afforded to public safety employees, because of such, are reflected in Countywide Workers' Compensation expenses.

The charts below demonstrate the association between County public safety departments (defined as Fire, Probation, Sheriff) and rising Workers' Compensation costs. As previously indicated, FYs 2003-04 and 2011-12 are notable because of the passage of significant legislation that impacted the California Workers' Compensation system. Those FYs were selected to show how such legislation impacted Workers' Compensation costs to County public safety and non-public safety departments.

While non-public safety departments (including the Courts) saw a 22% decrease in Workers' Compensation payouts over the last 17 years, safety departments saw significant increases. Those increases, a 78.2% increase since FY 2003-04, were significant enough to drive overall Workers' Compensation Program payout increases.



## WORKERS' COMPENSATION — PUBLIC SAFETY DEPARTMENTS (CONTINUED)



## WORKERS' COMPENSATION — IMPACT OF COVID-19 PANDEMIC

Like many programs and operations, the pandemic has significantly impacted the County Workers' Compensation Program. Traditionally, operations were brick and mortar with claims staff working on-site. Due to the pandemic and social distancing requirements, most claims staff and OSCRs are teleworking. This arrangement has promoted a movement away from paper processes and implementation of document management systems that enable staff to work remotely. Internal control processes have been maintained and the impact on injured workers and benefit delivery continues to be monitored.

In FY 2020-21, there were 2,383 COVID-19 Workers' Compensation claims reported. The total number of Workers' Compensation claims reported in FY 2020-21 totaled 12,417. That total was consistent with prior years. Removing the COVID-19-related Workers' Compensation claims, the County Workers' Compensation Program experienced an approximate 19% reduction in reported claims from prior FYs. Additional analysis is required to determine if this reduction is related to implementation of County telework programs. The Workers' Compensation Insurance Rating Bureau and California Workers' Compensation Institute noted a reduction in reported non-COVID-19-related workers' compensation claims. This may be attributed to an overall slowdown in the economy caused by the pandemic (note: this did not impact the County employee population as the pandemic did not result in layoffs).

## WORKERS' COMPENSATION — IMPACT OF COVID-19 PANDEMIC (CONTINUED)

During the pandemic, the County Workers' Compensation Program has seen a significant increase in the use of telemedicine to treat injured workers. Over 6,000 claims received telemedicine services, and most of those services relate to follow-up visits. The use of telemedicine, coupled with remote patient monitoring technologies, may improve access and delivery of medicine to our retiree population (a population that may have moved to more rural locations in California where there may be challenges finding physicians). Due to the heart presumption, many of our injured workers require lifetime medications to address hypertension and cardiovascular ailments. Telemedicine may allow these injured workers to be treated by the primary treating physician with whom they have developed a relationship and who understands the long-term medication needs of the patient.

Payers will need to use data analytics to determine how and if telemedicine significantly changes treatment modalities and identify patterns related to fraud, waste, or abuse. Such includes monitoring for anomalies related to visit frequency, prescribing patterns, and billing abuse.

### Workers' Compensation Cost Trends and Influencing Factors

There are several factors that need to be considered when assessing future County Workers' Compensation costs. CEO Risk Management believes these factors will significantly increase Workers' Compensation costs in FY 2021-22, and into the future. The factors and FY 2021-22 estimated impacts follow:

- During the pandemic, many Workers' Compensation medical treatment modalities were postponed (this resulted in an unusually low medical payout of \$126.1 million). Medical payouts in August and September 2021 reflected an approximate 33% increase from medical payouts in August and September 2020. **FY 2021-22 overall estimated increase \$30-\$35 million.**
- In March 2021, the Department of Industrial Relations (DIR) passed regulations significantly increasing the reimbursement rate for physicians performing medical-legal evaluations. The increase is estimated between 65% to 75%. **FY 2021-22 overall estimated increase \$13-\$15 million.**
- Increase in the DIR Office of Self-Insured Plans User Fund employer assessment (authorized under Labor Code Sections 62.5 and 62.6). **FY 2021-22 overall estimated increase \$4.5-\$5 million.**
- Significant increase to certain indemnity payments effective January 1, 2022. The Labor Code requires the maximum and minimum weekly earnings upon which certain indemnity payments are based to increase by an amount equal to percentage increase in the State Average Weekly Wage (SAWW), compared to the prior year. This year the SAWW increase was calculated at an unprecedented 13.5% (usual increases are 2-4%) and will influence future costs related to some temporary disability, life pension, permanent total disability, and death benefits. **FY 2021-22 overall estimated increase \$1-\$2 million.**

## WORKERS' COMPENSATION PROGRAM — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21

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- In collaboration with the TPA, Sedgwick Claims Management Services, established a Countywide COVID-19 reporting tool that complies with statutory requirements.
- Implemented and monitored the Workers' Compensation module of RMIS.
- Continued to collaborate with County Counsel's Workers' Compensation Division to mitigate costs associated with high exposure Workers' Compensation claims.
- Continued to work with CEO Risk Management's Finance Unit and County Counsel to ensure the anti-fraud provisions and information provided by the DIR is vetted and acted upon.
- Continued to partner with the TPA to improve communication and customer satisfaction to injured workers.
- Implemented protocols to comply with COVID-19 statutory Workers' Compensation presumption.
- Continued to evaluate, test, and recommend enhancements to the Workers' Compensation claim module of RMIS.
- Continued to work with public and private sector employers to evaluate and influence Workers' Compensation legislation and regulation development to ensure such promotes the timely provision of benefits that is balanced with employee and employer needs.

## Workers' Compensation Program — Objectives FY 2021-22

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- Continue to evaluate, implement, and measure the ability to terminate long-term Workers' Compensation exposure through the full and final settlement of Workers' Compensation claims or alternative risk financing methods.
- In coordination with CEO Risk Management's Data Analytics Unit, ensure Workers' Compensation data reporting capabilities are improved through the collection of granular medical data, and are available after the implementation of RMIS.
- Evaluate RMIS robotic process automation capabilities to reduce resources related to mundane claims management tasks.
- Explore the development and implementation of a Workers' Compensation claimant portal to provide injured workers with real time access to limited information that promotes communication and resolves benefit delivery hurdles.
- Continue to work with public and private sector employers to evaluate Workers' Compensation legislation, regulation development, and critical issues impacting the County Workers' Compensation Program.

## LIABILITY CLAIMS AND RECOVERY

The Liability Claims and Recovery 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 from Vehicle Liability, General Liability, Employment Practices Liability, Law Enforcement, and Medical Malpractice. Overseeing the various claims involves providing administration and direction to two TPAs: Carl Warren & Company (Carl Warren); and Intercare Holdings Insurance Services, Inc. (Intercare). In addition, this Unit oversees recovery efforts in all of the County's claims operations. The Recovery Unit focuses its efforts specifically on the actions necessary to pursue those who cause loss to the County. Recoveries reduce the cost of claims against the County and ensure that responsible parties are held accountable. Recoveries are primarily from vehicle accidents, but they can also arise from County agreements, insurance, and workplace injuries. The Unit also represents the County in cases that are filed in the Superior Court Small Claims Division.

In FY 2020-21, the Liability Claims and Recovery Unit:

- Reviewed 257 County department contracts to provide guidance to departments on insurance and indemnification requirements.
- Facilitated 14 cases under the CANDOR Program, with one settlement resulting in a savings of \$120,000 in litigation costs.
- Provided updates to the Risk Management Inspector General on critical issues related to current claims.
- Responded to questions and concerns posed by County departments on the Mileage Permittee Program, as needed.
- Attended 364 roundtables along with County Counsel, TPA staff, and departmental personnel to provide direction and guidance to outside counsel on pending litigated matters.
- Ensured that TPAs received training and guidance for use of the County's new RMIS.
- Recovered \$339,129 from responsible third parties that have caused damage to County property.

## RESOLUTION

ACTIONS



COMPENSATION

## LIABILITY CLAIMS AND RECOVERY—ACCOMPLISHMENTS FY 2020-21

### RECOVERY

#### THIRD-PARTY ADMINISTRATORS

Carl Warren currently oversees most of the vehicle liability claims and general liability claims, which include employment practices liability and sewer liability claims under the Rapid Response program. Carl Warren is not solely responsible for the management of the respective programs under their purview since they share control of the entire claims administration process and have limits on their authority. During this period, they have accomplished the following:

- Carl Warren recovered \$661,917 from responsible third parties resulting from accidents to County vehicles and, with the assistance of County Counsel, recovered an additional \$144,893 in general liability damages.
- Reduced unwarranted charges from defense counsel bills by \$681,938.
- Conducted a presentation to Lewis Brisbois, a County contract defense law firm, and County Counsel on the County's litigation billing guidelines.
- Provided staff development on evaluations and negotiations, time management, reserve rationales, and litigation. Also received enhanced training on the handling of wrongful death, employment, and traumatic brain injury cases.

Intercare oversees claims related to professional liability programs that encompass medical malpractice and hospital professional liability. These types of claims differ greatly from the type of claims handled by Carl Warren, as medical experts are more prevalent in determining the potential liability exposure.

Some of the many accomplishments for Intercare in FY 2020-21 are:

- Secured Court-approved judgments and tendered cases resulting in recovery for the County of \$201,456.
- Reduced unwarranted charges from defense firm invoices by \$27,391.
- Conducted an educational presentation at the Department of Health Services—Olive View Medical Center for anesthesia staff on Anesthesia and documentation issues encountered in County-litigated matters.
- Completed in-service training for staff related to claim denials and notice of insufficiency selection and timing.

#### SMALL CLAIMS

The Small Claims Unit represents the County in cases that are filed in the Superior Court Small Claims Division. The pandemic closed the courts this year and impacted the work of this portion of the unit.

The Small Claims Unit also represented the County in 57 small claims court actions and prevailed in 88 percent of the cases.

## LIABILITY CLAIMS AND RECOVERY—ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

### RECOVERY

#### FIRST PARTY INSURANCE RECOVERY

In FY 2020-21, the County completed the recovery from the 2018 Woolsey Fire and, additionally, has received a partial recovery from a flood that occurred in the County's Hall of Records. The total amount recovered was \$2,000,857. The County was also able to recover from a Workers' Compensation excess policy in the amount of \$508,930.

County insurance policies also reimbursed the County \$35,000 in legal fees.

#### WORKERS' COMPENSATION RECOVERY

The Workers' Compensation TPAs, panel attorneys, and Liability Claims and Recovery Unit recovered \$2,138,160 in FY 2020-21. In addition to the amount collected from responsible parties, the County received a credit against future benefits of \$2,138,082. These amounts are returning to levels prior to the pandemic.

#### WORKERS' COMPENSATION RECOVERY

(Continued)

A credit from future benefits is when the employee receives a settlement or judgement from a responsible party. The County has first right for all money spent on the injury, up to the date of settlement. LC 3381 allows the County to receive a credit against future benefits from any settlement the employee receives from the responsible third party. This includes any indemnification, medical, penalties, and expenses, including attorney fees. To receive further benefits from the County for this injury the employee must provide proof that they have expended all the money they received from the settlement or judgement.

The Workers' Compensation TPAs were able to recover \$717,325 in overpayments to providers.

The County's OSCRs identified and collected \$539,018 from the County's contractor's

## LIABILITY CLAIMS AND RECOVERY—OBJECTIVES FY 2021-22

In FY 2021-22, the Liability Claims and Recovery Unit will complete the following:

- Submit a Request for Proposals (RFP) for Medical Malpractice, Hospital Liability Claims Administration and Legal Defense Management Services; participate in the evaluation and negotiations for a new contract; and implement the new contract.
- Submit an RFP for Automobile Liability and General Liability Claims Administration.

- Assist in the development and implementation of new modules and upgrades to the new RMIS.

### RESOLUTION



RECOVERY

## TREND ANALYSIS

### WORKERS' COMPENSATION

#### CAUSES OF INCIDENTS

The County employs over 100,000 employees with diverse occupational exposures and thousands of job descriptions. While each department has hazards that pose specific risks to its employees, the overall exposure in FY 2020-21 can be summarized into the following six classifications for approximately 88.8% of the injuries sustained by County employees.

#### ASSAULT (9.6% of all claims)

Assaults include all aspects of a third party combating with County employees. Departments with the majority of assaults include: Sheriff (66.3%), Probation (16.6%), and Health Services (14.7%).

#### CUMULATIVE TRAUMA/BODILY INJURY

(16.1% of all claims)

Cumulative trauma and bodily injury include injuries that are sustained over time due to the repetitive motion of the work performed on the job. Departments with the most cases include: Sheriff (36.4%), Health Services (16.2%), Fire (14.2%), and Public Social Services (10.6%)

#### EXPOSURE (25.1% of all claims)

This category includes exposure to physical hazards which involves 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: Sheriff (67.8%), Health Services (12.5%), and Fire (10.3%). This includes most COVID-19 claims.

#### OVEREXERTION (17.8% of all claims)

Overexertion includes those that involve strain or injuries due to lifting, carrying, pushing, or pulling. Departments with the most cases include: Fire (30.6%), Sheriff (25.5%), and Health Services (14.5%).

#### STRUCK BY/OR AGAINST (12.0% of all claims)

This category includes injuries resulting from being struck/crushed by a human, animal, or inanimate object, or by force that is not vehicle related. Additionally, this can include injuries caused by striking against something or someone, or from flying or falling objects. Major Injury Cause categories include: Struck or Injured By, Rub or Abraded By, and Struck Against or Stepping On. Departments with the most cases include: Sheriff (75.4%), Health Services (8.7%), and Fire (6.8%).

#### FALL, SLIP, OR TRIP (8.2% of all claims)

This category 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, rooftops, and surfaces in parking lots, sidewalks, and in rough terrain. Departments with the most cases include: Sheriff (22.8%), Fire (14.1%), and Health Services (8.7%).

#### OTHER (11.2% of all claims)

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



## TYPES OF WORKERS' COMPENSATION CLAIMS BY DEPARTMENT

Types of Claims by Department:					
	Fire	Health Services	Probation	Public Social Services	Sheriff
Assault	0.2%	8.4%	35.9%	0.6%	12.8%
Cumulative Trauma	17.1%	15.4%	13.9%	42.6%	11.8%
Exposure	19.6%	18.4%	13.9%	3.5%	34.2%
Fall, Slip, or Trip	8.8%	13.3%	11.1%	15.8%	3.8%
Overexertion	41.3%	15.3%	19.8%	32.6%	9.1%
Struck By/Or Against	6.2%	6.2%	2.4%	3.7%	18.2%
All Other Claims	6.8%	23.1%	3.0%	1.2%	10.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

Top six types of claims account for 88.8% of all claims in FY 2020-21.

## PREVENTION

MEDICAL



CARE

AVOIDANCE

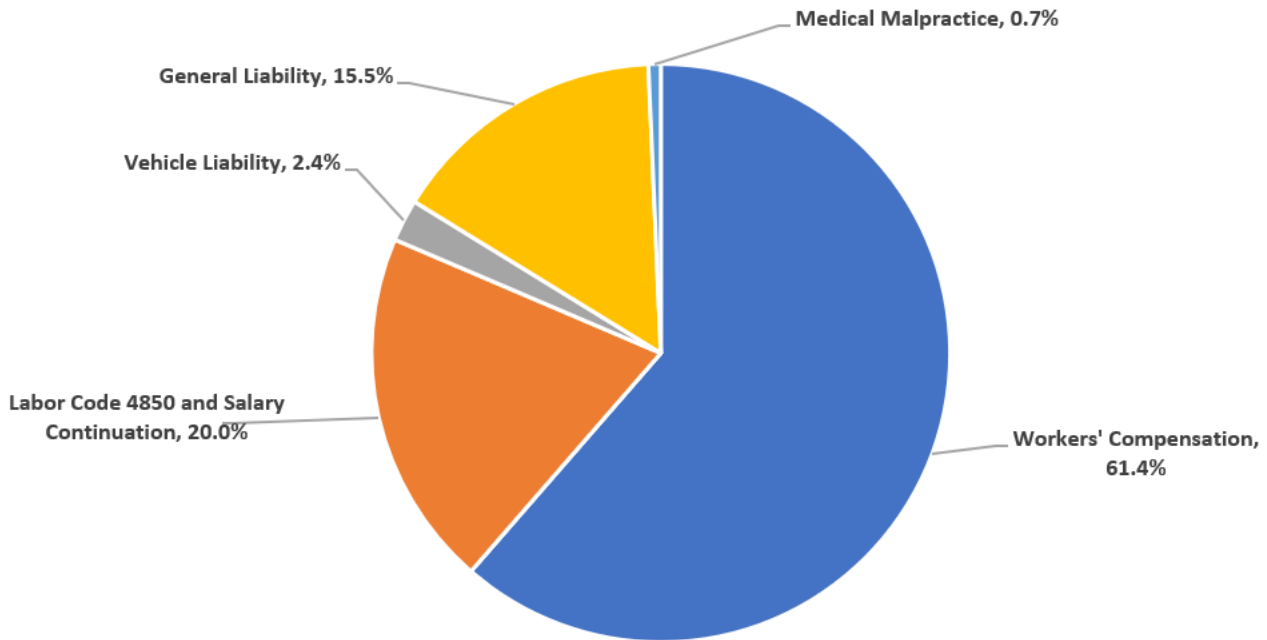
## LIABILITY CAUSE ANALYSIS

The operations and functions of the departments expose the County to several risk factors that result in liability. While each department has risks specific to their operation, the overall exposure can be summarized into five liability classifications:

- 1) Employment Practices Liability
- 2) Law Enforcement Liability
- 3) Medical Malpractice
- 4) Other General Liability
- 5) Vehicle Liability

Liability exposures account for 18.6% of the County's Total Cost of Risk.

Total Cost of Risk as illustrated in the chart below.



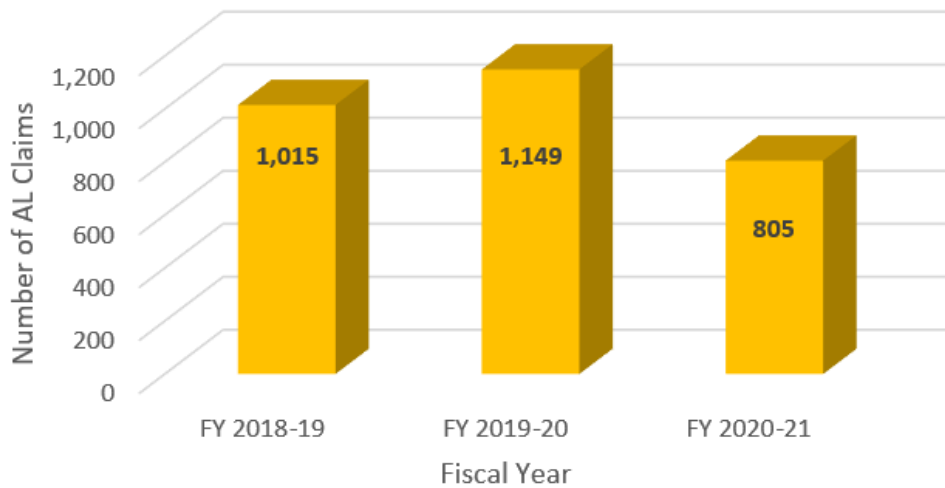
## VEHICLE LIABILITY CLAIMS

The County's Vehicle Liability frequency decreased 29.9% from FY 2019-20 to FY 2020-21. The cost of vehicle liability claims decreased by approximately 44.3% during the same time period.

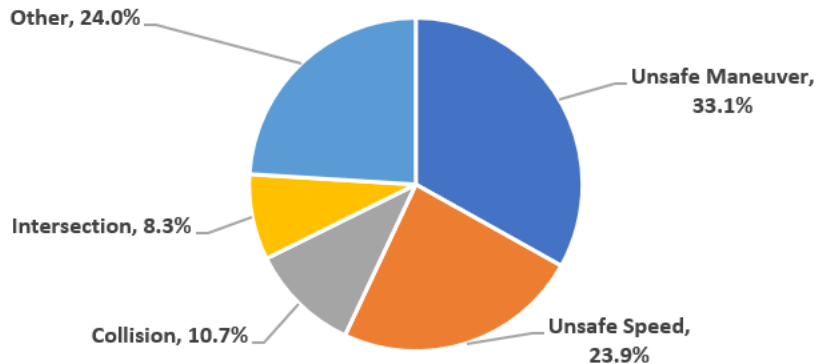
Data shows there were decreases in all types of vehicle liability accidents in FY 2020-21. Unsafe maneuvers and unsafe speeds account for about half of all accidents.

Vehicle liability represents approximately 2.4% of the County's Total Cost of Risk.

### Vehicle Liability Claims Frequency Trend



### Vehicle Liability Causes



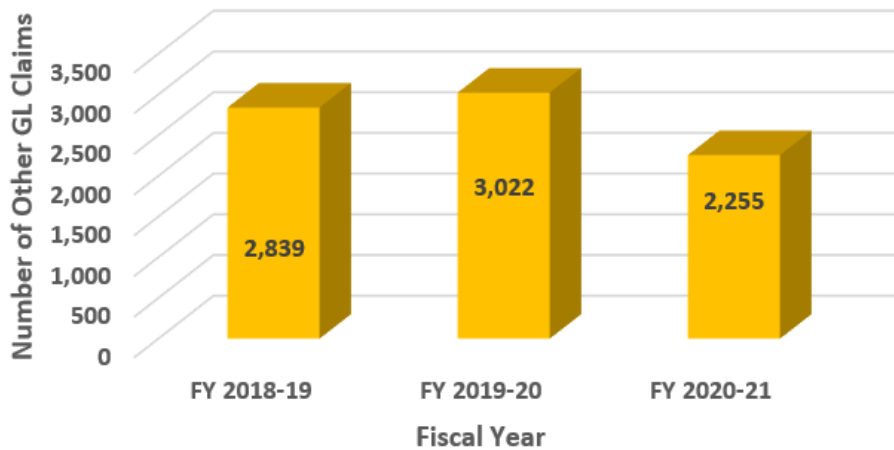
## OTHER GENERAL LIABILITY CLAIMS

Other General Liability includes all claims filed against the County that are not classified as Employment Practices, Medical Malpractice, Vehicle, or Law Enforcement. This includes dangerous conditions and property-related claims. Claims in this category also include non-tort claims, which include taxation, elections, redevelopment, and billing disputes.

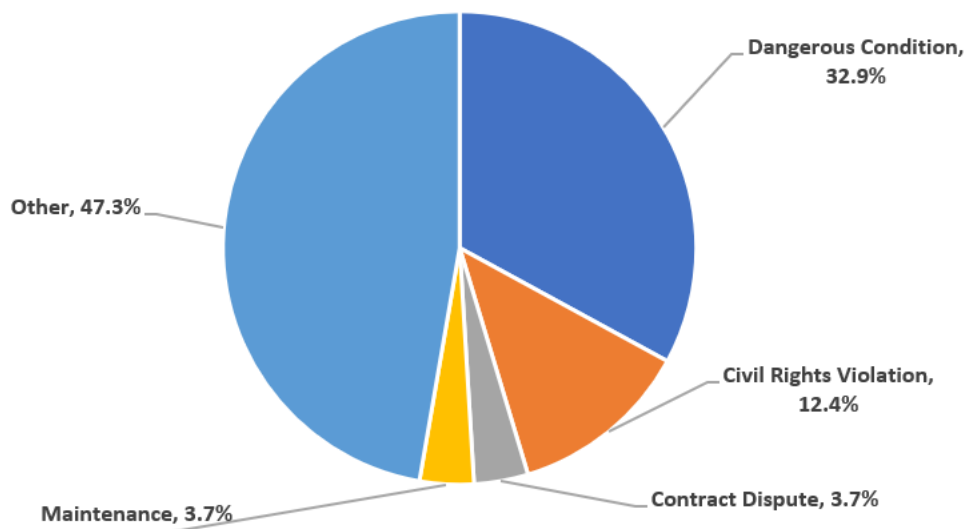
The Other General Liability frequency decreased by approximately 25.4% from FY 2019-20 to FY 2020-21.

Other General Liability represents 7.7% of the County's Total Cost of Risk.

### Other General Liability Claims Frequency Trend



### Other General Liability Causes

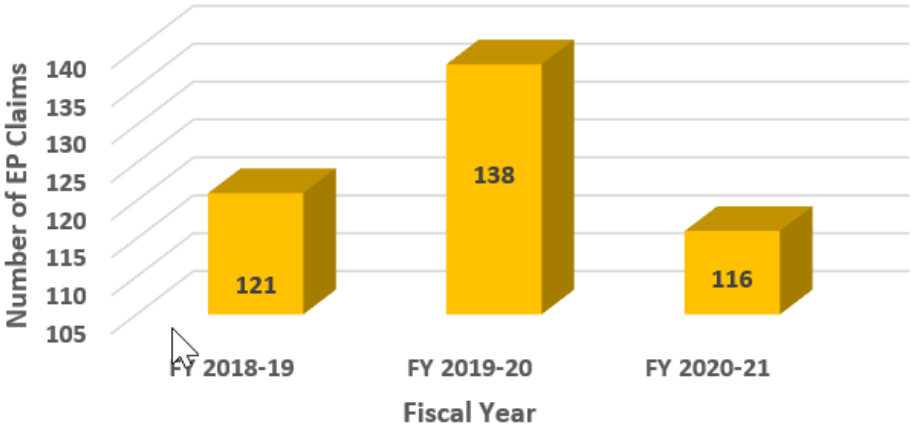


## EMPLOYMENT PRACTICES LIABILITY CLAIMS

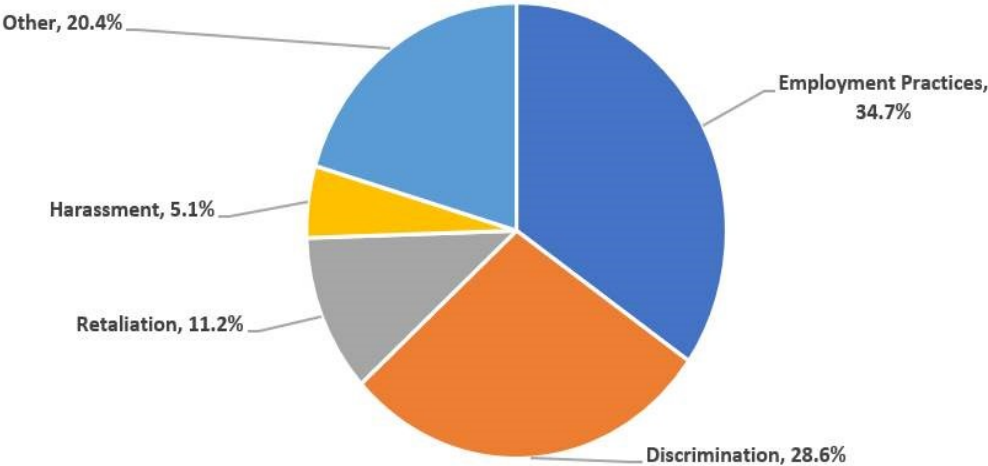
The County's Employment Practices Liability frequency decreased by 15.9% from FY 2019-20 to FY 2020-21. The County's overall Employment Practices Liability expenses decreased by 44.4%.

Employment Practices Liability represents 2.5% of the County's Total Cost of Risk.

### Employment Practices Liability Claims Frequency Trend



### Employment Practices Liability Causes



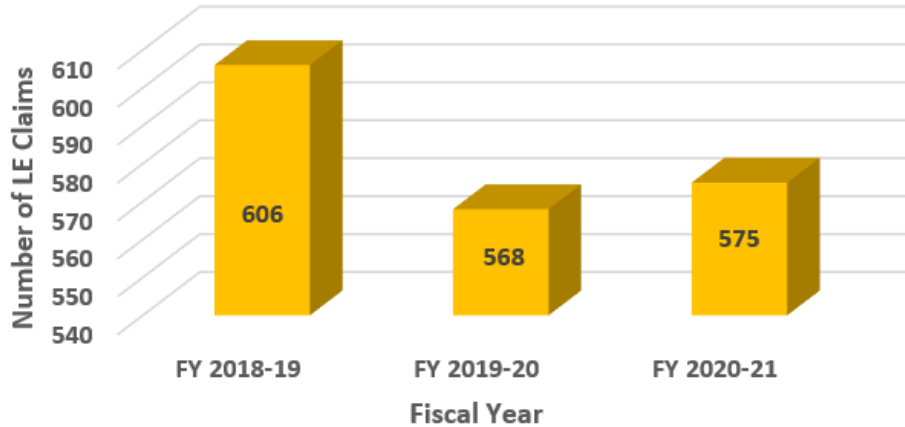
## LAW ENFORCEMENT LIABILITY CLAIMS

The County's Law Enforcement Liability frequency rate increased 1.2% for FY 2020-21, compared to the previous FY, and paid expenses decreased 8.1%.

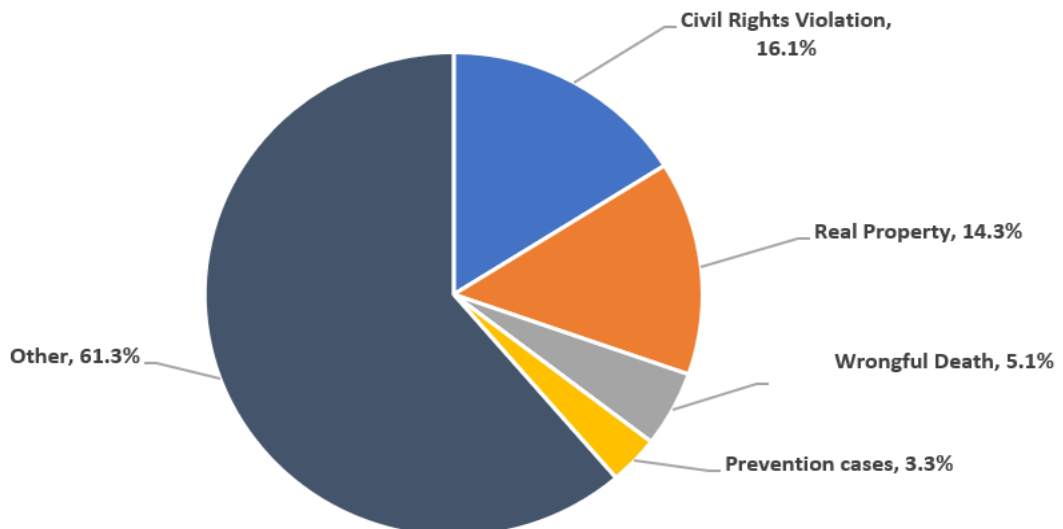
The most prevalent claims were for "Civil Rights Violation" and "Real Property," which represent 16.1% and 14.3%, respectively.

Law Enforcement Liability represents 5.3% of the County's Total Cost of Risk.

### Law Enforcement Liability Claims Frequency Trend



### Law Enforcement Liability Causes



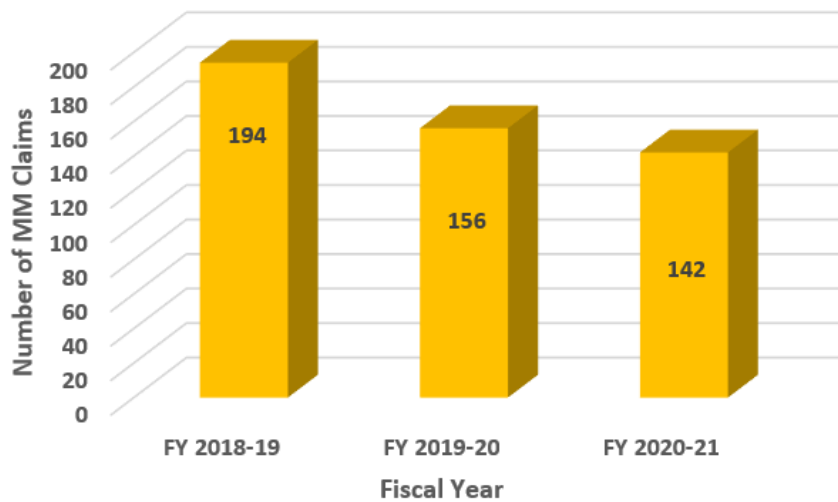
## MEDICAL MALPRACTICE CLAIMS

Medical Malpractice Liability loss is attributable to various departments; however, the majority of the loss is related to care in hospitals. Hospital exposures are those related to patient contact; therefore, the more patients seen, the more probability that claims will arise.

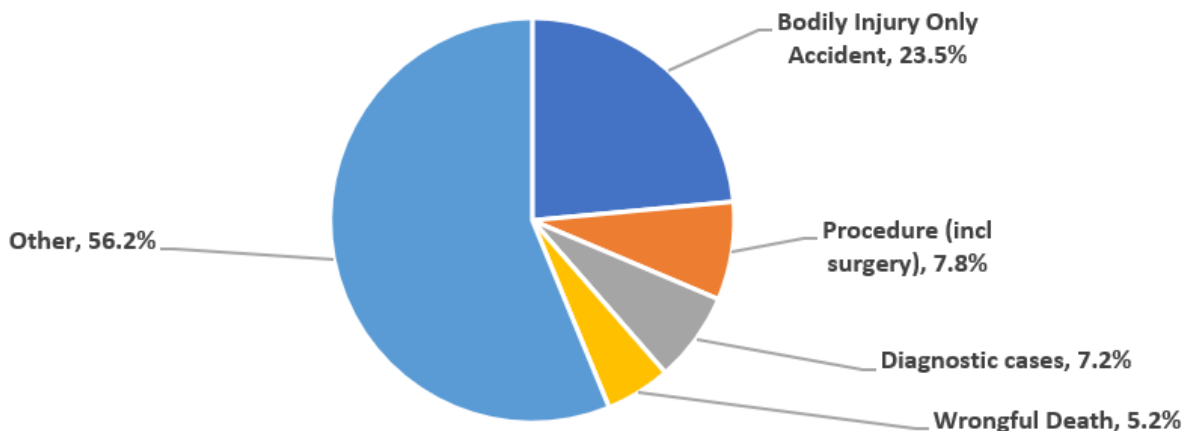
The County's Medical Malpractice Liability overall frequency decreased 9.0% from FY 2019-20 to FY 2020-21. The primary type of claim filed against the County was for procedures (including surgeries) and diagnostic cases.

Medical Malpractice Liability represents 0.7% of the County's Total Cost of Risk.

### Medical Malpractice Claims Frequency Trend



### Medical Malpractice Liability Causes



## LOSS CONTROL AND PREVENTION

The Loss Control and Prevention (LCP) Unit provides risk analysis and consultative assistance to find effective solutions for root causes of loss and training for all departments to ensure a safe and healthful environment for County employees and the public. LCP's efforts focus on departments with high-risk activities; however, regular assistance/support is provided to all departments upon request. LCP's activities include the following:

- Enhancing loss control and prevention knowledge and capabilities within County departments through Health and Safety Coordinators meetings, participation in departmental safety and risk management committees, and Countywide education and training efforts, which include:
  - Creating model guidance documents, policies, best practices, and safety bulletins on pertinent loss control issues, including new or amended regulations, or current issues affecting the County.
  - Development of training videos, courses, and related content for placement and distribution through the Learning Link and the online Risk Management University.
- Serve as subject matter experts on risk management and loss control issues involving California Occupational Safety and Health Administration (Cal/OSHA) inspections, inquiries, and informal conferences.
- Establishing County loss control and prevention standards and assisting departments with their risk management related needs.
- Evaluating proposed legislation involving liability and safety for applicability to County departments' operations.
- Addressing cost drivers associated with issues driving Workers' Compensation and tort liability costs, including vehicle, general, employment practices, and medical malpractice liability costs.
- Coordinating Countywide Risk Management training efforts through quarterly Risk Management, Health, and Safety meetings where forthcoming legislation and other issues are presented and discussed with affected County departments.
- Providing statistical risk management information to departments and assisting with the interpretation of the statistics.
- Enhancing and maintaining the Risk Management Branch's Internet site and the Joint Labor-Management Committee on Office Ergonomics Intranet site with new and updated material.



## LOSS CONTROL AND PREVENTION — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21

LCP focused efforts on assisting County departments in compliance with new/emergency standards, regulations, and Senate Bill requirements, as well as with existing standards in a more diverse and dynamic work environment resulting from the COVID-19 pandemic. Other significant accomplishments include:

### Regulatory Compliance and Operational Effectiveness

- Focused on departmental frequency and severity drivers through the development and implementation of training programs, policies, and guidelines, as well as field visits targeted to the source of risk.
  - Monitored new or revised safety-related regulations and provided County departments with regular updates through emails, webinars, safety bulletins, trainings, and other related meetings to ensure compliance.
  - Provided over 600 consultations to departments on a variety of issues, including COVID-19 precautions and compliance, ergonomics and telework, risk assessments, data analysis and interpretation, Cal/OSHA compliance, and occupational health, safety, and liability.
  - Coordinated Quarterly Health and Safety Coordinators meetings attended by over 350 County Risk Managers, Safety Officers, Human Resources personnel, and others with safety responsibilities. The meetings covered:
    - Cal/OSHA COVID-19 Emergency Temporary Standard;
    - Teleworking and Ergonomics;
    - Cal/OSHA Workplace Violence Standard; and
    - Cal/OSHA Regulatory Updates.
- Utilized client resources available through County insurance programs to develop a hazardous energy and control program (Lock Out/Tag Out) for use by County departments.
  - Facilitated the use of virtual/video-based property assessments to assist the County's property insurer to survey County establishments for potential sources of loss, and worked with County departments to resolve deficiencies when identified.
  - Served as liaison between County departments in multi-tenant locations to ensure that each department's efforts work in unison with each other, maximizing effectiveness and reducing redundancies.

MITIGATION

CONTROL



**LOSS CONTROL AND PREVENTION — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21**

(Continued)

**Cumulative Trauma Disorders/Overexertion Claims**

- Provided guidance on the County’s responsibilities for providing ergonomic-related equipment in telework assignments.
- Developed and gathered resources for County departments to utilize to ensure employees performed their work-related duties in a safe and healthful manner in telework assignments.
- Worked with County departments through meetings, webinars, and other opportunities to ensure telework and ergonomics policies, procedures, and guidelines are in adherence with regulatory requirements and established best practices.
- Enhanced the Joint Labor-Management Committee on Office Ergonomics website to include information on telework, self-assessment evaluation software, and training opportunities.

**Training and Development of Countywide Risk Management Staff**

- Served as subject matter experts in the recruitment, screening, and interview process for potential risk management staff at County departments.
- Enhanced the standard product list for ergonomic equipment used by departments and the County’s Workers’ Compensation Third-Party Administrators as part of an integrated cost containment strategy related to ergonomic evaluations for workers' compensation cases.

- Participated in Countywide safety and risk management committees which provided networking opportunities for risk management personnel in social service departments.
- Utilized the virtual Quarterly Health and Safety Coordinators Meetings to provide County risk management personnel with regulatory updates and pending legislation, departmental cost drivers and County claim frequency, and severity performance.
- Actively worked with County departments, subject matter experts, and vendors to coordinate training video development to enhance the educational opportunities on Risk Management Branch’s education library.

**ESSENTIAL** **BENEFITS**

**SOLUTION**

## LOSS CONTROL AND PREVENTION — OBJECTIVES FY 2021-22

To aid departments in their efforts to reduce overall trends, LCP will focus on the following:

### **Regulatory Compliance and Operational Effectiveness**

- Monitor new or revised safety-related regulations and provide impacted County departments with regular updates through safety bulletins, trainings, and other related meetings to ensure compliance.
- Continue to advise departments on COVID-19 regulatory compliance related to new or revised standards, Senate Bills, or other related legislation.
- Work with departments to ensure their Occupational Safety and Health programs are revised and effective through regular meetings with departmental risk management staff and analysis of risk management related loss data.

### **Training and Development of Countywide Risk Management Staff**

- Enhance training opportunities at the Health and Safety Coordinators meetings through a combination of training topics presented by subject matter experts from both inside and outside the County, as well as providing discussions on current and upcoming risk management issues and roundtable discussion opportunities.
- Continue to utilize client resources available through County insurance programs to develop and offer risk management related training videos and other related content for use by County employees.

- Utilize the Quarterly Health and Safety Coordinators Meetings to provide County risk management personnel with regulatory updates and pending legislation, departmental cost drivers, and County claim frequency and severity performance.
- Reintroduce and enhance the delivery of the “*Introduction to Occupational Safety and Health*” training series to County risk management staff. Enhancements will include the use of web-based and digital platforms to provide training content to County employees, increasing efficiency of delivery and number of employees trained by accessing the training resources at their work locations rather than traveling to a training location.

### **Cumulative Trauma/Overexertion claims**

- Evaluate new ergonomic trends, practices, and equipment for injury and illness prevention and workers’ compensation claim cost minimization.
- Coordinate efforts with the Joint Labor-Management Committee on Office Ergonomics to continue to provide training on how to conduct effective worksite ergonomic evaluations.
- Enhance the Joint Labor-Management Committee on Office Ergonomics website to provide ease of use, as well as acquire additional electronic educational materials for use by County employees.
- Work with departments to ensure their employees are provided with effective support and resources for working safely in telework assignments.

# RISK MANAGEMENT INSPECTOR GENERAL

The role of the Risk Management Inspector General (RMIG) is multi-faceted; first, it is responsible for assisting County departments in the development and approval of Corrective Action Plans (CAPs) and Summary Corrective Action Plans (SCAPs); second, it uses the information from the CAPs and SCAPs to foster liability loss control measures. Finally, RMIG collaborates with departments, CEO Liability Claims Management, and County Counsel to meet the mandates established by the Board. This includes the requirement of all County departments to include a SCAP approved by RMIG as part of any claim settlement over \$100,000.

Accordingly, RMIG manages CAPS and SCAPS through the following processes that incorporate all of the elements of loss control, claims management, and Board mandates:

- Weekly review of all liability claims entered in the claims system to determine early intervention, prevention, and containment efforts.
- Conduct detailed analysis of liability incident reports, claims, significant incidents, and adverse events, including monitoring adverse verdicts and items reported through various sources.
- Consult with departments and assist with their development of remedial corrections, CAPs, and SCAPs.
- Assist in expediting claim settlements by pre-approving all CAPs and SCAPs prior to submission to the County Claims Board and/or the Board.

- Escalate requests for CAP and SCAP information through department management and the Board, as necessary.
- Conduct audits and investigations of liability issues at the direction of the Board, and/or those issues which RMIG deems appropriate.

RMIG participates in all cluster meetings (agenda and policy committees) which involve in-depth discussions of CAPs, SCAPs, and case facts. These cluster meetings are attended by Board Deputies, departments, CEO, and County Counsel. The purpose of the meetings is to brief the Board Deputies on all relevant information so they can brief the Board before final Board approval is sought for a case.

The number of CAPs approved by the Board during FY 2020-21 is illustrated on the next page.

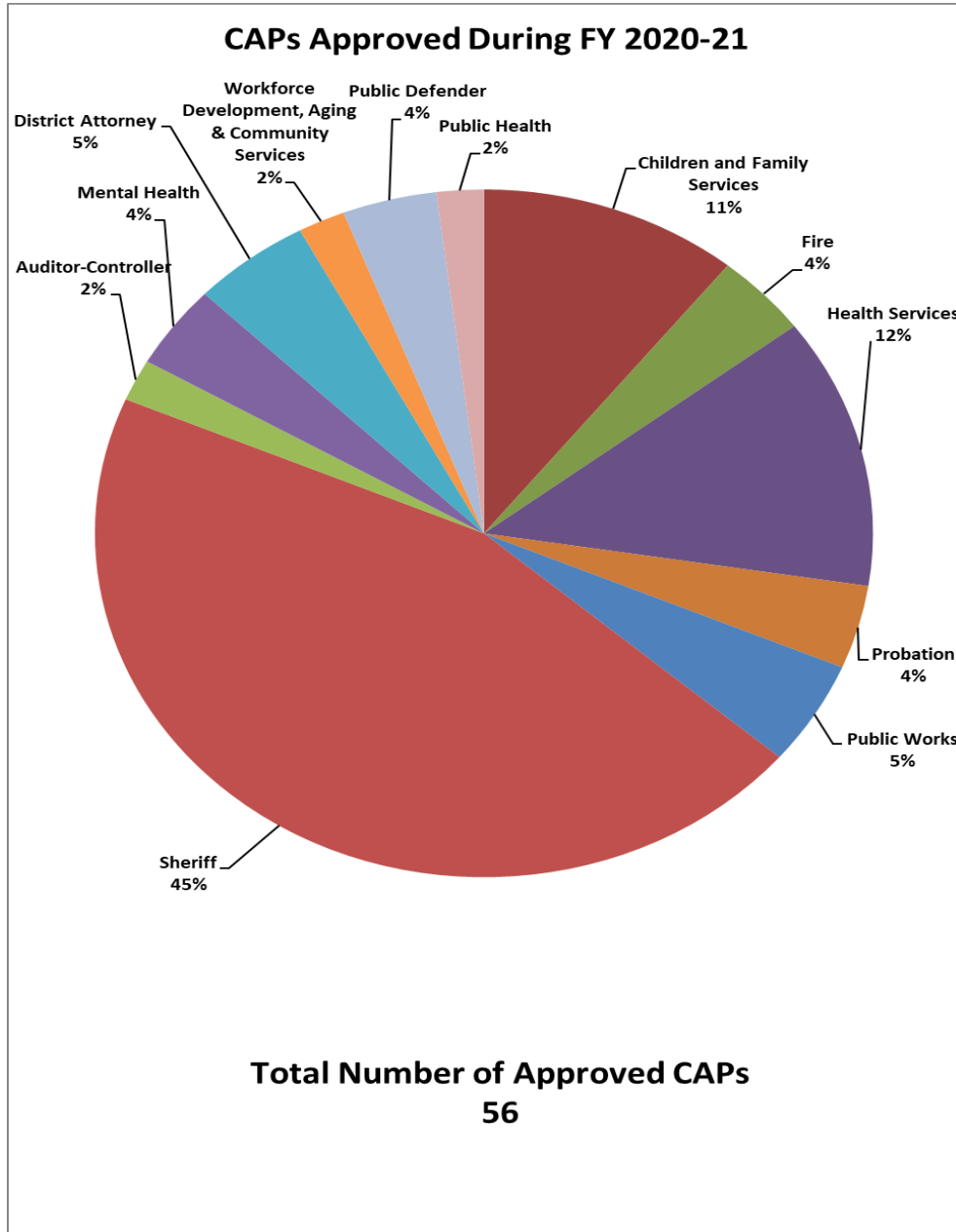
## AVOIDANCE



ACTIONS

## CORRECTIVE

# RISK MANAGEMENT INSPECTOR GENERAL (CONTINUED)



**RISK MANAGEMENT INSPECTOR GENERAL — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21**

RMIG collaborated with the Board, County Counsel, and various departments to improve the timeliness of CAPs and SCAPs by creating an entire new CAP and SCAP process in 2015. From the date of the notice of settlement, departments have 90 days to submit a final CAP. Since the implementation of the new guidelines, a majority of the departments have met these new deadlines without any challenges.

The chart below illustrates the number of CAPs completed within 90 days for FY 2020-21.

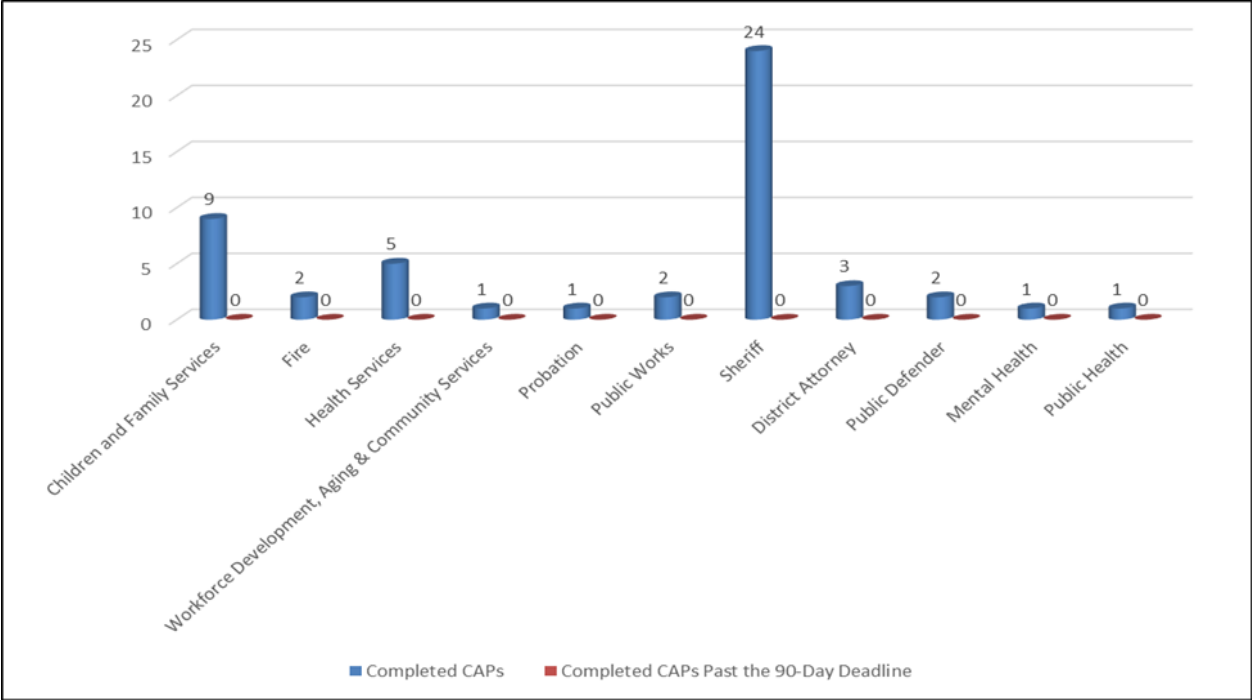


ANALYZE

**RESOLUTION**

Department	Completed CAPs	Completed CAPs Past the 90-Day Deadline
Children and Family Services	9	0
District Attorney	3	0
Fire	2	0
Health Services	5	0
Mental Health	1	0
Probation	1	0
Public Defender	2	0
Public Health	1	0
Public Works	2	0
Sheriff	24	0
Workforce Development, Aging and Community Services	1	0
<b>TOTAL</b>	<b>51</b>	<b>0</b>

**RISK MANAGEMENT INSPECTOR GENERAL — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)**



The quality of CAPs has significantly improved since 2015. CAPs now include more robust descriptions, supporting documentation, exhibits, and contain in-depth discussions as to the violations and/or system issues that occurred and how suggested corrective actions will address the problems in the present and into the future.

For the past 12 years, RMIG has co-chaired the Medical Malpractice Sub-Committee of the Legal Exposure Reduction Committee (LERC), which has led to more thorough communications and best practices, Countywide. Open communication among departments has reached new heights as departments work together on just culture (an approach to management of unintended outcomes in a humane and fair evaluation that identifies and corrects system contributors and human behaviors), CAPs, best practices, and sharing of information.

Discussions are held through LERC, cluster meetings, and departments reaching out to one another to share information about potential issues, as well as the successes they have had. Communication is key to having a strong and healthy organization, and RMIG will strive to continually cultivate these open-door discussions.

Over the past year, RMIG collaborated on the extensive development and implementation of the new RMIS to integrate the Risk Compliance Management System into applicable claims metrics. RMIG identified methods by which electronic communications with departments' litigation and risk management staff can be incorporated into this new system. The system was successfully implemented by CEO and RMIG is actively tracking and working on corrective actions inside the new system.

## RISK MANAGEMENT INSPECTOR GENERAL — OBJECTIVES FY 2021-22

RMIG will continue to research and develop additional automation methods to incorporate reminders and routine processes into the software. Overall, the new RMIS allows for the creation and tracking of CAPs and will automatically assign CAPs to relevant business areas and organizational structures. The new system is expected to generate a variety of status reports based on the progress of corrective actions, and will further assist in correlating the impact of the CAP to other loss measurements. Additionally, RMIS provides a single clearinghouse for the storage of all reference documents and exhibits related to the CAP process.

RMIG continues to focus on liability loss control and incorporating data integration, tracking, and trending this FY. RMIG will focus on proactive liability loss control measures instead of reactive measures which traditionally has been the practice.

In collaboration with the Liability Claims and Recovery Unit, RMIG will continue reviewing, revising, and updating high-priority claims on a weekly basis, as well as notifying executive management of any lawsuits settling for over \$5 million.

RMIG will continue to evaluate the risks and benefits associated with installing Automated External Defibrillators (AEDs) Countywide, which due to COVID-19, the project was placed on hold due to lack of funding and resources. RMIG will strive to finalize a Countywide AED and Hands-Only CPR policy to establish fundamental procedures for the management and maintenance of AEDs, and seek the input and feedback of various Countywide stakeholders, including, but not limited to, County Counsel. CEO will continue to work with the County departments' stakeholders (DHS, DMH, DPH, Fire) to seek funding sources for this very important Countywide initiative.

RMIG will continue to host presentations via the Risk Management Forum and/or webinars online on topics of interest to departments.

Finally, RMIG will conduct annual reviews of the departments' Risk Management Plans to determine each departments' risk position from a liability claims perspective. RMIG will score departments based on multiple factors and will work with the departments to mitigate potential damages.





## RISK TRANSFER

The Risk Transfer Unit is responsible for purchasing commercial insurance Countywide, handling/issuing certificates of self-insurance Countywide, conducting insurance compliance reviews Countywide, and providing indemnification and insurance expertise to all County departments.

The County strives to obtain commercial insurance for multiple risks that could negatively affect the County. Examples of the types of commercial insurance procured are: Automobile, Aviation, Cyber, Crime, Fiduciary, Earthquake, and Property. The County is constantly analyzing the risks and benefits by which obtaining insurance provides additional financial stability to the County and its constituents. The purchasing of insurance allows the County better protection when conducting day-to-day activities, as well as allowing the County to better serve its constituents by taking more proactive roles in public safety and health initiatives that may be of a higher risk but of a greater public value.

### **RISK TRANSFER— SIGNIFICANT ACCOMPLISHMENTS FY 2020-21**

The Risk Transfer Unit reorganized the various insurance coverages and procured more robust insurance policies to better protect the County from emerging risks and losses caused by catastrophic events. The enhanced policies cover losses emerging from cyber-attacks, fire, flood, earthquake property damage, catastrophic Workers' Compensation losses, sexual misconduct liability, and general liability.

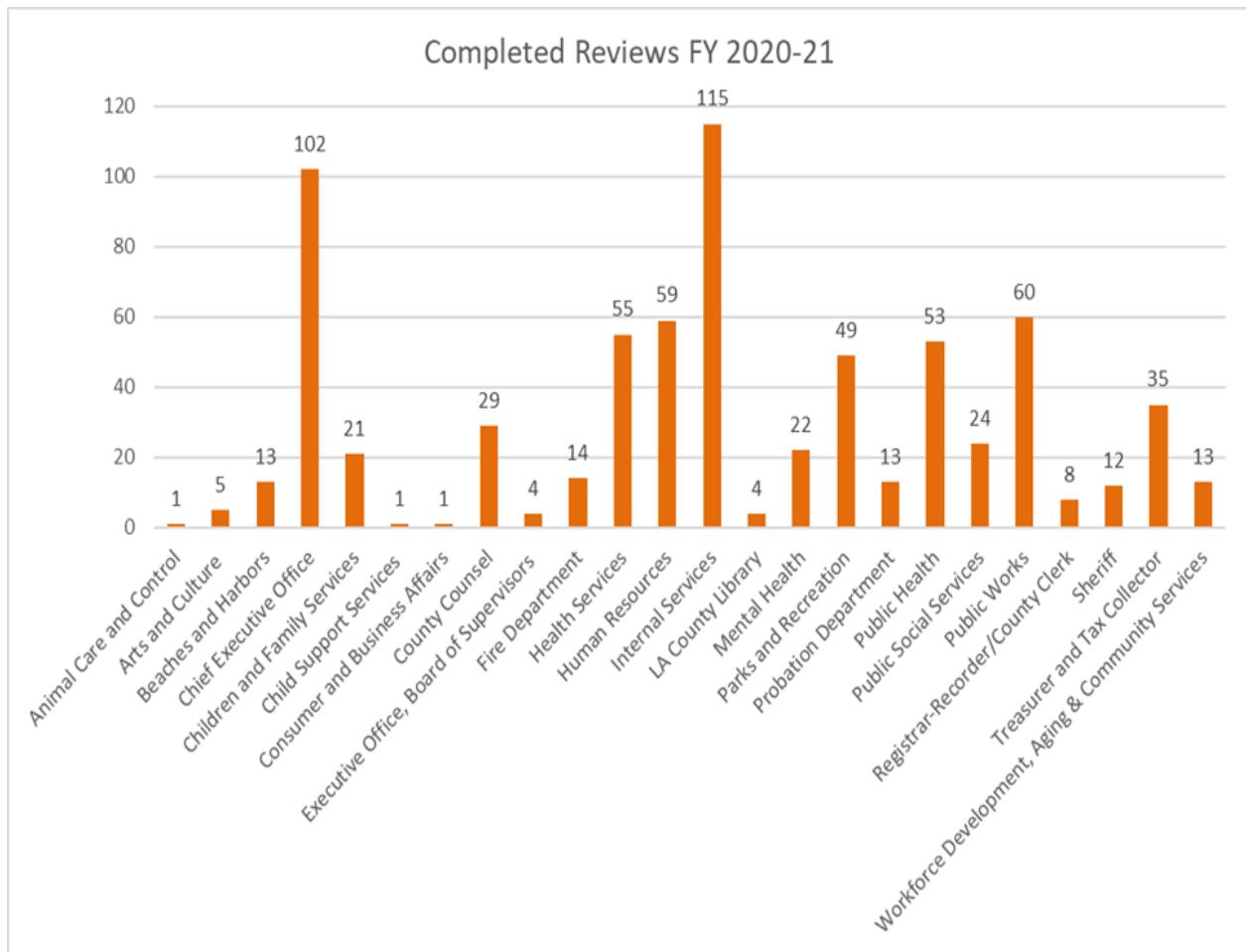
There were two new special insurance coverages procured in FY 2020-21 for two County departments: Regional Planning requested unmanned aircraft coverage for surveying County land procured; and Parks and Recreation requested contracted instructor coverage for activities associated with their summer events.

Risk Transfer created a triage system to determine high risk and essential buildings within the County. This was accomplished with the collaboration of the development of the Deferred Maintenance Building Condition Assessments and the Asset Management Database, in partnership with County departments. In FY 2020-21, the Risk Transfer Unit, working in conjunction with County departments, reviewed and updated the list of County-owned buildings currently covered by commercial property insurance. The audit conducted on the County building inventory list resulted in multiple corrections. Fifty-five properties on the list were eliminated due to duplications, change of ownership, and demolitions. Additionally, 11 buildings were reassigned to correct proprietor departments based on the audit findings.

Risk Transfer continued to provide Countywide insurance compliance reviews, indemnification and insurance trainings, and advice to all County departments on acceptable risk transfer techniques to protect the County from indemnity and legal costs associated with claims which may arise from the activities of County contractors.

## RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

Risk Transfer conducted 719 indemnification and insurance reviews for departments during FY 2020-21. The chart below illustrates the number of reviews completed per department.



## RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

A sizeable portion of indemnification and insurance reviews for departments was related to a public health emergency declared nationwide in response to COVID-19, and to the November 2020 Presidential election. During FY 2020-21, Risk Transfer has provided advice on 63 reviews related to COVID-19 and 15 reviews related to the election. These reviews assessed associated risks and appropriate risk transfer techniques that fell into the following major categories:

- COVID-19-related policies and regulations on restaurants, other food establishments, and food delivery and distribution services (10 reviews);
- COVID-19 testing and vaccination sites and community outreach efforts (24 reviews);
- COVID-19-related purchases, equipment rentals, logistical services, warehousing, transportation, software subscriptions, data collection, storage, and analysis (21 reviews);
- Temporary housing for the quarantine of different population groups, such as homeless, foster youth, group home participants, essential workers, and others (8 reviews); and
- Presidential election and polling-related agreements (15 reviews).

In January 2017, Risk Transfer implemented Xera, an online Certificate of Self-Insurance system. In FY 2020-21, the Xera system was updated with revisions that included Risk Transfer's input for a better user-friendly experience and enhanced document generation.

The upgrades allowed the system to produce certificates faster and with higher accuracy. As a result, the operating costs associated with the County Self-Insurance Certificate Program decreased. Internal beta testing of the upgrades was conducted by the Risk Transfer Unit in January 2021, and the upgraded system was officially brought online Countywide in February 2021. The updates were the first changes to Xera since its inception.

All County departments can now more efficiently produce Certificates of Self-Insurance to meet their respective departmental needs. Departments are often required to provide these certificates to various public and private entities for the County to conduct business on their property and/or for the public's benefit. Currently, all departments have access to the automated system and can produce their own Certificates of Self-Insurance within the requirements established by the County Risk Manager. This allows certificates to be expedited as needed and creates a more efficient way of conducting business. Tracking of the certificates is fully automated and certificates can be created and sent via email within minutes.

Risk Transfer continues to train departments on the Xera system and provides ongoing technical and administrative support.

**RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)**

The chart below illustrates the number of County Certificates of Self-Insurance completed during FY 2020-21. A total of 793 certificates were completed by the departments within this timeframe.

DEPARTMENT	NUMBER OF CERTIFICATES
Agricultural Commissioner/Weights and Measures	5
Alternate Public Defender	1
Arts and Culture	4
Assessor	3
Auditor-Controller	1
Beaches and Harbors	6
Board of Supervisors, Executive Office	5
Chief Executive Office	120
Child Support Services	4
Children and Family Services	29
District Attorney	3
Fire	24
Health Services	59
Internal Services	7
LA County Library	9
Medical Examiner-Coroner	1
Mental Health	26
Military and Veterans Affairs	4
Parks and Recreation	7
Public Defender	2
Public Health	24
Public Social Services	8
Public Works	70
Registrar-Recorder/County Clerk	346
Sheriff	15
Workforce Development, Aging and Community Services	10
<b>Total</b>	<b>793</b>

## RISK TRANSFER — SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

During FY 2020-21, Risk Transfer delivered three trainings on insurance and indemnification requirements for County contracts to County departments. Online department-specific trainings were requested and provided to the contract administration and monitoring staff of the Department of Children and Family Services, and to the real estate and leasing specialists of the CEO's Real Estate Division. In addition, specialized Cyber Insurance training was internally provided to the CEO Risk Management staff due to major revisions and updates to the Cyber insurance requirements for County contracts.

Risk Transfer was asked to collaborate with other departments on various projects, including, but not limited to: insurance requirements for deploying Unmanned Aircraft to survey County lands; revisions to Title 7 Taxicab Driver and Taxicab Operator insurance and bond requirements; responses to Public Records Act Requests related to risk management matters; revisions to Cyber Insurance standard requirements in County contract and solicitation templates; possibilities of transferring risk and liability related to public pools use by public school districts and private/charter schools; and consultations on the Board's motions on contracting with small businesses and on COVID-19-related projects. Departments were advised on possible risks associated with various projects and were provided recommendations on how to decrease such risks.

Risk Transfer is collaborating on the development and implementation of the comprehensive RMIS to integrate insurance policy management and asset management into the system's Loss Prevention module. Risk Transfer objectives for the system are:

1. To retain all County commercial insurance policies in electronic format for easy location, reference, and complete searchability; and
2. To have a complete list of the County's properties covered by hazard insurance, including property values and business interruption values, for an easy assessment related to claims.

COLLABORATION



IDENTIFY

PREDICT

## RISK TRANSFER — OBJECTIVES FY 2021-22

The Risk Transfer Unit will strive to insure as much County liability as is deemed financially responsible to protect County assets from unforeseen disasters. Continuing with this strategy, Risk Transfer is now in the process of obtaining higher limits of commercial excess coverage for Public Entity General Liability and Cyber Liability to further reduce risk to the County. Risk Transfer will continue to collaborate with departments on their specific commercial insurance needs and obtain department-specific insurance policies on an as-needed basis.

Risk Transfer will continue evaluating properties to determine high risk and essential County buildings. Decisions to add County buildings to the property insurance policy will be made from a risk management perspective and will consider various factors such as location, population, and function of the buildings to ensure that all properties have the necessary coverage. In addition, Risk Transfer will continue the appraisal and valuation of the Actual Cash Value and Business Interruption Value of County properties covered by Property Insurance to obtain a revised valuation which includes all measurements suitable for insurance purposes.

Risk Transfer will continue to conduct live webinars on topics of interest to departments as part of our ongoing training program. A survey will be issued to additional County contract administration and contract monitoring divisions to solicit topics of interest.

Risk Transfer will continue to collaborate with departments on various Countywide projects to help assess potential risks and transfer them using diverse risk transfer techniques. Risk Transfer will continue building a partnership with County Counsel to combine legal and risk management expertise to help the County improve its contracting solicitation, administration, and monitoring practices with small, medium, and minority-owned businesses.

Risk Transfer will continue to assist in the development of the insurance module of the comprehensive RMIS by integrating County commercial insurance policies into the system.

HIGH-RISK



RESOLUTION

TRANSFER

## OFFICE OF PRIVACY

The Office of Privacy (OOP) deploys the County's privacy program functions and privacy risk management activities among the County's 37 departments. OOP is led by the County's Chief Privacy Officer who oversees the development of the Countywide privacy program and ensures protection of the County's data and information from unauthorized access, modification, misuse, or destruction. The mission of OOP is to protect the County's data and information through centralized oversight of privacy and cybersecurity risk mitigation protocols, and focused governance over privacy program operations.

### OFFICE OF PRIVACY: KEY PRIVACY OBJECTIVES

OOP manages the County's privacy program operations, which include several key objectives:

- **Privacy Program Development** – Lead Countywide privacy policy development and privacy program management.
- **Centralized Oversight and Compliance** – Provide streamlined guidance to County departments on privacy-focused initiatives, policies, training, and compliance with applicable privacy-related laws, regulations, and County policies. Coordinate with the County's Risk Manager to procure cyber-liability insurance coverage for the County.
- **Countywide Privacy Awareness Training** – Deploy the Countywide privacy awareness training program and resources for employees.

### OFFICE OF PRIVACY: KEY PRIVACY OBJECTIVES (CONTINUED)

- **Privacy and Cybersecurity Incident Response** – Ongoing development of privacy incident response and breach response protocols. Development of Countywide and departmental protocols for privacy-focused components of cybersecurity incident response processes, and consult with the County's Security Officers on appropriate response actions.
- **Privacy Risk Management** – Oversee privacy-focused risk management activities, including privacy risk assessments and coordination of privacy audits.
- **Third-Party Vendor Management** – Provide technical guidance on the County's contract provisions to ensure the protection of County's data, and provide guidance on privacy risk assessments of the County's third-party vendors.

IDENTIFY

ANALYZE

PREVENTION

## OFFICE OF PRIVACY

### OFFICE OF PRIVACY: KEY HIPAA OBJECTIVES

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) is a federal law that created national standards to protect Protected Health Information (PHI). The County is a “hybrid entity” under HIPAA since only certain departments perform HIPAA-covered functions. OOP oversees the implementation of the Countywide HIPAA program, regulatory reporting activities, and coordinates with the County’s HIPAA-covered departments regarding the County’s compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act, and the County’s policies.

OOP’s key objectives and activities regarding the County’s HIPAA matters include:

- **HIPAA Program Development** – Lead Countywide HIPAA program management and policy development. Oversee compliance efforts through engagement with the HIPAA Privacy and Security Committee.
- **Centralized Oversight and Compliance** – Monitor the County’s compliance with HIPAA and other applicable laws, regulations, and County policies. Perform risk assessments, compliance audits, and inspections at County health facilities and clinics.
- **Countywide HIPAA Training** – Deploy HIPAA training programs for employees in applicable departments, as required by the HIPAA Privacy and Security Rules.
- **HIPAA Incident/Breach Response** – Ongoing development of HIPAA incident response and breach response protocols, coordination of timely response actions, legally required notices, and regulatory reporting, as applicable.

### OFFICE OF PRIVACY: KEY HIPAA OBJECTIVES (CONTINUED)

- **Third-Party Vendor Management** – Provide technical guidance on the County’s contract provisions, including review of Business Associate Agreements and Data Use Agreements to ensure the protection of the County’s PHI.

OVERSIGHT

RISK

AUTHORITY



## OFFICE OF PRIVACY—OBJECTIVE FOR FY 2021-22

OOP provides key risk management functions to manage privacy and cybersecurity risks for the County. This is especially important since the County has incorporated use of remote work.

Privacy and cybersecurity protocols are key priorities for the County, particularly as the County incorporates a hybrid work model to ensure business continuity during the pandemic. The use of this hybrid model, which includes using a combination of traditional and remote work environments, requires the enhancement of technical controls and ongoing employee training to minimize cybersecurity risks and manage privacy protocols.

Privacy and cybersecurity risk management functions depend on a unique interplay between the distinct objectives of the Office of the Chief Information Officer (OCIO) and OOP. While OCIO is focused on the security and protection of the County's information technology systems and infrastructure, OOP is focused on protection of the County's data and information that is processed and stored within those systems. The respective objectives of both OOP and OCIO provide holistic privacy and cybersecurity risk management functions with the goal of mitigating these risks for the County.

OOP's objectives are centered around the ongoing development of a robust Countywide privacy program that safeguards County's data from unauthorized access, modification, misuse, destruction, or other threats. For FY 2021-22, OOP will continue with the Countywide implementation of privacy incident response protocols in response to incidents and breaches, enhanced development of Countywide and departmental privacy policies and guidelines, deployment of privacy threshold and privacy impact assessment tools, implementation of a HIPAA audit plan, deployment of mandatory privacy awareness training and enhanced HIPAA training for employees, and related privacy program initiatives to ensure compliance with applicable privacy policies, laws, and regulations. As OOP continues to work with individual County departments on their specific privacy needs, OOP will simultaneously maintain an enterprise-wide perspective on the privacy framework and programs throughout the County.

**INTERGRITY**



**RESOLUTION**

# RISK MANAGEMENT FINANCE

The Risk Management Finance Unit (Finance) provides general accounting and internal auditing services for the various programs within CEO Risk Management. Additionally, Finance provides specific accounting services for the County’s Disability Management Program, which is overseen by the Department of Human Resources.



CONTROL

EFFICIENCY

## RISK MANAGEMENT FINANCE —SIGNIFICANT ACCOMPLISHMENTS FY 2020-21

In February 2021, the Workers’ Compensation module of the new RMIS went live. Finance worked with Ventiv Technologies, Inc., the RMIS vendor, to ensure that the internal control weaknesses identified in the legacy system were addressed in RMIS. Data validation and testing were performed in RMIS by Finance. Significant improvements include the following:

- New interfaces were implemented. For example, new Workers’ Compensation vendors entered in RMIS can interface with eCAPS, the County’s financial system, thereby eliminating duplicate vendor data entry. There was no vendor interface with the legacy system so new vendors were entered twice – in the legacy system and in eCAPS by Finance. This new feature saves Finance a substantial amount of time and decreases the error rate of vendors incorrectly entered into the system.
- In the legacy claims system, all Workers’ Compensation payments were coded to a general category. This required Finance to manually process and provide 1099 reporting information to the Auditor-Controller at the end of each calendar year. This process is no longer required. In RMIS, all Workers’ Compensation payments are coded to the appropriate categories, thus, streamlining the process by eliminating the manual reporting.

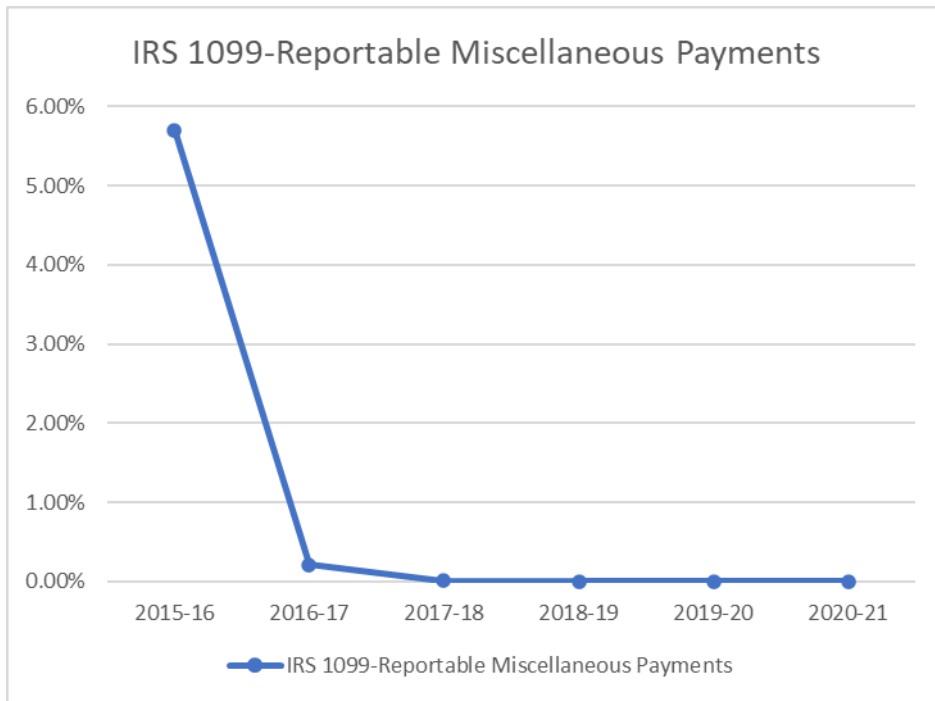
- In the legacy claims system, Finance had a manual process for activating and deactivating vendors. In RMIS, the system receives a vendor post-back file, which automatically activates and deactivates vendors, resulting in a vendor table that is updated on a regular basis. This new feature saves Finance a significant amount of time during the vendor mass deactivation process performed every few years by the Auditor-Controller. During the last mass deactivation in 2018, Finance manually deactivated over 3,000 vendor records. Maintaining an updated vendor table decreases fraud and prevents payments from being rejected due to an inactive eCAPS vendor status.

**RISK MANAGEMENT FINANCE—SIGNIFICANT ACCOMPLISHMENTS FY 2020-21**  
**(CONTINUED)**

In the fourth quarter of FY 2019-20, Finance quickly transitioned to a digital process to comply with the Board’s pandemic safety recommendations to work remotely. Finance continued to fine-tune the newly digitalized processes in FY 2020-21, which included the following:

- Electronic Retro Temporary Disability Requests Process;
- Electronic LC 4856 Payment Requests Process;
- Electronic Vendor Table Update Requests to the Internal Services Department Countywide Acquisition Management Information System Process;
- Electronic Invoice Processing and Same-Day Payment Requests Process;
- Electronic Direct Deposit Vendor Codes and Applications Process;
- Electronic Warrant Services and Electronic Transfer Funds Reversal Requests Process; and
- Electronic Vendor Monitoring Monthly Reports Process.

Since FY 2015-16, Finance continued decreasing the percentage of payments issued as miscellaneous and considered Internal Revenue Service (IRS) 1099-reportable. For FY 2020-21, Finance successfully achieved 0% IRS 1099-reportable miscellaneous payments. This accomplishment decreases the risk of fraudulent payments as miscellaneous payments made to vendors that are not in eCAPS and therefore have not been screened. Please refer to chart below.



## RISK MANAGEMENT FINANCE—SIGNIFICANT ACCOMPLISHMENTS FY 2020-21 (CONTINUED)

Additional efficiencies and accomplishments within the unit include:

- Streamlined processes by consolidating and reformatting various Workers' Compensation accounting schedules, thus improving efficiency.
- Revised the billing process for the Long-Term Disability Program to mirror the processes performed in the Workers' Compensation Program for conformity and efficiency.
- Updated policies and procedures for the newly implemented RMIS.
- Addressed seven audit findings from the 2019 Auditor-Controller Claims Vision payment process review with the implementation of RMIS.
- Worked with subject matter experts on testing and providing input to improve functionality for the implementation of a new Audit Management System.

## RISK MANAGEMENT FINANCE — OBJECTIVES FY 2021-22

- Resume the pilot program for direct deposit of Workers' Compensation payments to claimants who work for the Fire Department.
- Continue to transition the finance related work of the CEO Claims Unit to Finance.
- Continue to integrate the Insurance Budget accounting with the Workers' Compensation Budget accounting.
- Continue to work with subject matter experts on the new Audit Management System for the implementation in FY 2021-22.



## STATISTICS

### FY 2018-19 TO FY 2020-21

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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
General Liability/Law Enforcement Liability Claim Frequency and Expense Summary.....	Exhibit E-1
General Liability/Employment Practices Liability Claim Frequency and Expense Summary ....	Exhibit E-2
Medical Malpractice Claim Frequency and Expense Summary.....	Exhibit F
Cost of Risk Detail.....	Exhibit G

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## EXHIBIT A

### ALL CLAIMS FREQUENCY AND EXPENSE SUMMARY

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	37	\$731,709	44	\$846,391	30	\$616,703
Alternate Public Defender	12	\$516,051	5	\$898,328	5	\$461,878
Animal Care and Control	115	\$1,293,645	108	\$2,022,637	88	\$776,086
Arts and Culture	0	\$0	0	\$3,833	0	\$1,016
Assessor	48	\$2,696,170	60	\$2,768,827	33	\$2,339,401
Auditor-Controller	26	\$402,823	23	\$438,064	21	\$626,555
Beaches and Harbors	44	\$1,458,240	39	\$1,671,571	36	\$1,163,600
Board of Supervisors	38	\$909,330	64	\$1,377,155	41	\$3,355,692
Chief Executive Office	14	\$1,300,499	18	\$1,026,366	85	\$2,134,301
Child Support Services	127	\$3,977,574	105	\$3,878,679	52	\$3,901,068
Children and Family Services	539	\$30,502,670	524	\$29,212,134	291	\$22,960,947
Consumer and Business Affairs	5	\$27,676	8	\$94,253	76	\$26,147
County Counsel	33	\$1,179,936	36	\$1,321,228	17	\$3,072,751
District Attorney	142	\$8,185,084	111	\$9,520,475	132	\$14,016,758
Fire	1,692	\$130,041,301	1,697	\$133,137,696	1,726	\$138,680,898
Health Services	2,889	\$54,432,934	3,367	\$62,662,099	2,502	\$48,301,853
Human Resources	16	\$592,997	12	\$627,279	9	\$861,654
Internal Services	168	\$5,045,347	146	\$4,392,466	103	\$2,401,108
LACERA	16	\$662,462	42	\$1,108,195	7	\$636,284
LA County Library	50	\$910,309	21	\$668,188	36	\$980,089
Medical Examiner - Coroner	40	\$2,066,814	46	\$1,170,280	70	\$1,337,547
Mental Health	370	\$8,933,086	324	\$11,325,923	202	\$8,043,527
Military and Veterans Affairs	3	\$104,228	1	\$202,087	3	\$205,013
Museum of Art	3	\$235,646	2	\$161,791	1	\$233,599
Museum of Natural History	1	\$81,995	0	\$47,434	0	\$38,131
Non-Jurisdictional	1,343	\$898,256	1,379	\$1,169,696	1,125	\$1,012,342
Parks and Recreation	232	\$5,988,037	209	\$9,661,683	172	\$3,948,744
Pending Assignment	3	\$0	5	\$0	0	\$0
Probation	950	\$36,666,076	993	\$44,689,573	584	\$40,306,448
Public Defender	59	\$2,008,936	45	\$5,075,669	32	\$6,892,320
Public Health	302	\$8,836,108	286	\$8,661,010	346	\$8,948,342
Public Social Services	1,020	\$35,001,766	882	\$34,243,908	524	\$29,191,596
Public Works	599	\$14,535,486	576	\$14,942,932	501	\$18,817,627
Regional Planning	29	\$1,789,597	12	\$1,531,977	16	\$786,246
Registrar-Recorder/County Clerk	103	\$2,791,658	99	\$2,715,628	85	\$2,895,819
Sheriff	5,695	\$288,619,617	6,057	\$284,914,493	7,255	\$286,194,364
Superior Court	176	\$10,851,018	171	\$10,240,656	147	\$8,039,792
Treasurer and Tax Collector	50	\$996,724	66	\$1,038,061	40	\$1,012,055
Workforce Development, Aging and Community Svcs.	19	\$855,681	29	\$727,820	21	\$996,042
<b>TOTAL<sup>4</sup></b>	<b>16,832</b>	<b>\$666,127,486</b>	<b>17,408</b>	<b>\$690,196,485</b>	<b>16,040</b>	<b>\$666,214,345</b>

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 Reported But Not Paid (RBNP) or Incurred But Not Reported (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. This information does include County Counsel tort files. County Counsel expenditures are included.
3. Amounts valued as of June 30, 2021.
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. The FY 2018-19 expense figure does not include a settlement of \$51,782,241 received from Southern California Gas Company.

**EXHIBIT B****WORKERS' COMPENSATION CLAIM FREQUENCY AND EXPENSE SUMMARY  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	29	\$638,042	33	\$696,861	19	\$568,030
Alternate Public Defender	7	\$423,469	4	\$493,321	3	\$449,337
Animal Care and Control	103	\$806,544	89	\$729,720	80	\$522,389
Arts and Culture	0	\$0	0	\$3,833	0	\$1,016
Assessor	20	\$698,901	26	\$658,349	9	\$684,141
Auditor-Controller	15	\$300,452	12	\$284,858	16	\$200,047
Beaches and Harbors	28	\$629,351	19	\$615,976	16	\$599,806
Board of Supervisors	10	\$423,799	5	\$346,337	7	\$225,457
Chief Executive Office	6	\$519,028	7	\$499,116	4	\$675,344
Child Support Services	114	\$3,735,831	86	\$3,606,286	37	\$3,662,584
Children and Family Services	381	\$13,830,911	363	\$12,603,315	181	\$11,827,531
Consumer and Business Affairs	3	\$17,706	3	\$69,904	0	\$24,002
County Counsel	18	\$919,423	13	\$560,118	9	\$549,703
District Attorney	78	\$5,190,621	75	\$5,227,712	68	\$5,325,964
Fire	1,548	\$80,820,596	1,527	\$79,799,082	1,601	\$85,130,851
Health Services	1,910	\$44,260,183	2,198	\$36,852,753	2,059	\$36,385,401
Human Resources	13	\$496,397	8	\$579,610	8	\$779,756
Internal Services	112	\$3,969,250	75	\$3,563,140	68	\$3,795,665
LACERA	16	\$627,957	42	\$843,795	7	\$617,380
LA County Library	36	\$759,506	10	\$635,875	31	\$793,020
Medical Examiner - Coroner	13	\$713,934	29	\$515,777	34	\$752,500
Mental Health	319	\$6,893,356	274	\$7,008,491	156	\$6,188,524
Military and Veterans Affairs	1	\$101,740	1	\$148,351	3	\$127,538
Museum of Art	3	\$230,322	2	\$161,455	1	\$223,579
Museum of Natural History	0	\$81,995	0	\$47,374	0	\$34,664
Non-Jurisdictional	0	\$0	6	\$0	2	\$0
Parks and Recreation	179	\$3,389,036	150	\$3,909,071	127	\$3,412,748
Pending Assignment	3	\$0	0	\$0	0	\$0
Probation	875	\$23,382,813	937	\$25,002,012	540	\$26,231,626
Public Defender	34	\$1,458,506	27	\$1,594,197	15	\$1,336,689
Public Health	277	\$6,728,319	244	\$6,420,144	158	\$6,658,517
Public Social Services	962	\$29,903,019	830	\$29,153,299	488	\$27,375,118
Public Works	177	\$6,356,039	204	\$5,365,537	163	\$5,578,022
Regional Planning	7	\$117,996	6	\$121,142	4	\$135,312
Registrar-Recorder/County Clerk	73	\$2,211,976	60	\$2,145,671	29	\$2,299,947
Sheriff	4,477	\$160,608,276	4,799	\$159,909,224	6,037	\$167,187,771
Superior Court	176	\$10,338,567	171	\$9,821,970	146	\$7,616,447
Treasurer and Tax Collector	17	\$898,135	13	\$666,981	11	\$507,966
Workforce Development, Aging and Community Svcs.	17	\$603,709	27	\$499,744	10	\$532,529
<b>TOTAL</b>	<b>12,057</b>	<b>\$413,085,705</b>	<b>12,375</b>	<b>\$401,160,401</b>	<b>12,147</b>	<b>\$409,016,919</b>

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.

## EXHIBIT C

### STATE LABOR CODE 4850 AND SALARY CONTINUATION EXPENSE SUMMARY FY 2018-19 THROUGH FY 2020-21

Department	FY 2018-19	FY 2019-20	FY 2020-21
	Amount Paid <sup>1</sup>	Amount Paid <sup>1</sup>	Amount Paid <sup>1</sup>
Agricultural Commissioner/Weights and Measures	\$27,586	\$23,276	\$21,431
Alternate Public Defender	\$22,826	\$83,811	\$0
Animal Care and Control	\$41,164	\$46,023	\$58,027
Arts and Culture	\$0	\$0	\$0
Assessor	\$17,756	\$16,124	\$8,896
Auditor-Controller	\$0	\$13,416	\$0
Beaches and Harbors	\$35,001	\$32,756	\$0
Board of Supervisors	\$25,813	\$22,773	\$10,108
Chief Executive Office	\$0	\$0	\$0
Child Support Services	\$158,328	\$109,483	\$119,339
Children and Family Services	\$609,089	\$963,990	\$1,026,565
Consumer and Business Affairs	\$8,870	\$24,351	\$0
County Counsel	\$45,604	\$11,374	\$0
District Attorney	\$2,057,232	\$1,535,540	\$802,434
Fire	\$46,485,677	\$50,472,195	\$51,562,322
Health Services	\$1,824,410	\$2,056,788	\$2,338,677
Human Resources	\$0	\$1,019	\$0
Internal Services	\$119,825	\$95,563	\$150,556
LACERA	\$34,505	\$4,075	\$18,904
LA County Library	\$0	\$32,313	\$4,176
Medical Examiner - Coroner	\$83,204	\$11,427	\$27,337
Mental Health	\$375,165	\$313,266	\$200,915
Military and Veterans Affairs	\$0	\$34,461	\$0
Museum of Art	\$0	\$0	\$0
Museum of Natural History	\$0	\$0	\$0
Non-Jurisdictional	\$0	\$0	\$0
Parks and Recreation	\$156,109	\$78,490	\$111,476
Pending Assignment	\$0	\$0	\$0
Probation	\$9,831,786	\$15,371,230	\$11,347,169
Public Defender	\$106,529	\$88,501	\$14,079
Public Health	\$232,574	\$581,225	\$177,259
Public Social Services	\$1,075,778	\$793,089	\$552,552
Public Works	\$381,794	\$402,616	\$584,324
Regional Planning	\$0	\$0	\$0
Registrar-Recorder/County Clerk	\$32,022	\$0	\$0
Sheriff	\$52,060,306	\$53,599,983	\$63,839,349
Superior Court	\$512,450	\$418,686	\$422,538
Treasurer and Tax Collector	\$71,289	\$28,465	\$9,575
Workforce Development, Aging and Community Svcs.	\$19,466	\$38,560	\$10,711
<b>TOTAL</b>	<b>\$116,452,158</b>	<b>\$127,304,869</b>	<b>\$133,418,720</b>

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



**EXHIBIT D**

**VEHICLE LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	5	\$39,970	7	\$125,904	6	\$26,270
Alternate Public Defender	2	\$0	0	\$0	0	\$0
Animal Care and Control	1	\$112,949	3	\$11,322	1	\$7,441
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	3	\$0	2	\$14,181	0	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	5	\$104,989	3	\$22,406	1	\$11,170
Board of Supervisors	7	\$142,059	4	\$19,439	1	\$11,622
Chief Executive Office	0	\$0	0	\$0	0	\$0
Child Support Services	1	\$982	2	\$0	0	\$2,155
Children and Family Services	47	\$620,439	34	\$762,475	26	\$332,027
Consumer and Business Affairs	1	\$1,101	0	\$0	0	\$0
County Counsel	0	\$5,543	0	\$0	0	\$0
District Attorney	7	\$70,723	10	\$20,215	11	\$15,626
Fire	100	\$1,827,348	109	\$2,152,363	73	\$663,017
Health Services	12	\$11,391	7	\$25,512	5	\$66,244
Human Resources	1	\$60	0	\$1,061	0	\$0
Internal Services	22	\$555,435	31	\$145,641	9	\$292,598
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	1	\$5,173	2	\$0	5	\$5,258
Medical Examiner - Coroner	4	\$51,648	1	\$4,116	3	\$43,078
Mental Health	14	\$425,455	11	\$113,936	6	\$594,111
Military and Veterans Affairs	0	\$0	0	\$0	0	\$0
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	1	\$0	0	\$60	0	\$3,467
Non-Jurisdictional	283	\$73,368	320	\$103,849	237	\$196,765
Parks and Recreation	5	\$395,200	13	\$89,563	9	\$69,963
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	15	\$134,688	14	\$36,248	8	\$155,441
Public Defender	6	\$68,465	4	\$38,427	2	\$20,051
Public Health	8	\$116,430	16	\$320,698	13	\$71,376
Public Social Services	9	\$190,945	9	\$657,487	2	\$31,282
Public Works	83	\$560,596	93	\$1,088,896	47	\$796,113
Regional Planning	0	\$0	0	\$0	0	\$0
Registrar-Recorder/County Clerk	11	\$2,817	13	\$25,083	20	\$41,092
Sheriff	361	\$8,349,810	439	\$22,396,999	314	\$12,203,034
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	0	\$2,222	0	\$0	0	\$0
Workforce Development, Aging and Community Svcs.	0	\$23,906	2	\$556	6	\$26,144
<b>TOTAL<sup>4</sup></b>	<b>1,015</b>	<b>\$13,893,712</b>	<b>1,149</b>	<b>\$28,176,437</b>	<b>805</b>	<b>\$15,685,346</b>

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. 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, 2021.
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  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	3	\$26,112	4	\$351	5	\$972
Alternate Public Defender	3	\$69,756	1	\$321,196	2	\$12,542
Animal Care and Control	11	\$332,987	16	\$1,235,572	7	\$188,229
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	25	\$1,979,513	32	\$2,080,173	24	\$1,646,364
Auditor-Controller	11	\$102,371	11	\$139,790	5	\$426,509
Beaches and Harbors	11	\$688,899	17	\$1,000,433	19	\$552,624
Board of Supervisors	21	\$317,659	55	\$988,606	33	\$3,108,504
Chief Executive Office	8	\$781,471	11	\$527,250	81	\$1,458,957
Child Support Services	12	\$82,432	17	\$162,911	15	\$116,991
Children and Family Services	111	\$15,442,232	125	\$14,882,222	83	\$9,774,824
Consumer and Business Affairs	1	\$0	5	\$0	76	\$2,145
County Counsel	15	\$209,367	23	\$749,736	8	\$2,523,047
District Attorney	57	\$866,507	26	\$2,737,008	53	\$7,872,734
Fire	40	\$1,283,009	48	\$646,435	46	\$1,155,753
Health Services	811	\$4,100,078	1,031	\$16,667,834	321	\$5,278,477
Human Resources	2	\$96,541	4	\$45,589	1	\$81,898
Internal Services	34	\$400,838	40	\$588,122	26	-\$1,837,711
LACERA	0	\$0	0	\$260,325	0	\$0
LA County Library	13	\$145,631	9	\$0	0	\$177,636
Medical Examiner - Coroner	23	\$1,116,693	16	\$621,538	33	\$514,631
Mental Health	33	\$1,196,704	35	\$3,874,454	34	\$1,037,515
Military and Veterans Affairs	2	\$2,488	0	\$19,275	0	\$77,475
Museum of Art	0	\$5,324	0	\$336	0	\$10,021
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	1,032	\$824,888	1,046	\$1,065,847	865	\$814,530
Parks and Recreation	48	\$2,047,691	46	\$5,584,560	36	\$354,557
Pending Assignment	0	\$0	5	\$0	0	\$0
Probation	59	\$3,272,090	39	\$4,202,758	35	\$2,562,678
Public Defender	19	\$375,436	14	\$3,354,543	15	\$5,521,502
Public Health	17	\$1,704,851	26	\$809,225	175	\$2,023,190
Public Social Services	49	\$3,832,023	43	\$3,640,033	34	\$1,232,644
Public Works	339	\$7,237,056	279	\$8,085,883	291	\$11,859,167
Regional Planning	22	\$1,671,601	6	\$1,410,836	12	\$650,934
Registrar-Recorder/County Clerk	19	\$544,843	26	\$544,874	36	\$554,781
Sheriff	854	\$67,483,489	815	\$48,857,456	899	\$42,837,513
Superior Court	0	\$0	0	\$0	1	\$807
Treasurer and Tax Collector	33	\$25,078	53	\$342,615	29	\$494,515
Workforce Development, Aging and Community Svcs.	2	\$208,600	0	\$188,960	5	\$426,659
<b>TOTAL<sup>4</sup></b>	<b>3,566</b>	<b>\$118,474,258</b>	<b>3,728</b>	<b>\$125,636,746</b>	<b>2,946</b>	<b>\$103,513,609</b>

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. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2021.
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 – 1 (SUBSET OF EXHIBIT E)**

**GENERAL LIABILITY/LAW ENFORCEMENT LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	0	\$0	0	\$0	0	\$0
Alternate Public Defender	0	\$15	0	\$0	1	\$5,000
Animal Care and Control	0	\$0	0	\$0	0	\$0
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	0	\$0	0	\$0	0	\$0
Auditor-Controller	0	\$0	0	\$0	0	\$0
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	1	\$0	2	\$0	2	\$0
Chief Executive Office	0	\$0	7	\$0	0	\$8,002
Child Support Services	0	\$0	0	\$0	0	\$0
Children and Family Services	1	\$34,575	1	\$34,784	0	\$14,654
Consumer and Business Affairs	1	\$0	0	\$0	0	\$0
County Counsel	2	\$2,235	0	\$986	0	\$0
District Attorney	10	\$214,952	4	\$1,230,945	14	\$31,929
Fire	5	\$0	1	\$22,249	3	\$378,881
Health Services	5	\$4,484	5	\$24,708	2	\$107,289
Human Resources	0	\$0	0	\$0	0	\$0
Internal Services	0	\$0	0	\$0	0	\$0
LACERA	0	\$0	0	\$0	0	\$0
LA County Library	1	\$0	0	\$0	0	\$0
Medical Examiner - Coroner	1	\$0	1	\$0	0	\$0
Mental Health	2	\$14,423	0	\$2,955,948	0	\$31,893
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	28	\$21,911	23	\$3,372	4	\$2,525
Parks and Recreation	0	\$0	0	\$0	0	\$0
Pending Assignment	0	\$0	3	\$0	0	\$0
Probation	3	\$108,419	5	\$110,795	1	\$313,083
Public Defender	3	\$0	1	\$24,853	4	\$153,659
Public Health	0	\$0	0	\$0	0	\$0
Public Social Services	0	\$0	1	\$0	0	\$0
Public Works	1	\$0	1	\$0	0	\$0
Regional Planning	0	\$0	0	\$0	0	\$0
Registrar-Recorder/County Clerk	1	\$0	0	\$0	0	\$0
Sheriff	539	\$58,440,262	534	\$33,819,537	553	\$34,103,115
Superior Court	0	\$0	0	\$0	0	\$0
Treasurer and Tax Collector	2	\$0	0	\$0	0	\$0
Workforce Development, Aging and Community Svcs.	0	\$78,034	0	\$0	1	\$0
<b>TOTAL<sup>4</sup></b>	<b>606</b>	<b>\$58,919,309</b>	<b>568</b>	<b>\$38,228,175</b>	<b>575</b>	<b>\$35,150,030</b>

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. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2021.
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 – 2 (SUBSET OF EXHIBIT E)**

**GENERAL LIABILITY/EMPLOYMENT PRACTICES LIABILITY CLAIM FREQUENCY AND EXPENSE SUMMARY  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
Agricultural Commissioner/Weights and Measures	0	\$25,136	0	\$351	0	\$72
Alternate Public Defender	0	\$69,742	0	\$276,473	0	\$4,933
Animal Care and Control	1	\$0	1	\$21,423	0	\$120,091
Arts and Culture	0	\$0	0	\$0	0	\$0
Assessor	3	\$226,935	5	\$694,704	4	\$463,309
Auditor-Controller	1	\$69,294	2	\$94,110	0	\$321,613
Beaches and Harbors	0	\$0	0	\$0	0	\$0
Board of Supervisors	1	\$0	0	\$20,000	2	\$1,311
Chief Executive Office	3	\$367,854	1	\$111,848	0	\$906,163
Child Support Services	1	\$22,858	2	\$76,129	1	\$64,060
Children and Family Services	13	\$756,393	15	\$8,518,749	7	\$1,676,512
Consumer and Business Affairs	0	\$0	0	\$0	0	\$0
County Counsel	0	\$53,052	0	\$0	0	\$0
District Attorney	4	\$93,215	6	\$274,445	5	\$1,350,448
Fire	4	\$1,120,512	7	\$532,208	7	\$546,056
Health Services	11	\$2,602,757	14	\$4,085,240	10	\$2,417,551
Human Resources	1	\$95,552	0	\$42,829	1	\$70,872
Internal Services	1	\$329,452	4	\$456,139	1	\$134,870
LACERA	0	\$0	0	\$252,886	0	\$0
LA County Library	1	\$141,396	2	\$0	0	\$127,773
Medical Examiner - Coroner	2	\$87,074	0	\$241,201	0	\$231,201
Mental Health	6	\$558,107	4	\$734,429	2	\$732,349
Military and Veterans Affairs	1	\$0	0	\$19,275	0	\$77,475
Museum of Art	0	\$0	0	\$0	0	\$0
Museum of Natural History	0	\$0	0	\$0	0	\$0
Non-Jurisdictional	6	\$1,492	12	\$7,637	9	\$5,926
Parks and Recreation	3	\$812,582	1	\$137,135	2	\$6,020
Pending Assignment	0	\$0	0	\$0	0	\$0
Probation	17	\$2,043,207	11	\$3,870,598	15	\$1,831,964
Public Defender	0	\$17,504	3	\$86,497	1	\$220,359
Public Health	1	\$132,869	5	\$197,639	4	\$301,419
Public Social Services	8	\$1,361,688	4	\$1,755,057	11	\$1,045,014
Public Works	5	\$384,129	4	\$469,310	1	\$335,961
Regional Planning	0	\$0	1	\$0	0	\$38,097
Registrar-Recorder/County Clerk	0	\$0	0	\$0	1	\$316
Sheriff	26	\$5,495,594	35	\$7,083,069	32	\$3,314,389
Superior Court	0	\$0	0	\$0	1	\$807
Treasurer and Tax Collector	0	\$0	2	\$53,391	0	\$92,635
Workforce Development, Aging and Community Svcs.	1	\$126,868	0	\$129,384	1	\$376,681
<b>TOTAL<sup>4</sup></b>	<b>121</b>	<b>\$16,995,262</b>	<b>138</b>	<b>\$30,242,152</b>	<b>116</b>	<b>\$16,816,246</b>

**EXHIBIT F**

**MEDICAL MALPRACTICE CLAIM FREQUENCY AND EXPENSE SUMMARY  
FY 2018-19 THROUGH FY 2020-21**

Department	FY 2018-19		FY 2019-20		FY 2020-21	
	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)	# New Claims	Amount Paid <sup>1,2,3</sup> (all claims)
DHS – Ambulatory Care Network	9	\$622,856	19	\$208,190	3	\$230,766
DHS – Correctional Health Services	16	\$2,139	10	\$0	7	\$27,548
DHS – Harbor-UCLA Medical Center	26	\$645,013	32	\$1,809,090	30	\$1,099,353
DHS – Juvenile Court Health Services	1	\$34,986	1	\$105,225	0	\$215,284
DHS – LAC+USC Medical Center	69	\$2,223,820	47	\$4,025,036	55	\$2,071,063
DHS – Not Otherwise Classified	0	\$0	1	\$0	3	\$80
DHS – Olive View-UCLA Medical Center	35	\$545,405	22	\$888,364	17	\$576,720
DHS – Rancho Los Amigos	3	\$162,653	10	\$23,307	2	\$12,241
<b>Health Services Subtotal<sup>4</sup></b>	<b>156</b>	<b>\$4,236,872</b>	<b>131</b>	<b>\$7,059,212</b>	<b>117</b>	<b>\$4,233,055</b>
Children and Family Services	0	\$0	2	\$131	1	\$0
Fire	4	-\$375,329	13	\$67,622	6	\$168,956
Medical Examiner – Coroner	0	\$101,333	0	\$17,421	0	\$0
Mental Health	4	\$42,406	4	\$15,775	6	\$22,462
Non-Jurisdictional	28	\$0	7	\$0	0	\$1,047
Probation	1	\$44,700	3	\$77,324	1	\$9,534
Public Health	0	\$53,934	0	\$529,718	0	\$18,000
Sheriff	3	\$117,736	4	\$150,830	5	\$126,697
<b>TOTAL<sup>4</sup></b>	<b>194</b>	<b>\$4,221,652</b>	<b>156</b>	<b>\$7,918,032</b>	<b>142</b>	<b>\$4,579,751</b>

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. This information includes County Counsel tort files.
3. Amounts valued as of June 30, 2021.
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

	FY 2018-19	FY 2019-20	FY 2020-21
<b>Workers' Compensation</b>			
Benefit Expense	\$283,222,728	\$284,778,888	\$285,572,606
Loss Expense <sup>1</sup>	\$109,681,661	\$94,442,679	\$101,886,703
Administrative Expense <sup>2</sup>	\$16,198,578	\$17,362,897	\$16,877,997
Purchased Insurance <sup>3</sup>	\$3,982,738	\$4,575,936	\$4,679,613
<b>Workers' Compensation Expense Subtotal</b>	<b>\$413,085,705</b>	<b>\$401,160,400</b>	<b>\$409,016,919</b>
<b>Labor Code 4850 / Salary Continuation</b>	<b>\$116,452,158</b>	<b>\$127,304,869</b>	<b>\$133,418,720</b>
<b>Workers' Compensation Expense Total</b>	<b>\$529,537,863</b>	<b>\$528,465,269</b>	<b>\$542,435,639</b>
<b>Liability<sup>3,4</sup></b>			
Vehicle Liability Expense	\$13,893,712	\$28,176,437	\$15,685,346
General Liability Expense	\$66,692,017	\$126,503,210	\$103,513,609
Medical Malpractice Expense	\$4,221,652	\$7,918,033	\$4,579,751
<b>Liability Expense Subtotal</b>	<b>\$84,807,382</b>	<b>\$162,597,679</b>	<b>\$123,778,705</b>
Liability Administrative Expense <sup>5</sup>	\$17,436,098	\$18,618,988	\$21,160,356
<b>Liability Expense Total</b>	<b>\$154,025,721</b>	<b>\$181,216,667</b>	<b>\$144,939,061</b>
<b>Purchased Insurance (premiums and fees)</b>	<b>\$22,375,478</b>	<b>\$25,344,978</b>	<b>\$28,476,443</b>
<b>Cost of Risk<sup>6,7</sup></b>	<b>\$705,939,062</b>	<b>\$735,026,914</b>	<b>\$715,851,144</b>
<b>Total County Operating Budget</b>	<b>\$31,311,700,000</b>	<b>\$33,328,813,000</b>	<b>\$35,328,479,000</b>
<b>Cost of Risk (as percentage of County Operating Budget)</b>	<b>2.25%</b>	<b>2.21%</b>	<b>2.03%</b>
<b>Non-County Agencies</b>			
LACERA	\$627,957	\$843,795	\$1,471,752
Superior Court	\$10,338,567	\$9,821,970	\$7,616,447
<b>Subtotal (Non-County agencies)</b>	<b>\$10,966,524</b>	<b>\$10,665,765</b>	<b>\$9,088,199</b>
<b>Cost of Risk (excluding non-County agencies)</b>	<b>\$694,972,538</b>	<b>\$724,361,149</b>	<b>\$706,762,945</b>
<b>Cost of Risk (Non-County agencies as percentage of County Operating Budget)</b>	<b>2.22%</b>	<b>2.17%</b>	<b>2.00%</b>

1. Loss Expense includes third-party administrator fees, medical management fees, bill review fees, and State User fee.
2. Administrative Expense includes CEO, Auditor-Controller, and County Counsel expenses.
3. Paid claims represent the amount paid for all indemnity (pay type OC) in the fiscal year, regardless of occurrence date and does not include RBNP or 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, 2021, as reported in the County's liability claim database, workers' compensation information system (ClaimsVision), and/or the Workers' Compensation Status Report.

**THE FOLLOWING IS A LISTING OF ABBREVIATIONS USED IN THIS REPORT:**

Abbreviation	Meaning
ABE	Allocated benefit expenses
AED	Automated external defibrillator
ALAE	Allocated loss adjustment expenses
Board	Board of Supervisors
C&R	Compromise and Release
C&Rs	Compromise and Release Settlements
Cal/OSHA	California Occupational Safety and Health Administration
CAMIS	Countywide Acquisition Management Information System
CAP	Corrective Action Plans
Carl Warren	Carl Warren & Company
CEO	Chief Executive Office
CEO Risk Management	Chief Executive Office - Risk Management Branch
County	County of Los Angeles
COVID-19	Coronavirus Disease 2019
CPR	Cardiopulmonary resuscitation
DHR	County of Los Angeles Department of Human Resources
DHS	County of Los Angeles Department of Health Services
EFT	Electronic Funds Transfer
Finance	Risk Management Finance Unit
FY	Fiscal Year
HIPAA	Health Insurance Portability and Accountability Act
IBNR	Incurred But Not Reported
Intercare	Intercare Holdings, Ltd.
ISD	County of Los Angeles Internal Services Department
LASD	County of Los Angeles Sheriff's Department
LC	Labor Code
LCP	Loss Control and Prevention
LERC	Legal Exposure Reduction Committee
MED	Morphine Equivalent Dose
MMCC	Medical Management and Cost Containment
OCIO	Office of Chief Information Office
OOP	Office of Privacy
OSCR	On-Site County Representative
OSCRs	On-Site County Representatives
PBM	Pharmacy Benefit Management
PHI	Protected Health Information
PPE	Personal Protective Equipment
RBNP	Reported But Not Paid
RMIG	Risk Management Inspector General
RMIS	Risk Management Information System
SB	Senate Bill
SCAPs	Summary Corrective Action Plans
TPA	Third Party Administrator
ULAE	Unallocated loss adjustment expenses
UR	Utilization review

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*This report is available on the Chief Executive Office, Risk Management Branch website, at:*  
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