



LOS ANGELES FIRE DEPARTMENT

RALPH M. TERRAZAS
FIRE CHIEF

April 14, 2017

BOARD OF FIRE COMMISSIONERS FILE NO. 17-054
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TO: Board of Fire Commissioners

FROM:  Ralph M. Terrazas, Fire Chief

SUBJECT: WORKERS COMPENSATION AUDIT UPDATE

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

On February 20, 2017, Battalion Chief Scott Quinn presented to the Board of Fire Commissioners a verbal report and update on the current status of the findings and recommendations identified in the 2015 Audit of the LAFD Workers' Compensation Prevention Program by the Office of the City Controller. Following the presentation, the Board of Fire Commissioners respectfully requested a written report; this report was requested for the first meeting in May.

RECOMMEDATIONS

That the Board:
Receive and file.

DISCUSSION

On March 26, 2015, the Office of the City Controller released the Audit of LAFD Workers' Compensation Prevention Program. An audit findings report was provided to the LAFD in February 2015 for review. A formal response to the yearlong audit was prepared to address the 11 identified findings, which was forwarded to the Office of the City Controller on March 16, 2015.

On June 2, 2015, the Risk Management Section met with the City Council's Audit Committee, chaired by Councilmember Nury Martinez, Sixth Council District, to provide an update on the status of completion regarding the audit recommendations. The Audit Committee was informed that the LAFD agreed with the majority of the 11 findings and resulting 19 audit recommendations. At the time of the presentation, 14 of the 19 recommendations had been partially or fully implemented. Additional staffing, technical support, system upgrades, labor agreements, and dedicated funding sources would be required for full implementation of the audit recommendations.

On June 10, 2015, the Audit Committee report on the LAFD Workers' Compensation Prevention Program was "noted and filed" at City Council. To date, there have been no further reports requested by or provided to the Audit Committee.

A Board report titled "Workers' Compensation Audit Update", dated June 22, 2015, was prepared and presented to the Board of Fire Commissioners at the July 7, 2015 meeting. At the time of this report, the implementation status on the recommendations remained relatively unchanged. The Risk Management Section broadened its approach and strategies to accomplish additional gains. Primary focus and direction was placed in the following areas:

- Continued implementation of the LAFD's Strategic Plan, Goal # 5
- Development and implementation of injury and illness prevention practices
- Provide Department-wide education, oversight and enforcement programs
- Develop and foster new and existing City Department and vendor partnerships and regularly scheduled meetings for review and discussion of workers' compensation items
- Development of claim and cost review practices and procedures
- Evaluation and recommendation of existing and proposed organizational structure of the Risk Management Section and budget proposal request for a new position
- Develop of innovative, grant-based, and technological platforms to collect, evaluate, and respond to contemporary data, trends, and risk assessment

On February 5, 2016, a report titled, "Status of Recommendations for Prior Audits" was prepared and sent to the Office of the Controller. The report outlined the recommendations and provided an update regarding the status of each one. The Office of the Controller responded with an Evaluation of Reported Status of Recommendations report. The recommendations were identified as an "A" or "B" Priority and those that were practical without requiring additional funding, dedicated staffing, technical support, or the maturing of data collection systems. The LAFD originally made 19 recommendations, however, after further review, it was determined that Recommendation 8.1 would not be pursued and would no longer be tracked by the Office of the Controller. The LAFD is now working with only 18 recommendations.

On November 22, 2016, a report was submitted to the Personnel and Animal Welfare and Public Safety Committees as directed by a City Council Motion, outlining the joint departments' (Personnel, LAPD, LAFD) current and proposed efforts "to ensure that there are no undue delays in providing all City employees, including LAPD and LAFD sworn employees, whom enters the Workers' Compensation Program with the financial and medical treatment they need and deserve to expedite their return to work in the Department".

The following list of actions has been initiated by the LAFD to expedite member care, treatment, and return to work timelines:

- Continue utilization of the Nurse Case Management (NCM) Program and refine the current process to include a Captain assigned to the Medical Liaison Unit to be a liaison between the NCM and the injured or ill members first initial contact with treating physicians
- Continue and improve partnerships with U.S. Healthworks and other first care and continued care contract treatment facilities
- Develop and implement an educational and awareness program regarding care and a process to assist in streamlining care to active LAFD members
- Pilot program: embed the Third Party Administrator and Workers' Compensation Administrator within the Medical Liaison Unit for immediate claim movement and management
- Continue revision and implementation of Department/City policies and procedures based on review and current trends
- Expand on pre-approved "first-care" facilities and pre-authorized care and treatment procedures for industrial exposures, and injuries and illnesses
- Budgetary request to create a "Return to Work Unit" emphasizing on whole health, rehabilitation, and mitigation of future injuries utilizing data and current trends
- Partnership with East Los Angeles College to review and evaluate data collected within the iVOS System to identify injury trends and analysis

On February 20, 2017, a verbal report was provided to the Board of Fire Commissioners by Battalion Chief Scott Quinn, at which time nearly all of the recommendations had been fully implemented or at least at some level of implementation.

The City of Los Angeles is self-insured for Workers' Compensation claims and provides coverage for medical care, treatment, lost wages, and other associated expenses when an employee's injury or illness is due to an "Act of Employment" (AOE) or a "Cause of Employment" (COE). City employees are eligible to receive their full salaries, tax free, for up to one year. The Personnel Department's Workers' Compensation Division, has contracted out the claims management and benefits administration function for sworn personnel to a Third Party Administrator (TPA) since 1999. Acclamation Insurance Management Services (AIMS) has been providing claims management for the LAFD since May 2013.

Currently, the workers' compensation costs for the LAFD is nearly \$50 million dollars annually. Historically, the LAFD has been averaging a trend of approximately 1,200 annual claims and nearly 3,000 open claims at any given point. The Cost of Risk Report (CORR) FY 14/15 published by the City Administrative Officer (CAO) indicates a 6 % decrease in workers' compensation claim occurrence and a 22% increase on claim cost per employee in comparison to the previous five (5) year average. The increase in associated workers' compensation costs can be attributed to treating physicians fees, treatment modalities costs, case management control, duty status, return to work timelines, and age of work force, etc. The LAFD has very little influence over cost

control in these critical areas. Despite the implementation and improvement of various new and existing education programs, innovative partnerships, critical oversight, and prevention measures, the LAFD has been trending down in claim occurrences, yet workers' compensation costs continue to trend upward.

The Office of the City Controller's audit recommendation of a 2% reduction in new claims costs is unachievable at the current staffing levels, claim management structure, and workers' compensation fees.

One Battalion Chief Officer oversees the functions and responsibilities of the LAFD's Risk Management Section and Medical Liaison Unit which are comprised of eight Captains and two civilian employees. These positions are responsible for the health and safety of the membership, specifically in the areas of claim management, processing, investigation of injuries, litigation, personnel management, data analysis, education, and prevention.

The Risk Management Section comprises of the following Unit and Officers/Coordinators:

- Department Safety Officer
- Department Safety Coordinator
- Department Work Place Violence Coordinator
- Workers' Compensation Officer
- Department Litigation Officer
- Department HIPAA Compliancy Officer
- Medical Liaison Unit

The Risk Management Section continues to evaluate maturing data trends, foster new and current relationships to address claim management, and improve current injury/illness practices.

Progress Report and Status of the LAFD Workers' Compensation Prevention Program Audit

The Risk Management Section is addressing health and safety issues from multiple approaches including the now 18 recommendations outlined the audit report. Specific to the LAFD Workers' Compensation Prevention Program Audit, the Risk Management Section has focused its efforts at implementing recommendations that were identified as an "A" Priority and those that were practical without requiring additional funding, dedicated staffing, technical support, or the maturing of data collection systems. Currently, 17 of the 18 recommendations have been fully satisfied or partially implemented.

Recommendation 2.2 (Priority "B"): "Designate a budget for safety initiatives and consider providing the Safety Officer with authority for approving expenditures for safety initiatives"; has not been fully implemented. A dedicated funding source has not been identified to date; existing budgetary challenges and the identified need for other functional positions are of greater priority. However, the Department Safety Officer falls

within the line of approval for tools, equipment, and personal protective equipment per existing Department policy.

Recommendation 2.3 (Priority “B”): “Consider having Safety Officer and Risk Manager responsibilities assigned to two individuals at a command level of management”. This item was fully satisfied with the publishing of Mayor Eric Garcetti’s Executive Directive Number 18, “A Safe and Healthy Workforce and Risk Management” and at the direction of Fire Chief Ralph M. Terrazas, effective February 2, 2017.

Recommendation 6.2 (Priority “B”): “Consider designing training based on an evaluation of injuries/illnesses by age or years of service”; has not been fully implemented. Additional time and data review is required to truly understand and evaluate if age and years of service are key contributing factors to member injuries and illnesses. Other factors require consideration such as rank, assignment, job description and accumulative trauma. Higher risk areas are being addressed through education, training, enforcement, and prevention. Collaterally, the other implemented recommendations may improve injuries and illnesses based on the perception of age and years of service. Further completion in this area will resume once the Risk Management Information System (RMIS) and subordinate programs have been implemented.

Concurrent with developing strategy and tactics to satisfy the Audit findings, the Risk Management Section is dedicated to meet and exceed the challenges of the LAFD’s three year Strategic Plan, Goal #5: Enhance LAFD Risk Management Systems. The following bullet points were advancements in preventing industrial injuries and illnesses, improving member’s health and safety, and reducing workers’ compensation costs. The following categories and improvements are:

1. Prevention, Education, Oversight, and Accountability

- Quarterly Development and dissemination of Injury Causation reports by the Risk Management Section for each of the Operational Bureaus within the Injury/Illness Reporting System
- Establish Quarterly Safety Committee meetings – All LAFD Bureaus and Labor (COA and UFLAC)
- FireStat: Risk Management Section has enrolled in FireStat with self-appointed goals and accountability
- Book 75 (Safety Manual) has been updated to include:
 - Hazard Communication Program
 - Risk Assessment for Structural and Proximity Personal Protective Equipment
 - Heat Illness Prevention Program
 - Respiratory Protection Program
- Department-wide Learning Management System (LMS) mandatory training for “Safe Lifting Techniques” and “Cal/OSHA Reporting” for all members
- Functional Movement Screening (FMS) and Candidate Assistance Program for new hires and probationary recruits which assists in identifying the potential for injuries and physical fitness preparation for the Drill Tower Academy

- Memorandum of Understanding 23 Agreement for “Out-of-Pocket Cost Reimbursement” for an advanced annual medical examination
- Continue compliance and development of existing Managed Personal Protective Equipment (PPE) Program
- Ongoing development of the “Return to Work/Refresher Program”

2. Claim Management and Organizational Review

- Nurse Case Management Program (NCMP) – Appointment of Nurse Practitioners to assist with injured or ill members as a liaison between the Third Party Administrator, the member, and the treating physicians for members off over 30 days or more
- Utilization of the Personnel Department’s “Ride Program”, which assists members with transportation to and from work for modified duty assignments
- Evaluation of other City departments and agencies and the Risk Management Section and Medical Liaison staffing configurations to optimize service to sworn membership
- Development and utilization of the City’s Risk Management Information System (RMIS), HRSTAT (iVOS), and RISKCONNECT to assist with data and risk assessments

3. Fraud Prevention

- Development of the Injury Prevention Investigation Program (IPIP), an investigative process in which Chief Officers investigate all reported injuries
- Workers’ Compensation Fraud collaboration with LAPD, Personnel Department, and the LAFD’s Professional Standards Division

CONCLUSION

The Risk Management Section has demonstrated a strong commitment to addressing the 11 findings identified in the 2015 Audit of the LAFD’s Workers’ Compensation Prevention Program. To date, 17 of the 18 recommendations have been implemented to completion or near completion status. These accomplishments have been achieved without additional funding sources, dedicated staff, or contemporary technical support. Complete satisfaction of the remaining recommendation and to further develop existing recommendations to reduce workers’ compensation costs, prevent or reduce the severity of injuries and illness sustained by LAFD members will require additional dedicated positions, increased budget, and continued development of supporting data collection systems. The Risk Management Section has also identified the need for additional dedicated positions within the Medical Liaison Unit. A staffing request and supporting documentation have been submitted to Administrative Operations.

Board report prepared by Battalion Chief Robert J. Takeshita, Risk Management Section and Battalion Chief Scott P. Quinn, Battalion 4, A Platoon.