

JULY 7, 2015

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

June 22, 2015

BOARD OF FIRE COMMISSIONERS
FILE NO. 15-067

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 Withdrawn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 March 26, 2015, the Controller's Office released the Los Angeles Fire Department's (LAFD) Workers' Compensation Prevention Program Audit. A draft report was provided to the LAFD in February 2015 and a formal response to the year long study describing planned actions was submitted on March 16, 2015.

On June 2, 2015, the LAFD met with the City Council's Audit Committee, chaired by Councilmember Nury Martinez, Sixth District, to provide an update on the audit recommendations. The Audit Committee was informed that the LAFD agrees with the audit recommendations and needs additional funding, staffing, technical support, system upgrades, and labor agreements for full audit implementation. On June 10, 2015, the Audit Committee report on the LAFD's Workers' Compensation Prevention Program was noted and filed at City Council. Currently, fourteen of the nineteen recommendations have been implemented or partially implemented.

RECOMMENDATION

That the Board:
Receive and file this report.

FISCAL IMPACT

Fiscal calculations for recommendations within the audit will need further review for possible implementation. The Controller's Office made recommendations of a 2% reduction of new claims or \$483,000 annual savings in workers' compensation claims.

DISCUSSION

The City of Los Angeles has a self-insured Workers' Compensation (WC) insurance program that provides medical treatment and covers lost wages and other expenses when an employee's injury or illness is work-related. City employees are eligible to receive their full salaries, tax free, for up to one year. The City's Personnel Department 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.

The LAFD institutionally places member safety and health as a top priority. This is demonstrated in the quality of personal protective equipment, training, and medical welfare provided to each member. The Cost of Risk Report and available data are indicating that the LAFD's trends are improving, despite increased incident responses and staffing reductions, through attrition and the Modified Closure Plan. The Cost of Risk Report FY 13/14 published by the City Administrative Officer (CAO) indicates a 12% decrease in WC Claim Occurrence and a savings of \$1,254,743 in comparison to the FY 12/13 - FY 13/14 workers' compensation payouts (FY 12/13 - \$29,510,406 compared to FY 13/14 - \$28,255,663). This is despite a 35% increase in workers' compensation cost over the last five years. The five year average increase is due to treatment and case management costs which the LAFD has little influence over.

The LAFD's Risk Management Section (RMS) comprises of the Department Safety Officer, Medical Liaison Section, Department Safety Coordinator, Workers' Compensation Officer and the Litigation Officer. One Chief Officer oversees these two sections comprised of eight Captains. These positions are responsible for the health and safety for the membership; specifically in the areas of claim management, processing, investigation of injuries, litigation management, and data analysis and prevention.

The RMS is addressing health and safety issues from multiple approaches including the 19 recommendations outlined the audit report. Specific to the workers compensation program audit, the RMS 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 research. At the time of this report the fourteen of nineteen recommendations have been partially or fully implemented.

The RMS has implemented strategy, tactics, and oversight to prevent work-related injuries/illnesses to achieve many of the audit recommendations as well as improving its workers compensation costs, ensuring member health, safety, and accident prevention in the following categories:

Prevention, Education, and Oversight

- Quarterly development and dissemination of Injury Causation reports by the RMS for each of the Operational Bureaus
- FireStat – Data analysis for trends, causation, and to identify optimization
- Book 75 (Safety Manual) update and completion - Summer 2015
- Development and expansion of Safety Tab on Department's Information Portal
- Evaluation of Wellness/Fitness Program using the Wellness Fitness Initiative established by International Association of Fire Fighters and International Association of Fire Chiefs for application consideration to the LAFD

- Functional Movement Screen (FMS) and Candidate Assistance Program for new hires and probationary recruits which assists in identifying the potential for injuries and physical fitness preparation
- Employee Medical Examination - A workgroup has been established to develop a process to provide routine medical examinations for all members
- Development of fitness programs, nutrition, and weight management counseling
- Continued compliance and development of existing Managed Personal Protective Equipment Program
- Evaluation of the Safety Management Systems (SMS) currently used at Air Operations for Department wide application
- IIRS/5020 – Program refinement and training completion Summer/Fall 2015

Cost, Claim Management, and Organizational Review

- Budgeted expansion of the managed PPE program
- Quarterly Safety Committee meetings – All Department Bureaus and Labor (COA and UFLAC)
- Nurse Case Management Program (NCMP) – Program expansion to members off 30 days or more
- Utilization of the City Personnel “Ride Program”, which assists members with transportation to and from work
- Evaluation of other City Departments and agencies, and RMS and MLU staffing configurations to optimize service to sworn membership

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, City Personnel, and Professional Standards Division

Progress Report and Status of Workers Compensation Program Audit

Recommendations not implemented

Recommendations No. 2.1, No. 2.2, No. 2.3, No. 6.2, and No. 8.1

Recommendations Nos: 2.1, 2.2, and 2.3 address the development of a Risk Management Plan, a designated budget for the Safety Officer, and Department organizational change in span of control and responsibility. These items have priority classifications of A and B. Identified challenges for implementation of these three recommendations require:

- Technical support (both staff and equipment) to provide data, identify trends, and to support goals within the “Risk Management Plan”. Existing systems are either not designed to provide required data or the information is inaccurate and/or requires maturity.
- Funding revenues will require a source location and Administrative approval for sole use by the Safety Officer.
- Assigning risk management and safety responsibilities from one Chief Officer to two Chief Officer requires funding and approval for new position.

RMS is currently reviewing and evaluating the current organizational structure, existing data collecting systems, and budgetary options to achieve the above audit recommendation.

Recommendation No. 6.2 addresses the development and delivery of training for specific members based on injuries/illnesses by age or years of service and is a priority

B. Identified challenges:

- 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.

Recommendation No. 8.1 addresses the implementation of a Safety Management System throughout the LAFD similar to the one being used at Air Operations and is priority B. Identified challenges:

- Additional time, technical support (both staff and equipment) dedicated staff, dedicated funding and training are necessary requirements to develop and manage a Safety Management System.

CONCLUSION

The implementation of the audit recommendations found in the LAFD's Workers' Compensation Prevention Program Audit will provide the LAFD with a roadmap in addressing workers' compensation costs and claims. Prevention, claims management, education, training, and fraud prevention are key factors in minimizing the number and severity of work injuries/illnesses and associated costs.

Currently, the LAFD is addressing key issues affecting health, safety, and accountability but additional funding, dedicated staffing, technical support, system improvements, and labor agreements present challenges to implement all of the audit recommendations.

Board report prepared by Battalion Chief Robert J. Takeshita, Risk Management Section.