

COUNTY OF TUOLUMNE

RISK MANAGEMENT PROGRAM

OVERVIEW

Risk Management is the process of identifying and controlling business related financial risks from accidents, injuries, property damage, and liability. The most effective way to control risks is to reduce or eliminate risks through safety programs (prevention), loss control and self-insurance pooling. All County departments have a responsibility to manage risks in their operations. This includes damage to property, loss of property, and liability to others as a result of injury to persons or property.

The County of Tuolumne Risk Management Program includes Safety, Worker's Compensation, Liability, Property, and Medical Malpractice programs. All programs are administered through the Human Resources/Risk Management Division and described in detail in the *Supervisor's Guideline to Risk Management*. The following is a high level outline of each of these programs and how they work.

Safety Program

A. PLANNING & PREVENTION

1. *General Description:* The key to an effective risk management program is to control risks with prevention. The County Safety Program consists of several components: Safety Committee, safety training, Injury and Illness Prevention Program (IIPP), incident response, OSHA and HIPAA compliance. All County departments are required to develop and maintain a safe environment for employees and the public.
2. *Injury and Illness Prevention Program (IIPP):* The County has developed an IIPP per Labor Code, Section 6401.7. The County IIPP sets guidelines and procedures for all departments to implement an effective safety program accomplished through safety and health inspections, accident investigations, employee training, department safety officers and driver's licensing program. Responses to safety concerns are given the highest priority at every level of the County. This program is covered in detail in the County of Tuolumne Safety Manual.
3. *County Safety Committee:* The Committee is comprised of the Senior Administrative Analyst, OES Coordinator and Safety Officers from the largest County Departments. The objective of the committee is to review actions that can be employed to prevent accidents as well as review accidents that have occurred in the hope of developing methods to prevent reoccurrence.
4. *Safety Training:* Safety training is provided to all employees through department staff and safety meetings, outside agencies, and the CSAC-EIA Loss Prevention

Division using Target Solutions. The areas of training include ergonomics, back safety, fire safety, bomb/arson threat, hearing conservation, safe operation of forklifts, safe usage of ladders and steps, exposure to hazardous material, bloodborne pathogens, and respiratory protection. CSAC-EIA Loss Prevention has also provided certification training for the department safety coordinators. Safety training is the core of the County's safety program.

Insurance Programs

A. WORKER'S COMPENSATION

1. *General Description:* Employees who are injured on the job, as well as volunteers, probationers, and jail inmates who are injured while performing county work assignments are eligible for certain benefits: medical treatment, payments to replace lost wages, and rehabilitation services. Additional payments are made if the injury results in permanent disability or death. A Third Party Administrator (TPA) administers the Worker's Compensation program. The TPA determines eligibility for benefits and authorizes approval for medical treatments.

While the balance of this section focuses on the management of workers compensation claims, be assured that the County's focus is to see an injured employee return to full health and work as soon as possible following an injury. A key component to this effort is the "County Return to Work" program (see Return to Work program description). Once an injury has occurred, staff also focuses on the cause of that injury and the elimination of that cause if at all possible (see Supervisor's Guideline to Risk Management).

2. *Insurance:* The County is self-insured with only excess insurance coverage for its Workers Compensation Program. The County is 100% responsible for each claim up to \$300,000. Costs which exceed the \$300,000 level are covered through excess insurance. The excess coverage for any individual claim extends up to a \$10 million cap. The aggregate excess insurance cap is \$40 million per year.
3. *Claim Process*
 - a. An employee injured at work is given the Employee's Claim for Worker's Compensation Benefits form (DWC-1).
 - b. The employee's supervisor completes the Supervisor's Investigation Report and Acknowledgement Form. The completed forms are submitted to Human Resources.
 - c. Human Resource staff notifies the TPA by completing the Employer's Report of Occupational Injury or Illness (5020 form) online.
 - d. The Senior Administrative Analyst and/or Risk Manager reviews the claims. If there is time lost, contact is made with the employee and physician by the TPA to determine if the employee is able to work in a modified or temporary job capacity.

4. *Claim Approval Authority & Reporting*

- a. Claim Settlements Under \$25,000: The HR/Risk Manager can approve all claim settlements under \$25,000.
- b. Claim Settlements between \$25,000 to \$50,000: The CAO can approve any claim settlements, but specifically must be notified of any claims with unusual characteristics and/or those that would be settled at \$25,000 or more.
- c. Claim Settlements over \$50,000: Requires Board of Supervisors approval in closed session.

5. *Reporting/Management*

- a. Monthly Reports for HR/Risk Management Staff. A number of reports are provided by the TPA to HR/Risk Management staff to assist in the tracking and management of claims. These reports include monthly loss data and the status of each open claim. These reports are used to identify trends and track costs associated with claims.
- b. On-line Access to TPA Claims Information. The County enjoys on-line access to the TPA's information system which allows access to claims logs, costs, specialized reports and more.
- c. Meetings with TPA. HR/Risk Management staff meet at least bi-annually with the TPA to review the status and management of open claims, schedule special services (e.g. workplace site evaluations, targeted training, fraud investigations, etc.) and opportunities to reduce workplace risk and reduce losses. Meetings can be held at any time during the year at the request of either the County or the TPA.
- d. Employee and Department Contacts. The Senior Administrative Analyst makes regular contact with the TPA and the employees' departments to insure the needs of each are being adequately addressed. These contacts also allow for the exploration of Return to Work opportunities.
- e. Annual Compliance Audits. Audits are completed and published annually to insure that the County is in compliance with all regulations governing the proper handling of workers compensation claims.

6. *Funding/Budget*

- a. Actuarial Studies are statistical calculation of expenditures and risks. Actuarial studies are prepared every two years to help the County better project current year and future claims expenses. These reports are essential to the County's efforts to insure adequate reserves are being

created and maintained to pay current and future workers compensation claims.

- b. Annual Budgets. Annual expenditure budgets are prepared to cover the year's anticipated claim payments, TPA contract costs, and County staff and supply costs in support of the program. These costs are funded with charges to all County departments.
- c. Department Charging System. Charges are based on the actual claims experience related to each department (80%) and their exposure as measured by total payroll costs (20%). A rolling five years of claims experience is used to offset the effects of extraordinary swings in claims. (See Workers Compensation Internal Charge Worksheet).

B. LIABILITY

- 1. *General Description:* This program covers most typical claims made against the County for damage to persons and/or personal property purportedly caused by County employees and/or equipment.
- 2. *Insurance:* The County is fully insured for its liability program through the CSAC-EIA Primary Liability Program. Under this program, the County is only liable for a \$10,000 deductible. All eligible costs over \$10,000 are covered through its excess insurance policy which has a \$20 million annual aggregate cap. An outside claims administrator handles all claims in excess of \$10,000.
- 3. *Incident Reporting by County Employees*
 - a. Reporting of Property Damage or Bodily Injury to the Public: Any property damage or bodily injury occurring on County property is to be reported to the HR/Risk Manager immediately. This includes incidents where no County employee was involved, but it occurred on County property such as an accident on County maintained road, or a fall on the sidewalk outside a County building.
 - b. Reporting Accidents Involving a Member of the Public: Any employee who is aware of an accident on County property involving a member of the public is expected to complete the County of Tuolumne Accident Report-Non Employee. The form can be obtained through the HR/Risk Management Division. This form should be filled out and submitted to County Counsel.
 - c. County Counsel will review the accident form and send a copy to the HR/Risk Manager.

If the form is not accessible at the time of the accident, employees are encouraged to gather the following information:

- (1) Name
- (2) Address
- (3) Description of what happened

- (4) Nature of injury, if any
- (5) Treatment received on scene, by whom?
- (6) Witnesses names and addresses

4. *Claim Process*

- a. The general public may file a Claim for Property Damage and/or Claim for Personal Injury with the Clerk of the Board of Supervisors.
- b. The claim form is forwarded to County Counsel, who will issue a claim number and review. A copy is sent to the HR/Risk Management Division.
- c. The HR/Risk Manager and County Counsel will determine type of action to be taken on the claim by verifying the incident with the department.

5. *Claim Approval Authority & Reporting*

- a. Claims of \$10,000 or Less: The HR/Risk Manager can approve claims that can be settled in the amount of \$10,000 or less with the concurrence of County Counsel.
- b. Claims between \$10,000 and \$50,000: All claims of \$10,000 or more are forwarded to the outside claims. The CSAC-EIA is responsible to settle all claims between \$10,000 and \$50,000 with concurrence of the CAO and County Counsel.
- c. Claims Greater Than \$50,000: Claims greater than \$50,000 require approval of the Board of Supervisors before CSAC-EIA can make final settlement.
- d. Claims Greater Than \$10,000 and Not Eligible Under the EIA Program: In rare instances, claims are submitted which are not eligible for settlement through EIA Program. In such cases where a settlement would be greater than \$10,000, approval must be obtained from the Board of Supervisors.
- e. Board of Supervisors Notification: The Board is to receive quarterly reports on all settled claims.

6. *Reporting/Management*

- a. Monthly Reports for HR/Risk Management Staff. The claims administrator submits a monthly report of claims received year to date to the County and the CSAC-EIA.
- b. Monthly Reports to CAO and County Counsel Staff. All claims are listed on a spreadsheet by fiscal year. The claims listing is updated monthly by the Human Resources Manager and submitted to the CAO and County Counsel for review and analysis.

- c. CSAC-EIA Reports. CSAC-EIA submits reports to the County on claims that have been paid out of the CSAC-EIA fund.

7. *Funding/Budget*

- a. Actuarial Studies. Actuarial studies are prepared annually to help the County better project current year and future claims expenses. These reports are essential to the County's efforts to insure adequate reserves are being created and maintained to pay current and future liability claims. Future claim reserves can be maintained at much lower than in past years given the County's participation in the EIA's Primary Liability Program.
- b. Annual Budgets. Annual expenditure budgets are prepared to cover the year's anticipated claim payments, TPA contract costs, and County staff and supply costs in support of the program. These costs are funded with charges to all County departments.
- c. Department Charging System. Charges are based on the actual claims experience related to each department (80%) and their exposure as measured by total payroll costs (20%). A rolling five years of claims experience is used to offset the effects of extraordinary swings in claims.

C. PROPERTY

- 1. *General Description:* This program provides insurance to protect the County against losses of its physical property (e.g. buildings, vehicles, equipment, etc.).
- 2. *Insurance:* The County maintains a Property Insurance policy through the CSAC-EIA. The property insurance policy covers vehicles, buildings, County property such as desks and computers, as well as leased property such as school district buses or credit card machines and even police dogs. The deductible varies depending on the type of property. For most vehicles, the deductible is \$10,000. Personal sized vehicles are insured at "book" value. More expensive vehicles such as fire engines or graders are insured at replacement value.

Watercrafts and airports are covered through the CSAC-EIA property program with the exception that airport liability is covered under a different insurance company. Watercrafts are replaced at book value with a \$1,000.00 deductible.

3. *Claim Process*

- a. Loss or destruction of property should be reported to the HR/Risk Manager immediately.
- b. For vehicle damage, a County Automobile Accident Report must be completed and submitted to County Counsel. Insurance information should be obtained from the other driver and the names and addresses of witnesses, if possible. Each County vehicle should have a memo in the glove department stating that the County is self-insured. That memo serves as proof of insurance.

- c. If property is stolen or damaged, report to the HR/Risk Manager. In addition, stolen property should be reported to law enforcement.
- d. Property items that are damaged due to flood, fire or any other incident, must be reported to the HR/Risk Manager. The CSAC-EIA will be notified and in turn, contact the insurance adjuster for investigation and appraisal of the damaged property.

4. *Property Settlement*

Outside claims adjusters will evaluate the value of the loss and make recommendation to the CSAC-EIA and the County of the amount the County should be reimbursed. If CSAC-EIA and the HR/Risk Manager agree, the claim is settled.

5. *Funding/Budget*

Property insurance is funded through the same Liability Fund and budgeting process outlined above.

D. MEDICAL MALPRACTICE

- 1. *General Description:* This program provides the County protection against claims brought by private parties purportedly damaged by actions of County employed medical professionals.
- 2. *Insurance:* The County maintains Medical Malpractice insurance through the CSAC-EIA. The program covers bodily injury, health facilities general liability, and professional liability for staff and physicians and blanket coverage for contract professionals working on behalf of the County. An outside claims administrator handles claims in excess of \$10,000.
- 3. *Claims Process*
 - a. Claims involving medical malpractice are filed with the Clerk of the Board of Supervisors. The claim is forwarded to County Counsel who will issue a claim number.
 - b. If the claim involves the Public Health Department, County Counsel will forward to the claims administrator.
- 4. *Claim Approval Authority & Reporting*
 - a. Claims of \$10,000 or Less: The HR/Risk Manager can approve claims that can be settled in the amount of \$10,000 or less with the concurrence of County Counsel.
 - b. Claims between \$10,000 and \$25,000: All claims of \$10,000 or more are forwarded to the outside claims administrator who in turn will investigate the validity of the claim. The CSAC-EIA is responsible to settle all claims

between \$10,000 and \$25,000 with concurrence of the CAO and County Counsel.

- c. Claims Greater Than \$25,000: Claims greater than \$25,000 require approval of the Board of Supervisors before CSAC-EIA can make final settlement.

5. *Funding/Budget*

- a. The Public Health Department and Behavioral Health Department are responsible for 100% of the claims and premiums.
- b. The CSAC-EIA informs the County how much of the premium is payable by each department based on the number of patients seen, medical procedures performed, etc. in Public Health and Behavioral Health.
- c. Insurance premiums and deductibles are funded and expended directly from each department's operating budget.

E. CERTIFICATES OF INSURANCE

1. *Proof of County Insurance to Others*. It is common for other organizations to request proof of insurance from the County when there is a contract involved or use of facilities. The claims administrator issues certificates of insurance. In order to obtain an insurance certificate, a request must be submitted to the Human Resources/Risk Manager.
2. *Proof of Insurance from Vendors*. The County requires certificate of insurance from vendors who provide service to the County. The contract will stipulate what type of insurance coverage is required. The vendor insurance certificates are maintained in the Human Resources/Risk Management Division, a copy is forwarded to the department for which services are provided.
3. *Proof of Insurance for Special Events*. The Special Event program is liability coverage provided by the insurance administrator for a fee. The program covers for one day or multiple day events. A tenant/user who has been permitted to hold an event on County premises may request insurance coverage through this program by contacting the Human Resources/Risk Management Division.

Litigation

A. PROCESS

1. A claim must be filed for personal injury and/or property damage per Government Code, Section 910. Claimants have six months from the date of incident to file a claim. Claims received after six months will be returned to the claimant with an application to file a late claim. If a claim is not resolved or rejected, then the claimant may file a lawsuit against the County.

2. If a lawsuit is filed, County Counsel will determine if the case can be handled in-house. With some exceptions, if the cost to defend exceeds \$10,000, the case will go to outside counsel. Note: County Counsel fees are not applied to the \$10,000 deductible.
3. If the case can be summarily disposed of, the case will be handled in-house.
4. County Counsel oversees all cases that are sent to outside legal counsel.

Special Regulatory Programs

A. California Division of Occupational Safety and Health (Cal/OSHA)

1. *General Description:* Cal/OSHA enforces all occupational safety and health standards and regulations. Cal/OSHA conducts inspections of workplaces in response to a report of an industrial accident, a complaint, or as part of an inspection program targeting industries that have a high rate of occupational hazards, fatalities, injuries or illnesses. Fines can be levied for OSHA non-compliance.
2. *County Responsibilities:* All departments are to provide a safe and healthful workplace as well as comply with Cal/OSHA record keeping of injuries and illnesses (300 form) and posting requirements. If a Cal/OSHA complaint is filed against the County, the department will notify the HR/Risk Manager. The complaint will be investigated and corrective action will be submitted to Cal/OSHA.

B. Health Insurance Portability and Accountability Act (HIPAA)

1. *General Description:* HIPAA is aimed at insuring portability of health coverage for private individuals, protection of specified information about individuals, and establishing a uniform system for charging for health care services. The program contains very specific actions that need to be accomplished, timelines and severe consequences for non-compliance. This program is now monitored by the County Privacy/Security Officer as well key individuals assigned to the departments that must comply with HIPAA requirements.
2. *Key Components of HIPAA*
 - a. *Privacy:* The Privacy Rule, which became effective April 2003, gives individuals a fundamental new right to be informed of the privacy practices of their health plans and of most health care providers, as well as to be informed of their privacy rights with respect to their personal health information.
 - b. *Transactions & Code Sets:* This rule improved the Medicare and Medicaid programs and other Federal health programs and private health programs by simplifying the administration of the system with the

standardization of transaction and code sets used throughout the United States.

- c. *Unique Employer Identifiers:* This rule describes how an employer must be identified when they transmit information to health plans to enroll or disenroll an employee as a participant in a health plan as well as tracking of health plan premium payments or contributions relating to an employee.
- d. *Security:* The Security Rule adopted national standards for the security of electronic protected health information (EPHI) that is created or received by a covered entity. These safeguards will protect the confidentiality, integrity and availability of EPHI.
- e. *Enforcement:* The Enforcement Rule set forth procedural and substantive requirements for imposition of civil money penalties on covered entities that violate HIPAA.
- f. *First Report of Injury:* “First report of injury” is not a general term or transaction in the health care insurance industry but is used by an employer to report an employee injury or illness for workers compensation.
- g. *Claim Attachments:* This rule defines and standardizes six different claim attachment formats that may be requested by an insurance plan from a health care provider to justify submitted charges. This standardization will help automate preparation and adjudication of claims with attachments.

Appendix:

Return to Work Program

Worker’s Compensation Internal Charge Worksheet

Worker’s Compensation Benefit Form (DWC-1)

Supervisor’s Investigation Form

Acknowledgement Form

Employer’s Report of Occupational Injury or Illness (5020 form)

Liability Budget

Claim for Property Damage

Claim for Personal Injury

County Automobile Accident Report

Certificate of Insurance

County of Tuolumne

Vendor

Special Event Certificate

County of Tuolumne Accident Report Non-Employee

Cal/OSHA Form 300