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Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, APRIL 1, 1992
KENNETH HAHN HALL OF ADMINISTRATION
500 West Temple St., Los Angeles, CA 90012

Editorial Note: Agenda sections may be taken out of order at the discretion of the chair. Any reordering of sections is reflected in the presentation of these minutes.

I. CALL TO ORDER

Chairperson Gunther Buerk opened the meeting a 9:30 a. m

II. INTRODUCTIONS AND ANNOUNCEMENTS

None

III. APPROVAL OF COMMISSIONER'S ABSENCES

COMMISSIONERS PRESENT:

Fred Balderrama
Gunther W. Buerk
Marshal Chuang
Jack Drown
Dr. Alfred Freitag
Dr. Mike Gomez
Jonathan Fuhrman
Marvin Hoffenberg
Chun Y. Lee
Carole Ojeda-Kimbrough
Robert H. Philiposian
Betty Trotter
Efrem Zimbalist, III

COMMISSIONERS EXCUSED:

Richard Barger

George Bodle
Louise Frankel
Abraham M. Lurie
Daniel Shapiro
Randy Stockwell

GUESTS

Mr. Edward Barrios, Director, Risk & Insurance Management Agency (RIMA)
Mr. Eric Webber, Assistant Director, Risk & Insurance Management Agency (RIMA)
Dr. William C. Waddell, representing the Productivity Commission
Bruce J. Staniforth, Newly-appointed Director of the Economy & Efficiency Commission

STAFF

Ms. Cathy Carr, Interim Director
Ms. Robin Kincaid, Office Manager\Executive Assist.

The absences of Commissioners Barger, Bodle, Frankel, Lurie, Shapiro, and Stockwell, were excused by vote of the Commissioners present.

IV. APPROVAL OF MINUTES

Minutes of the March 11, 1992 full Commission meeting were approved with the following correction: The Department of Social Services aided 900,000 people in November, 1989, whereas in November, 1990 they assisted 1.3 million people.

V. NEW BUSINESS

PENSION STUDY

Commissioner Freitag stated that he, Cathy Carr, and Bruce Staniforth met with Don Landis, chair of the Productivity Commission, Sara Stivelman, first vice-chair of the Productivity Commission, and Diana De Noyelles, a staff member of the Productivity Commission, on March 27, 1992 to discuss division of tasks. In essence, the meeting was a brainstorming of ideas. It was decided that the Economy & Efficiency Commission would concentrate on the legal aspects, while the Productivity Commission would deal with the historical aspects of the study.

Members of the E & E task force are Commissioner Freitag serving as chair, Commissioner Chuang, Commissioner Frankel, commissioner Ojeda-Kimbrough, and Commissioner Philibosian. The E & E task force is tentatively scheduled to hold their first meeting on April 28, 1992, at 9:30 a.m. in the commission office.

EXECUTIVE DIRECTOR UPDATE

Commissioner Zimbalist welcomed Mr. Staniforth to the meeting. He noted that Mr. Staniforth and the County Counsel has approved and signed the contract, which has been placed on the Board's agenda for Tuesday, April 7th. The contract will be in-force the day following approval by the Board. Mr. Staniforth anticipates working on a part-time basis until May 4th, at which time he will start full time.

It was noted that arrangements are being planned for a reception and introductions for Mr. Staniforth to meet with the Supervisors and/or a member of their staff, and also with department heads, and other appropriate county personnel.

Commissioner Zimbalist thanked the task force members for their assistance during the search process. He believes the Commission made the best choice possible and noted that he and the Commissioners are looking forward to working with Mr. Staniforth.

Chairperson Buerk also thanked the task force members for their work in completing the search project. He also suggested that when meetings are scheduled with the Supervisors, the chair and vice- chair of the Commission, and the Supervisor's respective appointees be included in the meetings.

VI. OLD BUSINESS

PUBLIC ACCESS UPDATE

Commissioner Trotter stated that most of the information needed has been obtained, and the task force is in the process of consolidating that information into a draft report. She also noted that most of the people interviewed agreed that

there is a need for clarity of actions taken during Board meetings. One of the recommendations the task force may make is to have a fuller explanation of the rules printed in the agenda.

Commissioner Trotter hopes to provide a more extensive update at the May 6th full Commission meeting.

REAL PROPERTY UPDATE

Due to Commissioner Stockwell's absence from today's meeting, Ms. Carr updated the Commission. She noted that Commissioner Stockwell and she attended the first meeting of the Real Property Steering Committee, which was held on March 26th. The Steering Committee has established a working committee. The working committee is comprised of representatives for those major departments representing the steering committee. (CAO's office, Sheriff's office, ISD, Health Services, Assessor's office, Beaches & Harbors, Parks & Recreation, Public Works, Sheriff's, and the Treasurer & Tax Collector's office). A representative from the Sheriff's department was not in attendance at this meeting.

The working committee met to discuss some key elements of the E & E Commission's recommendations, which included the preparation of a Board policy statement, formulation of a market-based rent program, and to ensure department head level accountability and involvement.

The Commission's involvement on the steering committee is primarily as an observer and consultant to make sure that the implementations of the report are carried out as intended.

PRODUCTIVITY COMMISSION UPDATE

Dr. Waddell addressed the issue of the different roles between the two Commissions. He noted that in the past, the E & E Commission's interest was in organizational units, i.e., organizational structure and reporting. Whereas, the Productivity Commission's interest leaned toward the effectiveness of the processes and the efficiency in which they should be carried out, and also revenue enhancement.

Commissioner Zimbalist stated that the roles of the two commissions seem similar, as the E & E commission looks into the effectiveness and efficiency of County departments. He believed that the Productivity Commission's role was to look at a specific tasks, and to encourage and enhance productivity in the County, whereas, the E & E Commission's role was to look at efficiency issues, in broader terms. Commissioner Zimbalist suggested that the roles of the two Commissions be more clearly defined to avoid overlapping.

Dr. Waddell noted that the Productivity Commission's mission statement states their mission as providing expert advice, assistance and support to the County's elected officials, managers and employees which promote the effectiveness, efficiency, and quality of County activities and public services.

Commissioner Buerk stated that he doesn't see the need for a legal definition of the two commissions roles, as the Commission will take on a project assigned by the Board as long as it is in the Commission's realm, as will the Productivity Commission. He believes that having Dr. Waddell attend the E & E Commission's meetings as the Productivity Commission's liaison will avoid overlapping of studies.

Commissioner Trotter believes that it may be helpful to have an E & E Commission representative attend the Productivity Commission's meetings. The motion was entered to have Commissioner Trotter represent the E & E Commission at Productivity meetings, moved and unanimously carried the by the Commissioners present.

It was noted that the Productivity Commission, Productivity Managers Network and ISD will present a technology conference on April 22nd in Pasadena. The conference is an all day event, and will address the issues of public access, image management, telecommuting, and geographic information systems. The conference is free and open to anyone wishing to attend. (Copies for Commissioners are included in their packet).

VII. PRESENTATION

Mr. Edward Barrios, Director, Risk & Insurance Management Agency (RIMA)

Mr. Eric D. Webber, Assistant Director (RIMA)

Subjects:

- RIMA's role {staffing, budget, etc.} and responsibilities to the County;
- How RIMA interacts with other County departments, the public and the Board of Supervisors;
- The role RIMA performs in relation to the County's liability process; and, Where RIMA foresees the County heading in the future, in terms of liability problems, and what steps are necessary in order to improve the handling of liability cases.

Mr. Barrios and Mr. Webber were welcomed to the meeting.

By way of background on the two speakers, it was noted that in 1963 Mr. Barrios spent five years with L.A. USC medical center. In 1971 he joined the department of personnel in employment and training, from there he moved to classification and compensation, to employee relations. In 1983 he moved on to the workers compensation program. When RIMA was formed he became assistant Director, and two years ago he was appointed Director.

Mr. Eric D. Webber has recently been appointed Assistant Director of RIMA. Mr. Webber was previously with the Superior Court as an assistant executive officer.

Before Mr. Barrios started his presentation, packets were handed out to the Commissioners present. Mr. Barrios began his presentation by noting that in the past the County had a separate Chief Administrative Office which had a property and casualty division, and a separate Department of Personnel. The personnel department had a workers compensation division, an occupational health division, and an employee benefits division. When the two departments were consolidated, along with some of the separate operations. As a result RIMA was created in 1989.

RIMA is located in Commerce where 80 employees handle the primary responsibilities. There are also offices located in Los Angeles that handle occupational health, and an office that houses the psychological employee assistance group.

RIMA has developed a business plan which incorporates business and marketing concepts. Each division within RIMA has developed individual business plans that will also include a forecast for the next few years. In the past, general fund losses were funded centrally. A key strategy in the business plan was to de-centralize the budget.

Department budget estimates are based on the departments' past years experience. The new budget estimates are based on adjustments through new experience.

Mr. Barrios noted that the County is self-insured and normally doesn't buy insurance policies unless there is a genuine need.

RIMA has four operational divisions and one fiscal division. Employee Benefits Division, which include all County medical, life, and dental insurance. These plans are administered by insurance carriers and benefit providers. RIMA maintains constant contact with providers to ensure that benefits and services are properly communicated. RIMA also processes insurance enrollments, changes and cancellations, death claims, and other administrative functions.

Approximately 80% of all County employees are enrolled in HMO medical plans. Enrollment through cafeteria plans is annual. There is also a joint labor management committee called the Employee Benefit Advisory Committee. This committee rotates chair, and provides negotiation for the benefits plans. Labor unions play a major role in benefit selection.

Employee Disability Division, includes three comprehensive programs: Workers' compensation program in which RIMA provides management and oversight functions of this program, and also monitors questionable claims and audits the contract firms. Long-term disability and survivor benefit plan in which RIMA provides direction to the program and directs the work of the private claims adjusting firm, and offers assistance in developing procedures for notifying employees of benefits that are available under this plan. Return-to-work program in which RIMA develops County policies and procedures for employees returning to work due to an injury, and assists and coordinates the work of departmental return-to-work staff.

There are approximately 16,000 open cases, including older injury cases. New cases average 14,000 a year out of 80,000 employees. Most of the cases are as a result of medical injuries. Workers' comp cases are costly, and problematic in California. RIMA is actively seeking reforms in the worker comp area. The payout for workers' compensation this year will be approximately \$110 million dollars, with 60% of this in medical benefits.

Occupational Health Division offers a variety of health services. These services includes general and specialized medical and psychological exams that assist departments in assuring that individuals selected as employees can safely perform their jobs.

Medical and psychological reevaluations determine whether an employee's physical or psychological capacities allows continued safe work. Employee assistance program that provides short term counseling and referral services to employees and their families for a broad range of personal and job-related problems. Occupational disease prevention and control\health education that offers a variety of activities tailored to a department's work force, in terms of disease prevention, health counseling, and first aid training.

Property\Casualty Protection, offers services to protect against property damage or liability loss. These services include risk analysis designed to protect against financial loss. Loss prevention and control to reduce financial and personnel

losses. Insurance administration services include methods of determining the appropriate levels of commercial insurance and self-insurance. Claims management services include monitoring the investigation and administration of claims, and assisting legal counsel in their monitoring and reviewing legal defense and settlement of lawsuits.

Environmental Health & Safety Division is considered loss control. This division assists clients in reducing employee injury\illness incidents, and to maintain compliance with Federal and State requirements.

Commissioner Zimbalist inquired if RIMA negotiates with vendors who put out RFP's, if they evaluate different programs, and if RIMA is also involved with claims management. Mr. Barrios stated that REMA does negotiate with vendors, and administers overall programs. However, RIMA does not directly manage claims.

Commissioner Drown inquired about the hiring of the third party administrators. Mr. Barrios stated that the first time third party administrators were used for workers' compensation was in 1987, and was done through the RFP process. RIMA has three firms that serve as third party administrators. The firms charge approximately \$450 per claim. Third party administrators also handle medical malpractice cases, auto liability cases, and long term disability cases.

Commissioner Zimbalist inquired if there is an information system that show reports, by departments, of their losses. Mr. Barrios stated that RIMA does have such a system for workers' comp, third party administrators provide information on the other types of cases.

Mr. Barrios also noted that RIMA has instituted a number of cost control measures, ranging from quality assurance to reviewing claims management on-site. RIMA also has their own workers' comp system, which the third party administrators uses.

Commissioner Trotter inquired if there is a certain number of safety accidents that reoccur, and who would have the authority to make sure the necessary changes are instituted. Mr. Barrios noted that safety measurements are a departmental function, it is up to the departments' risk managers to make sure safety requirements are enforced and dealt with accordingly.

Commissioner Zimbalist inquired as to the forecast for workers' compensation. Mr. Barrios stated that he believes workers' comp is a very difficult issue to deal with. Some reforms have been instituted, however, the reforms have added complexities, e.g., more paper work, and rules that are harder to maintain. He believes that Labor and management need to come to a consensus on the issue of workers' compensation. Mr. Barrios also stated that California is one of the highest paid, in terms of cost, in the workers comp area in the United States.

Chairperson Buerk inquired as to RIMA's budget, their various components, and their profitability. Mr. Barrios noted that workers' compensation payout approximately \$110 million per year; medical malpractice - approximately \$40 million per year; auto and general liability - approximately \$20 million per year.

RIMA's total budget is more than \$10 million dollars per year, which includes hiring third party administrators, purchasing insurance policies, and services that are procured for departments.

Mr. Barrios noted that RIMA's business philosophy is to be competitive with outside resources. RIMA recommends budget estimates for departments, letting them know what they will need to allocate for services, and the departments are billed according to services provided. RIMA's continued success is dependent upon the departments using their services.

Chairperson Buerk noted that the Commission has been given a study, by the Board of Supervisors, to look into the County's risk management issue, and mention to Mr. Barrios that the Commission would like to contact him during the course of the study. Mr. Barrios stated that he would be happy to offer whatever assistance he could.

Chairperson Buerk thanked Mr. Barrios, and Mr. Webber for taking the time to address the Commission.

II. INTRODUCTIONS AND ANNOUNCEMENTS (continued)

Chairperson Buerk stated that once the permanent staff is on board, the Commission should review the list of projects in progress, and also the list of projects noted in the interest study survey. For the May Commission meeting, Chairperson Buerk suggested that Commissioners offer their ideas for the planned meetings with the Supervisors to introduce the new director, and that the Commission discuss future projects, hiring of consultants, and also have a discussion on the Commission's budget.

It was also noted that Chairperson Buerk was profiled in the March 31, 1992 issue of the Civic Center NewSource. (Copies were available as handouts at this meeting).

VIII. COMMENTS AND SUGGESTIONS FROM VISITORS

None

IX. ADJOURNMENT

The meeting was adjourned by vote of the Commissioners present.

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