

Risk Management



Our Challenge

- Costs in all areas of operations have gone up. How do we keep our costs as low as possible, maintain the safest work place, all while preserving the assets of the County?
 - Risk Assessments, Benchmarking, raw stats, Safety/COOP Committee and citizen input and lots of training and education.

How are we doing with your County assets?

- Property and Casualty
 - Fifth year running, lowest experience rating among all 27 counties in Risk Pool , (42% spread, \$250K) (WCRP)
 - Examples:
 - Law Enforcement, 65% less than expected loss rate
 - Negligent Vehicle Operation, 38% less than expected loss rate
 - **Personnel Losses, 51% more than expected loss rate**
 - Road Issues/Design, 83% less than expected loss rate
 - Civil Rights/Misc., 71% less than expected loss rate

10-yr Claim Frequency and Severity

FREQUENCY				
(Average -8 Claims Per Month)				
S E V E R I T Y		Low	Moderate	High
	High	Employment Losses F(1%) S(\$182K)		
	Moderate		Vehicle Operation F(17%) S(\$4.7K) Law Enforcement F(18%) S(\$5.8K)	Infrastructure F(64%) S(\$4.4K)
	Low			

5-yr Claim Frequency and Severity

FREQUENCY				
(Average - 10 Claims Per Month)				
S E V E R I T Y		Low	Moderate	High
	High	Employment Losses F(2%) S(\$97K)		
	Moderate		Vehicle Operation F(24%) S(\$4.7K)	Law Enforcement F(34%) S(\$2.7K)
	Low			Infrastructure F(40%) S(\$2.2K)

Side by Side Comparison, results, last 5 years of 10, we have reduced the per loss value for Law Enforcement and Infrastructure while Personnel Claims have doubled in frequency. Basic definitions examples; Employment, wrongful termination; Vehicle Operations, car crashes; Law Enforcement, jail, arrest and patrol damages; Infrastructure, pot holes, chip seal, etc.

10-yr Claim Frequency and Severity

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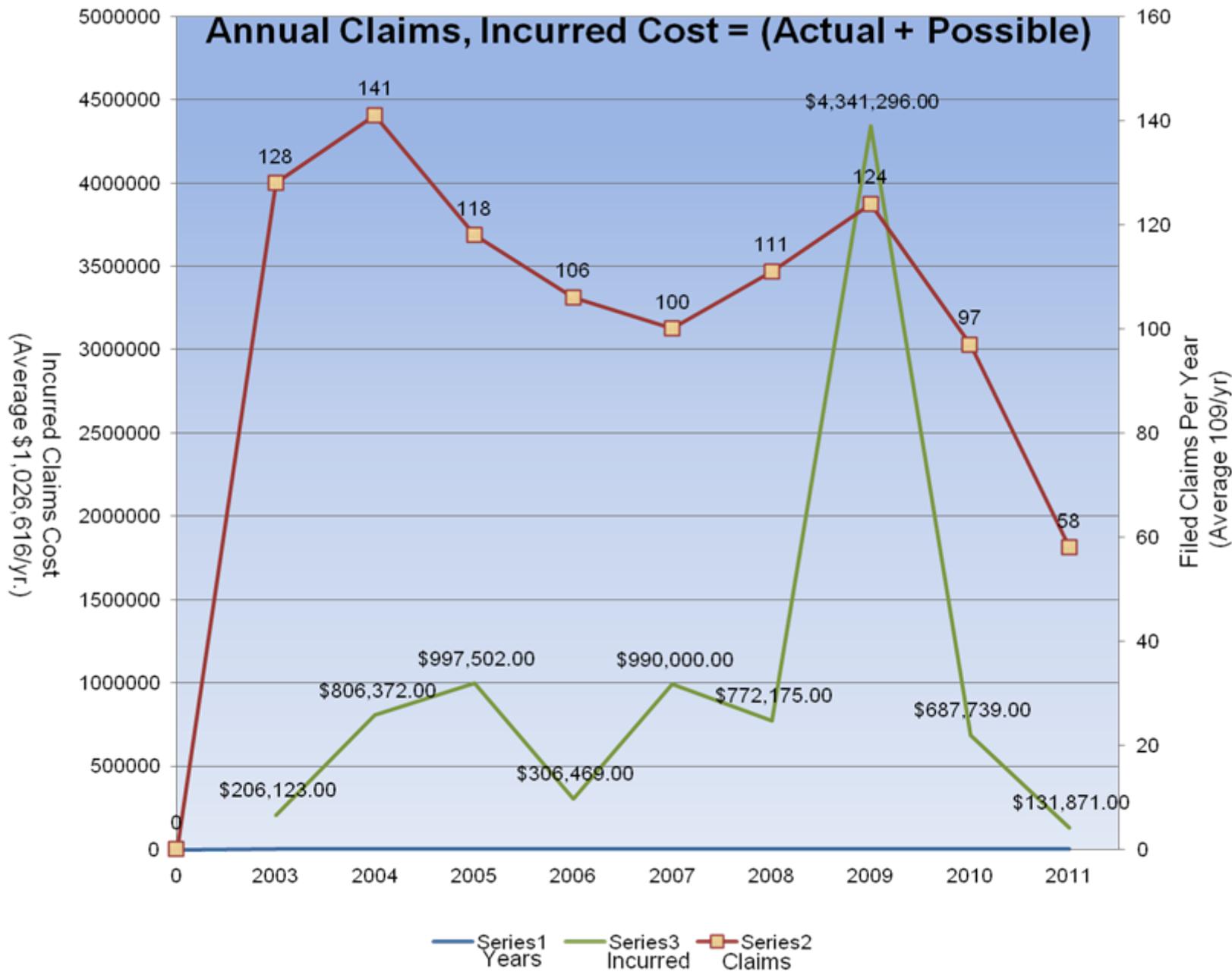
5-yr Claim Frequency and Severity

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Actuarial Issues RE: Liability Fund

- Since 2002, revenue v. budget have been short \$400K for each year.
- Investment balance slowly reduced from \$9M to \$1.5M today.
- Suggested minimum reserve @75% confidence level now requires over \$5M, we're short \$3.5M.
- Working to make up both revenue and reserve shortfall through rate adjustments.
 - A plan is in place subject to readopt

Annual Claims, Incurred Cost = (Actual + Possible)



Workers' Compensation

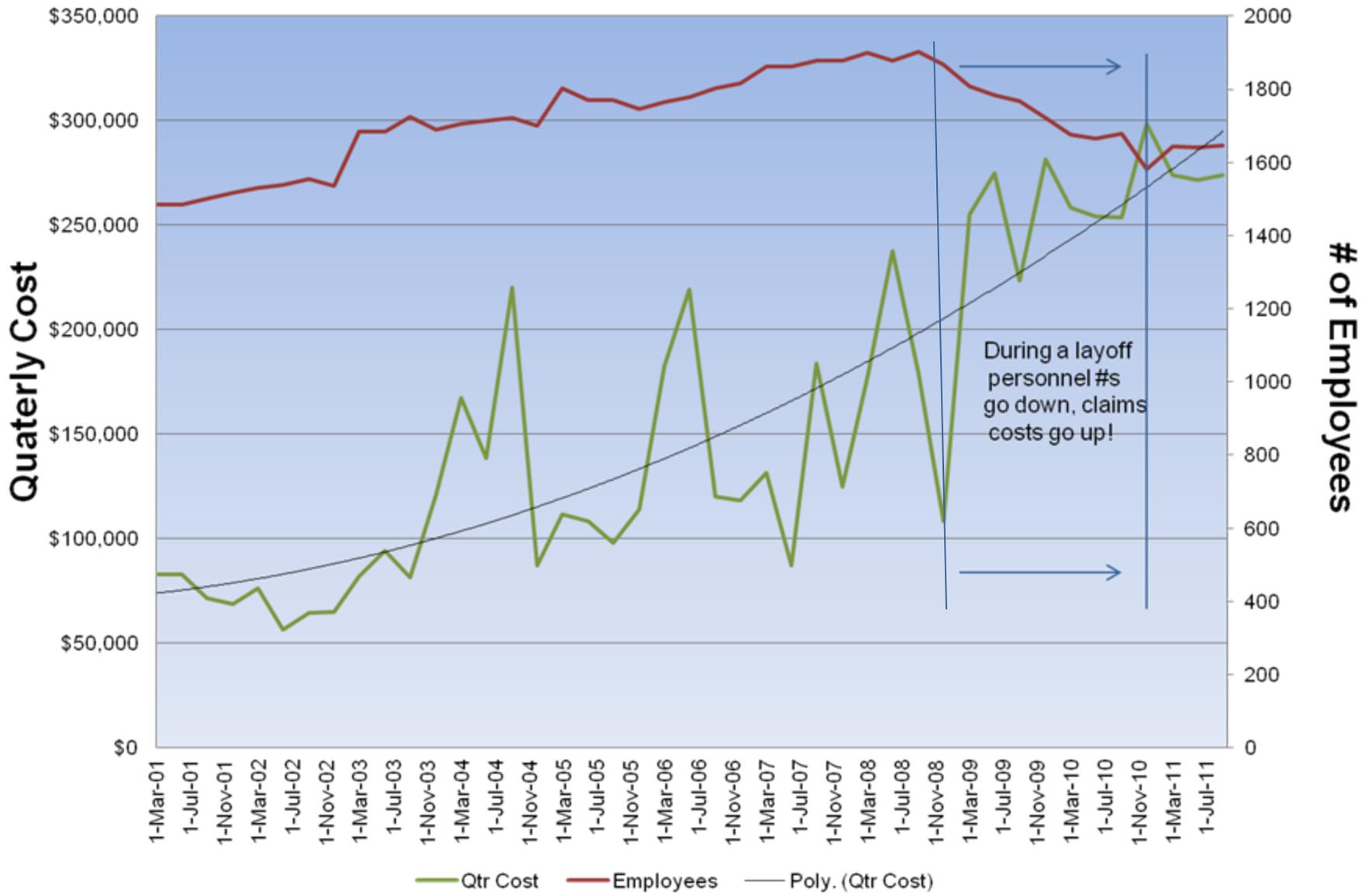
- Workers' Compensation
 - According to Midwest Employers Casualty our excess insurance carrier benchmarked 386 public national public entities
 - Clark County, has the LOWEST LOSS FREQUENCY AND SEVERITY, per employee and hours worked, among all but one of the 386 public entities audited!

Workers' Compensation

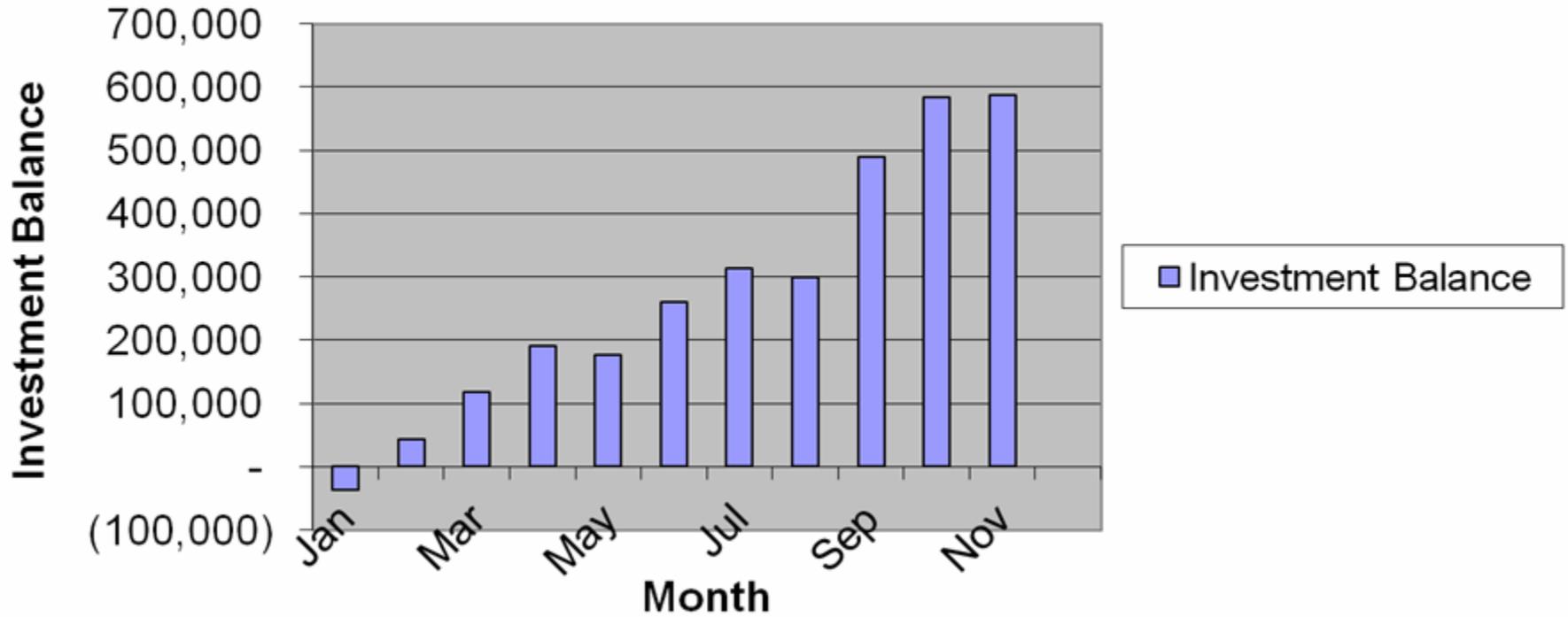
As a captive state program driven by L and I, we have no discretion in medical coverages, time loss, and claim acceptance or denial. However, in light of this, our TPA acts as a PPO with negotiated rates and bill reviews saving us 42% overall.

Our total program costs breakdown as medical costs 30% and Time Loss payments 70% of each dollar spent.

Workers' Comp Quarterly Cost and # of FTE



Workers Compensation 2011 Investment Balance



Managed Care Savings

Client: 003589 - CLARK COUNTY, WASHINGTON

Payment Dates: Nov 1, 2010 thru Oct 24, 2011

Managed Care Services: BILL REVIEW, CLINICAL VALIDATION, ENHANCED SYSTEM SAVINGS, OUT OF NETWORK, PHYSICAL MEDICINE, PPO, RX/DENTAL

Level: CLARK COUNTY Pyramid Units: All Units

Include Paycodes: All Pay Codes

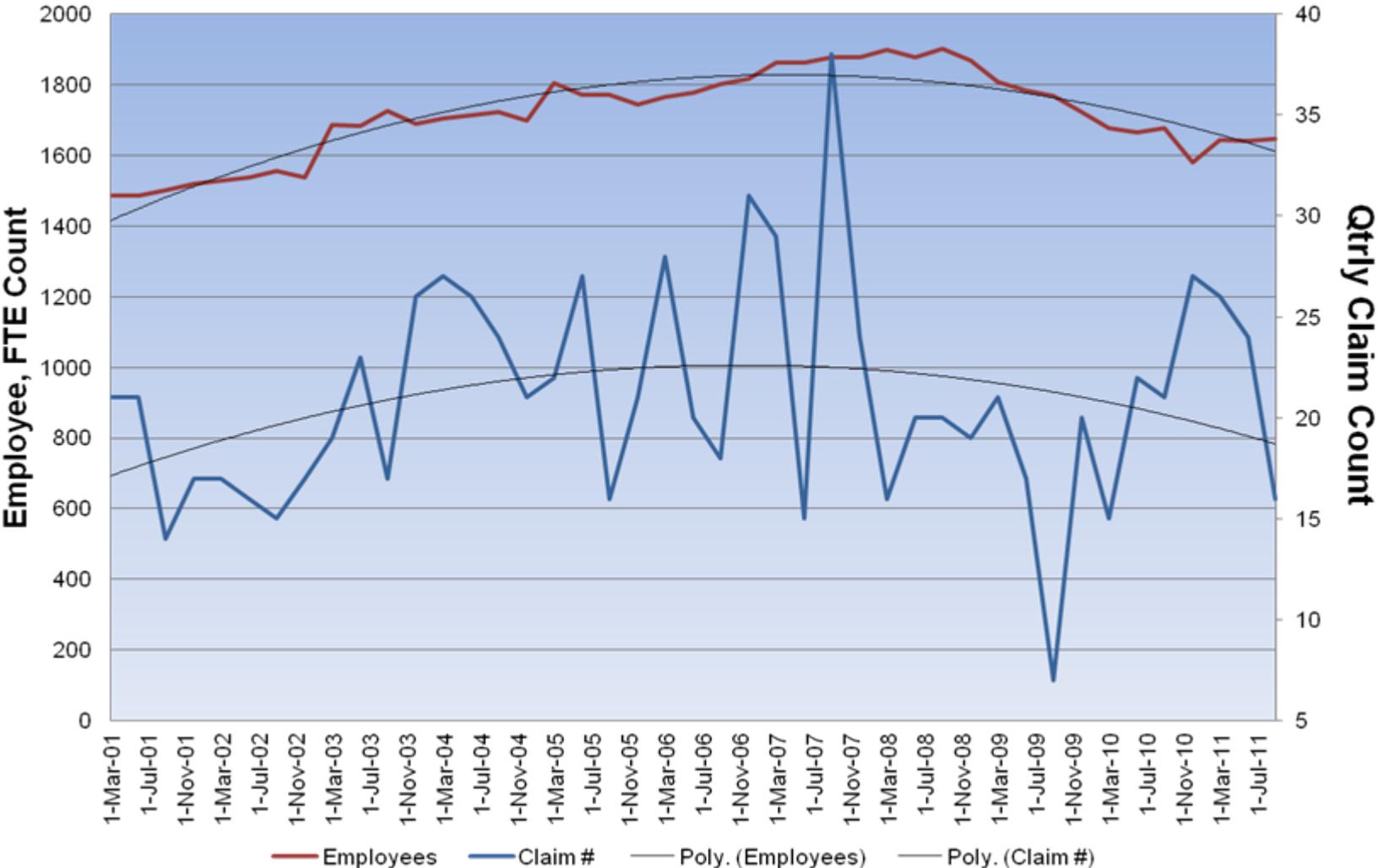
State: All States

Vendor: All Vendors

Loss Program/Claim Period: All LP/CP

State Code	Managed Care Service	Number of Bills	Charges	Savings	Savings %	Expense	PPO Bill Penetration	PPO Charge Penetration
CLARK COUNTY								
WA	FEE SCHEDULING - GBMCS/FH	1,568	831,591.67	343,123.08	41.3%	14,820.00		
	FEE SCHEDULING - MEDRISK	28	5,037.00	4,328.58	85.9%	273.00		
	ENHANCED SYSTEM SAVINGS - GBMCS/FH	506	233,704.35	115,508.82	49.4%	0.00		
	CLINICAL VALIDATION - GBMCS/FH	5	3,375.96	743.79	22.0%	223.13		
	PPO-PHYSICIAN-AETNA	1	84.03	0.00	0.0%	0.00		
	PPO-INPATIENT-FIRSTHEALTH	21	55,235.76	82.65	0.1%	24.80		
	PPO-OUTPATIENT-FIRSTHEALTH	49	28,957.03	0.00	0.0%	0.00		
	PPO-PHYSICIAN-FIRSTHEALTH	442	84,316.60	3,521.88	4.2%	1,056.82		
	PPO-PHYSICIAN-FOCUS	65	8,404.79	887.56	10.6%	266.03		
	PPO-PHYSICIAN-INTERPLAN	85	8,711.71	353.62	4.1%	106.06		
	PHYSICAL MEDICINE - MEDRISK	6	708.42	17.46	2.5%	5.22		
	OUT OF NETWORK - GBMCS/FH	2	3,097.50	188.50	6.1%	65.98		
	PRESCRIPTIONS - FIRST SCRIPT	110	7,023.98	0.00	0.0%	0.00		
	PRESCRIPTIONS - FIRST SCRIPT MAIL	2	393.92	0.00	0.0%	0.00		
WA		1,596	844,046.57	468,755.94	55.5%	16,841.04	41.5%	38.0%
CLARK COUNTY		1,596	844,046.57	468,755.94	55.5%	16,841.04	41.5%	38.0%
Summary		1,596	844,046.57	468,755.94	55.5%	16,841.04	41.5%	38.0%

Workers' Comp #of Employees and Claims



Risk Challenges

- Overall insurance premium increase of \$109,644 (11%) since 2010-2011 year over year
- Nearly doubling our incurred property and casualty claims costs over the last two years
 - Impacts the Liability reserve requirement
 - New National Underwriting Maps
- How to replenish the Liability Reserve fund with minimal impact across the County.....settled nearly \$1,000,000 in claims this year.
 - Good news and Bad news

So, what did we do to fix it?

TRAIN, TRAIN, and more Training based on frequency and severity:

- 1) HR/Employee - ADA/WLAD, Mgmt & Sup Tng., Counseling, EEO/Discrimination, special tng.
- 2) Vehicle Operation - EVOC the slow way, driver's training, Accident Review Board
- 3) Law Enforcement - CCSO internal analysis, daily bulletins etc.
- 4) Infrastructure – potholes, paint, ROW work