

San Jose Fire Fighters · Local 230

425 E. Santa Clara Street, Suite 300, San Jose, CA 95113 • (408) 286-8718 • FAX (408) 286-2577



October 5, 2011

Alex Gurza, Deputy City Manager City of San Jose – Office of Employee Relations 200 East Santa Clara Street San Jose, CA 95113

RE: Police and Fire Department Proposal

Dear Alex:

At yesterday's Retirement Reform Negotiations meeting between the City of San Jose, and San Jose Police Officer's Association and San Jose Fire Fighters, IAFF Local 230, we formally introduced, as part of our September 28, 2011 proposal, participation in a pilot program modeled similar to the City of Long Beach Workers' Compensation Supplemental Dispute Resolution Program.

I agreed that Local 230 would provide background information on the Long Beach model. Please find the attached program documents.

Thank you.

Robert Sapien, Jr., President

Cc: George Beattie, President – San Jose Police Officers Association John Tennant, Esq. – Legal Counsel to SJPOA Gregg Adam, Esq. – Legal Counsel to SJPOA Jeff Welch, Vice-President, SJFF, Local 230 Christopher E. Platten, Esq. – Legal Counsel to SJFF, Local 230



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-26

333 West Ocean Boulevard 13th Floor . Long Beach, CA 90802

August 4, 2009

HONORABLE MAYOR AND CITY COUNCIL City of Long Beach California

RECOMMENDATION:

Authorize the City Manager to enter an agreement with the Long Beach Police Officers Association and Long Beach Firefighters Association, to continue the Workers' Compensation Supplemental Dispute Resolution Program for a one-year period, and thereafter, continuing from year to year unless terminated by either party. (Citywide)

DISCUSSION

In October 2007, the City Council approved a one-year pilot Workers' Compensation Supplemental Dispute Resolution Program with the Long Beach Firefighters Association (LBFFA) and the Long Beach Police Officers Association (LBPOA). Following City Council approval, City staff worked with the State of California, the LBFFA and the LBPOA to implement the Program. At that time, the City of Long Beach became the first public entity in the State of California to take advantage of the new provisions in SB899 allowing for the negotiation of "carve-out" programs in the Workers' Compensation system. The primary goal of the City's Supplemental Dispute Resolution (SDR) Program was to reduce delays inherent in the State's system when a medical dispute arose between the City and the employee. During the calendar year of 2008, a total of 55 Police and Fire claims participated in the City's SDR process. The City contracted with 56 physicians in various specialties to serve as Independent Medical Examiners (IME) for the Program.

An analysis of the one-year pilot program demonstrated that the City's SDR Program resulted in shortening the dispute process, reduced City costs and increased employee satisfaction with the handling of their Workers' Compensation claims. Under the State's dispute system, in which the employee had to see an Agreed Medical Examiner (AME) or a Qualified Medical Examiner (QME) to resolve a dispute, the time for resolution was, on average, 234 days for Police Officers and 215 days for Firefighters. Under the City's SDR Program, the time for resolution of the medical dispute was reduced to 59 days for Police Officers and 63 days for Firefighters. In addition, exams for Police-related claims cost 27 percent less when using an IME instead of an AME/QME, and the exams for Fire-related claims cost 7 percent less when using an IME instead of an AME/QME. Under the City's contract, IME's are paid a premium above the State fee schedule to meet the 60-day turnaround time mandated by the contract. Costs of the Program will

HONORABLE MAYOR AND CITY COUNCIL August 4, 2009 Page 2

continue to be analyzed as the claim sample increases and the claims mature. In addition, a survey of the SDR participants indicated most of the participants responded positively to the facets of the SDR Program, though the response rate to the survey was relatively small. With the positive results from the first year pilot SDR Program, staff is recommending the Program be continued. Staff will continue to monitor results to insure continued positive performance. In addition, staff will explore extending the Program to other employee associations in the future.

This matter was reviewed by Deputy City Attorney Christina Checel July 14, 2009, and Budget and Performance Management Bureau Manager David Wodynski on July 17, 2009.

TIMING CONSIDERATIONS

City Council action is requested on August 4, 2009 to extend the SDR Program with Long Beach Firefighters Association and Long Beach Police Officers Association to insure positive Program results continue.

FISCAL IMPACT

The Supplemental Dispute Resolution Program is expected to generate savings to the City through decreased litigation and quicker resolution of Workers' Compensation claims while improving service to our injured employees. The City will continue to evaluate costs of this Program as the claims continue to mature and the claim sample enlarges. Costs associated with this Program are paid through the Insurance Fund (IS 390) and the Citywide Activities Department (XC).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

SUZÁNNE R. MASON

DIRECTOR OF HUMAN RESOURCES

anne R Maxon

APPROVED:

SRM:MA

PATRICK H. WEST

OFFICE OF T. TY ATTORNEY ROBERT E. SHANNON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664

RESOLUTION NO. RES-07-0136

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING A LABORMANAGEMENT WORKERS' COMPENSATION
SUPPLEMENTAL DISPUTE RESOLUTION AGREEMENT
WITH LONG BEACH POLICE OFFICERS' ASSOCIATION,
AND AUTHORIZING AND DIRECTING THE CITY
MANAGER TO EXECUTE SUCH AGREEMENT AND
DIRECTING CERTAIN IMPLEMENTING AND RELATED
ACTIONS

WHEREAS, on the date of this resolution, the City Council has considered a Labor-Management Workers' Compensation Supplemental Dispute Resolution Agreement ("Agreement") between the City of Long Beach and Long Beach Police Officers' Association; and

WHEREAS, it is the desire of the City Council to approve such an Agreement and to provide for its implementation;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. That the Labor-Management Workers' Compensation
Supplemental Dispute Resolution Agreement between the City of Long Beach and Long
Beach Police Officers' Association, which is hereby incorporated by reference in this
resolution as Exhibit "A", is hereby approved, and the City Manager is hereby authorized
to execute said Agreement on behalf of the City.

Section 2. The City Manager is also authorized and directed to cause the preparation of amendments to said Agreement, if necessary, and to such other documents as may be necessary.

OFFICE OF TH Y ATTORNEY ROBERT E. SHAININON, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4684

l	Section 3. This resolution s	hall take effect immediately upon its adoption
ļ	by the City Council, and the City Clerk shall	certify the vote adopting this resolution.
l	l hereby certify that the forego	ing resolution was adopted by the City
	Council of the City of Long Beach at its mee	ting of <u>October 9</u> , 20 <u>07</u> by the
	following vote:	
	Ayes: Councilmembers:	S. Lowenthal, DeLong, Schipske,
		Andrews, Reyes Uranga, Gabelich,
I		Lerch, B. Lowenthal.
	Noes: Councilmembers:	None.
		·
	Absent: Councilmembers:	O'Donnell.
		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
		City Clerk
		None. O'Donnell.

LABOR-MANAGEMENT WORKERS' COMPENSATION SUPPLEMENTAL DISPUTE RESOLUTION AGREEMENT BETWEEN CITY OF LONG BEACH AND LONG BEACH POLICE OFFICER'S ASSOCIATION

THIS LABOR-MANAGEMENT WORKERS' COMPENSATION SUPPLEMENTAL DISPUTE RESOLUTION AGREEMENT ("Agreement") entered into by and between the City of Long Beach ("City") and the Long Beach Police Officer's Association ("LBPOA"). This Agreement is created pursuant to California Labor Code Section 3201.7(a)(3)(c).

Nothing in this agreement diminishes the entitlement of an employee to compensation payments for total or partial disability, temporary disability, or medical treatment fully paid by the employer as otherwise provided in Division 4 of the Labor Code. Nothing in this agreement denies to any employee the right to representation by counsel at all stages during the alternative dispute resolution process.

Article I. Purpose,

The purposes of this Agreement are:

- 1. to provide active employees claiming compensable injuries under Division 4 of the California Labor Code ("Workers' Compensation Law") with an expedited procedure to resolve medical disputes in accordance with Article IV, Section D of this Agreement to facilitate their prompt return to work;
- 2. to provide retirees claiming a presumptive injury as defined by California Labor Code (hereinafter "Labor Code") section 3212 et seq. with an expedited procedure to resolve medical disputes in accordance with Article IV, Section D of this Agreement;

- 3. to reduce the number and severity of disputes between the City and covered employees, when those disputes relate to workers' compensation; and
- 4. to provide workers' compensation coverage in a way that improves labor management relations, improves organizational effectiveness, and reduces costs to the City.

These purposes will be achieved by utilizing an exclusive list of medical providers to be the sole and exclusive source of medical evaluations for disputed issues surrounding covered employees in accordance with California Labor Code Section 3201.7(c).

Now, therefore, in consideration of the mutual terms, covenants and conditions herein, the parties agree as follows:

Article II. Term of Agreement

The City and LBPOA enter into this Agreement with the understanding that the law authorizing this Agreement is new, untested and evolving. The parties further understand that this Agreement governs a pilot program and that it will become effective after it is executed by the parties, submitted to the Administrative Director of the State of California, Department of Industrial Relations, Division of Workers' Compensation in accordance with Title 8, California Code of Regulations, Section 10202(d), and accepted by the Administrative Director as evidenced by the Director's letter to the parties indicating approval of the Agreement. This Agreement shall be in effect for one year from the date of the Administrative Director's letter of acceptance to the parties. Thereafter, it shall continue and remain in force from year to year unless terminated by either party. Any claim arising from an industrial injury sustained before the termination of this Agreement shall continue to be covered by the terms of this

Agreement, until all medical issues related to the pending claim are resolved. Any medical issue resolved under this Agreement shall be final and binding.

The parties reserve the right to terminate this Agreement at any time for good cause, by mutual agreement or by act of the legislature. The terminating party must give thirty (30) days written notice to the other party. The parties agree to meet and confer in good faith to try and resolve the issues underlying the termination during the thirty day period prior to the termination of the agreement. Upon termination of this Agreement, the parties shall become fully subject to the provisions of the California law to the same extent as they were prior to the implementation of this Agreement, except as otherwise specified herein.

Article III. Scope of Agreement.

A. This Agreement applies only to injuries, as defined by Workers' Compensation Law, claimed by 1) active employees; 2) retirees who claim a presumptive injury as defined by California Labor Code Section 3212 et seq.; and 3) active employees who file a claim and subsequently retire before the claim is resolved. Retirees who filed claims while they were active employees are covered under this agreement only for the purposes of petitions to reopen a pre-existing claim unless covered under A(2). This Agreement does not apply to any other retired employees. This agreement does not cover post-retirement amendments to active claims.

- B. Employees who are covered under this Agreement remain covered during the entire period of active employment.
- C. Injuries occurring and claims filed after termination of this Agreement are not covered by this Agreement.

D. This Agreement is restricted to establishing an exclusive list of medical providers to be used for medical dispute resolution for the above-covered employees in accordance with California Labor Code Section 3201.7(c).

Article IV. Medical Provider

- A. This Agreement does not constitute a Medical Provider Network ("MPN"). However, all employees must utilize the City's current MPN for treatment purposes during the time the City maintains and utilizes the MPN. The MPN is governed by Labor Code section 4616 et seq. Physicians who act as a covered employee's independent medical examiner ("IME") under this Agreement shall not act as the same employee's treating physician even if the physician has been (pre)designated as the employee's treating physician, unless otherwise mutually agreed by the parties. Predesignation of a physician must comply with the requirements set forth in Labor Code section 4600(d)(1).
- B. All employees with a disputed medical issue as described below in Section D must be evaluated by an approved physician from the exclusive list of approved medical providers. Said physician will serve as an IME. Attached hereto as Exhibit A is an exclusive list of approved medical providers that was agreed upon by the City and the LBPOA. If the IME needs the opinion of a different specialist, the IME shall refer the employee to a physician of the IME's choice even if that doctor is not on the approved list or in the MPN.
- C. The exclusive list of approved medical providers shall include the specialties as agreed upon by the parties.
- D. An IME shall be used for all medical disputes that arise in connection with a workers' compensation claim including but not limited to determination of causation, the nature and extent of an injury, the nature and extent of permanent

disability and apportionment, work restrictions, ability to return to work, including transitional duty, future medical care, and resolution of all disputes arising from utilization review, including need for spinal surgery pursuant to Labor Code section 4062(b). The parties will use the originally chosen IME for all subsequent disputes under this agreement. In the event that said IME is no longer available, the parties shall utilize the next specialist on the list pursuant to Article IV G 5 (below).

The IME process will be triggered when either party gives the other written notice of an objection. Objections from the City will be sent to the employee with a copy to the employee's legal representative if represented and a copy to LBPOA. Objections from the employee or employee's legal representative will be sent to the employee's assigned claims examiner with a copy to the Claims Manager.

Objections will be sent within thirty days of receipt of a medical report or a utilization review decision. A letter delaying decision of the claim automatically creates a dispute. A subsequent acceptance of the claim and/or resolution of the disputed issue eliminates the need for completion of the dispute resolution process set forth in this agreement.

- E. The exclusive list of approved medical providers shall serve as the exclusive source of medical-legal evaluations as well as all other disputed medical issues arising from a claimed injury.
- F. The parties hereby agree that from time to time the exclusive list of approved medical providers may be amended. For either party to add an IME to the exclusive list of medical providers, the party must provide notice, in writing, to the other party of its intent to add a physician to the list. Absent a written objection to the other party within thirty (30) calendar days of receipt of the written proposal, the addition will be made. In the event there is an objection, the physician will not be added to the list.

A physician may only be deleted from the exclusive list of medical providers if s/he breaches the terms and conditions of the contract with the City or by mutual agreement of the parties.

G. Appointments.

- 1. The Claims section of the Workers' Compensation Division shall make appointment(s) with the IME within ten days of the date of the objection and/or notification of delay for employees covered under this Agreement.
- 2. The employee shall be responsible for providing the Claims section with his/her work schedule prior to an appointment being made so that appointments can be made during an employee's non working hours or the first or last hour of his/her workday in accordance with City policy 6.6.
- 3. Compensation for medical appointments under this Agreement shall be consistent with City policy.
- 4. Mileage reimbursement to covered employees shall be in accordance with Labor Code Section 4600 (e)(2), unless transportation is provided by the City.
- 5. For purposes of appointments, the Claims section will select the IME(s) by starting with the first name from the exclusive list of approved medical providers within the pertinent specialty, and continuing down the list, in order, until the list is exhausted, at which time Claims will resume using the first name on the list.
- H. The City is not liable for the cost of any medical examination used to resolve the parties' disputes governed by this Agreement where said examination is furnished by a medical provider that is not authorized by this Agreement. Medical evaluations cannot be obtained outside of this Agreement for disputes covered by this agreement.

I. Both parties shall be bound by the opinions and recommendations of the IME selected in accordance with the terms of this Agreement.

Article V. Discovery

- A. Employees covered by this Agreement shall provide the Claims section with fully executed medical, employment and financial releases and any other documents reasonably necessary for the City to resolve the employee's claim, when requested.
- B. The parties agree they have met and conferred on the language of the medical/financial/employment releases to be used under this agreement. If said releases cause undue delay and/or unforeseen adverse impact(s) to the City, and/or the Association, and/or its members then either party may request a meet and confer regarding said undue delay and/or adverse impact(s). The parties shall meet and confer within 30 days of a party's request to meet and confer.
 - C. Employees shall co-operate in providing a statement.
- D. This agreement does not preclude a formal deposition of the applicant or the physician when necessary. Attorney's fees for employee depositions shall be covered by Labor Code section 5710. There will be no attorney's fees for doctor's depositions.

Article VI. General Provisions

- A. This Agreement constitutes the entire understanding of the parties and supersedes all other agreements, oral or written, with respect to the subject matter in this Agreement.
- B. This Agreement shall be governed and construed pursuant to the laws of the State of California.

C. This Agreement, including all attachments and exhibits, shall not be
amended, nor any provisions waived, except in writing signed by the parties which
expressly refers to this Agreement.

D. If any portion of this agreement is found to be unenforceable or illegal the remaining portions shall remain in full force and effect.

E. Notice required under this Agreement shall be provided to the parties as follows:

City:

Robert Johnson, Claims Manager 333 West Ocean Blvd., 8th Floor

Long Beach, Ca. 90802

LBPOA:

Stuart D. Adams, Esq. Adams, Ferrone & Ferrone 4333 Park Terrace Dr., Ste. 200 Westlake Village, Ca. 91361

F. In the event that there is any legal proceeding between the parties to enforce or interpret this Agreement or to protect or establish any rights or remedies hereunder, the prevailing party shall be entitled to its costs and expenses, including reasonable attorney's fees.

, 2007	LONG BEACH POLICE OFFICERS' ASSOCIATION
	ByPresident, LBPOA "LBPOA"
, 2007	CITY OF LONG BEACH, a municipal corporation

Ву	
City Manager	
"City"	
This Agreement is approved as to form on	, 2007.
ROBERT E. SHANNON, Ci	ty Attorney
By Deputy	

H:\shared\Barbara\Labor Management Carve-Out Agreement Police Officers



CITY OF LONG BEACH

Workers Compensation Program
Supplemental Dispute Resolution Pilot Program

2008 Year-End Results
Observations and Recommendations

Deloitte

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Tel: + 1 213 688 0800 Fax: + 1 213 688 0100 www.deloitte.com

June 3, 2009

Mr. Michael Alio, M.A., ARM-P Risk Manager City of Long Beach 333 West Ocean Boulevard Long Beach, CA 90802

Dear Mr. Alio:

Deloitte Consulting LLP ("Deloitte Consulting") is pleased to present the attached report on our completed contracted tasks to assess the performance of the City's pilot Workers' Compensation ("WC") Supplemental Dispute Resolution ("SDR") program with the Police and Fire Departments.

As discussed previously, this study leverages our previous work with the City in the establishment of a baseline population and review of "pre-pilot" claims which covered a 35-month period (2/1/2005-12/31/2007). The baseline analysis yielded relevant history of claim costs and process delays in resolving medical disputes for both Police and Fire WC claims. This report measures comparative average costs and critical lag times between the baseline population as defined and those who participated in the SDR Pilot Program in the 2008 calendar year.

We are pleased to report that the SDR Pilot Program has met its initial challenging goals of significantly reducing the time and costs to resolve WC medical disputes in Police and Fire claims. The accompanying report provides appropriate validation should the City, the Long Beach Police Officers' Association and the Long Beach Firefighters Association decide to extend the program and/or should the City consider expanding the program to other employee groups. Deloitte Consulting recommends consideration of both.

As you know, the City of Long Beach was the first in California to implement this carve-out program for alternative dispute resolution. We congratulate the signatory and supporting parties to the SDR agreement for their effective due diligence, collaborative labor-management approach, and attention to program details to ensure its success. We believe significant benefits have accrued to the City and LBPOA and LBFFA members as a result.

We appreciate this opportunity to continue to assist the City in improving its WC program. If you have any questions on the report, please call Rick at (213) 553-1250 or Steve at (860) 725-3043.

Sincerely,

Richard Burt Principal

Deloitte Consulting LLP

Lichard F. Burk

Steve Beigbeder Specialist Leader

Deloitte Consulting LLP

Steve Begbeter

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I. EXECUTIVE SUMMARY

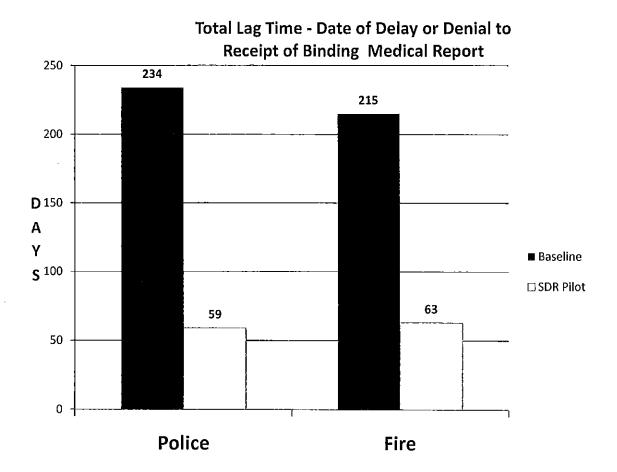
The City of Long Beach ("the City"), the Long Beach Police Officers' Association ("LBPOA") and the Long Beach Firefighters Association ("LBFFA") jointly initiated an innovative, one-year pilot Supplemental Dispute Resolution ("SDR") program, beginning January 1, 2008, to govern how medical disputes in workers' compensation ("WC") are handled and resolved for "sworn" safety personnel in the City's Police and Fire departments. A panel of independent medical examiners ("IME") is in place to replace the state regulated Agreed Medical Exam ("AME") and Qualified Medical Exam ("QME") processes. California Labor Code Section 3201.7 enables public employers to "opt out" of the AME/QME state administered programs through establishment of alternative dispute resolution programs (subject to collective bargaining and other certification requirements). To our knowledge the City of Long Beach was the first major city in California to implement such a program.

Deloitte Consulting has enjoyed a long-term relationship with the City in various projects dedicated to improving WC results, both in terms of cost reduction and improvement of benefit delivery systems to injured workers. The observations contained in this report continue to demonstrate that improving the quality of service to employees and overall cost reductions are not mutually exclusive objectives, and in fact, are synergistic.

The SDR pilot program was designed to significantly expedite resolution of medical-related disputes in Police and Fire WC claims. Baseline measurements of historical experience (2/1/05–12/31/07) with AMEs/QMEs yielded an average lag time between claim delay or recognition of a medical dispute and final resolution was 234 days for Police and 215 days for Fire claims. Such delays have a detrimental effect on outcomes with respect to employee access to timely and appropriate treatment, return-to-work, permanent disability determination and overall confidence in the system. The SDR program was developed to mitigate these problems. The "stretch" goal from the outset of the SDR program was to resolve medical disputes within 60 days.

Deloitte Consulting is pleased to report that the SDR program has met its primary objective of accelerating the medical dispute decision process. Under the SDR program, the average time was 59 days for resolving Police claims, an improvement of 175 days, and 63 days for resolving Fire claims, an improvement of 152 days. We view these results as remarkable

and a strong demonstration of how management and labor have worked cooperatively to ensure that injured workers are treated fairly and examined by appropriate medical specialists and that the process is actively managed to render timely decisions.

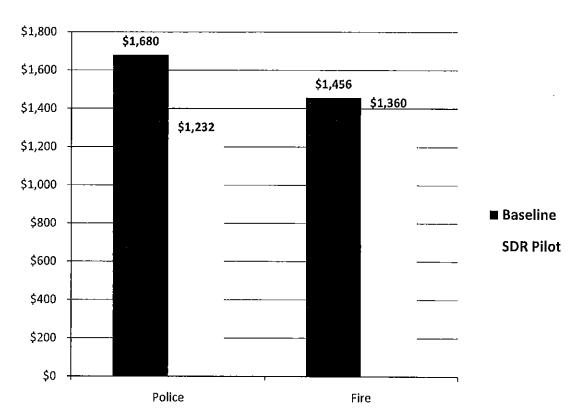


The Cost analysis of exams and related expenses under the SDR program, compared to historical costs of AME/QME exams and related expenses, also show significant improvement, even while providing IMEs in the SDR Program a "premium" cost incentive factor over the state regulated fee schedule.

- The average costs of historical Police claim AMEs/QMEs (including initial and supplemental exams/reports) were \$1,680. Under the SDR Program, Police IMEs averaged \$1,232, an improvement of 27%.
- The average costs of historical Fire claim AMEs/QMEs were \$1,456. Under the SDR Program, Fire IMEs were roughly \$1,360, an improvement of 7%.

This is a positive development, but we caution readers to be aware that the relatively small number of SDR claims and the large variability associated with exam types, number of issues to resolve (e.g. utilization review decisions, work-relatedness of injury/illness, return-to-work capabilities, permanent disability determinations), and whether supplemental exams are required, combine to compromise the ability to assign statistical confidence to this finding. The results of average costs moving forward could be volatile and not statistically relevant until a much larger sample has been accumulated to control for variances noted above.





A survey of SDR participants from both Police and Fire departments yielded mixed results. Of 33 potential Police and 19 Fire participants in the SDR process, only 8 LBPOA and 8 LBFFA members responded for an overall response rate of 27%. Highlights of completed surveys include:

Half of the respondents had prior experience with the AME/QME process

- Of those with who participated in prior AMEs/QMEs, 3 rated their experience as "Good," while 4 rated their experience as "Poor"
- Rating of the Timing to Get an IME Appointment under the SDR Program yielded responses of 1 "Great," 7 "Good," 4 "Okay,", 1 "Fair," and 1 "Poor"
- 64% of respondents rated the location of the IME as "Okay" or better
- 64% of respondents rated the Time Spent in the Waiting Room as "Okay" or better
- 71% rated a "Great" or "Good" response to the question: Did the Physician give you reasonable advice and treatment recommendations?
- 90% rated IME related staff helpfulness (not physicians) as "Okay" or better
- 77% rated the timeliness and responsiveness of the City's WC Division as "Okay" or better

Overall, the SDR program has worked very well for a previously untested initiative. Process improvement opportunities exist in updating the IME physician panel, IME "report card" development and subsequent communication to providers, and small enhancements to the timing parameters governing IME scheduling. These are all of a "fine-tuning" nature, and none at present have a significant negative impact on the system.

In Deloitte Consulting's estimation, the SDR Pilot Program has met its initial objectives of expediting resolution of medical disputes in WC claims for Police and Fire department sworn members. These are known to be among the most challenging claims given life-threatening exposures, presumptive medical conditions, cumulative trauma considerations, disability retirement provisions, and ongoing challenges of accommodating restricted-duty assignments in both temporary and permanent disability circumstances.

The City is strongly encouraged to extend the current SDR program with LBPOA and LBFFA members and to explore the feasibility of extending the program to other City bargaining units and departments. In addition to hard dollar cost reductions, significant indirect savings are available related to accelerated return-to-work and disability determinations and expedited access to appropriate medical care. This recommendation is made in full awareness of the considerable program development effort needed throughout the "meet and confer" process with bargaining units and the challenges associated with developing a robust network of medical specialists to expedite access to appropriate medical care. We

believe that the to-date efforts of LBPOA, LBFFA and City Attorney's and Manager's offices can be effectively leveraged with other groups to achieve similar positive results.

Details to support these findings and observations are included in the report that follows.

II. PROJECT SCOPE & BACKGROUND

The City has retained Deloitte Consulting to measure performance of a one-year SDR state "Carve Out" Pilot Program with "sworn" Police and Fire WC claimants, to replace the state-administered AME/QME processes with an expedited program of Independent Medical Exams.

This project builds on a prior Deloitte Consulting engagement in the first quarter of calendar year 2008 to establish a set of metrics and to identify baseline claim costs and characteristics for subsequent measurement of results within the SDR pilot program. The pre-Pilot baseline period for measurement spanned a 35-month period (2/1/2005-12/31/2007) and all sworn Police and Fire claims that had an AME or QME were reviewed and results compiled to determine average costs and lag times of critical case milestones. Readers are advised to reference Deloitte Consulting's report of March 5, 2008 for baseline metrics and initial observations.

As with the prior engagement, individual claims were reviewed using remote access to the City's iVOS WC claims management information system to document and validate action dates of:

- Employer knowledge of the injury/illness
- · WC Claim Division receipt of claim
- Recognition of Dispute (claim delay or denial)
- WC Claims call to physician office for exam
- Exam appointment
- · Completed exam
- · Returned physician report
- · IME billing and payment

Amounts paid for initial and supplemental IME exams were determined consistently with the pre-pilot baseline population. All LBPOA and LBFFA who participated in the SDR Program were included in the analysis (36 Police claims with 33 exams conducted, 19 Fire claims with 19 exams completed).

Deloitte Consulting spent time on-site at City offices from February 23, 2009 through March 3, 2009 to initiate the claims review and to meet with SDR stakeholders, including representatives from City Risk Management, LBFFA, City Attorney's Office, and the WC Division's Claims Manager, Supervisors and Claim Examiners who handle SDR claims. Interviews yielded positive perceptions of the program by all with some minor suggested improvements. These included allowance for more time to re-schedule exams if appropriate medical records cannot be delivered in time to the IME for review before the exam and better tracking and approval of IME fees to ensure compliance with medical report delivery timelines, i.e. receipt by the City within 30 days of exam completion. We found two instances where IME fees were not reduced to state fee schedule amounts when reports were late.

Deloitte Consulting designed and administered an anonymous participant satisfaction survey for all participants in the SDR pilot program. The survey was administered on-line and was open for the period of 4/7/09 - 5/8/09. Eight members each of LBPOA and LBFFA took part in the survey, a 27% participation rate. Highlights of the participant survey are contained in the Executive Summary section of this report and the complete survey results are found in the Appendix.

III. PROJECT FINDINGS & RESULTS

The SDR Pilot Program has met its primary goal of expediting resolution of medical disputes in Police and Fire WC claims. There are several critical actions and timelines of specific tasks involved in achieving this accelerated process. Timely claim filing, early recognition of disputes, scheduling of exams with appropriate specialists and retrieval of binding medical decisions from Independent Medical Examiners all present opportunity for delay. The City's WC Division, Risk Management Department, City Attorney's Office and LBPOA and LBFFA leadership have all cooperated in ensuring that the SDR process is appropriately applied. Success in the program is largely a function of effective and timely communication among all these parties.

Following are measurements of specific tasks and timing in the SDR Program related to necessary actions described above.

- The average lag time between employer knowledge of injury/illness and City WC Division receipt of report was 1.6 days for Police and 8.8 days for Fire (average skewed by 3 claims taking 44, 33 and 60 days).
- The average lag time between when a medical dispute was recognized and the time
 the WC Claims Division called for an IME appointment was 7 days for both Police and
 Fire. This timeframe allows for effective IME specialist selection and physician
 rotation (to ensure selected physicians are not favored over others).
- The average lag time between when the first call was made to schedule and IME appointment and establishment of the appointment date and time was 4 days for Police and 3 days for Fire. This validates that IME physicians have been properly oriented to the program and its accelerated timeframes.
- The average lag time from initial call to schedule the IME appointment to the date of the exam was conducted was 24 days for Police and 27 days for Fire, both within the 30 day target range.
- The average lag time from the date of the competed IME to the date the physician's report was received was 30 days for Police and 36 days for Fire. This is a vast

improvement over the historical AME/QME process which took an average of 64 and 56 days for Police and Fire, respectively.

- IME Provider compliance with program timing parameters show significant improvement over the traditional AME/QME process but pose a continuing challenge to full compliance with current SDR requirements.
 - o Upon removing delayed exams from the Police SDR population, the remaining claims (24) revealed 3 exams that were conducted beyond the 30-day requirement between the initial call from Claims to schedule the exam and the actual exam date.
 - O Upon removing delayed exams from the Fire SDR population, the remaining 15 claims showed 3 exams that were conducted beyond the 30-day timeframe between intitial call for scheduling and actual exam date.
- Finally, the overall timing process from the date a dispute is recognized to the date an IME report is received averaged 59 days for Police and 63 days for Fire. This effectively meets the program stretch goal of 60 days.

Exam Scheduling of IMEs can be challenging to meet employees' and physicians' availability and to manage and coordinate the process within SDR program timing requirements.

 The SDR process was initiated with 33 Police claimants. Five abandoned the process before completing the exam. Four of these abandoned claims were denials and one is attending an AME due to linkage of the 2008 injury to a prior condition not covered under the SDR program.

Of the 28 Police claimants who underwent an IME, 3 exams required rescheduling for the following reasons:

- o 1 extended by 30 days to accommodate employee's schedule
- o 1 extended by 30 days due to physician surgery conflict
- 1 extended by 2 weeks to accommodate employee's vacation
- The SDR process was initiated with 19 Fire claimants, all who completed IME exams.
 Five of these required rescheduling for the following reasons:

- o 2 were delayed 2 weeks to accommodate employees' schedules
- o 2 claimants forgot or otherwise missed the initial scheduled exam
- 1 claimant's appointment letter was returned for incorrect address

Although the SDR Pilot has met its primary objectives, opportunities for improvement to the program exist. These findings and subsequent recommendations are of a "fine-tuning" nature and do not represent major restructuring to the existing program.

- IME provider performance in the SDR program is ripe for measurement and communication. Those physicians who have not complied with program requirements should be "warned" and dropped if not compliant in subsequent exams.
- The City, LBPOA and LBFFA should consider expansion of the panel of IME physicians. Dermatology specialists were raised by multiple parties as a specific need area. Should the City consider expanding the program to other employee groups, this will be a critical function.
- More flexibility in the program around scheduling exam dates should be considered.
 We discovered a few instances where necessary medical information was not available to IME physicians by the time of the exam, requiring a supplemental report and sometimes another exam.

IV. RECOMMENDATIONS

As stated above, Deloitte Consulting makes the following recommendations in the context of a fine-tuning initiative. These will likely enhance service delivery, be more responsive to particular medical needs, and provide a roadmap for improving communications within the program.

- 1. Develop an IME Provider "Report Card." This should include reiteration of SDR program requirements, how many exams the provider conducted, how quickly exams were scheduled after solicitation, how timely exams were conducted, how often supplemental exams and reports were required, and most important: how useful the returned reports were in resolving medical disputes in question.
- 2. Expand the IME Provider Panel. This is especially important if the City decides to expand the program to other bargaining units and employee groups. Specialists should be targeted in the immediate Long Beach vicinity to accommodate claimant commuting concerns. (Riverside was cited by some to be too far to travel).
- 3. Allow more flexibility in scheduling of IMEs to ensure that appropriate medical history is available to the IME physician for review before the exam. This will mitigate the issue of supplemental exams and reports.
- 4. Internal claim audit functions should include more rigorous oversight of IME fees to panel physicians to ensure they "earn" the incentive percentage over state fee schedules for meeting program requirements. Conversely, IME fees should be reduced to state fee schedule limits when timing parameters are not met, and the non-compliant physician should be reminded that subsequent non-compliance could result in removal from the IME panel.

In conclusion, we congratulate the City, LBPOA and LBFFA for design and implementation of a previously untested "carve out" program from the state administered AME/QME process. The program has met or exceeded its initial objectives, and Deloitte Consulting supports the expansion of this program. We recognize the significant level of effort exerted by SDR process constituents in implementing the program and monitoring results on an ongoing basis. The SDR Pilot Program is an innovative initiative that has returned considerable benefits to both claimants and the

City, and it is likely to be benchmarked as a best practice by other California cities and municipalities. We appreciate having had the opportunity to analyze its effects.

V. CAVEATS AND LIMITATIONS

We understand that the City has provided us with all of the relevant information that would materially affect our report. To the extent that new information is provided, we reserve the right to add to our comments or revise them as deemed appropriate.

The comments, suggestions, and recommendations made in this report are based on our understanding of the California workers' compensation regulations as of today. However, if future legislative action materially affects workers' compensation benefits themselves or the delivery of those benefits, then our comments and estimates may no longer apply.

Deloitte Consulting has performed the work consistent with the scope outlined in the engagement contract with the City and in accordance with accepted standards of practice for the intended use as described in the **Distribution & Use** section. In preparing this report, it was assumed that persons competent in the areas addressed would utilize the report. Judgments as to the conclusions drawn should be made only after studying the report in its entirety.

Deloitte Consulting staff members are available to explain and/or amplify any matter presented herein subject to the terms in our engagement contract. It is assumed that an authorized user of this report will seek such explanation and/or amplification as to any matter in question.

In addition, the City acknowledges that Deloitte Consulting's engagement does not constitute an audit made in accordance with generally accepted auditing standards, the object of which is the expression of an opinion on the elements, accounts, or items of a financial statement. Deloitte Consulting's engagement is limited in nature and does not comprehend all matters relating to the City that might be pertinent or necessary. The report cannot be relied on to disclose errors or fraud should they exist.

VI. DISTRIBUTION AND USE

It is understood and agreed that Deloitte Consulting services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the responsible employees or representatives of the City.

The report's conclusions are developed in the accompanying text, exhibits, and tables, which together comprise the report. This report is prepared solely for the internal use of the City of Long Beach and is intended to assist it in measuring the SDR program performance. It is not intended for any other purpose. In addition, because of the specific facts involved, this report should not be provided to, nor relied upon, by third parties. Any other use or distribution of this report must be preceded by our written consent.

This report should be considered in its entirety. If this report is distributed with our consent, it should be distributed in its entirety (with discussions, exhibits, and tables). Deloitte Consulting's' project team is available to answer any questions that might arise in reviewing this report.

VII. APPENDIX - SDR PARTICIPANT SURVEY

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62.5% 12.5% 0.0% 0.0% 25.0%	
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("AME") or Qualified Medical Examiner ("Ql		
		esponse
Answer Options	Frequency	Count
AME	0.0%	0
QME	25.0%	2.
Don't Know	75.0%	6.
	nswered question	8
	skipped question	
SDR Pilot Program		
Time span to get an appointment:		
Answer Options	Frequency	esponse Count
Great	7.1%	1
Good	50.0%	7
Okay	28.6%	. 4
Fair	7.1%	$1/\sqrt{1}$
Poor	7.1%	1
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answered question skipped question

Time spent in exam room:	•	
	Response	Response
Answer Options	Frequency	Count
Great	7.1%	
Good	57:1%	8
Okay	21.4%	3 3 3 3 5 5 5
Fair	0.0%	0.
Poor	14.3%	$\mathbf{\hat{2}}$
	ered question	14
	pped question	2
Waiting for tests to be performed:		-
	Response	Response
Answer Options	Frequency	Count
Great	7.1%	The second
Good	57.1%	8
Okay	21.4%	3
Fair	7.1%	13.00 1 1.00 ft.
Poor	7.1%	1
	vered question	1.4
	pped question	2
Waiting for test results:	- T	
Answer Options	Response Frequency	Response Count
Great	14.3%	2
Good	50.0%	7
Okay	21.4%	3
Fair	0.0%	0
Poor	14.3%	. 2
ansv	vered question	14
ski	ipped question	2
Did the Physician take enough time with you in		
	Response	Response
Answer Options	Frequency	Count
Great	38.5%	5
Good	38:5%	5
Okay	7.7%	1
Fair	0.0%	0.
Poor	15.4%	2
		13
	vered question	

Did the Physician give you reasonable ac recommendations?	lvice and treatment
	Response Response
Answer Options	Frequency Count
Great	35.7%
Good	35.7%
Okay	7:1%
Fair	7.1%
Poor	14.3%
	answered question 14
	skipped question 2
Was other staff (nurses, medical assista helpful to you?	
	Response Response
Answer Options	Frequency Count
Great	28.6%
Good	42.9%
Okay	21.4% 3
Fair	0.0% 0
Poor	7.1%
	answered question 14
	skipped question 2
Please rate the IME facilities as follows:	
	•
	Response Response
Answer Options	Frequency Count
Great	14.3% 2
Good	57.1% 8
Okay	21.4%
Fair	0.0%
Poor	7.1%
	answered question 14
	skipped question 2
Ease of finding where to go	supped question 2
	Response Response
Answer Options	Frequency Count
Great	21.4% 3
Good	42.9% 6
Okay	21.4% 3
Fair	7.1%
Poor	7.1%
	answered question 14
	skipped question 2

Comfort and Safety while waiting

Answer Options	Response Frequency	Response Count
Great	7.7%	
Good	69.2%	9.
Okay	15.4%	2.
Fair	0.0%	Ö
Poor	≥ \$7.7%	1

answered question 13

skipped question

Regarding your 2008 claim, was the City's WC Division timely and responsive in their communications?

Answer Options	Response Frequency	Response Count
Great	46.2%	6
Good	15.4%	2
Okay	15.4%	2
Fair	7.7%	机多数150%的
Poor	15.4%	2 1

answered question 13 skipped question

If you answered Yes to Question 1, how would you compare your overall claim experience of 2008 under the SDR program to your prior claim experience?

Answer Options	Response Frequency	Response Count
Great	11.1%	
Good	11.1%	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Okay	22.2%	2
Fair	11.1%	1
Poor	44.4%	4
апѕи	vered question	9
ski	nned question	7

Do you have any specific suggestions to improve the SDR Program in the future?

Answer Options

Response Count

8

answered question skipped question

8

Following are suggestions to improve the SDR Program offered by survey participants who elected to answer the guestion.

The claim acceptance procedure was very satisfactory for me. The IME handling the injury was also satisfactory. My concern is with Tri- Star the company overseeing the medical treatment and their interpretation of that treatment. My experience was less then desirable! The company was more concerned for the City of Long Beach well being then mine. Two letters authored from this company cited "rules" rather than alternatives to recommended treatment. It seemed they were more interested in cost savings then the health of the employee.

I will address this, as I think this is part of the survey and questioning in which you are asking. My injury was immediately recognized as a workers' comp injury. For that I am thankful. The process and delay to get me repaired was questionable. It started with a health dept doctor telling me that my foot issue was merely flat feet. He even went as far as to give me Spenco shoe inserts. I kept them and took some photos. After showing him that the tendon in my ankle could be manipulated, by my fingers, he decided we should get an MRI. The films according to two doctors were poor in quality, but still both diagnosed a ruptured or torn posterior tendon, with surgery necessary. It was denied by workers comp, accompanied by a computer generated letter, written by a doctor I never met stating that the tendon would re-attach itself, thus denying surgery. The tendon retracted and balled up at the ankle for several months causing continual pain and discomfort. While we played the "let's see if it gets better game". This unnecessary delay caused the tendon to scar up under the ankle, making the surgery more complicated than it needed to be. According to my surgeon, the delay caused the tendon to ball up near the ankle, and once re-stretched for attachment left a void for tissue. The void was the reason that I had to be assigned a portable wound vac machine during recovery. I'm very happy to have been released to go back to my position, but have to say that I'm not happy with the process.

I can't believe worker's comp isn't sued in federal court for incompetence, they are all jerks, and the city will do anything to deny a claim, even to a very good employee and do anything to violate their rights and make sure they are unhappy and stay injured

I would question the decisions of the TRI-STAR company as they disallowed my Doctors request (actually the W/C Doctor) for certain treatment

None. All the WC Adjusters have been fair, competent, and pleasant. Thank you.

I felt the process was very fair and they treated me decently. I have no complaints. I felt fairly treated and so far it seems to have gone pretty smoothly.

Let the doctors treat us and not get everything approved. The procedure that was denied for me cost \$50.00 and was delayed several months for peer review. The other option was surgery. This process is a waste of time, either the city trusts their doctors or not. Another option would be to approve patient treatment to a certain amount so the Doctors don't have to wait to give you a shot that will provide relief. Your process is to slow at the patients discomfort.

Allow for a process that enables the employee to go out and pick the best doctor for the situation. Treatment for an injury requires the best in the field. I realize this places a financial burden on the city. However, when an employee is dealing with an injury that has the potential to end their career, the employee deserves the best care possible. This would include allowing the employee to seek multiple opinions prior to consenting for surgery. Thank you.