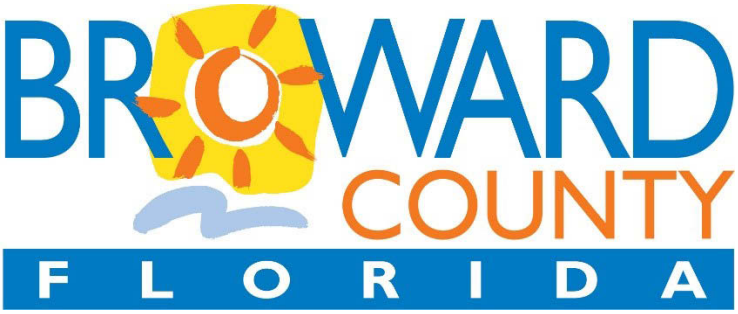

Follow-Up Review of Audit of Risk Management Division Workers' Compensation Section

Office of the County Auditor

Robert Melton, CPA, CIA, CFE, CIG
County Auditor

Audit Conducted by:
Jed Shank, CPA, CIA, Audit Manager
Sahil Grover, CPA, CIA, Staff Auditor

Report No. 19-19
September 26, 2019

OFFICE OF THE COUNTY AUDITOR
115 S. Andrews Avenue, Room 520 • Fort Lauderdale, Florida 33301 • 954-357-7590 • FAX 954-357-7592

September 26, 2019.

Honorable Mayor and Board of County Commissioners:

We have conducted a follow-up review of our Audit of the Risk Management Division Workers' Compensation Section. The objective of our review was to determine the implementation status of our previous recommendations.

Ten of the previous recommendations were implemented and three were partially implemented.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

We appreciate the cooperation and assistance provided by the Risk Management Division throughout our review process.

Respectfully submitted,

Bob Melton
County Auditor

cc: Bertha Henry, County Administrator
Monica Cepero, Deputy County Administrator
Andrew Meyers, County Attorney
George Tablack, Chief Financial Officer
Wayne Fletcher, Director, Risk Management Division

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INTRODUCTION

Scope and Methodology

The Office of the County Auditor conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted a follow-up review of the audit of the Workers' Compensation Section of Risk Management Division (RMD). The purpose of our follow-up was to determine the status of previous recommendations for improvement.

The objectives of the original audit were to:

1. Determine whether workers' compensation payments are appropriate and properly documented
2. Determine whether payments and program administration activities are in accordance with applicable laws
3. Determine whether any opportunities for improvement exist.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our follow-up review included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was April 27, 2018 through September 9, 2019.

Overall Conclusion

Ten of the previous recommendations were implemented and three were partially implemented.

Background

Chapter 440, Florida Statutes, establishes Workers' Compensation Law, with the intent "to assure the quick and efficient delivery of disability and medical payments to an injured worker and to facilitate the worker's return to gainful reemployment at a reasonable cost to the employer." The state's Division of Workers' Compensation administers and oversees workers' compensation across Florida and may perform audits of employer programs to determine compliance, pursuant to Sections 440.525 and 440.20 (15) (a), Florida Statutes.

Broward County's workers' compensation process is managed by the Risk Management Division (RMD), within the Finance and Administrative Services Department (FASD). The program is governed by state statute, as well as Broward County internal policies. Additionally, certain union agreements may have workers' compensation requirements specific to their represented groups. RMD contracts with CorVel, a third-party administrator, for workers' compensation cost containment and case management services. (RMD contracted with Amerisys at the time of the original audit.)

OPPORTUNITIES FOR IMPROVEMENT

This section reports follow-up on actions taken by management on the Findings in our previous audit. The issues and recommendations herein are those of the original audit, followed by the current status of the recommendations.

1. Additional Controls are Needed to Prevent the Payment of Potentially Fraudulent Prescription Charges

The Workers' Compensation (WC) Section paid $14,034 in questionable pharmacy charges as a result of inadequate controls over claim payments. The charges pertained to one claim that were questionable because:

- The charges were for a high dollar amount billed by an out-of-network pharmacy for a compound topical medication nearly two months after the case was closed and the claimant had returned to work on full duty.

- The medication was not previously prescribed during treatment and the only other pharmaceutical charges were nearly four months prior, at the time of surgery, from an in-network pharmacy, consisting of common post-surgery medication, at an amount of $267.

- We obtained conflicting evidence supporting the authenticity of the doctor's signature on the prescription supporting the charges.

- There were no Treatment Summary Forms (DWC-25) within the claim file to support the prescribed medication. These forms provide details regarding the claimant's current condition, treatment, prescriptions, follow up appointments and physical restrictions.

The invoices for these prescriptions, totaling $14,034, were approved by the WC Section's Claim Adjuster and were paid by the County. The claim only required approval by the Claims Adjustor. There were no controls in place requiring a second review and approval for transactions of this nature (i.e. transactions that exceed a dollar threshold, billed by an out of network pharmacy, or billed subsequent to case closure)

After the charges were paid and additional billings were received, the WC Section performed additional review and denied future payment requests; however, no further action was taken at the time to report the transactions to the appropriate regulatory authorities.

The full details of the transaction and our procedures are outlined in the following sections.

The $14,034 in questionable pharmacy charges were of high dollar amount billed by an out-of-network pharmacy for a compound topical medication nearly two months after the case was closed and the claimant had returned to work on full duty. The medication was not previously prescribed during treatment and the only other pharmaceutical charges were nearly four months prior, at the time of surgery, from an in-network pharmacy, consisting of common post-surgery medication, at an amount of $267. Figure 4 shows the timeline of the case.

Figure 4: The timeline of the case.

Event	Date
Injury	March 12, 2017
First Medical Appointment	March 13, 2017
Appointment with Surgeon	March 15, 2017
Surgery	March 30, 2017
Common Post-Surgery Medication Costing $267 is Paid to an In-Network Pharmacy	April 3, 2017
Follow-up Doctor's visits	April 5, 2017 & April 26, 2017
Return to Work - Light Duty Status	May 1, 2017
Final Doctor's Visit	May 31, 2017
Case Closure	May 31, 2017
Return to Work - Full Duty Status	June 1, 2017
Compound Topical Medication Costing $14,024 is Paid to an Out-Of-Network Pharmacy	July 28, 2017 – August 25, 2017

Source: Office of the County Auditor review of RMD claim file information.

Charges Billed and Worker's Compensation Section Post Payment Review

After the charges were paid and additional billings were received in September and December of 2017, the WC Section performed additional review and denied future payment requests; however, no further action was taken at the time to report the transactions to the appropriate regulatory authorities. WC Section denied charges totaling $30,737. Figure 4 presents a listing of all charges submitted for payment by the pharmacy, indicates the stated date of services, and shows whether the bill has been paid or denied.

Figure 5: As of December 1, 2017, a total of 14 questionable invoices were received.

Date Bill Received	Date of Service	Billed Amount	Amount paid	Date Bill Paid	Amount Denied
July 21, 2017	July 17, 2017	$10,891.19	$10,891.19	July 28, 2017	
July 21, 2017	July 17, 2017	$4.18			$4.18
July 21, 2017	July 17, 2017	$131.43	$101.43	July 28, 2017	$30.00
July 21, 2017	July 17, 2017	$883.64			$883.64
July 21, 2017	July 17, 2017	$802.67	$802.67	August 22, 2017	
July 21, 2017	July 17, 2017	$883.64	$883.64	August 22, 2017	
July 21, 2017	July 17, 2017	$471.10	$471.10	August 22, 2017	
August 22, 2017	August 16, 2017	$883.64	$883.64	August 25, 2017	
September 22, 2017	September 15, 2017	$2,162.39			$2,162.39
September 27, 2017	August 16, 2017	$1,278.75			$1,278.75
December 1, 2017	June 14, 2017	$2,162.39			$2,162.39
December 1, 2017	June 14, 2017	$11,026.86			$11,026.86
December 1, 2017	August 16, 2017	$11,026.86			$11,026.86
December 1, 2017	September 15, 2017	$2,162.39			$2,162.39
	Total	**$44,771.13**	**$14,033.67**		**$30,737.46**

Source: Office of the County Auditor representation of data obtained from the CSSTARS database system.

Claimant

We were unable to confirm if the Claimant personally requested the medications. According to the WC Section, the Claimant reported that the first package was delivered to the Claimant's home and accepted by a member of the household, but subsequent deliveries were refused. We attempted to interview the Claimant to gain additional information, but the individual declined signing a Voluntary Interview form and we were unable to proceed.

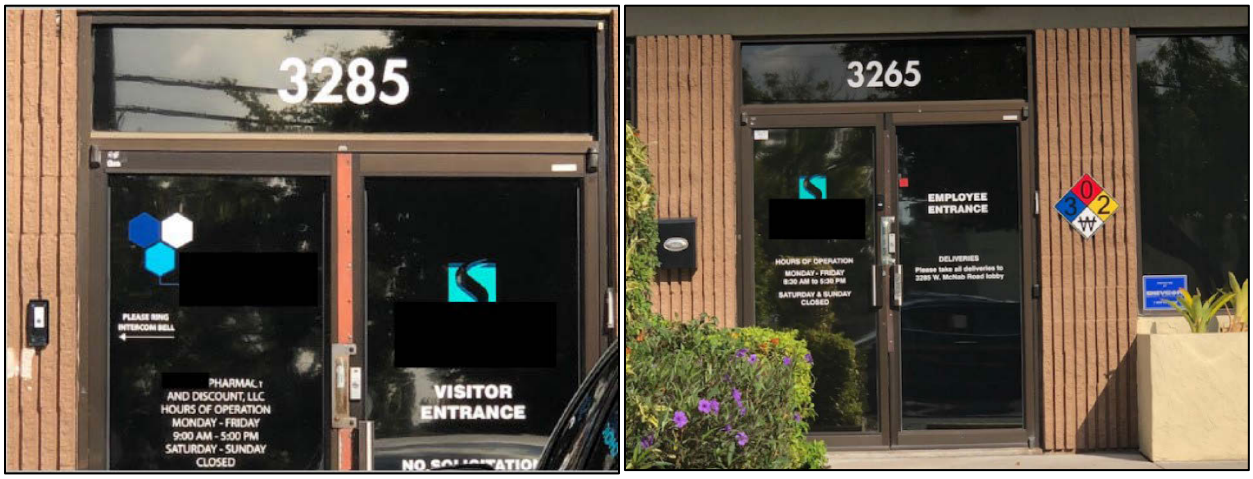
Pharmacy

On May 16, 2017, the pharmacy sent a "Patient Request" fax to the doctor's office stating that the patient requested a Topical Pain and Scar cream and requested that the Doctor sign, date and add the International Classification of Diseases, 10th Revision (ICD-10) codes to the prescription. The prescription was pre-filled with the medication leaving the doctor's signature and date blank. We obtained a copy of the prescription that was signed on May 30, 2017.

We also researched the pharmacy and noted that the pharmacy's location changed within Broward County from the time the original invoice was received to the conclusion of our fieldwork. It also appears that the pharmacy's registration with the State of Florida Division of Corporations may have been expired during the time the prescriptions were billed but was subsequently reinstated on October 2, 2017. Two of the registered agents of pharmacy are also registered agents of several other pharmacies and physician networks (approximately 15 other entities registered in Florida), two of which appear to be operating the original location. The

websites for these entities advertise as specializing in telemedicine, workers' compensation cases, and mail order prescriptions. Figures 6 and 7 show photographs of the original and new locations, respectively.

Figure 6: Photographs of original location taken in December 2017.



Source: Office of the County Auditor, names of businesses have been redacted.

Figure 7: Photograph of new location taken in January 2018.

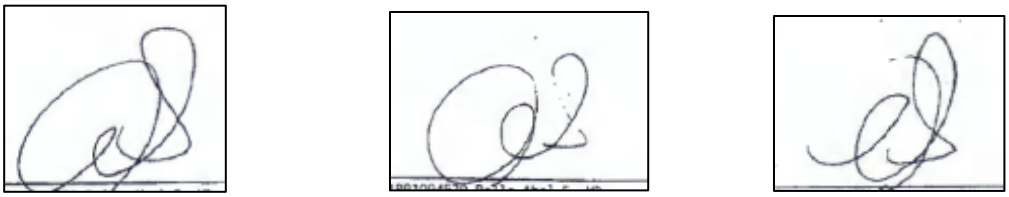
Source: Office of the County Auditor.

Doctor

We obtained conflicting evidence supporting the authenticity of the doctor's signature on the prescription supporting the charges.

We reviewed the claimant's file and inquired of the doctor's office to determine whether the prescriptions were truly authorized by the doctor. Three original March 30, 2017 prescriptions (filled by the in-network provider near the time of surgery) written by the doctor were identified and the signature on these prescriptions are shown in Figure 8. The file also contained two 'return to work' authorizations, signed by the doctor, and shown in Figure 9, which appear different from the signatures in Figure 8. Finally, the signatures on the two prescriptions filled by Pharmacy B were identified and are shown in Figure 10. These signatures appear to match the signatures in Figure 8, but not Figure 9.

Figure 8: The doctor's signatures as written on original three prescriptions dated March 30, 2017.

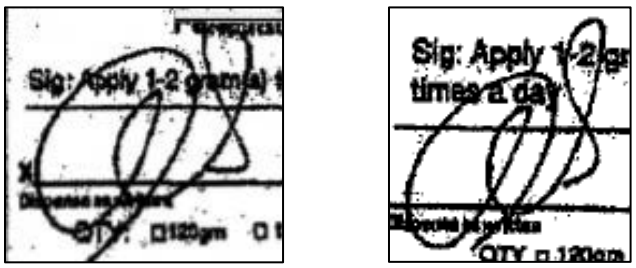


Source: Risk Management Division claim file documents

Figure 9: The doctor's signature as written on return to work notes dated April 12, 2017 and April 26, 2017.

Source: Risk Management Division claim file documents

Figure 10: The doctor's signatures as written on Pharmacy B prescriptions dated May 30, 2017.



Source: Risk Management Division claim file documents

To determine which signatures correctly belong to the treating physician, we conducted interviews with the doctor's office staff and a person who identified himself as the doctor. When shown copies of the various file documents, the Office Manager stated she was 'not familiar' with the signature on all the prescriptions (Figures 8 and 10) but recognized the signature on the "return to work" documents (Figure 9) as the doctor's handwriting. However, later the same day, an individual identifying himself as the doctor called our Office, and stated he would never prescribe these medications on his own, as he did not believe they would help the patient, but he affirmed he did sign the prescriptions, at what he believed was the patient's request, as stated in a fax received from the pharmacy. He believes "We were all deceived," and advised to deny payment for any future billings.

Although both individuals interviewed did not believe there was any medical value to the prescriptions, information received from the Office Manager and the doctor differed regarding whose signature was on the prescriptions themselves.

Treatment Summary Forms

There were no treatment summary forms ('DWC-25') in the claimant's file for the post-surgery follow-up doctor's visits completed on April 5, 2017, April 26, 2017 and May 31, 2017. This Department of Workers' Compensation form is required to be submitted with any billing for services, and includes details regarding the claimant's current condition, treatment, prescriptions, follow up appointments and physical restrictions. If the DWC-25 forms for these follow-up appointments were on file, they could have provided important information to the Claim Adjuster, such as any new medications prescribed, the reason for the prescriptions and subsequent refills, as well as confirmation of the claimant's recovery status.

Conclusion

Based upon the information available, it appears these charges are questionable, and should not have been paid by the Claim Adjuster. Further, it appears that a lack of controls throughout the claim process may have contributed to the potentially erroneous payment.

Subsequent to our fieldwork, the WC Section has reported this issue to the Bureau of Worker's Compensation Fraud.

We recommend management take the following actions to ensure invoices are paid only for valid prescriptions, written by the Claimant's physican:

A) Establish additional supervisory review and verification of the validity of the prescriptions for transactions meeting certain crieria such as:
    - Out of network pharmacy invoices exceeding established dollar thresholds,
    - Specific types of prescriptions such as topical compounds exceeding established dollar thresholds, and
    - Charges for prescriptions filled after case closure.
B) Obtain DWC-25 forms for all medical visits.
C) Establish procedures to immediately report potentially fraudulant charges to the appropriate regulatory authorities.

Status:

A) **Partially Implemented.** Additional pharmacy controls are being implemented by CorVel, the County's new medical cost containment vendor. This requires a work order that has been requested. Once completed, these controls will provide the Broward County Claims Manager with final authority on out of network pharmacy invoices over $750, prescriptions filled after case closure, and topical compounds. As a temporary solution, until the completion of these controls with Corvel, Risk Management has created an internal review process that requires any out-of-network pharmacy invoices over $750, prescriptions filled after case closure, and topical compounds must be approved by the Broward County Claims Manager.
B) **Implemented.**
C) **Implemented.**

We again recommend implementation of our recommendations.

2. Manually Requested Payments Should be Reviewed by the WC Manager and Approvals Should be Documented Prior to Release of Payments

We identified two of 30 payments (7%) that were not properly pre-approved by the WC Manager prior to disbursement. As shown in Figure 11, we reviewed payable reports for 11 days within our review period, covering 30 payments, with a total value of $24,843.08. Of these, we identified one report for April 26, 2016, with two payments, valued at a total of $2,485, which did not contain evidence of review and approval by the WC Manager prior to the issuance and mailing of the checks.

Figure 11: Two of 30 payments (7%) were not approved prior to disbursement.

Date Reviewed	# of Disbursements	Disbursed Amount	Evidence of Review and Approval
3/7/2017	1	$5.00	Yes
10/28/2016	1	$69.42	Yes
2/22/2017	5	$1,220.81	Yes
5/20/2016	5	$2,851.50	Yes
2/28/2017	1	$880.00	Yes
9/19/2016	4	$248.49	Yes
11/16/2016	6	$1,701.64	Yes
6/27/2017	1	$16.22	Yes
4/26/2016	2	$2,485.00	No
3/9/2017	1	$5.00	Yes
7/21/2016	3	$15,360.00	Yes
Subtotals	**30**	**$24,843.08**	

Source: Office of the County Auditor

In this instance, the applicable internal report lacked evidence of supervisory review, but the payments were processed and disbursed. The WC Manager should documents review and approval of payments; RMD Information Technology (IT) Staff should ensure this approval is in place before authorizing RTT to print the checks; and RMD accounting staff should verify that the payments are approved prior to disbursement.

Ensuring the proper functioning of all disbursement review controls is particularly important within RMD, which is uniquely empowered to generate and disburse payments, outside of the County's Accounts Payable Division standard review and control processes. Without pre-approval by a knowledgeable supervisor, inappropriate payments may go undetected prior to check issuance.

We recommend management ensure all WC manual payment requests are properly approved and authorized prior to check issuance and disbursement.

Status: Implemented.

3. The County's Webpage and Intranet Site Should Provide Employees with Updated Workers' Compensation Policies and Information

An outdated Internal Control Handbook (ICH) document from 1987 is posted on the County's Internal Control Handbook webpage, which is intended to provide employees with current information regarding the County's policies and practices. The posting of outdated and incorrect material can mislead employees and supervisors, creating confusion regarding current benefits, policies and procedures. Specifically, the Volume 13, Chapter 3, Workers' Compensation Procedures document posted is dated June 4, 1987, and includes outdated policies such as provision of up to eight weeks/320 hours of disability leave benefit to employees for workers' compensation injuries. This benefit was discontinued over four years ago and is no longer provided to employees for injuries occuring after October 1, 2013.

RMD states it has updated its current County Administrative Policies and Procedures (CAPP) document, but the CAPP has not yet been approved and made available on the County website. This draft document, which states an effective date of January 1, 2015 and a reviewed date of July 26, 2017, is still pending approval by FASD as of February 20, 2018. Instead of providing employees with these updated procedures for reference, the noted outdated ICH documents remain posted on the County's website.

We recommend management take action to finalize and approve updated CAPP documents for RMD, and post same on the County website, removing outdated policies that can be misleading to County employees.

Status: Implemented.

4. The County Should Consider Providing Additional Disability/Fringe Benefits to Employees Who Experience Work-Related Injuries Consistent with Peer Counties

The County's current workers' compensation policy does not provide Broward County employees who are injured on the job after October 1, 2013, with a disability benefit providing for paid leave to attend medical appointments or, in some cases, for initial days of work missed due to their injuries. Instead, employees are required/allowed to use their own available sick or vacation leave for such absences. It is only when an employee is absent for seven consecutive days or more does the individual become eligble for indemnity payments for 2/3 of their regular compensation (this amount may also be supplemented to full compensation levels by use of available leave balances, at the employee's choice). This practice can have significant detrimental financial impacts on employees who suffer a legitimate workplace injury, through no fault of their own, and who were performing their job duties in good faith.

According to Florida Statutes governing workers' compensation, the County is not required to provide compensation to an employee until their injury causes the employee to miss more than seven consecutive days from work. Further, Florida Statutes only require compensation for absences from work after this point to be at 2/3 of their usual base pay. Consistent with state requirements, the County allows employees to supplement the hours missed from work, or reductions in their usual pay, through use of their own earned leave balances.

However, while it is acknowledged that the County's practices are consistent with State requirements, the County's actions are not consistent with other peer Florida counties we surveyed. As shown in Figure 12, Palm Beach County and Orange County do not require employees to use their personal sick leave for the first seven days of leave, and Miami-Dade County provides a short term disability leave to restore an employee's leave balances beginning on the first day of lost time, up to 240 consecutive lost days, if the employee has not violated any safety rules and the work related injury is medically verified. Additionally, Broward County requires employees to use their own leave balances for time used for medical appointments, while peer counites appear to cover this as a benefit.

Figure 12: Broward County Workers' Comensation benefits are compliant with State requirements, but are less robust than surveyed peer counties.

Entity	Paid Leave Benefits for Absence Due to Medical Appointments	Paid Leave Benefits for Absence from Work	Employee Use of Leave to Supplement WC Appointments and/or Indemnity Payments
Florida Statute	Not required.	Employees are eligible for indemnity benefits (66 2/3% of regular pay) after 7th day of absence due to injury. Indemnity benefits are not required to be paid for first 7 days of disability, unless disability is more than 21 days.	Allowed
Broward County	Not provided as a benefit.	Benefits are compliant with Florida Statutes.	Allowed
Palm Beach County	After returning to work, sick leave is not charged.	Normal salary is paid for first 7 days absence.	Allowed
Orange County	After returning to work, up to three hours per day is allowable.	Normal salary is paid for first 7 days absence.	Automatic
Miami-Dade County	Short term disability leave fringe benefit use allowed for up to 240 consecutive lost days.	Normal salary is paid for first 7 days absence. Short term disability leave fringe benefit use allowed for up to 240 consecutive lost days.	Automatic, unless employee 'opts' out.

Source: Office of the County Auditor research

It is further noted that prior to October 1, 2013, the County provided up to eight weeks (320 hours) of disability leave for eligible employees with a work related injury. Employees could use this leave to pay for their time away from work due to the injury or related medical appointments, or to supplement reduced wages in the case of a more serious, longer term injury. This previous, but discontinued, policy is more consistent with peer counties, and appears to present a more appropriate and equitable approach to employees who are already experiencing the negative effects of their injury, without the additional potential financial burden of lost wages.

We recommend management review its current workers' compensation benefit policies to consider providing employees with work related injuries that are medically verified and do not

violate any County safety policies with reasonable and equitable benefits, similar to other Florida peer counties.

Status:

Implemented. Management reviewed their current policies and decided not to make changes.

5. RMD Should Improve Claims Management Practices Related to Initial Employee Notices and Documentation of Appropriate Follow-Up Activities

We reviewed a sample of 15 claim files and associated medical bills to determine if RMD is administering its workers' compensation program in complaince with applicable laws and best practices. During this review, we noted the following concerns:

A. RMD did not comply with Florida Statutes, Section 440.185(2), which requires all injured employees (or their estates) to be provided with a copy of the First Report of Injury (FROI) form (DWC-1) within seven days of the employer's knowledge of the injury. In 100%, or all seven claims reviewed in which a report of injury form was completed during our review period, RMD did not send a copy of the notice to the injured employee, although the form was available in the case file.

   According to Florida Statutes, Section 440.185(2), within seven days after actual knowledge of injury or death, the employer shall report such injury or death to its carrier, and shall provide a copy of such report to the employee or the employee's estate. In addition to improving its practices to achieve compliance with this requirement, RMD should also provide employees with a copy of this form to ensure the correct information has been documented, and so the employee can have a copy of this important form for their records.

B. In two of ten, or 20%, of applicable claims reviewed, RMD did not send the injured employee required information regarding WC rules, rights and responsbilities within the three day time frame required by Section 440.185(3), Florida Statutes. The Statute specifically requires that within three days after employee reports an injury, an approved informational brochure shall be mailed to the injured worker, that sets forth explanation of the rights, benefits, and procedures for obtaining benefits and assistance, criminal penalties, and obligations of the injured worker and their employers under the Florida Workers' Compensation Law.

   It is important that claimants receive such information in a timely manner to ensure the protection of their rights under law, as well as to inform them of possible consequences of improper actions.

It is noted that such brochures were mailed to employees, although not within the required three day timeframe; instead, the two brochures were mailed at four and five days after the report of injury.

C. We noted instances of incomplete claim file documentation by the Claims Adjusters for follow up activities conducted with employing Divisions, as follows:

   i. In three of nine, or 33%, of applicable claims reviewed, no follow up activity was recorded in the claim notes regarding the status of Claim Adjusters' requests to the employing Divisions for photographs or video recordings of the employee accident. Although requests were made for such material, the file did not contain notes to state if the material was not available (for example, not all locations are video-taped), or if the requested information was received from the Divisions, and what the results were when the material was reviewed by the Claim Adjuster. Obtaining and reviewing such evidence can be an important step in determining if the claim is compensable (i.e., work related), or in the mitigation of unsafe conditions/practices.

   ii. In two of four, or 50%, of applicable claims reviewed, no follow up activity was recorded in the claim notes regarding the employees' potential light duty assignment. When a physician recommends certain physical restrictions (such as limitations on heavy lifting, driving, or outdoor activities) due to an injury, this may impact an employee's ability to perform their regular assigned job duties. In our claims review, we noted physical restrictions were recommended by the attending physician for four claims; however, in two claims, the assigned Claim Adjusters only noted if the employee returned to work, and no follow up notes were found acknowledging whether or not an accomodation was needed for the employee, and if so, what actions were taken by the employing Division. This information can be important to ensure appropriate precautions are taken, if needed, to protect the employee from additional injury, and to protect the County against potential additional liability.

We recommend management:

A) Implement practices to ensure employees are sent Report of Injury forms in accordance with the state statute.
B) Implement practices to ensure timely delivery of informational brochures to injured employees, in accordance with state statute.

C) Improve file documentation practices to ensure all information relevant to claims management activities is recorded within each claim file, including obtaining relevant follow-up information from employing divisions.

Status:

A) **Implemented.**
B) **Implemented.**
C) **Implemented.**

6. Formal and Detailed Agreements Should Be Executed with Entities for Which County Provides Workers' Compensation Coverage and Services

During our review of agreements with other entities for which the County provides Workers' Compensation coverage and services, we noted the following concerns:

A. Broward County RMD provides workers' compensation coverage and administration services to the Supervisor of Elections (SOE) for approximately 7,500 employees and volunteers; however, there is no formal agreement detailing significant terms and conditions, including the rights and obligations of each party, payment terms or appropriate legal protections.Based upon information provided to us by RMD, the only documentation of any agreement with SOE was a "Government Service Database Date Entry Form," stating a verbal agreement was created in 1978, nearly 40 years ago, for workers compensation coverage to be provided by Broward County, on a continuous basis.

Without a formalized and detailed agreement or memorandum of understanding between Broward County and the Supervisor of Elections, neither party has clear directives regarding their rights or responsibilities to each other, or the nature of any financial obligations. This circumstance creates an environment for potential disagreements or legal disputes between the parties.

B. The County's agreement with the Clerk of Court is not adequate or current. Broward County's agreement with the Clerk of Court regarding the provision and payment for workers' compensation services is contained within a brief paragraph in a Letter of Understanding (LOU) for Provision of Legal Services, between the two entities, which is over 20 years old. The LOU is dated May 30, 1995, and provides summary information noting that the County will provide legal services to the Court Administrator to the same extent that legal services are provided to County Departments. The paragraph relevant to workers' compensation states that the Court Administrator's Office contributes to the County's self-insurance fund, and that the County Attorney will provide coverage for

insurance related issues such as workers' compensation, general liability and fleet maintenance liability.

It is prudent to periodically review such inter-governmental agreements to ensure all terms and conditions are appropriate and updated to reflect current practices. County management should also undertake a process, as considered in the agreement, "to [e]nsure that the Court Administrator's Office has proper policies and procedures in place to protect the County's interests and limit exposure."

We recommend management take appropriate actions to ensure that all agreements for the provision of workers' compensation services to external entities reflect a clear understanding of each parties' responsibilities. Management should:

A) Formalize terms and conditions of any understandings between the County and SOE regarding workers' compensation coverage, costs and services.

B) Update and better define the terms and conditions by which the County provides workers' compensation services to the Clerk of Court.

Status:

A) **Partially Implemented.** A new agreement with the Performing Arts Center Authority, with updated language, was approved by the Board on September 24, 2019. This agreement will be used as a template for the SOE.

B) **Partially Implemented.** A new agreement with the Performing Arts Center Authority, with updated language, was approved by the Board on September 24, 2019. This agreement will be used as a template for the Clerk of Court.

7. The WC Section Should Have a Written Procedure Manual to Guide Employees

The Workers' Compensation Section does not have a written procedure manual for Claim Adjusters and other staff to use as a reference guide on how to properly perform their day to day duties.

In response to our concerns, RMD Managers stated that a compehensive one-on-one training is provided to new hires on how to perform their job functions including the use of applicable Information Management Systems for which user manuals are available. Additionally, WC Claim Adjusters are licensed and receive ongoing continuing education.

While these practices and resources are recognized as valuable, without an approved written procedure manual, employees lack a single guiding reference tool to help ensure the consistent and proper performance of daily claim management activities.

We recommend management develop a written desktop guide for workers' compensation activities, which provides section employees with a single reference point for training purposes, as well as the day to day performance of their job responsibilities.

Status: Implemented.

8. Medical Bills Should be Posted to the Correct Claims

We observed one of 21 (5%) medical bills reviewed, which was posted to the incorrect claim. Specifically, the employee who received the services had two claims, one open and one closed. The bill was incorrectly posted to the closed case instead of the open case. It is important to assign costs to the appropriate claim, so accurate expenses are recorded, and appropriate reserve amounts are established.

We recommend management ensure medical bills are posted to the correct claim.

Status: Implemented. The circumstance noted in the original report appear to be an isolated incident. Management has assured us that no other mis-postings have occurred and we noted no other incidents during our follow-up testing.