

Paul R. Philip, Chief of Staff

SUBJECT: CASUALTY CLAIMS ADMINISTRATION AUDIT – THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, BY DELOITTE & TOUCHE LLP, PRESENTED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

The above-captioned report has been received from Deloitte & Touche LLP (D&T), who was engaged pursuant to a Request for Proposal reviewed by the Audit Committee at its November 26, 2002 meeting and awarded by the School Board at its March 12, 2003 meeting.

D&T was engaged by Miami-Dade County Public Schools (M-DCPS) to assess and review its self-insured workers' compensation, general liability, automobile liability, and errors and omissions/professional liability claims. The findings demonstrate that the potential exists to improve the effectiveness of the claims handling provided by Gallagher Bassett Services, Inc. (GB) and CorVel Corporation's (CorVel).

Although the report concludes that the third party claims administrator is administering M-DCPS claims on a satisfactory and even an above average level, it also found improvement opportunities in handling the medical management aspect of the claims, which may be as a result of the Board's current contract provisions. The findings demonstrate that the potential exists to improve the effectiveness of the claims handling provided by GB and CorVel, the medical management administrator.

Some of the significant findings noted in the report are as follows:

- M-DCPS has developed good, well-structured programs to adjust and manage the medical aspect of workers' compensation claims; however, current processes in place do not meet a best practice model in some aspects of medical management.
- M-DCPS bifurcates the third party administrator function and the managed care component in the management of its workers' compensation claims; however, when these programs are contracted separately, roles and responsibilities must be clearly defined and complied with.
- Medical only claims which later turn into lost time claims lack proper medical direction and claims management at the onset of the claim.
- Treating doctors are prescribing physical therapy (P.T.) within their own medical facility; this has the potential to cause over-utilization of P.T.

In accordance with the procedures of the Office of Management and Compliance Audits, the Casualty Claims Administration Audit – The School Board of Miami-Dade County, Florida, by Deloitte & Touche LLP, is submitted to the School Board. The School Board Audit Committee reviewed this report at its October 14, 2003 meeting and will submit its recommendations to the School Board and the Superintendent of Schools by November 4, 2003.

Copies of this report have been distributed to School Board Members, the Superintendent of Schools, and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Casualty Claims Administration Audit – The School Board of Miami-Dade County, Florida, by Deloitte & Touche LLP, presented by the Office of Management and Compliance Audits.