

## **Early Intervention Program:**

**Flaws Found in the 1997 Report on the Benefits of the Early Intervention Program**



April 1998  
Report 95017

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# CALIFORNIA STATE AUDITOR

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KURT R. SJOBERG  
STATE AUDITOR

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April 8, 1998

95017

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by Chapter 1034, Statutes of 1994, the Bureau of State Audits presents its audit report concerning its evaluation of the study the California Department of Corrections (CDC), the California Youth Authority (CYA), and the Department of Mental Health, in cooperation with the State Compensation Insurance Fund, prepared on the accomplishments of the Early Intervention Program. Our report concludes that it would be imprudent for the Legislature or the CDC and the CYA to rely on this study in deciding the future of the Early Intervention Programs. This is the second time we have reviewed a study the CDC and the CYA have prepared on the impact of early intervention. In July 1992, we also cautioned readers to be wary of the results of a similar study. These two attempts to measure the effectiveness of early intervention have produced inconclusive results.

Respectfully submitted,

KURT R. SJOBERG  
State Auditor

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# Summary

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## **Audit Highlights . . .**

***Our evaluation of a report prepared by the Departments of Corrections, Youth Authority, and Mental Health, in cooperation with the State Compensation Fund, found that:***

- ✓ The departments diligently collected most of the information that was required.***
- ✓ However, the departments made errors in compiling the data for this report.***

***We also found flaws in the study's design. For these reasons, we urge caution in interpreting the results of the departments' early intervention report.***



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## ***Results in Brief***

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**T**he California Department of Corrections (CDC) and the California Youth Authority (CYA) operate the Early Intervention Program (program). This pilot program strives to minimize the CDC's and the CYA's financial losses by expediting the claims process and returning injured employees to work as soon as possible. In accordance with the Labor Code, the directors of the CDC, the CYA, and the Department of Mental Health (DMH), in cooperation with the president of the State Compensation Insurance Fund (SCIF), prepared a report on the program's accomplishments. A complete copy of this report is presented as the appendix of our report.

The Labor Code also directed that we review the report prepared by the departments. Our audit included an evaluation of the completeness and accuracy of the data compiled for the report, and the report's compliance with the Labor Code. In their report on the program, the CDC, the CYA, and the DMH concluded that few benefits accrue to the program and, although the departments diligently collected most of the information that the Legislature specified in the Labor Code, we noted errors and inconsistencies in how the study was performed. We also found flaws in the study's design that distorted the comparisons that can be made among the CDC, the CYA, and the DMH. For these reasons, we urge caution in interpreting the results of the attached early intervention report.

This is the second time we have reviewed a report the CDC and the CYA have prepared on the impact of early intervention. In July 1992, we cautioned readers to be wary of the results of a similar report.

These two attempts to measure the effectiveness of early intervention have therefore been inconclusive. In view of this, it would be imprudent for the Legislature or the CDC and the CYA to rely on these reports in deciding the future of the Early Intervention Program.

### ***Agency Comments***

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The departments generally agreed with us that it would not be prudent for the Legislature or the CDC and the CYA to rely on the attached early intervention report in deciding the future of the Early Intervention Program at the CDC and the CYA.


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# *Introduction*

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## ***Background***

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*Early intervention is an approach to managing workers' compensation claims that focuses on settling rather than litigating disputes arising from these claims.*

The California Department of Corrections (CDC) and the California Youth Authority (CYA) operate the Early Intervention Program (program), an approach for managing workers' compensation claims that focuses on settling disputes arising from these claims rather than litigating such disputes. This pilot program's goal is to minimize the CDC's and the CYA's financial losses by expediting the claims process and returning injured employees to work as soon as possible. The program also identifies employees who will not be able to return to their regular jobs and encourages them to explore alternative placement within the CDC and the CYA or elsewhere in state service or to seek vocational rehabilitation services.

The program also offers injured employees counseling by an authorized independent early intervention counselor and assembles mutually-agreed-upon medical panels to assist in determining compensation for claims. Because this approach is designed to result in the faster resolution of claims, injured employees gain by receiving their workers' compensation benefits more promptly. It is also designed to be an advantage for employers because the total benefits paid to injured employees for their time away from work and for the cost of medical and psychological examinations and consultations would be reduced. All costs associated with the program are absorbed by the CDC and the CYA.

In accordance with Chapter 1034, Statutes of 1994 (Labor Code 3214), the directors of the CDC, the CYA, and the Department of Mental Health (DMH), in cooperation with the president of the State Compensation Insurance Fund (SCIF), are required to prepare a report on the Early Intervention Program's accomplishments. A complete copy of this report is presented as the appendix of our report. The CDC has taken the lead in coordinating and developing the report under the direction of its Office of Environmental, Health and Safety Management. The resulting report is intended to assess whether the program impacts the costs of workers' compensation claims and the effectiveness of the CDC and the CYA in providing benefits to the injured worker. To accomplish this, the study establishes specific measures, or "comparative factors."

### **Comparative Factors Used in the Assessment of the Early Intervention Program**

- Saves money in the long and short term.
- Improves the speed at which injured workers receive workers' compensation benefits.
- Affects the number of injuries reported on the Cal-OSHA logs.
- Affects the total number of injuries.
- Affects the elapsed days between the date of injury and the date benefits are provided.
- Affects the number of disability injuries.
- Reduces the number of lost work days.
- Increases the number of employees returning to work from work-related injuries.
- Affects the level of vocational rehabilitation referrals.
- Is cost effective.
- Reduces the number and cost of medical-legal consultations.
- Reduces the total cost of finalized claims.
- Affects the rate of industrial disability retirements.
- Affects backup costs for industrial injuries.
- Affects industrial disability retirement costs.

To assess the program's effectiveness, Labor Code 3214 requires that the directors of the CDC and the CYA compare data for these factors to data provided by the DMH. The DMH serves as a control group because it does not offer an early intervention program. Included in the report is comparative information on the total number and cost of litigated cases. This study's results are intended to ascertain the effectiveness of the program and to help guide future policy in this area.

The CDC, the CYA, and the DMH identified a target group of workers' compensation claims to include in this study. The study's goal was to compare samples of claims at the CDC and the CYA to those at the DMH to learn whether early intervention is a better approach to managing workers' compensation claims than when an early intervention approach is not used. This target group consisted of all stress-related claims, including claims that involve psychological, heart, hypertension, and gastrointestinal problems, as well as trauma-induced stress claims, which could result from inmate assaults and HIV/hepatitis B exposures. The target group also included CDC and DMH disability claims with 30 or more days of absence, and CYA disability claims with 15 or more days of absence. Further, the target group included only those claims with injury dates between July 1, 1995, through September 30, 1996. The CDC and the CYA only reported those claims actually receiving early intervention services, whereas the DMH reported all cases that met the early intervention requirements discussed above.

The agencies were to deliver the report to the Bureau of State Audits (bureau) to review by July 1, 1997. The bureau was required to submit the report and its evaluation to the Legislature by December 31, 1997. However, the CDC did not



deliver the report until early November 1997, so we were unable to critique it earlier. Because the report was received late, the bureau was not able to meet the statutory deadline of December 31, 1997, for delivering this report and our evaluation to the Legislature.

### ***Scope and Methodology***

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In accordance with the legislative request, our audit included a review and evaluation of the completeness and accuracy of the data compiled for the report, and the report's compliance with Labor Code 3214. The scope also included a follow-up review of the June 1995 recommendations that we made on the early intervention audit plan, which we found the departments generally implemented.

To evaluate the completeness of the data reported, and to ensure that the data met the requirements of Labor Code 3214, we compared the data collected to the data required by the Labor Code. To evaluate the accuracy of the data compiled, we interviewed employees from each department to determine the methods used in compiling the information.

We also validated the reliability of the CDC's, the CYA's, and the DMH's source data. The three departments primarily relied on data the SCIF compiled concerning those cases identified by the three departments as meeting the early intervention requirements.

Specifically, we tested the SCIF files supporting claims from 40 CDC, 25 CYA, and 20 DMH employees by tracing a sample of the data to the source documentation. We determined whether the three departments properly included the employee workers' compensation cases based on the criteria established for early intervention and whether the data in the study agreed with the applicable SCIF case file. We independently tabulated the data and compared the results to the same data elements presented in the report to verify their accuracy. We also tested a sample of workers' compensation cases not included in the study to determine whether they were properly excluded because they did not meet the established early intervention criteria.

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## ***The Study Designed To Evaluate the Early Intervention Program Is Flawed***

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### ***Chapter Summary***


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**T**he Departments of Corrections (CDC), Youth Authority (CYA), and Mental Health (DMH), in cooperation with the State Compensation Insurance Fund (SCIF), concluded that the data presented in their report reflects either inconclusively or negatively for most of the comparative factors used in evaluating the effectiveness of the Early Intervention Program (program) at the CDC and the CYA. Furthermore, the departments indicate that the report's conclusions cannot support a finding that the program accomplishes the original legislative intent of reducing all costs associated with the delivery of workers' compensation benefits along with ensuring that adequate benefits are delivered to the employee in a timely manner.



We urge caution, however, in interpreting the results that the departments have presented in the study because inherent design flaws in the study may distort the comparability of the departments' information. Furthermore, the mistakes and inconsistencies we found in the data the departments compiled affect the conclusions they reached for several of the comparative factors.

### ***The Study's Design May Have Distorted Its Results***

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*The Departments of Correction and Youth Authority use an early intervention approach in managing certain workers' compensation claims.*

We have concerns about the design of the study mandated in Labor Code 3214. The study was to compare the management of a sample of workers' compensation claims at two departments, the CDC and the CYA, using an early intervention approach to the management of a sample of claims at a third department, the DMH, which does not use an early intervention approach to manage these claims. The DMH's management of workers' compensation claims does not include the use of a third-party early intervention service. However, as the authors of the report describing the results of this study point out, the workplace hazards confronted by the workers at the CDC and the CYA vary considerably from hazards confronted by workers at the DMH. For instance, the DMH cares for and houses mentally ill patients who can be much more aggressive and violent than the wards and/or inmates housed in the CDC and CYA facilities. Furthermore,

  
*The study compared claims at the Departments of Corrections and Youth Authority to claims at the Department of Mental Health, which does not offer an early intervention approach.*  


when mentally ill patients in the state hospitals display aggressive or assaultive behavior, the DMH staff is required to directly intervene to prevent the patients from harming themselves or others. Similar procedures are employed at the CYA. However, the CDC staff may indirectly intervene to quell a disturbance in various ways. We believe this is an example of one difference that can impact the frequency and severity of worker injuries. This in turn distorts the comparability of the resulting workers' compensation claims. The report also points out that it is important that the reader understand the DMH's responsibility to provide medical and psychiatric treatment for its patients represents a fundamental difference in patient-employee interaction when compared to the CDC and the CYA. Specifically, the CDC primarily focuses on providing custodial care to the inmates. Similarly, the CYA provides custodial care, but attempts to place greater emphasis on offering offenders programs and rehabilitation. The DMH differs in that it focuses on providing a therapeutic environment for its patients and as a result, its staff is subject to different injury risks than those of the CDC and the CYA.


We further question the relevance of several of the comparative factors that the Legislature required the departments to use in evaluating the Early Intervention Program's effectiveness. For example, the Legislature required the collection of data on the number of workplace injuries reported on the Cal-OSHA Log 200 and an assessment of the program's effect on the total number of disability injuries. However, we believe that because the Early Intervention Program is not an injury-prevention program, it will not affect the number of workplace injuries reported nor will it affect the total number of disabling injuries. Although the departments were required to comply with the legislative mandates regarding these comparative factors, we do not believe that collecting data on workplace injuries or disabling injuries is relevant to measuring the program's benefits.

### ***The Departments Erred in Compiling the Data for the Study***

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Although the departments diligently collected most of the information that the Legislature specified in Labor Code 3214, we noted mistakes and inconsistencies in how the data was compiled. This affects the comparability of the test cases and any comparisons made among the CDC, the CYA, and the DMH.

For example, the CDC, the CYA, and the DMH did not include all the case files that met the target group's criteria for inclusion in the study. Specifically, in 18 of the 30 cases that we audited, we found that the three departments mistakenly excluded the cases from the study. Given this error rate, we have serious concerns about the completeness of the sample from which the report was prepared.

  
*We found the SCIF did not accurately extract data from case files in 22 of 85 cases sampled.*

We further found that the data collected for the report was not accurately extracted from the case files. In 22 of the 85 cases we audited, we found that the SCIF had erred in extracting from the case file the number of lost workdays of the injured employees. Similarly, the SCIF erred in reporting the number of the sample cases in which injured employees returned to work. Similarly, the CYA, relying on SCIF information, reported that 144 employees returned to work, while we found that 161 CYA employees actually returned to work.

We also found that the CDC's, the CYA's, and the DMH's method for comparing each department's cost for replacing the injured workers was flawed. The estimated cost of replacing injured workers includes two components, industrial disability leave (IDL) and the salary paid to replacement workers. These costs differ among the three departments because of differing salary rates among the employees at these departments. This affects both the comparability of the IDL component and the salary paid to replacement workers. For instance, the majority of the claims for the three departments were for the classifications of correctional officer at the CDC, youth counselor at the CYA, and psychiatric technician at the DMH. The maximum monthly salary rate for a correctional officer is \$3,825, youth counselor is \$4,210, and psychiatric technician is \$2,985. Because of the significant differences between the maximum monthly salary rates for these classifications, we believe that these costs are not comparable among the three departments without first adjusting for these differences. One way that the three departments could have adjusted for the differences is by dividing each department's IDL average claim cost by their respective salary rate. In performing this calculation, the three departments would have obtained the percentage of the IDL cost compared to the maximum salary rate for the three departments. This method would have enabled the three departments to account for the differences in the department's salary rates, thus providing a more level comparison of the effects of the Early Intervention Program on replacing an injured worker.

Other errors that we discovered were:

- The CYA did not use a method consistent with the CDC and the DMH in computing the average cost of medical and legal assessments that are sometimes part of a worker's compensation case.
- The SCIF was not accurate in compiling the number of test cases that were ultimately litigated. Specifically, we identified eight additional cases that were litigated during the audit period, yet not included in the departments' report.
- One of the departments, the CDC, overstated the average cost of the workers' compensation cases included in this study. Specifically, the CDC performed their calculation of the average cost of the cases using not only the incorrect data but also an erroneous method.

Such errors distort the comparability of the test cases and any comparisons that are made among the three departments covered by the study.

### ***The Findings of the Report Should Be Changed***

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As previously discussed, we noted numerous errors in how the data was collected and compiled. Because of these numerous errors, we have taken another look at the report's conclusions. Even setting aside the flaw in the study design, we are still concerned about the impact the numerous mistakes have on the report's conclusions. As a result of our concerns, we believe that the report's conclusions should be changed.

As Table 1 indicates, we modified several of the report's original conclusions after adjusting the data for the errors that we found.

**Table 1**

***Conclusions Regarding the Impact of  
the Early Intervention Program  
Including Those That Should Be Changed***

<b>Comparative Factor</b>	<b>Report Conclusions</b>	<b>BSA Conclusions After Adjusting for Errors</b>
Saves money in the short term	No	Yes
Saves money in the long term	No	Inconclusive
Improves speed at which workers receive compensation benefits	No	No
Reduces the elapsed days between date of injury and date benefits are provided	No	No
Reduces the total number of lost work days.	Yes	Yes
Increases the total number of employees returning to work from work-related injuries	Inconclusive	Yes
Reduces the total number of vocational rehabilitation referrals	Inconclusive	Inconclusive
Reduces the total number of medical-legal consultations	Inconclusive	Inconclusive
Reduces the total cost of medical-legal consultations	Inconclusive	No
Reduces the total cost of finalized claims	Inconclusive	No
Reduces the rate of industrial disability retirements	Inconclusive	Inconclusive
Reduces backup costs for industrial injuries	Inconclusive	Inconclusive
Reduces the cost of industrial disability retirements	Inconclusive	Inconclusive

For example, the report concluded that it did not appear that the CDC and the CYA incurred any significant cost savings in the short term. However, after taking our adjustments into consideration, the average claim cost decreased from \$11,172 to \$7,464 for the CDC, while the amounts for the CYA and the DMH remained the same at \$9,882 for the CYA and \$10,028 for the DMH. As a result, the data show that the average cost per claim appears lower for those departments with the Early Intervention Program, indicating a short-term cost saving.

In addition, the report concluded that the data were inconclusive as to whether the program directly impacted the number of employees returning to work. However, we found that the return rates were 85 percent for the CDC and 73 percent for the CYA, compared to 69 percent for

the DMH. As a result, we believe that it is possible that the program contributes to the increased number of employees returning to work from work-related injuries.

The report additionally concluded that the data were inconclusive as to whether the program reduces the total cost of finalized claims. However, after adjusting for errors, we found that the cost per finalized claim increased from \$16,743 to \$20,809 for the CDC and from \$12,001 to \$17,537 for the CYA, while the costs only increased from \$15,024 to \$15,252 for the DMH. After making these adjustments, the data show that the average costs per finalized claim are higher at the two departments with the Early Intervention Program. In other words, the program does not appear to lower the total cost of finalized claims.

### ***Conclusion***

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In their report on the Early Intervention Program, the CDC, the CYA, and the DMH concluded that the program has few benefits. However, we evaluated the departments' study for accuracy and completeness of the data and statutory compliance with the provisions of Labor Code 3214 and, although the departments diligently collected most of the information that the Legislature specified, we noted errors and inconsistencies in how the study was performed. Also, the design of the study mandated by Labor Code 3214 was flawed, which distorts the comparisons that can be made among the CDC, the CYA, and the DMH. For these reasons, we urge caution in interpreting the results of the attached early intervention report.

Similarly, in our review of a July 1992 report that the CDC and the CYA had prepared on the impact of early intervention, we urged caution to the readers of the report citing how the recently passed reforms to workers' compensation blurred the CDC's and CYA's attempts to measure the effectiveness of early intervention.

The past two attempts to measure the effectiveness of early intervention have essentially produced inconclusive results. In view of this, it would be imprudent for the Legislature or the CDC and the CYA to rely on these reports in deciding the future of the Early Intervention Program at the CDC and CYA.



We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,

A handwritten signature in black ink, reading "Kurt R. Sjoberg". The signature is written in a cursive style with a large, prominent initial "K".

KURT R. SJOBERG  
State Auditor

Date: April 8, 1998

Staff: Steven M. Hendrickson, Audit Principal  
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Phyllis Miller, CPA

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# Appendix

Provided by the department as text only

State of California  
DEPARTMENT OF CORRECTIONS  
**Memorandum**

Date : November 7, 1997

To : Kurt R. Sjoberg  
California State Auditor  
Bureau of State Audits  
660 J Street, Suite 300  
Sacramento, CA 95814

Subject : **ASSEMBLY BILL 2163 AUDIT RESULTS**

The following joint report, as mandated by Assembly Bill 2163 (Areias, Chapter 1034), from the California Department of Corrections (CDC) and the California Department of the Youth Authority (CYA) in conjunction with the Department of Mental Health (DMH) is provided in response to California Labor Code Section 3214 (Early Intervention Program; audit of program) which requires an audit of the Early Intervention Programs of the CDC and the CYA.

The data presented in the report has been gathered from several sources including the State Compensation Insurance Fund (SCIF), CDC, CYA and DMH Return-to-Work Coordinators, State Controller's Office, and Public Employees' Retirement System.

If you need additional information or clarification, please call James E. Tilton, Deputy Director, Administrative Services Division, CDC, at 323-4185 or Timothy J. Mahoney, Assistant Director, Labor Relations/Employee Assistance/Employee Safety Office, CYA, at 262-1447.

*Gregory W. Harding*

For  
C. A. TERHUNE  
Director  
Department of Corrections

Attachments

cc: David J. Tirapelle, Director, DPA  
Francisco J. Alarcon, Director, CYA  
Stephen W. Mayberg, Director, DMH  
Frank Floyd, Program Manager, SCIF

**REPORT TO THE AUDITOR GENERAL**

**REGARDING**

**“THE EARLY INTERVENTION PROGRAM”**

**AS MANDATED BY ASSEMBLY BILL 2163  
(AREIAS, CHAPTER 1034)**

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## **INTRODUCTION**

Labor Code (LC) Section 3214, Early Intervention; Audit of Program mandated that the California Department of Corrections (CDC) and the California Department of the Youth Authority (CYA) in conjunction with employee bargaining units develop and implement an Early Intervention (EI) program effective December 31, 1989. The EI program includes counseling by an authorized independent Early Intervention Counselor (EIC) and development and implementation of Mutually-Agreed-Upon Medical (MAMPD) Panels to assist in determining compensability of workers' compensation claims. The LC Section 3214 further mandates that all costs associated with the EI program be absorbed by the participating departments.

The EI program was developed with the intention of reducing the costs associated with the workers' compensation system and to assist in the need to provide timely benefits to the injured worker. Furthermore, the EI program is intended to settle disputes regarding compensability prior to litigation.

To measure the effectiveness of the EI program, LC Section 3214 also mandates that an audit of the EI program be conducted, and further outlines 15 specific objectives to measure the effectiveness of the program.

## **MITIGATING FACTORS**

The CDC and the CYA have implemented numerous measures to improve the monitoring and administration of its workers' compensation programs which encompass the components of the EI program, reasonable accommodation, return-to-work and accident prevention programs.

### **Return-to-Work Coordinator Positions**

Full time Return-To-Work Coordinator (RTWC) positions have been established at each CDC and CYA facility since 1990. These positions are dedicated to monitoring the institutions workers' compensation programs including coordinating the efforts of the EIC, the State Compensation Insurance Fund (SCIF), as well as the medical and vocational rehabilitation providers. These positions have improved the communication between the employees, the adjusting agency and supervisors and management personnel, and have contributed significantly to the benefits provided to the injured employees.

## **Training**

Each department has been able to develop and refine systems and procedures to ensure that injured workers are provided appropriate benefits in a timely manner and are returned to work as soon as possible. Such efforts include providing training to staff, EICs, SCIF adjusters and MAMPD physicians on their respective responsibilities within the CDC and CYA programs and increasing communication with the supervisors, injured workers, medical providers and vocational rehabilitation providers to identify appropriate job modifications or alternative positions.

## **Policy Development**

Both the CDC and the CYA have continued development of policies and procedures to assure compliance with the Americans with Disabilities Act as well as continued development of Injury and Illness Prevention Programs at each CDC and CYA facility.

## **Workers' Compensation Reform**

In the last five years, the Legislature has successfully passed numerous workers' compensation reforms that include:

- Reductions in the cost of vocational rehabilitation plans for injured workers where the injured worker is now entitled to only one plan per injury and the total cost of the vocational rehabilitation plan cannot exceed \$16,000.
- Injured workers claiming psychiatric injury must now prove that actual events of employment are the predominant cause (51 percent) of the injury.
- No compensation is due an injured worker if the injury was substantially caused by a lawful, nondiscriminatory, good faith personnel action.
- Specific language was added to the LC to allow civil monetary penalties in fraudulent workers' compensation cases.

As new legislation is enacted and the workers' compensation environment continues to evolve, the CDC and CYA will continue to adapt its programs and policies to meet any changes.



## **DEPARTMENT BACKGROUND**

### **California Department of Corrections**

The CDC plays an important role in protecting the public by incarcerating the most serious criminal offenders in a secure, safe and disciplined institutional setting. The CDC provides work, academic education, vocational training, and specialized treatment for California's inmate population as well as parole services supervision, surveillance and specialized services. The CDC also provides for the protection of the public through cooperative efforts with criminal justice system agencies.

The CDC is responsible for the direct operation of 33 correctional institutions, four parole regions and provides oversight of inmate classification and disciplinary actions for 12 community correctional facilities. The CDC has an annual budget of \$3.8 billion with nearly 44,000 employees of which 27,000 are sworn correctional peace officers.

Each institution and parole region operates under the direction of a warden or regional administrator who are responsible for the custody, classification, case records, health services, education services, and parole supervision of all inmates and parolees within the California system.

The CDC provides a secure and controlled environment for the inmates incarcerated within its facilities. All correctional peace officers are required to provide security to inmates as well as direct inmate work activities and assignments. Although not armed with weapons, correctional peace officers may employ weapons such as handguns, rifles, shotguns, sidehandle batons, as well as Oleoresin Capsicum (OC) to quell disturbances.

Although correctional peace officers involved in cell extractions are required to wear safety equipment such as protective arm pads; elbow, shin and knee pads; protective vests; gloves; face shields; and helmets, officers are still at risk for injury.

### **California Department of the Youth Authority**

The CYA is charged to protect the public from criminal activity by providing education, training and treatment services for youthful offenders.

The CYA is responsible for the operation of 11 institutions, 4 forestry camps, 16 parole offices and 2 residential drug treatment programs. The CYA has an annual budget of \$436,000,000 and has 5,500 employees.

Each institution and parole region operates under the direction of superintendent or regional administrator who is responsible for the

custody, classification, education, health services, case records and parole supervision of all wards and parolees within the CYA system.

Besides providing a secure and controlled environment for its youthful offenders, the CYA program emphasizes treatment, education, and rehabilitation. Due to the treatment oriented approach to correctional work with potentially violent young offenders, the CYA places special importance on an effective and comprehensive safety and return-to-work programs including the EI program.

### **Department of Mental Health**

The DMH is the State's mental health authority, and as such sets overall policy for the delivery of mental health services statewide; executes and oversees performance contracts with county mental health departments; monitors compliance with State and federal laws, rules, and regulations; and oversees various State-funded programs and projects consistent with specific departmental objectives.

The DMH is also responsible for the direct operation of Atascadero, Metropolitan, Napa and Patton State Hospitals as well as the Acute Psychiatric Program at the California Medical Facility at Vacaville. The DMH assures the provisions of quality inpatient treatment services for mentally disabled Lanterman-Petris-Short (LPS) patients under contracts with local mental health departments, judicially committed patients, mentally disordered offenders, inmates transferred from the CDC, and wards from the CYA. The basic goal of the State Hospital program is the restoration of the patient's optimal level of functioning to allow reintegration into the community.

Although the DMH was chosen as the control group for the EI study, it is important readers of this report understand the DMH's responsibility to provide medical and psychiatric treatment for its State hospital patients represents a fundamental difference in patient-employee interface when compared with the CDC and the CYA. This difference is significant in any discussion of occupational injury risk factors because when mentally ill patients in the State hospitals display aggressive or assaultive behavior, DMH staff are required to directly and humanely intervene to prevent the patients from harming themselves or others. The emphasis on maintaining a therapeutic environment for DMH patients exposes the patient care staff to different injury risks than the custodial care employees at CDC and CYA.

## **AUDIT PLAN**

The CDC, CYA and DMH developed an audit plan to address the objectives outlined in LC Section 3214 in preparation for the formal audit by the Bureau of State Audits. The DMH served as the control group. In the development of the plan, the CDC, CYA and DMH identified the target group of workers' compensation claims for inclusion in the audit. The target group consisted of all stress related workers' compensation claims (including psychological, heart, hypertension, and gastro-intestinal), trauma induced stress (including inmate assault and HIV/hepatitis B exposure); those CDC and DMH claims with 30 days of lost time; and those CYA claims with 15 or more days of lost time.

The audit period was determined to be from July 1, 1995 through September 30, 1996 (15 months).

The DMH reported only those claims that met the above requirements with injury dates between July 1, 1995 through September 30, 1996. The CDC and CYA reported only those claims actually receiving EI services with injury dates between July 1, 1995 through September 30, 1996.

When developing the Audit Plan, the CDC, CYA and DMH with the assistance of the SCIF identified the necessary data and data sources to determine whether the EI program satisfies the objectives outlined in LC Section 3214.

**Objective 1. Saves money in the short and long term.**

**Saves money in the short term.**

<b>Average Claim Cost</b>		
<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>\$11,172</b>	<b>\$9,882</b>	<b>\$10,038</b>

This table reflects a comparison of the average cost of workers' compensation claims included in the audit for each of the participating departments. All costs associated with each workers' compensation claim were averaged including paid medical and paid compensation as well as all costs associated with industrial disability leave and temporary disability benefits. The information for this section was extracted from the SCIF data base and personnel and payroll data bases of each department.

It does not appear that CDC and CYA claims receiving EIC referrals incurred a significant cost savings in the short term.

**Saves money in the long term.**

<b><u>Objective</u></b>	<b><u>Description of Objective</u></b>	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
1	Average claim cost	\$11,172	\$9,882	\$10,038
7	Average number of lost work days	42	69	78
8	Number of employees returning to work	930/85%	144/65%	155/70%
10	Cost EIC services	\$394	\$641	NA
11	Number of med/legal	59/100	74/100	53/100
11	Cost of med/legal	\$874	\$614	\$761
12	Number of finalized claims	81/7%	21/9%	26/11%
12	Cost of finalized claims	\$16,743	\$12,001	\$15,024
13	Rate & cost of IDR's	1%	less than 1%	less than 1%
16	Number of litigated claims	123/11%	1/.5%	30/14%
16	Average cost of litigated claims	\$11,025	\$12,283	\$7,094

This table reflects a comparison of Objectives 1, 7, 8, 10, 11, 12, 13, 15, and 16. The information for this section was extracted from the SCIF data base and personnel and payroll data bases of each department.

It does not appear that the CDC and CYA claims receiving EIC referrals incurred a significant cost saving in the long term.

**Objective 2.** Improves the speed at which injured workers receive workers' compensation benefits.

**Objective 5.** Affects the elapsed days between the date of injury and the date benefits are provided.

**Number of Days Between  
Date of Injury to Acceptance**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>41 days</b>	<b>42 days</b>	<b>34 days</b>

This table reflects the average number days for a claim to be accepted by SCIF as the result of an industrial injury. This data was extracted from the SCIF data base for each claim included in the audit.

The data reflected in this chart does not indicate that the EI program contributes to the speed at which injured workers receive workers' compensation benefits nor does the EI program have any impact on the number of days between the date of injury and the date of acceptance by the SCIF.

**Objective 3. Affects the total number of injuries reported on the California Occupational Safety and Health Act (Cal-Osha) Log 200.**

This objective was not evaluated. The EI program is not an injury prevention program and does not impact the total number of injuries reported on the Cal-Osha Log 200.

**Objective 4. Affects the total number of injuries (claims).**

**Total Number of Claims**  
**Between**  
**July 1, 1995 through September 30, 1996**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>1,096</b>	<b>222</b>	<b>220</b>

This table reflects the total number of claims meeting the EI referral criteria reported during the identified audit period for each department. This information is presented for **statistical purposes only** as EI is not an injury prevention program and does not impact the total number of injuries or claims.

**Objective 6. Affects the total number of disability injuries.**

**Total Number of Disability Injuries**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>466 claims</b>	<b>136 claims</b>	<b>122 claims</b>
<b>42.50%</b>	<b>61%</b>	<b>81%</b>

This table reflects the number and percentage of claims included in the audit that were determined to be actual disability claims. Disability claims are defined as those claims that exceed three days of lost time. This information is presented for **statistical purposes only** as the EI program is not an injury prevention program and does not impact whether an injury is disabling.



**Objective 7. Reduces the total number of lost work days.**

**Reduces Number of Lost Work Days**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>42</b>	<b>69</b>	<b>77</b>

This table reflects the average number of lost work days for each department. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

This data indicates that that CDC and CYA employees have earlier return to work dates from their industrial injuries than those of the DMH. This may be directly attributed to the nature of the overall DMH mission and subsequent clientele. The DMH provides care for and houses mentally ill patients who can be much more violent than the wards and/or inmates housed within CDC and CYA facilities. Therefore, the injuries suffered by DMH employees are typically more severe and more often the result of a violent act.

The data presented in this objective indicates that the EI program may have an impact on the early return-to-work of injured CDC and CYA employees. Both the CDC and CYA have identified light duty policies that facilitate the early return-to-work of injured employee's to positions that meet their identified work restrictions. The CDC and CYA also have dedicated RTWC's in each institution and parole region which also directly impacts an employee's early return to work.

**Objective 8. Increases the total number of employees returning to work from work related injuries.**

**Number of Employees Returning to Work**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>Number of employees returning to work</b>	<b>930</b>	<b>144</b>	<b>155</b>
<b>Percentage of employees returning to work</b>	<b>85%</b>	<b>65%</b>	<b>70%</b>

This table reflects the number and percentage of employees who returned to work. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

The CDC and the DMH both returned a greater percentage of employees to work than the CYA.

The data presented is inconclusive as to whether the EI program has a direct impact on the number of employee's returning to work.

**Objective 9. Affects the total number of Vocational Rehabilitation referrals.**

**Number of Vocational Rehabilitation Referrals**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>Number of QIW employees</b>	<b>33</b>	<b>22</b>	<b>16</b>
<b>Percentage of QIW employees</b>	<b>3%</b>	<b>10%</b>	<b>7%</b>

This table reflects the number of audit claims for each department that received vocational rehabilitation referrals. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

The EI program does not affect the finalization of workers' compensation claims nor does it affect early return-to-work of employees.

The data presented is inconclusive as to whether the EI program has a direct impact on the number of vocational rehabilitation referrals.

**Objective 10. Is cost effective.**

**Cost of EI Services**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>EIC Services</b>	<b>\$337,928</b>	<b>\$93,814</b>	<b>NA</b>
<b>EIC Services @ RTW Meetings</b>	<b>\$94,373</b>	<b>\$48,690</b>	<b>NA</b>
<b><u>Total EI costs</u></b>	<b><u>\$432,301</u></b>	<b><u>\$142,504</u></b>	<b><u>NA</u></b>
<b>Average EIC cost per claim (EIC services only)</b>	<b>\$308</b>	<b>\$424</b>	<b>NA</b>
<b>Average EIC cost per claim (EIC services and EIC services at RTW Meetings)</b>	<b>\$394</b>	<b>\$641</b>	<b>NA</b>

This table reflects the costs of services provided by EIC's for individual claim service, the cost of their services for attendance at return-to-work meetings and the average cost for an EI referral for the identified audit claims. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

All costs associated with EI referrals are in addition to costs for IDL, workers' compensation, and medical-legal costs, therefore increasing the overall cost of a claim for workers' compensation benefits. There is no indication that EIC services are assisting the CDC and CYA in reducing the overall costs of workers' compensation claims.

This information is presented for **statistical purposes only**. Cost effectiveness is evaluated under Objective 1.

**Objective 11. Reduces the total number and cost of medical-legal consultations.**

**Reduces Number and Cost of Med-Legal Consults**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>Number of consults per 100 claims</b>	<b>59</b>	<b>74</b>	<b>53</b>
<b>Average cost of consultations</b>	<b>\$874</b>	<b>\$614</b>	<b>\$761</b>

This table reflects the number of medical-legal consultations per 100 claims referred to the EI program and the average cost of medical-legal consultations for each department. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

Although the CDC and the DMH claims generated less medical consultation evaluations than the CYA, the CYA and DMH consultation costs were both lower than the CDC's. This may be attributed to what type of injuries that were evaluated. The costs would also be impacted by the location of the medical provider and the cost of living in those areas. Additionally, the SCIF data reflects that many of the claims had more than one medical-legal consultation with many claims having two or more medical-legal consultations. Workers' compensation claims that address more than one body part typically require that a medical consultation be conducted for each affected body part.

The data presented is inconclusive as to whether the EI program has any impact on the reduction of the number and costs of medical-legal consultations.

**Objective 12. Reduces the total cost of finalized claims.**

**Total Cost of Finalized Claims**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>Number of finalized claims</b>	<b>81</b>	<b>21</b>	<b>26</b>
<b>Percentage of claims finalized claims</b>	<b>7%</b>	<b>9%</b>	<b>11%</b>
<b>Average cost of finalized claims</b>	<b>\$16,743</b>	<b>\$12,001</b>	<b>\$15,024</b>

This table reflects the number and average cost of finalized claims for each department. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

The CYA's lower average finalized claims cost is a possible indicator of EI program effectiveness, although this was not reflected in the CDC finalized claim costs. Objective 11 also indicates that the average cost of a medical-legal consultation for the CYA is lower than both the CDC and the DMH. This Objective also shows that the CYA conducts more medical-legal consultations than the CDC and DMH but at a lower cost per consultation.

The data presented is inconclusive as to whether the EI program reduces the total cost of finalized claims for CDC or DMH.

**Objective 13. Affects the rate of industrial disability retirements.**

**Objective 15. Affects industrial disability retirement costs.**

**Industrial Disability Retirements**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>16/1%</b>	<b>5/ &lt; 1%</b>	<b>1/ &lt; 1%</b>

This table reflects the percentage of industrial disability retirements for the audit claims for each department. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout.

Generally, industrial disability retirement authorizations take from 90 days to one year for processing depending on how long it takes to gather the necessary medical reports, job descriptions, and other information. The law mandates that the California Public Employees' Retirement System (CalPers) make a determination within 90 days of the receipt of all required information. Additionally, it may be necessary for CalPers to schedule an independent medical evaluation (IME), especially when there are conflicting medical reports that relate to the industrial injury, thus prolonging the processing period.

The data presented is inconclusive as to whether the EI program has any impact on the rate or costs of industrial disability retirements authorized by CalPers for the CDC or the CYA.

**Objective 14. Affects backup costs for industrial injuries.**

**Average Backup Costs Per Claim**  
**(IDL X 2)**

<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>\$6,951</b>	<b>\$11,060</b>	<b>\$7,800</b>

This table reflects the average backup costs for each claim in the audit for all departments. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printout, and from payroll history obtained from the Office of State Controller.

The workers' compensation claims included in the audit include various different classifications from the three departments, although the majority of the claims were for the classifications of Correctional Officer, Youth Counselor and Psychiatric Technician.

**Salary Rates**

	<b><u>CDC</u></b>	<b><u>CYA</u></b>	<b><u>DMH</u></b>
<b>Classification</b>	<b>Correctional Officer</b>	<b>Youth Counselor</b>	<b>Psychiatric Technician</b>
<b>Maximum salary rate</b>	<b>\$3,825</b>	<b>\$4,210</b>	<b>\$2,985</b>

The backup costs were calculated at the maximum salary rate for each of the aforementioned classifications. As noted in the second chart, there is a significant difference in the salary rates of the three primary classifications. The backup costs for the CYA although higher than the CDC and the DMH, is a result of the higher salary rate.

Other data reflected in Objectives 7 and 8 indicates that the CYA employees stay off work for longer periods of time, therefore creating larger backup costs. Employees for the CDC return to work from industrial injuries sooner creating less costly backup costs.

The data present is inconclusive as to whether the EI program affects the backup costs of industrial injuries.



**Objective 16. Total number and cost of litigated claims.**

**Number and Cost of Litigated Claims**

	<u>CDC</u>	<u>CYA</u>	<u>DMH</u>
<b>Number of litigated claims</b>	<b>123</b>	<b>1</b>	<b>30</b>
<b>Percentage of litigated claims</b>	<b>11%</b>	<b>.5%</b>	<b>14%</b>
<b>Average litigated claim cost</b>	<b>\$11,025</b>	<b>\$12,283</b>	<b>\$7,094</b>

This table reflects the number and cost of the litigated claims included in the audit for all departments. The data presented was extracted from the SCIF data based on information compiled from the Data Collection Sheets and subsequent SCIF printouts and from payroll history obtained from the State Controller's Office.

The CDC and the DMH litigation rates are comparable at 11 percent and 14 percent, respectively, and the average cost of a litigated claim is significantly lower than that of the CYA. The data for the CYA reflects only one litigated claim making any comparison of rate of litigation and litigation costs difficult.

The data presented is inconclusive as to whether the EI program impacts the cost or number of litigated and finalized claims for CDC or DMH. However, it is possible that the EI program may have been a factor in CYA's lower litigation rate.

## **CONCLUSION**

Since the inception of the EI program in 1989, the CDC and the CYA have conducted two audits to determine whether the program accomplishes the original legislative intent of reducing the overall cost of workers' compensation claims, assuring timely delivery of benefits due an injured worker, and settling disputes regarding claims for benefits without litigation. The conclusions derived from this audit, as well as the results presented in the previous audit, show it is extremely difficult to determine the effectiveness of one component of a multi-faceted program.

The CDC and the CYA have worked diligently to implement and develop aggressive and effective workers' compensation, return-to-work and light duty programs. These programs, along with the significant changes to the Workers' Compensation Laws of California in 1995, have a tremendous mitigating impact and make it extremely difficult, if not impossible, to confer merit where data cannot support a finding.

The data represented in this report reflects inconclusively or negatively in all areas with the exception of a reduction in the total number of lost work days. However, again, mitigating factors play a role.

To that end, based on the data presented, the conclusions of this audit cannot support a finding that the EI program accomplishes the original legislative intent.

**AB 2163 AUDIT PLAN  
DOCUMENTATION**

<b><u>DOCUMENT/DATA</u></b>	<b><u>DOCUMENT LOCATION</u></b>	<b><u>CONTACT PERSON</u></b>	<b><u>TELEPHONE NUMBER</u></b>
SCIF Data Collection Sheets	SCIF	Rich Beaton	(916) 567-7567
Original SCIF 3067's	SCIF	Rich Beaton	(916) 567-7567
Department Data Collection Form	CDC	Carol Jurcak	(916) 322-1428
Department Data Collection Form	CYA	Bob Hayes	(916) 262-1452
DMH Work Entry Tracking System	DMH	Jerry Beaman	(916) 654-2527
Master Spreadsheets and Computer Files	SCIF	Rich Beaton	(916) 567-7567
MIRS Reports	CDC	Carol Jurcak	(916) 322-1428
MIRS Reports	CYA	Bob Hayes	(916) 262-1452
MIRS Reports	DMH	Jerry Beaman	(916) 654-2527
Cal-OSHA Log 200	CDC	Carol Jurcak	(916) 322-1375
Cal-OSHA Log 200	CYA	Bob Hayes	(916) 262-1452
Cal-OSHA Log 200	DMH	Jerry Beaman	(916) 654-2527

## REPORT CONCLUSIONS

OBJECTIVE #	OBJECTIVE	YES	NO	INCONCLUSIVE	STATISTICAL ONLY
Objective 1	Saves money in the long and short term.		X		
Objective 2	Improves the speed at which workers receive workers' compensation benefits.		X		
Objective 3	Affects the total number of injuries on the Cal-Osha Log 200.				X
Objective 4	Affects the total number of injuries (claims).				X
Objective 5	Affects the elapsed days between the date of injury and the date benefits are provided.		X		
Objective 6	Affects the total number of disability injuries.				X
Objective 7	Reduces the total number of lost work days.	X			
Objective 8	Increases the total number of employees returning to work from work related injuries.			X	
Objective 9	Affects the total number of vocational rehabilitation referrals.			X	
Objective 10	Is cost effective.				X
Objective 11	Reduces the total number and cost of medical-legal consultations.			X	
Objective 12	Reduces the total cost of finalized claims.			X	
Objective 13	Affects the rate of industrial disability retirements.			X	
Objective 14	Affects backup costs for industrial injuries.			X	
Objective 15	Affects the cost of industrial disability retirements.			X	
Objective 16	Total number and cost of litigated claims.		X		

**AB 2163**

**AUDIT PLAN**

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**AB 2163 AUDIT PLAN  
TIMELINE**

Audit Plan Implementation	07/01/95
Audit Plan Data Collection	07/01/95 - 09/30/96
Data Collection Checkpoint	10/01/95
Data Collection Checkpoint	01/01/96
Data Collection Checkpoint	03/01/96
Data Collection Checkpoint	07/01/96
Audit Plan Data Compilation	10/1/96 - 12/31/96
SCIF Data to Departments	01/01/97
Audit Plan Data Calculations	01/01/97 - 03/31/97
DMH Data to CDC/CYA	03/31/97
Audit Plan Data Analysis and Report Preparation	04/01/97 - 06/30/97
Audit Plan Reports to BSA	07/01/97
BSA Report to Legislature	12/31/97

**AB 2163 AUDIT PLAN  
CRITERIA**

**Type of Claim (When Filed)**

- o Stress
  - Psyche
  - Heart
  - Hypertension
  - Gastro-Intestinal
- o Trauma-Induced Stress
  - Inmate Assault (Violence Related/Altercation)
  - HIV/Hepatitis 8 Exposure
- o 30 Days Lost Time (CDC and DMH)
- o 15 Days Lost Time (CYA)

**Target Group**

Department of Mental Health

- o Only those claims which meet the above-mentioned "Type of Claim" with date of injury between 07/01/95 and 09/30/96.

California Department of Corrections/California Youth Authority

- o Only those claims receiving Early Intervention Services with date of injury between 07/01/95 and 09/30/96.



## **AB 2163 AUDIT PLAN IMPLEMENTATION**

**OBJECTIVE NUMBER 1: Saves money in the long and short term.**

### **Audit Plan Data Collection/Compilation**

Responsibility - SCIF

Data - Employee Name/Claim Number/Total Number of Claims Included in Audit/Total Number of Accepted Claims Included in Audit/Total Cost Per Claim/ Total Cost of Claims Included in Audit/Total Cost of Accepted Claims Included in Audit

Method - "SCIF Computer Run-Cost of Claim"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline- 10/01/96- 12/31/96

### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the "SCIF Computer Run-Cost of Claim", an average cost per claim will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 1, Calculations".

### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Result:

- o Using "Objective Number 1, Calculations", the average cost per claim for CDC and CYA will be compared to the average cost per claim for DMH.
- o Based on this comparison, it will be determined whether or not EI saves money in the short term.

**AB 2163 AUDIT PLAN  
IMPLEMENTATION**

**OBJECTIVE NUMBER 1 continued**

**Audit Plan Data Analysis and Report Preparation continued**

- o Using the results of Objectives Number 1 (short-term), 7, 8, 10, 11, 12, 13, 15, and 16, an analysis will be made and conclusions reached regarding whether or not EI saves money.
- o Based on these conclusions, it will be determined whether or not EI saves money in the long term.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

**OBJECTIVE NUMBER 2:** Improves the speed at which injured workers receive workers' compensation benefits.

**OBJECTIVE NUMBER 5:** Affects the elapsed days between the date of injury and the date benefits are provided.

### **Audit Plan Data Collection/Compilation**

Responsibility- SCIF

Data - Employee Name/Claim Number/Total Number of Accepted Claims Included in Audit/Total Number of Elapsed Days from DOI to Date Claim Accepted per Claim/Total Number of Elapsed Days from DOI to Date Claim Accepted for all Claims Included in Audit

Method - SCIF Spread Sheet

Data Collection Timeline - 07/01/95 - 09/30/96

DateCompilationTimeline- 10/01/96- 12/31/96

### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the SCIF Spread Sheet, an average number of elapsed days from date of injury to date claim accepted will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 2 and Objective Number 5, Calculations".

### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA Timelines - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 2 and Objective Number 5, Calculations", the average number of elapsed days from date of injury to date claim accepted for CDC and CYA will be compared to the average elapsed days from date of injury to date claim accepted for DMH.

**AB 2163 AUDIT PLAN  
IMPLEMENTATION**

**OBJECTIVE NUMBER 2 AND OBJECTIVE NUMBER 5 continued**

**Audit Plan Data Analysis and Report Preparation continued**

- o Based on this comparison, it will be determined whether or not EI improves the speed at which injured workers receive workers' compensation benefits and/or affects the elapsed days between the date of injury and the date benefits are provided.

**AB 2163 AUDIT PLAN  
IMPLEMENTATION**

**OBJECTIVE NUMBER 3: Affects the Total Number of Injuries  
Reported on the Cal-OSHA Log 200.**

Objective Number 3 will not be evaluated. EI is not an injury prevention program and does not impact the total number of injuries reported on the Cal-OSHA Log 200.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 4: Affects the Total Number of Injuries (Claims).**

#### **Audit Plan Data Collection/Compilation**

Responsibility- SCIF

Data - Employee Name/Claim Number/Total Number of Claims Included in Audit/Total Number of Claims Filed between 07/01/95 and 09/30/96

Method - "SCIF Computer Run-Cost of Claim"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the "SCIF Computer Run-Cost of Claim", a total number of claims included in audit and filed between 07/01/95 and 09/30/96 will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 4, Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA Timeline - 04/01/97 - 06/30/97

Results -

- o "Objective Number 4, Calculations" will be presented as Statistical Information Only. EI is not an injury prevention program and does not impact the total number of injuries/claims.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 6: Affects the Total Number of Disability Injuries.**

#### **Audit Plan Data Collection/Compilation**

Responsibility- SCIF

Data - Employee Name/Claim Number/Total Number of Disability Injuries (Claims which exceed 3 Days Lost Time)/Total Number of Claims Included in Audit

Method - "SCIF Computer Run-Disability Injuries"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline- 10/01/96- 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the "SCIF Computer Run-Disability Injuries", a percentage of disability injuries will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 6. Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o "Objective Number 6, Calculations" will be presented as Statistical Information Only. EI is not an injury prevention program' and does not impact whether an injury is disabling.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 7: Reduces the Total Number of Lost Work Days.**

#### **Audit Plan Data Collection/Compilation**

Responsibility- SCIF

Data - Employee Name/Claim Number/Total Number of Verified Lost Work Days from 3290/TD Data/Reason Lost Work Days Ended per Claim/Total Number of Verified Lost Work Days of all Claims Included in Audit/ Total Number of Claims Included in Audit

Method - SCIF Spread Sheet

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the SCIF Spread Sheet, an average number of lost work days for CDC, CYA and DMH will be identified.
- o The summary data will be documented and identified as "Objective Number 7, Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 7, Calculations", the average number of lost work days for CDC and CYA will be compared to the average number of lost work days for DMH.
- o Based on this comparison, it will be determined whether or not Early Intervention reduces the total number of lost work days.



## **AB 2163 AUDIT PLAN IMPLEMENTATION**

**OBJECTIVE NUMBER 8: Increases the Total Number of Employees Returning to Work from Work-Related Injuries.**

### **Audit Plan Data Collection/Compilation**

Responsibility - CDC, CYA and DMH; SCIF

Data - Employee Name/Employment Status/Total Number of Accepted Claims Included in Audit/Total Number of Employees Returning to Work/Total Number of Claims Included in Audit/Total Number of Accepted Claims with Return to Work

Method - Department Data Collection Form; "SCIF-Cost of Claim"

Data Collection Timeline - 07/1/95 - 09/30/96

Data Compilation Timeline- 10/01/96- 12./31/96

### **Audit Plan Data Calculations**

Responsibility - CDC. CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the Department Data Collection Form and "SCIF Computer Run-Cost of Claim", a percentage of employees returning to work will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective #8, Calculations".

### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 8, Calculations", the percentage of employees returning to work for CDC and CYA will be compared to the percentage of employees returning to work for DMH.
- o Based on this comparison, it will be determined whether or not EI increases the total number of employees returning to work from work-related injuries.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

OBJECTIVE NUMBER 9: Affects the Total Number of Vocational Rehabilitation Referrals.

Audit Plan Data Collection/Compilation

Responsibility - SCIF

Data - Employee Name/Claim Number/Total Number of Claims Receiving Outside Vocational Rehabilitation Services/Total Number of Claims Included in Audit

Method - "SCIF Computer Run-V. R. Referrals"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

Audit Plan Data Calculations

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the "SCIF Computer Run-V. R. Referrals", a percentage of V. R. referrals will be identified for CDC, CYA and DMH.

- O The summary data will be documented and identified as "Objective Number 9, Calculations".

### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 9, Calculations", the percentage of V. R. referrals for CDC and CYA will be compared to the percentage of V. R. referrals for DMH.
- o Based on this comparison, it will be determined whether or not EI affects the level of vocational rehabilitation referrals.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 10: Is Cost Effective.**

#### **Audit Plan Data Collection/Compilation**

Responsibility - SCIF

Data - Employee Name/Claim Number/Total EI Counselor Costs Per Claim/Total EI Counselor Costs/Total EI Counselor Costs at RTW Meetings/Total Number of Claims Included in Audit

Method - "SCIF Computer Run-EIC Costs"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline- 10/01/96- 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC and CYA

Timeline - 1/01/97 - 03/31/97

Calculations -

- o Using the "SCIF Computer Run-EIC Costs", an average cost of EIC Services per claim; a total cost of EIC Services; and a total cost of EIC Services at RTW Meetings will be identified for CDC and CYA.
- o The summary data will be documented and identified as "Objective Number 10, Calculations"

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o "Objective Number 10, Calculations" data will identify the specific cost of EI Counselor services and will be presented as Statistical Information Only. No analysis will be conducted to determine cost effectiveness. These costs are included in the overall cost of a claim and cost effectiveness is being evaluated under Objective Number 1.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

**OBJECTIVE NUMBER 11: Reduces the Total Number and Cost of Medical-Legal Consultations.**

### **Audit Plan Data Collection/Compilation**

Responsibility- SCIF

Data - Employee Name/Claim Number/Total Number of Medical-Legal Evaluations per Claim/Total Number of Medical-Legal Evaluations for all Claims Included in Audit/ Total Cost of Medical-Legal Evaluations per Claim/Total Cost of Medical-Legal Evaluations for all Claims Included in Audit/Total Number of Claims Included in Audit

Method - SCIF Spread Sheet and "SCIF Computer Run-Medical-Legal Evaluations"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96- 12/31/96

### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97-03/31/97

Calculations -

- o Using the SCIF Spread Sheet, an average number of medical-legal evaluations will be identified for CDC, CYA and DMH.
- o Using the "SCIF Computer Run-Medical-Legal Evaluations", an average cost of medical-legal evaluations will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 11, Calculations".

**AB 2163 AUDIT PLAN  
IMPLEMENTATION**

**OBJECTIVE NUMBER 11 continued: Reduces the Total Number and Cost of Medical-Legal Consultations.**

**Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 11, Calculations", the average number and average cost of medical-legal evaluations for CDC and CYA will be compared to the average number and average cost of medical-legal evaluations for DMH.
- o Based on this comparison. It will be determined whether or not EI reduces the number and cost of medical-legal evaluations.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 12: Reduces the Total Cost of Finalized Claims.**

#### **Audit Plan Data Collection/Compilation**

Responsibility - SCIF

Data - Employee Name/Claim Number/Claim Finalization Status/Total Cost Per Finalized (Closed or Settled) Claim/Total Cost of Finalized Claims Included in Audit/Total Number of Finalized Claims Included in Audit/Total Number of Claims Included in Audit

Method - "SCIF Computer Run-Finalized Claims"

Data Collection Timeline - 07/01/95 -09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97-03/31/97

Calculations -

- o Using the "SCIF Computer Run-Finalized Claims", an average cost of finalized claim will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 12, Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 12, Calculations", the average cost of finalized claim for CDC and CYA will be compared to the average cost of finalized claim for DMH.
- o Based on this comparison, it will be determined whether or not EI reduces the total cost of finalized claims.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 13: Affects the rate of Industrial Disability Retirements.**

#### **Audit Plan Data Collection/Compilation**

Responsibility - CDC, CYA, and DMH; SCIF

Data - Employee Name/Total Number of Claims Included in Audit/Employment Status/Total Number of Industrial Disability Retirements

Method - Department Data Collection Form; "SCIF-Cost of Claims"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97 Calculations -

- o Using the Department Data Collection Form and "SCIF Computer Run-Cost of Claims", a percentage of industrial disability retirements will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 13, Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 13, Calculations", the percentage of industrial disability retirements for CDC and CYA will be compared to the percentage of industrial disability retirements for DMH.
- o Based on this comparison, it will be determined whether or not EI affects the rate of industrial disability retirements.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

**OBJECTIVE NUMBER 14: Affects Back-up Costs (IDL x 2) for Industrial Injuries.**

### **Audit Plan Data Collection/Compilation**

Responsibility - CDC, CYA and DMH; SCIF

Data - Employee Name/Total Number of Claims Included in Audit/Total Number of Accepted Claims Included in Audit/Total Cost of IDL per Claim/Total Cost of IDL for all Accepted Claims

Method - Department Data Collection Form; "SCIF-Cost of Claim"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

### **Audit Plan Data Calculations**

Responsibility - CDC, CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Using the Department Data Collection Form and "SCIF Computer Run-Cost of Claims", an average back-up cost will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 14, Calculations".

### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 14, Calculations", the average back-up cost for CDC and CYA will be compared to the average back-up cost for DMH.
- o Based on this comparison, it will be determined whether or not EI affects back-up costs for industrial injuries.



## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 15: Affects Industrial Disability Retirement Costs.**

#### **Audit Plan Data Collection/Compilation**

Responsibility - Refer to Objective Number 13

Data - Refer to Objective Number 13 Method - Refer to Objective Number 13

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline - 10/01/96 - 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC. CYA and DMH

Timeline - 01/01/97 - 03/31/97

Calculations -

- o Refer to Objective Number 13
- o Refer to Objective Number 13

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97 - 06/30/97

Results -

- o Using "Objective Number 13, Audit Plan Data Analysis", an analysis of the correlation between the rate of industrial disability retirements and industrial disability retirement costs will be made.
- o Based on this analysis, it will be determined whether or not EI affects industrial disability retirement costs.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **OBJECTIVE NUMBER 16: Total Number and Cost of Litigated Claims.**

#### **Audit Plan Data Collection/Compilation**

Responsibility - SCIF

Data - Employee Name/Claim Number/Total Number of Litigated Claims/Total Number of Claims Included in Audit/Total Cost per Litigated Claim/Total Cost of Litigated Claims Included in Audit/Total Cost of all Claims Included in Audit

Method - "SCIF Computer Run-Litigated Claims"

Data Collection Timeline - 07/01/95 - 09/30/96

Data Compilation Timeline- 10/01/96- 12/31/96

#### **Audit Plan Data Calculations**

Responsibility - CDC. CYA and DMH Timeline - 01/01/97-03/31/97

Calculations -

- o Using the "SCIF Computer Run-Litigated Claims", a percentage of litigated claims and an average cost of litigated claims will be identified for CDC, CYA and DMH.
- o The summary data will be documented and identified as "Objective Number 16, Calculations".

#### **Audit Plan Data Analysis and Report Preparation**

Responsibility - CDC and CYA

Timeline - 04/01/97-06/30/97

Results -

- o Using "Objective Number 16, Calculations", the percentage of litigated claims and average cost of litigated claims for CDC and CYA will be compared to the percentage of litigated claims and average cost of litigated claims for DMH.
- o Based on this comparison, it will be determined whether or not EI affects the total number and cost of litigated claims.

## **AB 2163 AUDIT PLAN IMPLEMENTATION**

### **SCIF DOCUMENTATION**

#### **SCIF Computer Run-Cost of Claim**

- Employee Name
- Claim Number
- Total Number of Claims Included in Audit
- Total Cost Per Claim (Developed from Pay History Data)
- Total Cost of Claims - Total Number of Accepted Claims Included in Audit
- Total Number of All Claims Filed between 07/01/95 and 09/30/96
- Total Cost of Accepted Claims Included in Audit

#### **SCIF Computer Run-Disability Injuries**

- Employee Name
- Claim Number
- Total Number of Disability Injuries
- Total Number of Claims Included in Audit

#### **SCIF Computer Run-Vocational Rehabilitation Referrals**

- Employee Name
- Claim Number
- Total Number of Claims Receiving Outside V.R. Services
- Total Number of Claims Included in Audit

#### **SCIF Computer Run-EIC Costs**

- Employee Name
- Claim Number
- Total EIC Costs per Claim
- Total EIC Costs
- Total EIC Costs at RTW Meetings
- Total Number of Claims Included in Audit

#### **SCIF Computer Run-Medical-Legal Evaluations**

- Employee Name
- Claim Number
- Total Number of Medical-Legal Evaluations per Claim
- Total Number of Medical-Legal Evaluations
- Total Cost of Medical
- Legal Evaluations per Claim
- Total Cost of Medical
- Legal Evaluations
- Total Number of Claims Included in Audit

**AB 2163 AUDIT PLAN  
DOCUMENTATION**

**SCIF DOCUMENTATION continued**

**SCIF Computer Run-Finalized Claims**

- Employee Name
- Claim Number
- Claim Finalization Status
- Total Cost per Finalized Claim
- Total Cost of Finalized Claims
- Total Number of Finalized Claims
- Total Number of Claims Included in Audit

**SCIF Computer Run-Litigated Claims**

- Employee Name
- Claim Number
- Total Number of Litigated Claims
- Total Number of Claims Included in Audit
- Total Cost per Litigated Claim
- Total Cost of Litigated Claims
- Total Cost of Claims Included in Audit

**SCIF Spread Sheet (Developed from SCIF Data Collection Form)**

- Total Number of Elapsed Days from DOI to Date Claim Accepted per Claim
- Total Number of Elapsed Days from DOI to Date Claim Accepted for All Claims Included in Audit
- Total Number of Verified Lost Work Days per Claim
- Total Number of Verified Lost Work Days of All Claims Included in Audit
- Reason Lost Work Days Ended per Claim
- Total Number of Medical-Legal Evaluations per Claim
- Total Number of Medical-Legal Evaluations
- Claim Number
- Employee Name
- Total Number of Claims Included in Audit
- Total Number of Accepted Claims Included in Audit

**AB 2163 AUDIT PLAN  
DOCUMENTATION**

**CDC, CYA and DMH DOCUMENTATION**

**Department Data Collection Form**

- Employee Name
- Employment Status
- Total Number of Employees in Survey
- Total Number of Employees Returning to Work
- Total Number of Industrial Disability Retirements
- Total Cost of IDL per Claim
- Total Cost of IDL for All Accepted Claims

**Department AB 2163 Monthly Report to SCIF**

- Institution
- Report Period
- Employee Name
- Date of Injury
- Type of Injury
- Date of Referral

## **AB 2163 AUDIT PLAN DEFINITIONS**

### **Acronyms**

C&R - Compromise and Release  
CDC - California Department of Corrections  
CYA - California Youth Authority  
DMH - Department of Mental Health  
DOI - Date of Injury  
EI - Early Intervention  
EIC - Early Intervention Counselor  
F.M. - Future Medical  
IDL - Industrial Disability Leave  
MIRS - Management Information Reporting System  
P.D. - Permanent Disability  
QIW - Qualified Injured Worker  
RTW- Return-to-Work  
SCIF - State Compensation Insurance Fund  
SCO - State Controllers Office  
STIP - Stipulation  
TD - Temporary Disability  
VR - Vocational Rehabilitation  
3290 - Temporary Disability Verification of State Employee

### **Definitions**

Back-Up Costs - Industrial Disability Leave X 2  
Disability Injury - Claim Exceeding 3 Days Lost Time  
Employee Returning to Work - Status When Data is Collected  
Finalized Claim - Closed Claim, Settled Claim (P.D. or F.M. Award)  
Claim Status - Open, Closed, Finalized, Litigated  
Employment Status - RTW, MLOA, Disability Retirement, Civil Service Retirement, Resigned

State of California  
DEPARTMENT OF CORRECTIONS  
Memorandum

Date : April 3, 1998

To : Kurt R. Sjoberg  
State Auditor  
California State Auditor  
600 J Street, Suite 300  
Sacramento, CA 95814

Subject: EARLY INTERVENTION PROGRAM

Thank you for the opportunity to review the draft report submitted by the California State Auditor regarding the Early Intervention Program: "Flaws Found in the 1997 Report on the Benefits of the Early Intervention Program." After reviewing the report, the California Department Corrections (CDC) agrees with the overall content of the report.

Staff from the CDC, the California Department of the Youth Authority (CYA) and the State Compensation Insurance Fund met with staff from the California State Auditor, Bureau of State Audits (BSA) on Tuesday, March 31, 1998 to discuss the draft report. The Departments requested that some minor editorial changes be made to the report. These included a typographical error in the last paragraph on Page 3 of the Introduction; changes on Page 2 of the Analysis that include a rewording of the CDC's ability to lock down a facility; rewording of the description of the CYA's mission to reflect a more program and rehabilitation orientation versus solely custodial in nature; and a change of wording in the last paragraph from inappropriately to mistakenly. ①\*

We agree that the study conducted by the CDC was flawed primarily because the audit criteria and objectives were established by legislation without the input of the participating Departments. Based on the audit objectives outlined in the legislation, the four Departments and BSA created an audit plan and diligently collected the information specified. Because of the flawed audit criteria and objectives, the study resulted in distorted and inconclusive comparisons. This impacted the overall conclusions reached by the auditors. The CDC continues to believe that a combined effort by departmental staff that includes the Early Intervention Program favorably influences the outcome of workers' compensation claims, with no one particular factor having a predominate influence.

The cooperation and guidance provided by your audit staff during the audit period was very helpful to departmental staff. Please extend our appreciation to your staff for their efforts.

Should you have any questions regarding the CDC's Early Intervention Program, please feel free to contact Cora Monson, Assistant Deputy Director, Office of Environmental, Health and Safety Management, at 322-1375.

*C.A. Terhune*

C. A. TERHUNE  
Director  
Department of Corrections

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\*California State Auditor's comments on this response are on page 69.

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STATE OF CALIFORNIA—YOUTH AND ADULT CORRECTIONAL AGENCY  
DEPARTMENT OF THE YOUTH AUTHORITY  
4241 Williamsborough Drive  
Sacramento, California 95823  
Telephone (916) 262-1447 TDD: (916) 262-2913  
California Relay Service (800) 735-2922  
Web Site: www.cya.ca.gov

PETE WILSON, GOVERNOR

April 2, 1998

Kurt R. Sjoberg  
State Auditor  
Bureau of State Audits  
660 J Street, Suite 300  
Sacramento, CA 95818

VIA: Thomas M. Maddock  
Acting Agency Secretary  
Youth and Adult Correctional Agency

Subject: Response to “Early Intervention Program: Flaws Found in the 1997 Report on the Benefits of the Early Intervention Program”

Dear Mr. Sjoberg :

Thank you for the opportunity to review this Bureau of State Audits Draft Report. The Youth Authority generally agrees with its conclusions. The flawed audit criteria established by the original legislation, reporting errors from departmental field offices and departmental calculation errors all impacted the final conclusions. However, we believe that departmental errors were made irrelevant due to the flawed audit design.

AB 2163 mandated a comparison between unlike entities and the isolation of a factor that could not really be isolated. It is intrinsically difficult to compare entities as unlike each other as CDC, YA, and DMH because of their different missions, different clientele and widely divergent policies and procedures for managing their inmates. Additionally, workers’ compensation expenses as outlined in AB 2163 are dependent on a variety of factors, including the efforts and skills of local and departmental Return to Work Coordinators, the SCIF adjusters, the quality of legal representation, departmental policies, and legislative changes. All of these may influence the costs of the various elements outlined in AB 2163 as much or more than Early Intervention efforts. It is impossible to attribute increased or decreased workers’ compensation costs to any single factor such as Early Intervention.

On March 31, 1998, staff from the Departments involved in this study met with Bureau of State Audits staff to discuss the draft report. While agreeing with the overall conclusions, we disagreed with some of the details. For example, the draft report likens CDC and YA custodial practices in contrast to the therapeutic environment provided by DMH when discussing client/employee interaction. However, the Youth Authority program is more than custodial. Our population is younger, more inclined to act out, and most of the Youth Authority wards are housed in open dormitories rather than lockdown units. Additionally, our institutional employees are not armed. All of these factors would make our workers’ compensation exposure different than CDC. This and other issues were discussed with BSA staff and editorial changes were recommended.

①\*

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\*California State Auditor’s comments on this response are on page 69.

Kurt R. Sjoberg  
April 2, 1998  
Page 2

We agree with the Bureau of State Audits that it would be imprudent to rely on this report to decide the future of the Early Intervention Programs.

We would like to thank your staff for the cooperation and input provided by them during this audit process.

If there are any questions regarding this response or any other aspect of this audit, please feel free to contact Tim Mahoney, Assistant Director for Labor Relations, Employee Assistance, and Safety, or his staff at (916) 262-1451

Sincerely,

Francisco J. Alarcon  
Director

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# *Comments*

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## *California State Auditor's Comments on the Responses From the Departments of Corrections and the California Youth Authority*

To provide clarity and perspective, we are commenting on the Departments of Corrections' and California Youth Authority's responses to our audit report. The numbers correspond to the numbers we have placed in the response.

- ① On pages 3, 6, and 7 of the report, we made the changes we agreed that we would make at the March 31, 1998, meeting with the departments.

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STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY  
DEPARTMENT OF MENTAL HEALTH  
1600 - 9TH STREET  
SACRAMENTO, CA 95814  
(916) 654-2309

PETE WILSON, GOVERNOR

April 2, 1998

Mr. Kurt R. Sjoberg,  
California State Auditor  
Bureau of State Audits  
660 J Street, Suite 300  
Sacramento, CA 95814

Dear Mr. Sjoberg:

Thank you for the opportunity to review the draft of the Bureau of State Audit's (BSA) assessment of the Legislative Report on the Early Intervention Program required by Chapter 1034, Statutes of 1994. The Department of Mental Health (DMH) was pleased to be able to participate as a control group in the study of the Early Intervention Program.

Our only comment relates to the assessment element to determine if the Early Intervention Program "Increases the total number of employees returning to work from work-related injuries." At the bottom of page 5 and top of page 6, BSA concludes there is a "...possibility that the Early Intervention Program contributes to the increased number of employees returning to work from work-related injuries" at the California Department of Corrections (CDC) and the California Youth Authority (CYA) when compared to DMH. The study measured the percentage of injured employees returning to work during the 15 month data collection period. We believe our level-of-care staff generally have a greater exposure to serious physical injuries due to their direct, hands-on, therapeutic treatment of seriously mentally ill patients than do Correctional Officers and Youth Counselors. Therefore, the recovery time from these serious physical injuries in many cases exceeds 15 months. The DMH return-to-work rate could equal or exceed that of CDC or CYA if the comparison were made over a longer period of time. Thus, we believe the measure of this element is not conclusive.

If you need additional information regarding this issue, please contact Jerry Beaman of my staff at 654-2527.

Sincerely,

STEPHEN W. MAYBERG, Ph.D.  
Director

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STATE COMPENSATION INSURANCE FUND  
State Contract Services  
2450 Venture Oaks Way, Suite 500  
Sacramento, CA 95833-3291  
(916)567-7500 Fax (916) 567-7511  
Mailing Address: P.O. Box 659011 • Sacramento, CA 95865-9011

March 30, 1998

Kurt R. Sjoberg, State Auditor  
Bureau of State Audits  
660 J Street, Suite 300  
Sacramento, CA 95814

Dear Mr. Sjoberg

This is the State Compensation Insurance Fund's response to your report entitled "Early Intervention Program: Flaws Found In the 1997 Report on the Benefits of the Early Intervention Program".

The State Fund is the third party administrator for the uninsured state agencies' workers' compensation programs. The State Fund provides claims adjusting and legal services to all three departments involved in this study.

The State Fund was responsible for collecting some of the raw data used in the study. The data collected was entered on EXCEL spreadsheets and forwarded to the departments. The Fund did not attempt to interpret the data or draw any conclusions.

The methods used to collect data are as follows:

1. Each department sent lists of claims that they felt met the audit criteria.
2. SCIF entered a code on the computer claim record for those cases.
3. At the end of the audit period, Data collection worksheets were sent to the claims adjusters who were handling the "EI" coded cases.
4. The data collection worksheets were returned to the SCIF Sacramento office where they were entered on EXCEL spreadsheets.
5. The completed worksheets were forwarded to the departments.

During the entire audit period, representatives of all three departments, SCIF and the Bureau of State Audits met to be sure that deadlines were being met and acceptable methods were being used to collect data. The State Fund feels that the data collected reasonably reflects the information that was available to the adjusters at the single point in time that the worksheets were completed.

Sincerely

Rich Beaton  
Claims Manager

cc: K. Bollier, F. Floyd

cc: Members of the Legislature  
Office of the Lieutenant Governor  
Attorney General  
State Controller  
Legislative Analyst  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
Capitol Press Corps