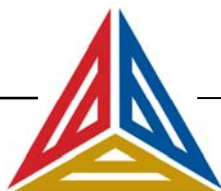


**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**REVIEW OF WORKERS' COMPENSATION  
TRANSITION TO SELF-ADMINISTRATION**

**DECEMBER 2014**



**S. DAVIS & ASSOCIATES, P.A.**

Certified Public Accountants & Consultants

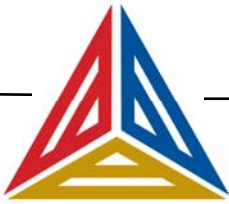
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# S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

## EXECUTIVE SUMMARY

January 14, 2015

Members of the School Board of Broward County  
Fort Lauderdale, Florida 33301

S. Davis & Associates, P.A. (“SD&A”) was engaged to assist the School Board of Broward County, Florida (“SBBC”, the “District”) with determining whether Imagine Clinical, LLC (“Imagine Clinical”) completed the major components and deliverables outlined in the scope of service agreement between Imagine Clinical and the District. In general, Imagine Clinical was to assist the District with the transition to self-administration including the establishment of an in-house Workers’ Compensation Unit designed and prepared to execute a Criteria-Based Model™ (CBM™) approach to workers’ compensation. In addition to reviewing Imagine Clinical’s deliverables, SDA would also review SBBC’s budgetary objectives for administering the program. SDA performed the agreed-upon procedures over a period of three weeks. Our procedures were primarily comprised of inquiries of management of the Workers’ Compensation Business Unit (“WCBU”) and examination of relevant documents. Below is a summary of the findings presented in our report.

### Summary of Results

All of the deliverables described in Imagine Clinical’s scope of services were successfully completed.

Key confirmation milestones:

- The WCBU has been established and has been handling claims for over a year.
- The District received the required approvals from the relevant state regulatory agencies for self-administration.
- The District received certification from the District’s excess carrier to self-administer their own claims.
- Required documentation of relevant CBM™ aligned models, criteria, principles, operating procedures, trainings, oversight & reporting mechanisms, job descriptions, organization chart, and other relevant materials were developed, reviewed and implemented.

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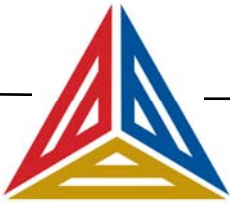
#### MEMBER

Florida Institute of Certified Public Accountants  
American Institute of Certified Public Accountants

## **EXECUTIVE SUMMARY – Continued**

It should be noted that a few select program components noted originally in the Imagine Clinical scope of service document are outsourced by the District via contract to OptaComp, including but not limited to, medical bill review, re-pricing and payment, mail & document management, and provider selection and management.

- However, Imagine Clinical did work collaboratively with both the District and OptaComp to assure operational alignment and faithful adherence to the CBM™ architecture and principles.
  - This included detailed reviews, input and suggested revisions, where appropriate, of the contract between SBBC and OptaComp, as well as associated criteria, processes, documentation, orientation, trainings, etc.
  - This also included developing all the interface and related procedures between the WCBU and the various parties (OptaComp, strategic partners, etc.)



# S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

## INDEPENDENT ACCOUNTANT'S REPORT

The School Board of Broward County  
Fort Lauderdale, Florida

We have performed agreed upon procedures solely to assist the School Board of Broward County, Florida ("SBBC") with determining whether Imagine Clinical, LLC ("Imagine") delivered the major components and deliverables that comprise the establishment of an in-house workers' compensation department and operational program designed and prepared to execute a Criteria-Based Model™ approach to Workers' Compensation, and the budgetary objectives for administering the program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the School Board of Broward County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose

Our report is attached.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the School Board of Broward County and is not intended to be and should not be used by anyone other than those specified parties.

*S. Davis & Associates, P.A.*

Hollywood, Florida  
January 14, 2015

# **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

## **SCOPE OF SERVICES**

Perform a Review of the School Board's transition to a self-administrative Workers' Compensation Program. Specifically, review the major component services and deliverables completed by Imagine Clinical LLC, that comprise the establishment of an in-house Workers' Compensation Department and operational program designed and prepared to execute a Criteria-Based Model™ approach to Workers' Compensation. In addition, perform a preliminary review of SBBC Administration's budgetary objectives for administering the program.

Understand the highly integrated nature of both the model and project. The content topics, below, should be used as an inter-related guide for determining that the consultant, Imagine Clinical LLC, has completed the project to assist the District in the transition to a self-administrative Workers' Compensation Program.

- 1) Design, establish and oversee the transition and enhancement of the current comprehensive and integrated WC program based on the CBM™. In general, establish and document SBBC's WC programs unique:
  - mission statement;
  - core principles and models;
  - overall operational framework and workflow;
  - organizational structure;
  - performance standards and measures; and
  - value equation.
- 2) Establish an overarching, macro project plan
  - Establish preliminary/tentative transition plan (from current to new administration).
- 3) Identify key staff positions, strategic partners, consults and advisors
  - Core "in-house" staff and organizational framework
  - Non-core (auxiliary) products and servicesDefine/establish parameters and criteria and assist with the selection process
- 4) Secure necessary certifications for self-administration from:
  - Department of Financial Services Division of Workers' Compensation; and
  - Excess carrier
- 5) Develop operational policy and procedures for:
  - Claims management (administrative, fiduciary/reserving, regulatory, legal);
  - Medical Consumerism (case management, medical advisors);
  - Stay at work/return to work (SAW/RTW);
  - Supervision and Oversight;
  - Panel development & management;
  - Medical clinicians/providers;

**INDEPENDENT ACCOUNTANT’S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

- Bill review and re-pricing;
  - Dispute resolution and litigation;
  - Information management;
  - Statutory and regulatory compliance;
  - Program evaluation; and
  - Overall operations and program management.
- 6) All policies and procedures to include (as appropriate):
- Personnel:
    - Job descriptions, qualifications, roles and responsibilities; and
    - Staffing & network requirements and models;
  - Work flow methodologies;
  - Criteria for decision-making;
  - Performance measures and parameters;
  - Communication and documentation requirements; and
  - Supervision and oversight structure and framework.
- 7) Review existing workflow support and information management systems;
- Provide advisory input and modification recommendations as appropriate for:
    - Claims;
    - Medical case management;
    - Clinician/Provider Panel management; and
    - Program evaluation.
- 8) Develop criteria-based medical consumerism framework for referral, authorization, and reimbursement of clinical and related services
- Establish criteria and associated utilization models
  - Establish medical and scientific advisory and support mechanisms
  - Integrate criteria into operational workflow and service model
- 9) Develop framework for “employer” role and involvement including:
- Core expectations and responsibilities;
  - Policies and procedures re employer-SBBC RM/WC Unit interface and collaboration; and
  - SAW/RTW Strategies.
- 10) Establish models, criteria and parameters and assist in the selection process of contracting with:
- Medical providers;
  - Non-medical providers;
  - Medical advisors; and
  - Auxiliary services (external vendors, sub-contractors).

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

11) Establish training and education curricula and mechanisms

- Preliminary and ongoing
- For *all* relevant component elements including:
  - SBBC RM/WC staff, consultants, and advisors;
  - Incumbent third party administrator and other relevant strategic partners/service providers;
  - Medical providers;
  - Employer (SBBC managers, supervisors, designated personnel); and
  - Defense firms.

12) Program Evaluation

- Establish measures (data and processes) for assessing outcomes and value
  - Individually, departmentally, operationally
- Establish standards of performance
  - Individually, departmentally, operationally
- Establish mechanisms for integrating outcome data and enhancing operational performance employer/WC staff/strategic partner satisfaction, and overall program success in human and financial terms

13) Financial Evaluation

- Review Workers' Compensation Program operating budget and expenditures for first year of operations
- Perform comparison of first year operating costs with prior year 2012-13 fiscal year through analysis of Financial Data Reports



## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

### **OBSERVATIONS**

1. Imagine Clinical designed and established the transition and enhancement of the formerly outsourced comprehensive and integrated WC program based on the CBM™ model. Imagine Clinical established and documented the Workers' Compensation Business Unit's (WCBU) unique mission statement, and values and guiding beliefs. The values and guiding beliefs included the seven core principles of the CBM™. The overall framework and workflow, and organizational structure was established and documented through a combination of an organizational chart (which was approved by the SBBC) and a process flow that presented an overview of the workflow of the WCBU. The performance standards and measures were incorporated into WCBU's Practices ("Practice Manuals") for each significant process cycle within the overall operational framework and workflow.

Implicit in the CBM™ is a value equation, the underlying promise being that if the model is implemented as prescribed, the result will be decreased overall claims costs, decreased unnecessary medical expenditures, decreased lost time and disability, increased worker satisfaction as it relates to the Workers' Compensation program, and decreased dispute and litigation. The policies and procedures, and standards required to realize the value equation are embedded in the WCBU overall operational framework and workflow, performance standards and measures incorporated in the Practice Manuals.

2. Imagine Clinical established a transition plan that addressed WCBU technology, hardware/software testing, data/reports, electronic data interchange, regulatory compliance, staffing/resources, banking/accounting, excess loss insurance, training and education, clinical panel, and claims operations.
3. Imagine Clinical developed an organization chart and supporting documents for the WCBU that identified all of the key staff positions, core "in-house" staff and the organizational framework for the effective operation of the WCBU, as well as the specific array of ancillary services necessary for overall WC and CBM™ management. Imagine Clinical developed criteria, parameters, guidelines, and interface processes relating to, and associated with, selection and utilization of non-core strategic partners, products and services. The actual procedures are the responsibility of OptaComp, who by contract, are responsible for providing these actual functions; therefore, they use their own internal proprietary procedures. As described elsewhere in this document, Imagine Clinical, working in collaboration with WCBU and OptaComp, did review all procedures and selections to assure operational and philosophical alignment.
4. WCBU management represented that Imagine Clinical assisted with securing certification for self-administration from the Florida Division of Workers Compensation; WCBU was approved for self-administration in November 2013. Similarly, WCBU management represented that Imagine Clinical assisted with securing certification from the excess carrier.

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

WCBU was successful in securing certification and excess carrier coverage for the period July 1, 2013 to July 1, 2014 and from July 1, 2014 to July 1, 2015.

5. As mentioned above, Imagine Clinical developed Practice Manuals and a Workers' Compensation Clinician Panel Management Guide that describes WCBU's guidelines and procedures for claims management, financial management/reserving, statutory/regulatory compliance, medical consumerism, stay at work/return to work, supervision and oversight (including program evaluation and overall operations and management), dispute resolution and litigation, information management, and statutory and regulatory compliance. Under the terms of an agreement dated June 4, 2013 with SBBC, OptaComp was contracted to provide Medical Bill Review and Payment (Section 2.06(b) of the agreement). However, as noted previously, Imagine Clinical did review all procedures, and provided input and recommendations for revision and modification where appropriate to assure operational and philosophical alignment. They also developed all the associated interface procedures and oversight mechanisms.
6. Policies and procedures for personnel fall under the auspices of SBBC Human Resources department. However, Imagine Clinical developed job descriptions, roles and responsibilities, staffing and network requirements and models for the WCBU. Practice Manuals describe work flow methodologies, criteria for decision making, performance measures and parameters, communication and documentation requirements, and supervision and oversight.
7. Imagine Clinical reviewed the existing workflow support and information management system and incorporated their modification recommendations for claims processing, medical case management, clinician/provider panel management, and program evaluation in the Practice Manuals and Workers Compensation Clinician Panel Management Guide.
8. Imagine developed a criteria-based medical consumerism framework for referral, authorization, and reimbursement of clinical and related services which included criteria and associated utilization models, and medical and scientific advisory and support mechanisms. Policies, procedures and processes for utilizing criteria-based medical consumerism are embedded in the Practice Manuals for Medical Consumerism.
9. SBBC's ("employer") role and involvement are incorporated into the Practice Manuals, particularly WC-PRAC-08(01) and WC-PRAC-08(02). Under CBM™, the role of SBBC was to establish the overall goals and objectives of WCBU, and its strategic direction. This was done through directives issued to the Risk Management Department to which the WCBU's Program Administrator reports. Further, procedures and trainings were developed by Imagine Clinical and implemented in conjunction with WCBU for assuring timely reporting of claims, and appropriate and effective stay-at-work/return-to-work (SAW/RTW) management.

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10. Imagine Clinical establish the models, criteria and parameters, for the utilization, oversight, and the selection process of contracting with medical providers, non-medical providers, medical advisors, or auxiliary service providers. As noted previously, actual selection and management of strategic partners (clinicians, providers, vendors, etc.) is the domain of OptaComp on behalf of SBBC WCBU. Imagine Clinical and WCBU did review the existing provider panel of OptaComp and worked collaboratively on any needed modifications. Imagine Clinical did develop mechanisms for review and oversight of said functions and services, in order for WCBU and OptaComp to continue to collaboratively manage in an effective and integrated manner.
11. Education and training curricula was established by Imagine Clinical. Further, Imagine Clinical actually conducted all principle trainings for SBBC, RM/WCBU personnel, and non-WCBU personnel. Documents examined indicated that education and training was provided to SBBC Board members, RM/ WCBU personnel, non-WCBU personnel, clinicians, and defense firms. WCBU management continues to provide education and training to WCBU personnel. We noted that, in the past, WCBU did not always maintain attendance records. Attendance records were maintained for recent education and training sessions.
12. The Practice Manuals, in general, and the Practice Manual for supervision and oversight, in particular, established the measures for assessing outcomes and value individually, departmentally, and standards for measuring performance individually, departmentally, and operationally. Additionally, they developed the mechanisms for integrating outcome data and enhancing operational performance, employer/WCBU/staff/strategic partner satisfaction, and overall program success in human and financial terms.
13. SD&A reviewed the Workers’ Compensation Program’s budget and expenditures and performed a comparison of the administrative costs before and after the School Board’s transition to self-administration (i.e. bringing in the core decision-making staff in-house, including claims adjusting and medical case management). The intention of the District was to remain as close as possible to cost neutral for the administrative costs associated with self-administration. In the past, the administrative costs were predominantly comprised of a “full service” Third Party Administration (TPA) contract with OptaComp, as well as the salaries of four SBBC Risk Management positions, totaling approximately \$4.4 million per year. We determined that the District’s administrative costs (comprised of the payroll for 28 SBBC WCBU positions, as well as a limited services contract with OptaComp) have been approximately \$3.8 million for the first year of self administration. Therefore, the District has met its objective to remain as close as possible to cost neutral, and in fact, has shown a reduction in administrative costs.