

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 5, 2002

**Committee
Report No.**

02-73

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on June 18, 2002, makes reference to Contract No. C1750, between the County of Maui and Paulette McFaul, dba MIT Solutions, to identify the requirements for the Risk Management Program.

Your Committee notes that the purpose of this project is to lay the foundation for improving the risk and claims management services for the County. Your Committee further notes that the contract value was \$15,776.

At its meeting, your Committee met with the Director of Finance and the First Deputy Corporation Counsel.

The Director of Finance noted that the services required by the contract were completed. He stated that this project was initiated in order to (1) define the roles and responsibilities of the personnel assigned to the risk management division; (2) determine the weaknesses in the organization; and (3) suggest improvements. The purpose was to define not only the roles and responsibilities of the personnel within the Department of Finance, but also to define the roles and responsibilities within the Department of the Corporation Counsel relative to the risk management area. He stated that the initial plan was to outsource part of the claims. However, in the Department of Finance's review with third party claim managers, it was determined that a third-party administrator should be hired to administer all the claims.

The Director provided statistics regarding claim processing since a third-party administrator for claims management was contracted in December 2001. He further informed your Committee that the goal is to reduce the claims from 360 to 150, and lower the self-insurance program from \$3.4 million to \$1.5 million per year.

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During the discussion, your Committee requested that the Director provide (1) a report of the dollar value of open or pending workers compensation claims; and (2) a report of new workers compensation claims filed since December 2001 to include the date of injury, type of injury, department, reserve amount, and current status.

After discussion, your Committee voted to file Contract No. C1750.

Your Budget and Finance Committee RECOMMENDS that Contract No. C1750 be FILED.

Adoption of this report is respectfully requested.

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