



Risk Management Annual Report

Fiscal Year Ended June 30, 2022

Legal Department
July 2022



EXECUTIVE SUMMARY

This report provides a summary of the Southern Nevada Health District's Risk Management activity for Fiscal Year 2022. As part of Risk Management's strategy of developing a risk management culture, this report will be presented to the Health District's Leadership team.

Risk Management continues to analyze current insurance market trends. The impact of the COVID-19 pandemic has continued to be unique and uniquely challenging to the commercial insurance industry. While we had an increase in our general liability coverage mainly due to increase staffing levels, we were able to obtain competitive bids to lower the cost of medical malpractice insurance coverage. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect the Health District.

RISK MANAGEMENT STRUCTURE AND GOALS

Risk Management

Risk Management is the process of identifying risks, assessing the likelihood and impact of their occurrence, and determining the most effective means of managing them or reducing them to an acceptable level. The aim is to reduce the frequency of risk events occurring and minimize the severity of their consequences if they do occur. The goal is to reach an optimal balance of risk, benefit, and cost while achieving business objectives. The Health District's Risk Management Program seeks to achieve this goal by being a resource to Health District programs and divisions in the areas of risk and claims management concepts, consulting, and education. Good risk management also ensures the Health District is in a stronger position to minimize financial losses, service disruption, bad publicity, threats to public health, and compensation claims.

Risk Management manages the Health District commercial liability programs. As program administrator, the Risk Manager manages demands and lawsuits of professional and general liability claims against the Health District and its employees. Although there is no direct financial implication, the mitigation of risk is a key element of good financial stewardship.

While Risk Management purchases the Health District's Employment Practices insurance and gets involved in strategic and any settlement discussions, the Human Resources department oversees, those claims.

Primary Risk Management activities include:

- ✓ Investigation, management, and disposition of professional liability claims and lawsuits
- ✓ Investigation, management, and disposition of general liability claims and lawsuits
- ✓ Risk education
- ✓ Risk Assessment and Loss control
- ✓ Commercial insurance purchasing
- ✓ Risk monitoring and reporting

FISCAL YEAR 2022 RESULTS

Insurance Policies

The Health District maintains insurance coverage for exposure to a variety of potential claims. The primary coverages include:

- Professional Liability (medical malpractice)
- General Liability
- Employment Practices (EPL) (includes Directors & Officers)
- Automobile
- Property
- Cyber Risk & Privacy
- Workers' Compensation
- Environmental Liability

For the General Liability coverage period (7/1/2021-07/01/2022) and the Professional Liability Coverage period (8/1/2021-8/1/2022), the Health District's insurance policies are as follows:

Coverage	Policy Period	Limits	Retention
Professional Liability	08/01/2021 – 08/01/2022	\$1M/\$3M	\$50K
General Liability	07/01/2021 – 07/01/2022	\$10M	\$50K
Employment Practices	07/01/2021 – 07/01/2022	\$10,000	\$50K
Automobile	07/01/2021– 07/01/2022	\$1M	\$50K
Property	07/01/2021 – 07/01/2022	\$300M	\$50K
Cyber Risk Privacy	07/01/2021 – 07/01/2022	\$3,000,000	None
Workers' Compensation	07/01/2021– 07/01/2022	Statutory/\$2M	None

Cost of Risk

The Cost of Risk compares the Health District's risk management program expenditures to the Health District's fiscal year operating expenses. The Cost of Risk includes any paid claims (amounts paid in the fiscal year without regard to the year the claims arose), insurance premiums, and operational and administrative expenses. The Cost of Risk is outlined in the table below.

Cost of Risk Detail

PREMIUMS & EXPENSES	FY20	FY21	FY22
Professional Liability Insurance	\$75,735.00	\$96,000.00	\$81,021.22
General Liability Insurance	\$326,681.69	\$330,171.64	\$386,461.71
<i>Employment Practices</i>			
<i>Property Insurance</i>			
<i>Auto Insurance</i>			
<i>Cyber Risk/Privacy</i>			
Workers' Compensation	\$279,895.00	\$816,812.00	\$410,863.00
Subtotal	\$682,311.69	\$1,242,983.64	\$878,345.93
CLAIMS ADMINISTRATION			
Expenses – Outside Counsel	\$56,073.00	\$252,828.73	\$120,870.58
Maintenance Deductible	\$76,068.37	\$22,665.50	\$36,870.20
Subtotal	\$132,141.37	\$275,494.23	\$157,740.78
Total	\$814,453.06	\$1,518,477.87	\$1,036,086.71
COST OF RISK			
Total Health District Operating Expenses	\$ 90,655,702	\$123,802,958	\$147,986,384
Cost of Risk (as % of Health District Operating Expenses)	.9%	.12%	.7%

Multiple drivers that had caused an increase to the cost in FY21, were decreased in FY22. Most notably, the cost of Workers' Compensation coverage, which can be attributed to the increase of staffing. The market appears to have righted itself, as those costs dropped significantly, while we maintained the increased staffing levels. Human Resource activities including, but not limited to union negotiations, along with general administrative matters were drivers of outside counsel expenses. However, FY22 outside counsel costs were an overall decrease of 53% in comparison to the prior fiscal year.

Incident Reports

An important element of the Risk Management program is the identification, reporting, and analysis of incidents that occur on Health District property. A reportable incident includes any occurrence that is inconsistent with routine Health District operations. Reporting and reviewing these events is a critical part of quality assurance, quality improvement, and risk mitigation. Health District leadership encourages staff to report any incident or opportunity for improvement.

Clinical occurrences are analyzed separately by Quality Management Coordinator to identify the basic or causal factors underlying the incident and potential improvement in processes or systems to reduce the likelihood of future incidents.

Facility Incident Summary

In Fiscal Year 2022 (7/1/2021-6/30/2022), 54 incident reports were filed.

FY22 Incident Report Summary

1-Bluebird	2-Security	3-Injury	4-Theft	5-Property Damage	6-MVA	7-Misc	Multiple Types
4	17	2	2	13	4	12	5

In Fiscal Year 2021 (7/1/2020-6/30/2021), 20 incident reports were filed. We attribute this low rate to the COVID-19 response and the limited services that were offered in our buildings.

FY21 Incident Report Summary

1-Bluebird	2-Security	3-Injury	4-Theft	5-Property Damage	6-MVA	7-Misc	Multiple Types
1	7	0	0	8	3	1	0

In Fiscal Year 2020 (7/1/2019-6/30/2020), 50 incident reports were filed.

FY20 Incident Report Summary

1-Bluebird	2-Security	3-Injury	4-Theft	5-Property Damage	6-MVA	7-Misc	Multiple Types
15	7	1	8	3	8	8	9