

KAISER ARBITRATION OVERSIGHT BOARD

Board Comments on the Annual Report for 2022

INTRODUCTION:

The Annual Report is a key document that is published on the Office of the Independent Administrator's (OIA) website (www.oia-kaiserarb.com) and provides for interested parties and for Arbitration the public at-large, current quantitative and qualitative information about the functioning of the Kaiser arbitration system during the preceding calendar year with comparisons to previous years and commentary about significant trends. This Report provides insight into the continuing evolution of the System and an opportunity for the Independent Administrator, Kaiser Administration, the Oversight Board and, by extension, interested members of the public, to assess how well the Kaiser Arbitration System is meeting its goal for fair, timely and a cost-effective operation while maintaining the privacy of its members.

The Arbitration Oversight Board (AOB) has the responsibility to review this document for both clarity and completeness. For this purpose, a draft of the 2022 Annual Report was distributed to the Board in March 2022 and discussed at length during the Board's March 9, 2022 Meeting. The Board offered comments, suggested edits, as well as made recommendations regarding the draft that the Independent Administrator took under consideration and, according to her best judgment subsequently incorporated into this final report. Thus, it is the conclusion of the Kaiser Oversight Board that this Report is a thorough and accurate presentation of the performance of the Kaiser Arbitration System for the 2022 calendar year.

SELECTED MEASURES OF PERFORMANCE:

On a quarterly basis, the AOB receives reports on performance metrics of the Arbitration System. The accumulated performance metrics for the calendar year 2022 are detailed in this Annual Report. Such areas include:

- 2022 saw 470 Demands for Arbitration, 253 came from No.CA, 182 came from So.CA and 35 came from San Diego . This was 3 less Demands than in 2021.
- On average, cases closed in 433 Days, 15 Days more than the preceding year.
- The Pool of Neutrals consists of 177 Neutral Arbitrators, 13 more than in 2021. 93 of the 177 Neutrals were former Judges.
- Kaiser paid the Neutral Arbitrator's fees in 97% of the closed cases that had fees versus 91% in 2021.
- Hourly rates charged by Neutral Arbitrator's ranged from \$200/hr. to \$1200/hr. with an average of \$ 638/hr. In 2021 the average was \$585/hr.
- The OIA sends evaluations to the Parties or their attorneys to evaluate the Neutral Arbitrator. Most attorneys were favorable , averaging 4.4 on a 5 point scale. Pro Pers viewed the Neutral less favorably with an average of 1.0 on a scale 5.0. The AOB subsequently met with a Neutral Arbitrator, who accepts Pro Per cases, in an effort to improve the Pro Per experience. Additionally, the AOB convened a Pro Per Sub

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Committee as well as a Rules Subcommittee to make revisions to Rule 54 . This Committee will reconvene in 2023 to discuss further Rule changes.

- AOB has approved an additional 7 proposals for Rule changes that have taken effect January 1, 2023.
- AOB extended a Rule 4 modification to COVID-19.

Concluding Comments

In the Boards view, the Annual Report provides a thorough account of the operation of the of the Kaiser Arbitration System during 2022, with useful comparisons to data from previous years. The OIA has received excellent ratings in measures of performance--as detailed in the Report—provide good evidence that the independently administered Kaiser Arbitration System is successfully striving on a model of continuous improvement to meet the goals of fair, timely, and cost-effective Arbitration.

The AOB takes this opportunity to express appreciation for the fine work of the OIA Staff.

ADDENDUM

Essential Elements of a Model Arbitration System

At an earlier time, the Oversight Board sought to identify the hallmarks of an exemplary arbitration system. What were the essential elements or attributes of a model system? The following were thought to be the essential elements, and it is useful to have these features of a model system in mind when reading the Annual Report and reviewing the Kaiser Arbitration system.

INDEPENDENT ADMINISTRATION: The system is administered by a neutral entity, independent of the parties involved, and empowered to achieve desired goals for fair, timely and cost-effective arbitration.

RULES: An explicit, written set of rules governs the system, to assure that it is fair. All parties must abide by the rules. The rules are periodically reviewed and modified, as necessary, based on experience, to improve the system.

OVERSIGHT: the system has oversight and governance by a body that reflects the diverse perspectives of interested parties, and the public interest.

ACCESSIBILITY: The system is readily accessed by claimants and their claims are entered into the system promptly.

QUALIFIED ARBITRATORS, FAIRLY SELECTED: The system provides well-qualified and experienced arbitrators who are selected through a process consciously designed to avoid bias. Parties evaluate the arbitrators, anonymously, in questionnaire surveys.

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TIMELINESS: Deadlines are established to move the arbitration process along as expeditiously as possible, with appropriate safeguards for extenuating circumstances. They must be respected. The meeting of deadlines is monitored and enforced.

PERFORMANCE MEASURES: Accurate and verifiable data are collected systematically to permit objective review of the processes and outcomes of the arbitration system.

EVALUATION: The performance of the system is routinely evaluated by surveys of the participants conducted with appropriate anonymity. Arbitrators are routinely evaluated by the parties.

COST EFFECTIVENESS: The costs of arbitrations are tracked whenever possible. Costs to claimants are kept reasonably low.

CONVENIENCE: Arbitration meetings and hearings are scheduled at times, and in locations, that are convenient for the parties.

CLARITY: Basic information about the arbitration system and its procedures is provided in easily understood, non- technical language.

AUDIT: The data recorded and reported by the administrator of the system are periodically checked by an independent auditor.

TRANSPARENCY: Detailed information about the operation and performance of the arbitration system is published and readily available to interested parties and the public-at-large.

CULTURAL SENSITIVITY: The system seeks diversity in its arbitrator pool. Information to claimants is provided in multiple languages and in non-technical vocabulary. Interpreters are provided without charge if needed.

CONTINUOUS IMPROVEMENT: Administration of the arbitration system strives for continuous improvement, guided by the evaluation conducted, the performance measures conducted, and constructive oversight.