

# CITY COUNCIL OF THE CITY OF SAN JOSÉ

**June 19, 2018**

Item 3.8

Workers' Compensation Program  
Service Delivery Evaluation

## Workers' Compensation Program – Service Delivery Evaluation

- **Goal:** To determine a long-term solution for the effective administration of the Workers' Compensation Program to provide the best possible service to the City's injured workers

# Workers' Compensation Program – Overview

Issue	Notes
<b>Workers' Compensation Program</b>	<ul style="list-style-type: none"> <li>▪ One component of City's overall health and safety efforts for employees               <ul style="list-style-type: none"> <li>▪ First goal is to prevent injuries/accidents</li> <li>▪ Second, City to assist employees who have work-related injury to receive appropriate/timely medical care to help employees return to work as quickly as possible</li> </ul> </li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>▪ State-mandated benefits for workers who are injured on the job, including:               <ul style="list-style-type: none"> <li>▪ Medical Care, Payment for Lost Wages, Public Safety Officers, Return to Work, Payments for Permanent Disability, and Death Benefits</li> </ul> </li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>▪ City is self-insured – when an employee is injured, City pays the employee's medical expenses, disability payments, and other benefits/costs mandated by State law</li> <li>▪ Current cost to City is approximately \$25M</li> </ul>
<b>Hybrid Pilot Program</b>	<ul style="list-style-type: none"> <li>▪ Currently, in-house team only those claims from Police Department</li> <li>▪ All other claims (approximately 49%) are handled by TPA</li> </ul>
<b>Service Delivery Evaluation Policy</b>	<ul style="list-style-type: none"> <li>▪ Council Policy 0-41 – Helps to provide decision-making framework and consistent criteria for evaluating service delivery models</li> </ul>

## Workers' Compensation Program – Service Delivery Evaluation

- 2 options reviewed by the City to determine which model of workers' compensation claims administration provides the most effective service to the City's injured workers:
  - **In-House** – Bring entire program/caseload back in-house and handled exclusively by City staff
  - **Third Party Administrator (TPA)** – Administer entire program/caseload via a TPA, resulting in City outsourcing the Workers' Compensation Program and services to TPA
    - Currently, all except claims from Police Department already handled by TPA

# Workers' Compensation Program – Considerations

<i>Reprioritize Wellness and Health and Safety</i>		
<b>Issue</b>	<b>TPA</b>	<b>In-House</b>
<i>Wellness and Health/Safety</i>	✓	
<i>Utilization of Resources</i>		
<b>Issue</b>	<b>TPA</b>	<b>In-House</b>
<i>Program Staffing</i>	✓	
<i>Technology and Infrastructure</i>	✓	
<i>Quality of Service</i>		
<b>Issue</b>	<b>TPA</b>	<b>In-House</b>
<i>Staffing-Recruitment/Retention</i>	✓	
<i>Performance Consistency</i>	✓	
<i>Communications</i>	✓	✓
<i>Conflict of Interest/Bias</i>	✓	
<i>Mitigation of Risks</i>		
<b>Issue</b>	<b>TPA</b>	<b>In-House</b>
<i>Training/Continuing Education</i>	✓	
<i>Future Risks</i>	✓	
<i>Control/Flexibility</i>		✓

# Workers' Compensation Program – Staffing

<i>Classification</i>	<i>No</i>	<i>Status</i>	<i>Notes</i>	<i>Plan for Position</i>
<b>Division Manager</b>	1.0	Vacant	Also has responsibility for health services and health and safety	Fill with main focus being health and safety (0.75 FTE) and managing TPA contract (0.25 FTE)
<b>Analyst</b>	1.0	Filled	Currently Sworn Liaison	Maintain position to be customer service liaison between employees and TPA and focus on health and safety
<b>Principal Account Clerk</b>	1.0	Filled (as of 6/4/18)		Maintain position to handle banking reconciliation, financial data entry, questions related to payments
<b>Senior Analyst</b>	1.0	Filled	Claims Adjuster Supervisor	Eliminate; place employee in another position within the City
<b>Senior Office Specialist</b>	2.0	Filled	Claims Assistants	Eliminate; place employees in other positions within the City
<b>Claims Adjustor</b>	4.0	3 Filled 1 vacant		Eliminate; place employees in other positions within the City

- If program administered by TPA – 3 permanent positions would remain to provide management oversight/staff support, with major focus/emphasis on customer service and wellness and health/safety, as well as manage the TPA, in addition to 2 current safety positions
- Layoffs will be avoided with no loss of salary level for impacted employees

# Workers' Compensation Program – Next Steps

- Begin transitioning Police Department claims to Intercare July 1<sup>st</sup>, with goal to complete transition by September 8<sup>th</sup>
- Find placements for 6 impacted employees
- Conduct RFP for workers' compensation claims administration in Fall 2018

# Workers' Compensation Program – Recommendation

- Accept staff report and recommendations regarding the City's Workers' Compensation Program



# Discussion/Questions