



Memorandum

TO: PUBLIC SAFETY, FINANCE AND
STRATEGIC SUPPORT COMMITTEE

FROM: Jennifer Schembri

SUBJECT: WORKERS' COMPENSATION
PROGRAM ANNUAL REPORT

DATE: August 18, 2023

Approved

Date

9/13/2023

RECOMMENDATION

Accept the annual report on the City's efforts to contain workers' compensation costs and reduce claims for the Workers' Compensation Program by focusing on wellness, health, and safety through the end of Fiscal Year 2022-2023.

BACKGROUND

The Committee accepted the most recent Annual Report covering Fiscal Year 2021-2022 on September 15, 2022. That Annual Report included a status of the Workers' Compensation Program, as well as an update on wellness, health, and safety initiatives that the Human Resources (HR) Department Workers' Compensation, Health and Safety Division has implemented to reduce injuries and costs associated with workers' compensation. In addition, the report outlined the total number of COVID-19 claims and associated costs the City incurred due to the pandemic.

ANALYSIS

This report to the Public Safety, Finance, and Strategic Support Committee (PSFSS) is the scheduled Annual Report regarding the status of the City's Workers' Compensation Program, covering Fiscal Year 2022-2023. In addition, this report includes an update on existing and new workers' compensation, wellness, health, and safety initiatives implemented by the HR Department Workers' Compensation, Health, and Safety Division to further reduce injuries and costs associated with workers' compensation. It also includes a summary of Police Department wellness and Fire Department initiatives.

Workers' Compensation Program Status***A. Open Claims***

As of June 30, 2023, the open claims data for the Third-Party Administrator (TPA), Intercare, totaled 2,491, as shown in Table 1 (below). The total number of open claims has decreased by approximately 4% since June 30, 2022, when the open claim inventory was 2,575.

Indemnity claims (lost time cases) decreased from 1,458 in June 2022 to 1,363 in June 2023 while medical claims were up from 81 in June 2022 to 95 in June 2023. Future Medical claims were down from 1,036 in June 2022 to 1,033 in June 2023. Open claim inventory fluctuates daily.

Table 1
Open Claims as of June 30, 2023

Claim Type	Number of Open Claims as of 6/30/2022	Number of Open Claims as of 6/30/2023
Indemnity	1,458	1,363
Medical Only	81	95
Future Medical	1,036	1,033
Total	2,575	2,491

B. Closing Ratios

For the period July 1, 2022, through June 30, 2023, Intercare reported an overall closure rate of 106%. For the period July 1, 2021, through June 30, 2022, Intercare reported an overall closure rate of 95%. The industry standard has a target of 100 percent. Table 2 (below) summarizes the results. Timely claims resolution ensures that future costs are mitigated, and the employee may either return to work or find an alternative resolution.

D. Total Claims Expenditures

In Table 4 (below), Workers' Compensation Total Claims expenditures for Fiscal Year 2022-2023 totaled \$22,809,145, as compared to the 2022-2023 Adopted Budget total of \$23,507,500. A mid-year increase of \$50,000 to Special Funds and end-of-year increases of \$1,050,000 to General Funds and \$8,000 to Special Funds was approved by the Budget office to offset projected increases, resulting in a revised Workers' Compensation budget of \$24,615,500. Despite the mid-year and end-of-year increases, the Department was able to finish the fiscal year under the 2022-2023 Adopted Budget of \$23,507,500 by \$698,355. Note that the HR Division was in communication with the Budget Office throughout the Fiscal Year 2022-2023 to coordinate authority to settle claims in both the Police and Fire Departments. Workers' Compensation settlements from the General Fund totaled \$2,428,073 during Fiscal Year 2022-2023 and will be further addressed in Section E below.

Table 4
Workers' Compensation Total Expenditures

Department	2022-2023 Budget (Adopted)	2022-2023 Budget (Modified)	2022-2023 Actuals
Fire	\$8,500,000	\$10,000,000	\$9,711,838
Police	\$8,950,000	\$8,950,000	\$8,621,573
PRNS	\$1,450,000	\$1,000,000	\$866,304
DOT	\$500,000	\$500,000	\$457,846
Others	\$1,500,000	\$1,250,000	\$1,059,012
Public Works (GS)	\$600,000	\$850,000	\$770,369
General Fund Totals	\$21,500,000	\$22,550,000	\$21,486,942
Special Funds Total	\$2,007,500	\$2,065,500	\$1,322,203
All Funds Total	\$23,507,500	\$24,615,500	\$22,809,145

E. Workers' Compensation Settlements

Table 5 (below) identifies the Fiscal Year 2022-2023 General Fund Workers' Compensation settlements by department and cost. The total cost for General Fund Workers' Compensation settlements was \$2,428,073. \$223,296 was also settled from Special Funds. Workers' Compensation settlements include Compromise & Release (C&R) and Stipulations with Request for Award (STIP) settlements. The importance of these types of settlements and their impact to the City's future liabilities is discussed in more detail in Section G below.

Table 5
General Fund Workers' Compensation Settlements
2022-2023

	Fire	Police	PRNS	DOT	PW	Others	Total
Workers' Compensation Settlements	\$712,586	\$1,237,165	\$161,620	\$36,112	\$4,383	\$276,208	\$2,428,073

F. AON Actuarial Study – Estimated Outstanding Losses

Each fiscal year, the City consults with AON—an actuarial firm—to provide an actuarial study of our Workers' Compensation expenditures as required by the State of California's Office of Self-Insured Plans (OSIP). Table 6 (below) reflects the Estimated Outstanding Losses through June 30, 2023.

Estimated Outstanding Losses are the cost of claims that have occurred but have not yet been paid. Estimated Outstanding Losses are calculated as projected ultimate losses less paid losses. The Estimated Outstanding Losses increased by approximately \$11.5 million from our prior estimate of \$176.3 million as of June 30, 2022, which was a 6% increase. Case Reserves increased by approximately \$7.2 million from our prior Case Reserves of \$120 million as of June 30, 2022, which was a 6% increase.

Table 6
Estimated Outstanding Losses

Valuation Date (1)	Estimated Outstanding Losses (2)	Case Reserves (3)
(A) As of 06/30/23	\$187,829,854	\$127,321,237
(B) As of 06/30/22	\$176,323,726	\$120,088,378
(C) Change (A)-(B)	\$11,506,128	\$7,232,859
(D)% Change	6%	6%

G. AON Actuarial Study – Projected Ultimate Losses

Projected Ultimate Losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. A closed claim is one in which there is no future cost exposure to the City wherein all medical, indemnity, and expense payments have been made. In some instances, closed claims can be re-opened to allow for additional benefits to the employee.

The following comment was made in the most recent AON actuarial study concerning the correlation of C&R and STIP settlements and their cost impact on Projected Ultimate Losses:

"We also received a list of more than 300 claims that were resolved via compromise and release ("C&R") or stipulated award ("Stip") during July 1, 2021, through December 31, 2022. The City advised us that it has been pursuing such settlements. While legal expenses tend to be higher on C&R and Stip claims, we anticipate that the total incurred cost (particularly medical losses) for such claims will be less than had they not been settled. Such claims tend to be permanent disability injuries that may otherwise continue to develop over many years and be subject to medical inflation. With the City's focus on resolving these claims, future costs may be reduced. The projected ultimate losses in this report anticipate these savings."

Over the past five fiscal years, the HR Division in partnership and cooperation with City Attorney's Office (CAO) and Intercare has focused on C&R and STIP settlements. To determine the impact of these settlements on the Projected Ultimate Losses, the Division compared AON's actuarial study from Fiscal Year 2018-2019 to AON's current study for Fiscal Year 2022-2023.

Table 7 and the corresponding graph (below) reflects this comparison and the changes in Projected Ultimate Losses from Fiscal Year 2013-2014 through Fiscal Year 2022-2023. The comparison reflects an overall change in Projected Ultimate Losses of \$12,085,569 or a 3.8% reduction over the past ten fiscal years. This reduction in Projected Ultimate Losses supports the HR Division's strategy and focus on settling and closing claims via C&R and STIP settlements. While this has increased our costs in the short term, it is an important strategy to decrease our costs in the long term.

Table 7
Change in Projected Ultimate Losses

Claim Period	Projected Ultimate Losses as of 6/30/2019	Projected Ultimate Losses as of 6/30/2023	Change	Percentage Change
FY 13/14	\$22,737,000	\$21,685,000	(\$1,052,000)	-5%
FY 14/15	\$23,306,000	\$23,370,000	\$64,000	0%
FY 15/16	\$32,335,000	\$33,654,431	\$1,319,431	4%
FY 16/17	\$21,253,000	\$23,603,000	\$2,350,000	11%
FY 17/18	\$27,254,000	\$29,484,000	\$2,230,000	8%
FY 18/19	\$32,115,000	\$24,155,000	(\$7,960,000)	-25%
FY 19/20	\$36,122,000	\$28,254,000	(\$7,868,000)	-22%
FY 20/21	\$37,950,000	\$35,654,000	(\$2,296,000)	-6%
FY 21/22	\$39,870,000	\$40,454,000	\$584,000	2%
FY 22/23	\$41,888,000	\$42,431,000	\$543,000	1%
Total	\$314,830,000	\$302,744,431	(\$12,085,569)	-3.8%

H. TPA Staffing

Table 8 (below) provides an overview of Intercare's staffing and ratio of assigned claims to staff. As of June 30, 2023, the TPA had 10 examiners handling 1,363 indemnity claims and 4 examiners handling 1,128 medical only and future medical claims. Industry standard for caseloads range from 150-175 for Senior Claims Examiners and up to a maximum of 300 for Future Medical/Medical Only Examiners. Intercare's staffing is well within industry standards with Senior Claims Examiners on the City's account averaging 136 cases while Future Medical/Medical Only Examiners on the City's account averaging 258 cases.

**Table 8
Intercare (TPA) Staffing as of June 30, 2023**

Claim Type	Number of Open Claims as of 6/30/2023	TPA Employee Type	Number of Staff	Average Caseload
Indemnity, Medical Only, Future Medical	2,491 (b)	Senior Claims Examiner	10	136.3 (a)
		Future Medical/Medical Only Examiner	4	258 (a)
		Clerical and Support Staff	5	0
		Total	19	
(a) Average does not include clerical staff				
(b) Claims totals do not include Information Only claims				

I. TPA Intercare's Performance Measures

As part of the management of the TPA, Intercare, the performance measures for the Fiscal Year period of July 1, 2022, through June 30, 2023, are as shown in Table 9 (below).

**Table 9
Performance Measures for July 1, 2022 – June 30, 2023**

Cycle Time Performance	Total Possible Categories Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/22
Adjuster Technical Audit Performance Summary	2,104	1,389	54	661	97.4%	97.5%

Quality Performance	Total Claims Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/22
Three-point contacts - Timely completion of 3 Point Contacts. (Pass/Fail)	263	235	20	8	92%	95%
Causation Analysis - Timely causation decision within 90 days. (Pass/Fail)	263	224	8	31	97%	96%
Plans of Action - Plan of Action in claim notes every 90 days. (Pass/Fail)	263	234	5	24	98%	93%
Benefits Payments - Timely and accurate payment of benefits (Pass/Fail)	263	112	5	146	98%	100%

State Compliance Performance	Total Claims Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/22
Temporary Disability payment compliance	263	138	0	125	100%	100%
Permanent Disability & Death benefits payment compliance	263	138	0	125	100%	100%
Subsequent indemnity payment compliance	263	138	0	125	100%	100%
Agreed Medical Examiner/ Qualified Medical examiner notices compliance	263	170	16	77	94%	96%

The overall Adjuster Technical Audit Performance Summary was 97.4% compared to 97.5% in the previous period. In the workers' compensation industry, external auditors conduct statutory audits. The audit structure for rating the overall effectiveness is as follows:

- 90% - 100% - Exceeds Expectations
- 80% - 89% - Meets Expectations
- 70% - 79% - Below Expectations
- 0% - 69% - Unsatisfactory: Immediate Action Required

Intercare holds their internal audits to the same standard. A score of 90% or "Exceeds Expectations" is the achievable passing score. Intercare achieved an average 97% score or "Exceeds Expectations" over the past two fiscal years.

The City will continue to monitor the performance measures established for the TPA, Intercare, to potentially identify deficiencies for correction that would enable Intercare to deliver more effective claims services to injured workers and the City, as appropriate.

Workers' Compensation Program: Update on Initiatives

A. Claims Reviews

The quarterly in-person claims reviews with Intercare supervisors and managers to review high exposure and high reserved claims is a continuing initiative from 2021-2022. The purpose of these meetings is to ensure cost control strategies are in place to bring claims to closure in a cost-effective manner. In addition, Intercare adjusters present cases for settlement authority to the Division Manager.

In addition, telephonic/remote videoconferencing claims reviews with the City's larger Departments (Police, Fire, Planning, Building, and Code Enforcement (PBCE), Transportation, Environmental Services Department (ESD), Parks, Recreation and Neighborhood Services (PRNS), and Airport) continue monthly. The purpose of these meetings is for the Intercare Claims Adjusters to review the return-to-work and medical status of employees with the Departmental Worker's Comp Liaisons, Office of Employee Relations (OER), and the HR Division Manager with the primary goal of returning employees back to modified or regular work.

B. Quarterly Workers' Compensation Liaison Meetings

Quarterly meetings with the HR Department and City Department Workers' Compensation Liaisons have been ongoing and are conducted virtually via videoconference instead of in-person since the pandemic. The purpose of these meetings is to provide guidance on best practices for ensuring employees get the best possible care and service and how liaisons can manage workers' compensation claims in the most efficient manner possible with the goal of bringing employees back to work and claims to resolution. The last virtual meeting occurred on June 29, 2023, wherein Agile Occupational Clinic representatives spoke about their services and locations since being added to our MPN (Medical Panel Network).

C. Workers' Compensation 101 Training for Supervisors

This ongoing training conducted by Intercare and the Division is specifically designed for City of San José supervisors and managers and covers the basics of workers' compensation claims reporting process. The purpose of the training is to help supervisors and managers understand their role and responsibility in reporting claims to Intercare in helping to facilitate benefits and return to work for our injured employees. This past fiscal year, Intercare and the Division completed virtual Workers' Compensation 101 Supervisor training for all Workers' Compensation Liaisons, the Environmental Services Division, Airport, Public Works, and Parks, Recreation & Neighborhood Services.

D. Firefighter and Police Fastlane Program

The Firefighter and Police Fastlane Programs continues to be an effective program which pre-approves doctors at Kaiser Permanente Occupational Health to conduct all relevant diagnostic testing when warranted, prescribe physical therapy/acupuncture, and perform surgeries that help expedite treatment, recovery, and return to work for Firefighters bypassing the UR (Utilization Review) approval process at Intercare.

Through the end of June 2023, Intercare reports that 68 firefighters utilized the Firefighter Fastlane Program. Of the 68 firefighters seen, diagnostic tests were ordered for 27 of the firefighters. In addition, 21 firefighters were released to full duty, 23 firefighters were released to modified duty and 24 were taken off work.

Through the end of June 2023, Intercare reports that 101 officers utilized the Police Fastlane Program. Of the 101 officers seen, diagnostic tests were ordered for 37 of the officers. In addition, 53 officers were released to full duty, 24 officers were released to modified duty and 24 were taken off work.

Safety, Health and Wellness: Update on Initiatives

The following provides an update on Safety, Health, and Wellness initiatives.

A. Safety Officers

On March 14, 2023, the City Manager's Office authorized a significant restructuring of the City's safety program to have Safety Officers representing various Departments throughout the City to have a dual reporting relationship with the Division. This restructure provides the Division's Health and Safety Program Manager with increased authority and responsibility to further develop and implement a more robust, comprehensive, and consistent Safety Management System (SMS). Groundwork for the SMS has already begun through the work of the HR Department's two health and safety staff members (Program Manager and Safety Analyst II). HR staff members have implemented multiple key initiatives, including holding monthly Safety Officer Meetings; developing city-wide safety policies such as Accident Investigation, Injury Illness Prevention Program and Heat Illness Prevention Program; OSHA Inspection Policy/Procedures; significantly increasing safety training and participation in Public Works and PRNS; developing safety training tracking systems; providing hands-on assistance for large department issues; and developing an ergonomics program.

The HR Division Manager and Program Manager, in collaboration with Department Directors and Safety Officers, intends to identify incident rates (frequency and severity) and associated workers' compensation costs for each department to set meaningful reduction goals, conduct trend analysis to understand the types and causes of injuries by department, develop Safety improvement plans, and develop and implement CAL/OSHA compliant safety policies, procedures and training that will educate employees on injury prevention.

B. Safety Scoreboard

The HR Department developed a Safety Scoreboard that includes departmental incident statistics (frequency and severity), trend analysis and workers' compensation costs. These departmental metrics help to set meaningful goals and safety improvement plans. The purpose of the Scoreboard, which will be distributed to City management on a quarterly basis beginning in the third quarter of Fiscal Year 2023-2024, is to highlight the performance of the City's larger Departments against the prior Fiscal Year.

C. Citywide Safety Committee Meetings

The Division Program Manager will convene a City-wide safety committee comprised of representatives from each Department in Fiscal Year 2023-2024. The goal of this committee is to ensure Departments are aligned on the implementation of City-wide safety policy and provide a forum to discuss broad safety program updates, best practices, and opportunities for improvement.

D. Ergonomics Program

The City's Ergonomics Program continues to evolve with the goal of improving employee education and training thereby, reducing repetitive motion injuries.

To ensure continuous improvement related to the City's Ergonomic Safety Program, the Division is evaluating online workstation ergonomics training from different vendors to offer to City computer users in Fiscal Year 2023-2024. In addition, ergonomic evaluations of employee workstations continue to be completed by the department-trained evaluators as well as by a third-party ergonomist.

Chair recommendations from a variety of ergonomic chairs located in the HR Department and fittings continue to be completed by the Division.

E. Wellness

Employee wellbeing has been an integral part of HR's commitment to fostering a healthy and engaged workforce. As part of this commitment, HR has been promoting wellness throughout the City and has added a Wellness Analyst position. Efforts have been focused on expanding wellness offerings since July 2022 and there are numerous initiatives for the current Fiscal Year.

HR successfully added a Wellness Analyst position in September 2022. This addition has allowed us to begin developing a comprehensive workforce wellness strategy that engages employees effectively. In October 2022, HR hosted an in-person Benefits Fair, with over 500 employees attending. The fair facilitated connections between employees and benefit providers, addressed Open Enrollment questions and provided flu shots to more than 200 employees.

Throughout the last Fiscal Year, HR launched several successful wellness campaigns, including the Summertime, Walktober, and Ola physical fitness challenges. These campaigns promoted physical activity and overall well-being with more than 800 employees participating in each campaign. In May 2023, HR hosted an in-person Health and Wellness Fair, which drew participation from over 750 employees. The fair offered chiropractic adjustments, non-metabolic screenings, nutritional samples, and access to multiple wellness resources.

To prioritize emotional health, HR transitioned to a new Employee Assistant Program (EAP) provider, Concern, in January 2023. Enhanced EAP benefits are now offered, including life coaching, a digital platform, an expanded network of providers and specialty programs for first responders, resulting in higher utilization compared to the previous provider. HR also conducted workshops on stress management and hosted a meditation series in November/December 2022, with more than 350 employees participating to learn relaxation techniques.

Wellness continues to be a focus for this Fiscal Year with a number of initiatives planned. The return of onsite biometric screenings through healthcare providers will enable employees to access health screenings for blood pressure, cholesterol levels, and other relevant indicators conveniently. This year's Open Enrollment Benefits Fair will include additional wellness offerings, such as massages and food samples, to further engage employees in their health and well-being.

Finally, HR recognizes the importance of establishing a wellness committee to drive the employee wellness efforts. To that end, HR will establish a "Wellness Champions" committee, comprised of employees representing various City departments. This committee will play a pivotal role in designing, implementing, and sustaining wellness initiatives that cater to the diverse needs of the City's workforce.

F. Wellness – Police Department

The San José Police Department (SJPD) provides a holistic approach to wellness, providing resources from peer support to fitness facilities to education and counseling in all areas of wellness, including physical, financial, emotional, nutritional, social, spiritual, and occupational. Within the Department, there is a civilian Safety Officer who manages occupational safety and compliance, injury prevention, and wellness coordination. SJPD also has a Crisis Management Unit (CMU), staffed with a sergeant and an officer, who manage the Critical Incident Stress Management program for the Department. CMU maintains a list of referrals for counselors who specialize in treating law enforcement and first responders.

In Fiscal Year 2022-2023, the Police Department focused on wellness, including mental health and physical wellbeing, through health screenings, trainings, and professional referrals. Specifically, the Department and the San José Police Officers' Association jointly offered body scans through Body Scan International, which included a full body scan, analysis, and consultation for each employee screened. During these scans, health risk indicators are identified, such as artery blockages, abnormalities, and other concerns. In addition, the Department hosted biometric screenings that included total cholesterol, glucose, and blood

pressure, combined with 1:1 consultation. The Department's Communications Unit also had three onsite wellness events; two were open to employees and families with demonstrations, information booths, and other wellness opportunities; and one for employees which included yoga, Derma Scan screenings for sun damage awareness, and informational booths. Mental health and wellness trainings continue to be offered to Police Department employees.

In Fiscal Year 2022-2023, the Department hosted 36 safety and wellness classes. Through coordination with HR's Employee Benefits, the Department hosted Managed Health Network (MHN) workshops that included stress management associated with elder care, economic uncertainty, compassion fatigue, and assisting children, along with topics of understanding diabetes, retirement planning, and cultivating happiness. In addition to the MHN workshops, the partnership with HR's Employee Benefits also included a Kaiser webinar on Cardiac Health, which was recorded and available for employees to view up to 90 days from the date of the respective class. The Department also focused on providing stress management education through eight mindfulness and resiliency classes, with instructors who focused on first responder mental health and wellness.

In addition to services, the Department implemented the Lighthouse app to allow employees and their families to access health and wellness resources in a confidential manner. The app was customized to include peer support information, EAP resources, videos, and other tools. The Department was also awarded grant funding through the Law Enforcement Mental Health and Wellness Act Program and the Officer Wellness and Mental Health Grant Program. The Department is currently in the process of implementing classes, health screenings, and more with the funding.

Fire Department Update

The Fire Department's Fiscal Year 2022-2023 Workers' Compensation expenditures of \$9,711,838 increased by \$250,186 compared to Fiscal Year 2021-2022 expenditures of \$9,461,652. This increase is due to the one-time settlements in Fiscal Year 2022-2023 which totaled \$712,586 and a 59% increase in Temporary Total Disability (TTD) benefits paid over the previous fiscal year; \$1,755,645 in 22/23 versus \$1,101,949 in 21/22.

To reduce injuries and associated workers' compensation costs, the Fire Department is engaged in several Workers' Compensation initiatives toward improved workforce safety and wellness including: (1) Dedicated full-time Safety Program Manager overseeing department Safety, Workers' Compensation, Wellness, and Critical Incident Stress Management/Peer Support programs; (2) Maintaining an effective Injury and Illness Prevention Program; (3) Conducting Monthly Workers' Compensation Conference Calls between Intercare, Fire Department, and the HR Department's Worker's Compensation Division, to review open claims, medical treatment status and return to work eligibility; (4) Participation in the Firefighter Fastlane Program through Kaiser Permanente and Agile Occupational Medicine; (5) Placement of employees with specific work restrictions into temporary modified duty assignments; (6) Conducting quarterly Firefighter Safety Committee meetings between management and San José Firefighters, International Association of Fire Fighters (IAFF), Local 230 to review safety, health and wellness initiatives,

and injury types, causes, and costs to prevent reoccurrence; (7) Development of custom monthly cost and injury trend statistics reports in partnership with the HR Department and Intercare; (8) Supervisor's Accident Investigation Form (SAIR) utilizing SimpliGov workflow capturing data in a way that allows the Department to track workplace injuries/illnesses, identify causation, trends, and corrective actions, develop injury reports, as well as ensure appropriate review of injuries/illnesses by chain-of-command; and (9) Advancing pilot fitness programs, cancer prevention strategies, and behavioral health support.

CONCLUSION AND FOLLOW-UP

The HR Department's Workers' Compensation, Health, and Safety Division continues to focus on employee safety and injury prevention, as well as effectively manage the activities and performance of Intercare to reduce injuries and contain Workers' Compensation costs.

Workers' Compensation expenditures for Fiscal Year 2022-2023 came in under the Adopted Budget by \$698,355—a significant achievement, especially considering the Division's focus on C&R and STIP settlements. The impact of the settlements over the past 5 years on Projected Ultimate Losses reflected a \$12,085,569 or a 3.8% reduction over the past ten fiscal years. The Division will continue this strategy of C&R and STIP settlements to further reduce Projected Ultimate Losses and open claims inventory.

It is also anticipated that with the restructuring to have City Safety Officers have a dual-reporting relationship to the Division will help to reduce injuries and illnesses and improve compliance a more robust, comprehensive SMS. This partnership will further promote employee engagement and help to develop a culture of safety.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office and the City Attorney's Office. The Police Department Wellness Update section of this report was completed in coordination with the Police Department while the Fire Department Update section of this report was completed in coordination with the Fire Department.



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For questions, please contact Eric Fortes, Human Resources Division Manager – Workers' Compensation, Health, and Safety, at (408) 975-1418.