



Memorandum

TO: PUBLIC SAFETY, FINANCE, AND
STRATEGIC SUPPORT COMMITTEE

FROM: Jennifer Schembri

**SUBJECT: WORKERS' COMPENSATION
PROGRAM ANNUAL REPORT**

DATE: September 1, 2022

Approved

Date

9/8/2022

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 2021-2022.

BACKGROUND

The Public Safety, Finance, and Strategic Support Committee (PSFSS) accepted the most recent Annual Report covering FY 2020-2021 on September 15, 2021. 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 PSFSS is the scheduled Annual Report regarding the status of the City's Workers' Compensation Program and covers through the end of FY 2021-2022. 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. A discussion specifically on San José Police Department wellness and San José Fire Department initiatives is also included.

Workers' Compensation Program Status

A. Intercare Contract Extension

On June 14, 2022, the City Council authorized the City Manager to negotiate and execute an amendment to extend the current Agreement with Intercare for an additional three years, through June 30, 2025, and increase the amount of compensation by \$16,618,903 for a total not to exceed the amount of \$32,582,834. This amendment to the Agreement allowed Intercare to continue to provide comprehensive Workers' Compensation services and serve as the City's Third-Party Administrator (TPA) to administer all workers' compensation claims.

Regarding the increase in costs for the amendment to the Agreement, Staff negotiated no increases in the first year of the Agreement due to no significant increases in the estimated caseload for the City. Staff negotiated and agreed to a 2% increase in Claims Administration fees for FY 2023-2024 and a 2% increase for FY 2024-2025 to include the cost of living increases for Intercare staff servicing the City of San José's Program. Claims administration fees for FY 2022-2023 will be \$3,926,790, FY 2023-2024 will be \$4,005,326, and FY 2024-2025 will be \$4,085,432, reflecting the 2% increase. Staff recommended extending the agreement with Intercare based on their proven ability to offer quality, consistent, and excellent claims administration services.

B. Open Claims

As of June 30, 2022, the open claims data for the TPA, Intercare, totaled 2,575, as shown in Table 1 (below). The total number of open claims has increased by approximately 3.4% since June 30, 2021, when the open claim inventory was 2,489.

Indemnity claims (lost time cases) increased from 1,412 in June 2021 to 1,458 in June 2022 while medical claims were down from 85 in June 2021 to 81 in June 2022. Future Medical claims were up from 992 in June 2021 to 1,036 in June 2022. Open claim inventory fluctuates daily.

This increase in open claims is primarily due to the influx of 494 COVID-19 indemnity claims reported in 2021-2022 (Police-296 indemnity claims, Fire-193 indemnity claims, Transportation-5 indemnity claims). Of the 494 total claims reported, 85 remain open: 44 in Fire, 40 in Police, and 1 Transportation, and 1 Airport COVID-19 claim that occurred in the previous FY was also reopened. It is anticipated that these 86 claims will be closed in the near future once all medical and lost time payments have been verified and processed by Intercare.

Table 1
Open Claims as of June 30, 2022

Claim Type	Number of Open Claims as of 6/30/2021	Number of Open Claims as of 6/30/2022
Indemnity	1,412	1,458
Medical Only	85	81
Future Medical	992	1,036
Total	2,489	2,575

C. Closing Ratios

For the period July 1, 2020 through June 30, 2021, Intercare reported an overall closure rate of 101.8%. 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.

As mentioned in the previous section, the influx of 494 COVID-19 indemnity claims in 2021-2022 not only affected the open claims count but also affected Intercare's ability to achieve the targeted 100% closing ratio. 86 COVID-19 claims, Fire (44), Police (40), Airport (1), and Transportation (1), remained open through June 30, 2022.

Table 2
Closing Ratios as of June 30, 2022

	Claims Closing Ratio (7/1/20 - 6/30/21)	Claims Closing Ratio (7/1/21 - 6/30/22)
New Claims /Reopened Claims	1,475	1,617
Closed Claims	1,502	1,569
Closing Rate	101.8%	95%

D. COVID-19 Claims

In Table 3 (below), the total number of COVID-19 claims is represented by Department, Type of Injury (Temporary Disability, Medical Only, and Information Only), and Total Paid/Total Outstanding since the pandemic through June 30, 2022. Most of the Temporary Disability and Medical Only COVID-19 claims have occurred in the Fire and Police Department, 268 claims and 526 claims respectively. The total paid for Fire and Police COVID-19 claims was \$1,883,212 while the total paid for all claims was \$1,889,128. Total outstanding which reflects outstanding reserves or anticipated future costs for Fire and Police COVID-19 claims was \$928,746.

Table 3
COVID-19 Claims by Department, Type of Injury and Costs
(Through 6/30/22)

	FIRE	AIRPORT	POLICE	DOT	PRNS	ESD	LIBRARY	TOTAL
Temporary Disability (Lost time)	265	2	506	8	10	1	1	793
Medical Only	3	0	20	0	0	0	0	23
Information Only (No treatment)	4	0	236	0	7	3	0	250
Total Paid	\$902,993	\$ 10,081	\$980,219	\$5,835	\$ 0	\$ 0	\$ 0	\$1,899,128
Total Outstanding	\$609,408	\$ 13,056	\$306,282	\$ 0	\$ 0	\$ 0	\$ 0	\$928,746

E. Total Claims Expenditures

In Table 4 (below), Workers' Compensation Total Claims expenditures for 2021-2022 totaled \$24,262,914, as compared to the 2021-2022 Adopted Budget total of \$20,200,500, which resulted in a \$4,062,414 exceedance above the Adopted Budget. Note that the HR Division was in communication with the Budget Office throughout the FY 2021-2022 to coordinate authority to settle claims in both the Police and Fire Departments. Workers' Compensation settlements from the General Fund totaled \$3,236,360 during FY 2021-2022 and will be further addressed in Section F below.

Table 4
Workers' Compensation Total Expenditures

Department	2021-2022 Budget (Adopted)	2021-2022 Budget (Modified)	2021-2022 Actuals
Fire	\$7,750,000	\$9,650,000	\$9,461,652
Police	\$7,750,000	\$10,060,000	\$10,419,838
PRNS	\$900,000	\$1,545,000	\$1,432,480
DOT	\$300,000	\$450,000	\$396,759
Others	\$966,000	\$1,416,000	\$1,232,330
Public Works (GS)	\$527,000	\$527,000	\$417,461
General Fund Totals	\$18,193,000	\$23,648,000	\$23,360,520
Special Funds Total	\$2,007,500	\$2,215,000	\$902,394
All Funds Total	\$20,200,500	\$25,863,000	\$24,262,914

F. Workers' Compensation Settlements

Table 5 (below) identifies the FY 2021-2022 General Fund Workers' Compensation settlements by department and cost. The total cost for General Fund Workers' Compensation settlements was \$3,236,360. \$21,250 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 the impact to the City's future liabilities is discussed in more detail in Section H below.

Table 5
General Fund Workers' Compensation Settlements
2021-2022

	Fire	Police	PRNS	DOT	PW	Others	Total
Workers' Compensation Settlements	\$1,017,222	\$1,718,681	\$256,482	\$35,550	\$56,183	\$152,242	\$3,236,360

G. AON Actuarial Study – Estimated Outstanding Losses

On a fiscal year basis, the City consults with AON 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, 2022.

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 \$4.3 million from our prior estimate of \$171.9 million as of June 30, 2021, which was a 2% increase. The Case Reserves increased by \$2.2 million from our prior Case Reserves of \$117.8 million as of June 30, 2021, which was a 2% increase.

Table 6
Estimated Outstanding Losses

Valuation Date (1)	Estimated Outstanding Losses (2)	Case Reserves (3)
(A) As of 06/30/22	\$176,323,726	\$120,088,378
(B) As of 6/30/21	\$171,991,261	\$117,869,882
(C) Change (A)-(B)	\$4,332,465	\$2,218,496
(D) % Change	2%	2%

H. 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 84 claims that were resolved via compromise and release or stipulated award during July 1, 2021 through December 31, 2021. 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

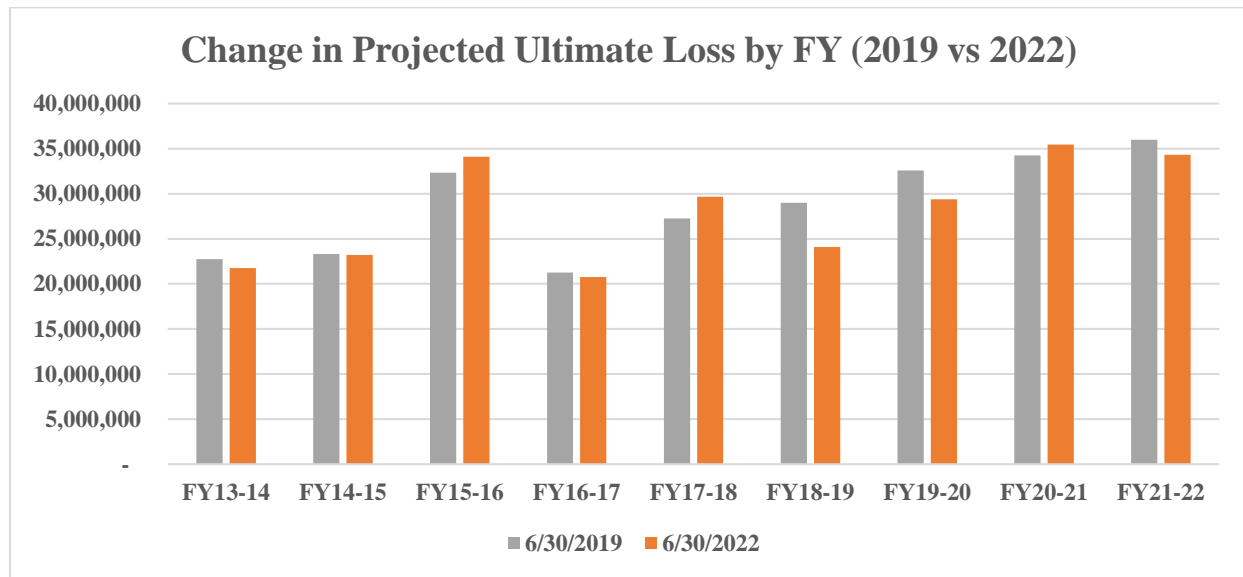
these claims, future costs may be reduced. The projected ultimate losses in this report anticipate these savings."

Over the past four fiscal years, the HR Division in partnership and cooperation with the City's Attorney's Office 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 2018-2019 to AON's current study for 2021-2022.

Table 7 and the corresponding graph (below) reflects this comparison and the changes in Projected Ultimate Losses from 2013-2014 through 2021-2022. The comparison reflects an overall change in Projected Ultimate Losses of \$6,644,857 or a 2.5% reduction over the past nine 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 6/30/2022	Change	Percentage Change
FY 13/14	\$22,737,000	\$21,761,000	(\$976,000)	-4%
FY 14/15	\$23,306,000	\$23,201,000	(\$105,000)	0%
FY 15/16	\$32,335,000	\$34,094,143	\$1,759,143	5%
FY 16/17	\$21,253,000	\$20,756,000	(\$497,000)	-2%
FY 17/18	\$27,254,000	\$29,678,000	\$2,424,000	9%
FY 18/19	\$28,977,000	\$24,097,000	(\$4,880,000)	-17%
FY 19/20	\$32,593,000	\$29,393,000	(\$3,200,000)	-10%
FY 20/21	\$34,242,000	\$35,469,000	\$1,227,000	4%
FY 21/22	\$40,698,000	\$38,301,000	(\$2,397,000)	-5.9%
Total	\$263,395,000	256,750,143	(\$6,644,857)	-2.5%



I. TPA Staffing

Table 8 (below) provides an overview of Intercare's staffing and ratio of assigned claims to staff. As of June 30, 2022, the TPA had 10 examiners handling 1,458 indemnity claims and 4 examiners handling 1,117 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 Senior Claims Examiners on the City's account average 145.8 cases while Future Medical/Medical Only Examiners on the City's account average 279.3 cases.

Table 8
Intercare (TPA) Staffing as of June 30, 2022

Claim Type	Number of Open Claims as of 6/30/2022	TPA Employee Type	Number of Staff	Average Caseload
Indemnity, Medical Only, Future Medical	2,575 (b)	Senior Claims Examiner	10	145.8 (a)
		Future Medical/Medical Only Examiner	4	279.3 (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				

J. TPA Intercare's Performance Measures

As part of the management of the TPA, Intercare, the performance measures for the FY period of July 1, 2021 through June 30, 2022 are as shown in Table 9 (below).

Table 9
Performance Measures for July 1, 2021 – June 30, 2022

Cycle Time Performance	Total Possible Categories Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/21
Adjuster Technical Audit Performance Summary	2,008	1,358	50	600	97.5%	96%

Quality Performance	Total Claims Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/21
Three-point contacts - Timely completion of 3 Point Contacts. (Pass/Fail)	251	231	12	8	95%	91%
Causation Analysis - Timely causation decision within 90 days. (Pass/Fail)	251	222	10	19	96%	97%
Plans of Action - Plan of Action in claim notes every 90 days. (Pass/Fail)	251	208	18	25	93%	92%
Benefits Payments - Timely and accurate payment of benefits (Pass/Fail)	251	144	0	107	100%	95%

State Compliance Performance	Total Claims Audited	Total "Yes"	Total "No"	Total "N/A"	Overall Audit Percentage Score	Prior Audit Percentage Score through 6/30/21
Temporary Disability payment compliance	251	130	0	121	100%	100%
Permanent Disability & Death benefits payment compliance	251	121	0	130	100%	98%
Subsequent indemnity payment compliance	251	121	0	130	100%	100%
Agreed Medical Examiner/ Qualified Medical examiner notices compliance	251	181	10	60	96%	94%

The overall Adjuster Technical Audit Performance Summary was 97.5% compared to 96% 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 its internal audits to the same standard. A score of 90% or "Exceeds Expectations" is the achievable passing score.

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. InterConnect Program

The InterConnect Program continues to be suspended since March 2020 due to the COVID-19 pandemic and both the City and Intercare working a hybrid schedule of onsite and remote work. The purpose for this ongoing Program offered by Intercare is to better "connect" injured workers with their claims adjuster "face to face" to ensure their overall experience with Intercare is a positive and productive one. Feedback has been positive from all Departments that have previously participated in the Program and staff looks forward to resuming in the third quarter of FY 2022-2023 with City employees returning to a hybrid schedule and Intercare employees resuming on-site work.

B. Concentra Telemedicine Program

The Concentra Telemedicine Program offered by our occupational health clinic Concentra was implemented on September 1, 2021, and provides 24/7 virtual nurse triage and physician services to injured workers for minor work injuries and illnesses (minor sprains/strains, first-degree burns, contusions, abrasions, rashes, and tendonitis). Employees can access the Telemedicine Program via a mobile device or computer. The Program is intended to help minimize lost duty time, avoid unnecessary hospital and urgent care visits, and increase overall productivity.

C. Claims Reviews

The quarterly in-person claims reviews with Intercare supervisors and managers to review high exposure and high reserved claims resumed in-person starting on July 13, 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.

Telephonic/Zoom 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 status of employees with the Departmental Worker's Comp Liaisons, Office of Employee Relations (OER), and the HR Division Manager.

D. Quarterly Workers' Compensation Liaison Meetings

Quarterly meetings with the HR Department and City Department Workers' Compensation Liaisons have been ongoing throughout the pandemic and are conducted virtually via ZOOM instead of in person. 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 next virtual meeting is scheduled on September 20, 2022.

E. Workers' Compensation 101 Training for Supervisors

This ongoing training conducted by Intercare 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 completed virtual Workers' Compensation 101 Supervisor training for all Workers' Compensation Liaisons.

F. Firefighter Fastlane

Through the end of June 2022, Intercare reports that 119 firefighters utilized the Firefighter Fastlane Program. Of the 119 firefighters seen, diagnostic tests were ordered for 37 of the firefighters, and physical therapy/acupuncture was prescribed for 20 of the firefighters. In addition, 40 firefighters were released to full duty, 30 firefighters were released to modified duty and 49 were taken off work.

The Firefighter Fastlane Program continues to be an effective program that 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 to expedite treatment, recovery and return to work for Firefighters bypassing the UR (Utilization Review) approval process at Intercare.

G. Police Fastlane

Due to the success of the pilot program and positive feedback from the Department, the Police Fastlane Program, which ended on August 31, 2021, was formally adopted by the Department, HR, Kaiser Permanent, and the San José Police Officers' Association as a formal ongoing program.

Police Officers are now pre-approved for all relevant diagnostic testing and physical therapy at Kaiser Permanente Occupational Health Clinics throughout the State of California. Through the end of June 2022, Intercare reports that 141 officers utilized the Police Fastlane Program. Of the 141 officers seen, diagnostic tests were ordered for 79 of the officers, and physical therapy/acupuncture was prescribed for 46 of the officers. In addition, 60 officers were released to full duty, 41 officers were released to modified duty and 40 were taken off work.

As mentioned in the previous section, the benefits of this Program allow Police Officers to receive expedited diagnostic testing, physical therapy/acupuncture, and surgeries bypassing the Utilization Review approval process at Intercare which inevitably aids in treatment, recovery, and return to work.

Wellness, Health, and Safety: Update on Initiatives

Many of the safety initiatives that were identified in the prior September 2021 Annual Report have been delayed due to the HR Division's safety teams continued focus on COVID-19 reporting, notifications, and response.

A. Program Manager

The Human Resources Department worked with the City Manager's Budget Office to permanently delete a vacant Senior Analyst position and add a Program Manager position to support HR's Health & Safety Division.

The HR Division Manager and Program Manager, in collaboration with Department Directors and Safety Officers, intend 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. The Program Manager position will help the City to continue to prioritize and increase the emphasis on health and safety to reduce injuries and costs associated with workers' compensation. This includes coordination and partnership between HR, Safety Officers/Managers, and the Departments in developing and implementing a Citywide Safety Management System, working with Departments to identify injury trends and Department-specific safety practices, and developing and adopting City policies to ensure regulatory compliance and uniform implementation of the best safety practices Citywide.

B. Safety Scoreboard

The HR Department is developing a Safety Scoreboard that will include departmental incident statistics (frequency and severity), trend analysis, and workers' compensation costs. These departmental metrics will 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, is to highlight the performance of the City's larger Departments against the prior Fiscal Year. It is anticipated that the Scoreboard will be implemented before the end of the current Fiscal Year.

C. Citywide Safety Committee Meetings

The HR Program Manager will convene a City-wide safety committee comprised of representatives from each Department. 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. This project is currently suspended due to the HR Program Manager's primary focus on the COVID-19 pandemic, but it is anticipated to be implemented before the end of the current Fiscal Year provided COVID-19 cases drop significantly in frequency.

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.

In order to ensure continuous improvement related to the City's Ergonomic Safety Program, refresher training was completed for Department evaluators who attended the first "train the trainer" class. This training refreshed the evaluators' knowledge of ergonomic concepts and updates. The training also focused on ergonomics in non-traditional workstations (e.g., working from home) so that evaluators can better assist those employees working a hybrid schedule.

E. OSHA Quarterly 10-Hour Certification Training

Beginning in 2020, the HR Department Health and Safety Division offered quarterly 10-hour OSHA (Occupational Safety and Health Administration) certification training to front-line supervisors in Departments city-wide.

This training is also currently suspended due to the HR Program Manager's primary focus on the COVID-19 pandemic, but it is anticipated to be implemented before the end of the current Fiscal Year provided COVID-19 cases drop significantly in frequency.

F. STOP (Safety Training Observation Program) for Supervision

Similar to other safety trainings, this training has been suspended. the STOP Program is designed to equip supervisors with skills to identify and address or correct unsafe behaviors or acts by their employees. In addition, the Program equips supervisors to identify and correct unsafe conditions in the workplace.

While this Program has been temporally suspended due to the pandemic, work has continued by identifying and training key Department personnel who will be involved in implementing the program. Training and preparing key staff will allow the Program to begin as soon as appropriate.

G. Wellness

A virtual Health Fair was conducted last year in October and an in-person Health Fair is scheduled for October 19, 2022 in the Rotunda. Kaiser will provide the following services: fitness assessments, blood pressure checks, BMI calculation, and derma scan screenings. Booths will also be set up for vendors providing information on a variety of health-related topics.

HR's Benefits Division is hiring an Analyst to focus on developing and implementing a wellness strategy. In addition, the contract with the current EAP (Employee Assistance Program) provider MHN is expiring at the end of December 2022. A Request for Proposal has recently been completed for a new EAP provider and Concern was awarded a four-year contract with a start date of January 1, 2023. Concern's offering includes a robust 1st Responder Program, including a curated network of specialized providers, life coaching in addition to mental health counseling, access to BetterHelp – a mental health platform that provides online counseling and therapy through web-based interaction as well as phone and text communication, a mobile application for easy access to EAP services and strong customer service that includes a white-glove intake process.

H. Wellness – Police Department

In Fiscal Year 2021-2022, 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 held body

scans through Body Scan International, which includes a full body scan, analysis, and consultation per employee screen. During these scans, health risk indicators are identified, such as artery blockages, abnormalities, and other concerns. In addition to the body scans, the Police Department held a health and wellness fair that included biometric screenings, including blood pressure, BMI, and body fat percentages, as well as fitness assessments and derma scan screenings (sun damage on skin). The Department also added three blood pressure kiosks for employees to self-check blood pressure. The machines are located at the Police Administration Building, the Police and Communications Building, and at the Substation.

Mental health and wellness are at the forefront of trainings offered to Police Department employees. In 2021-2022, the Department hosted 24 safety and wellness classes. In February 2022, the Department, in conjunction with the Police Foundation, hosted three Emotional Survival for Law Enforcement seminars with Dr. Kevin Gilmartin, nationally recognized for his work with law enforcement and other first responders on mental health. These seminars were available for employees, significant others, and retirees. Through coordination with HR's Employee Benefits, the Department hosted MHN workshops that included holiday stress, alleviating job burnout, heart health, and insomnia. In addition to the MHN workshops, the partnership with HR's Employee Benefits also included a Kaiser webinar series focusing on stress management and mental wellbeing, which included four classes that were recorded and available for employees to view 90 days from the date of the respective class. The Department also hosted two stress management through mindfulness classes with instructors who focus on first responder mental health and wellness.

Fire Department Update

Fire Department 2021-2022 Workers' Compensation expenditures totaling \$9,461,652 were higher than projected (the 2021-2022 Adopted Budget was \$7,750,000). Total expenditures increased by \$1,672,559 compared to 2020-2021 when total expenditures were \$7,789,093. This increase is partly due to the one-time settlements in 2021-2022 which totaled \$1,017,222.

The Fire Department is engaged in several Workers' Compensation initiatives toward improved workforce safety and wellness including: (1) Hiring a full-time Safety Program Manager overseeing department safety, Workers' Compensation, wellness and Critical Incident Stress Management/Peer Support programs; (2) Maintaining an effective Injury & 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; (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) Improving Supervisors Accident Investigation Form (SAIR) utilizing SimpliGov workflow that will capture the same data as the legacy SAIR paper form; however, 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

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. As previously addressed above, several of the workers' compensation and safety initiatives have been suspended due to the Division's continued focus on COVID-19 response, notifications, and reporting.

Workers' Compensation expenditures for Fiscal Year 2021-2022 exceeded the Adopted Budget by \$4,062,414, primarily due to the Workers' Compensation settlements amounting to \$3,236,360. However, the impact of C&R and STIP settlements over the past 4 years, on Projected Ultimate Losses reflected a \$6,644,857 or a 2.5% reduction over the past nine fiscal years. The Division will continue this strategy of C&R and STIP settlements to further reduce Projected Ultimate Losses, as well as reduce open claims inventory.

It is anticipated that the suspended Workers' Compensation and Safety Initiatives will be re-established when the number of COVID-19 cases decreases, and the Division can refocus its efforts. These initiatives will undoubtedly further promote employee engagement and help to develop a culture of safety, thereby, further reducing the number of injuries and associated costs.

COORDINATION

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

/s/

JENNIFER SCHEMBRI
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Director of Human Resources

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