

# **Public Safety, Finance, and Strategic Support Committee**

## **Workers' Compensation Program Update Annual Report**

**Human Resources Department**

**September 15, 2022**

**Item: (d) 4**

**Presenters: Jennifer Schembri, Director of Employee Relations/  
Director of Human Resources  
Eric Fortes, Division Manager**

# 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 2021-2022.

# 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 amount of \$32,582,834.

# Intercare Contract Extension

- 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.
- Staff recommended extending the agreement with Intercare based on their proven ability to offer quality, consistent and excellent claims administration services.

# Open Claims as of June 30, 2022

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

The total number of open claims has increased by approximately 3.4% since June 30, 2021, when the open claim inventory was 2,489.

# COVID-19 Claims through June 30, 2022

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

# Workers' Compensation Total Claims Cost

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
<b>All Funds Total</b>	<b>\$20,200,500</b>	<b>\$25,863,000</b>	<b>\$24,262,914</b>

# General Fund - Workers' Compensation Settlements 2021-2022

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



# AON Actuarial Study - Estimated Outstanding Losses through June 30, 2022

<b>Valuation Date (1)</b>	<b>Estimated Outstanding Losses (2)</b>	<b>Case Reserves (3)</b>
(A) As of 06/30/22	\$176,323,736	\$120,088,378
(A) As of 6/30/21	\$171,991,261	\$117,869,882
(A) Change (A)-(B)	\$4,332,465	\$2,218,496
(A) % Change	2%	2%

# AON Actuarial Study - Projected Ultimate Losses Changes through June 30, 2022

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%
<b>Total</b>	<b>\$263,395,000</b>	<b>256,750,143</b>	<b>(\$6,644,857)</b>	<b>-2.5%</b>

# Intercare 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
<b>Indemnity, Medical Only, Future Medical</b>	<b>2,575 (b)</b>	Senior Claims Examiner	10	145.8(a)
		Future Medical/Medical Only Examiner	4	279.3 (a)
		Clerical and Support Staff	5	0
		<b>Total</b>	<b>19</b>	
(a) Average does not include clerical staff (b) Claims totals do not include Information Only claims				

# TPA Performance Measures Jul 1, 2021 – Jun 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 6/30/20
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 6/30/20
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 6/30/20
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	139	100%	100%
Agreed Medical Examiner/ Qualified Medical examiner notices compliance	251	181	10	60	96%	94%

# Workers' Compensation Program- Other

- InterConnect Program
- Monthly Claims Reviews
- Quarterly WC Liaison Meetings
- Workers' Comp 101 Supervisor Training
- Firefighter Fastlane
- Police Fastlane

# Safety Management System Health and Safety Program

# Health and Safety Program

- Program Manager
- Safety Scoreboard
- Quarterly Citywide Safety Committee Meetings
- Ergonomics
- OSHA 10-Hour Certification Training
- STOP (Safety Training Observation Program) for Supervision
- Wellness

# Conclusion and Follow-up

- Focus on safety and injury prevention as well as effectively manage the TPA to reduce injuries and contain Workers' Compensation costs.
- Suspended Workers' Compensation and safety initiatives will be reestablished when COVID-19 cases decrease so that Division can refocus on implementing initiatives.
- 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.



# Conclusion and Follow-up

- 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.

# Discussion and Questions