# Public Safety, Finance, and Strategic Support Committee

## Workers' Compensation Program Semi-Annual Report
### (Human Resources Department)
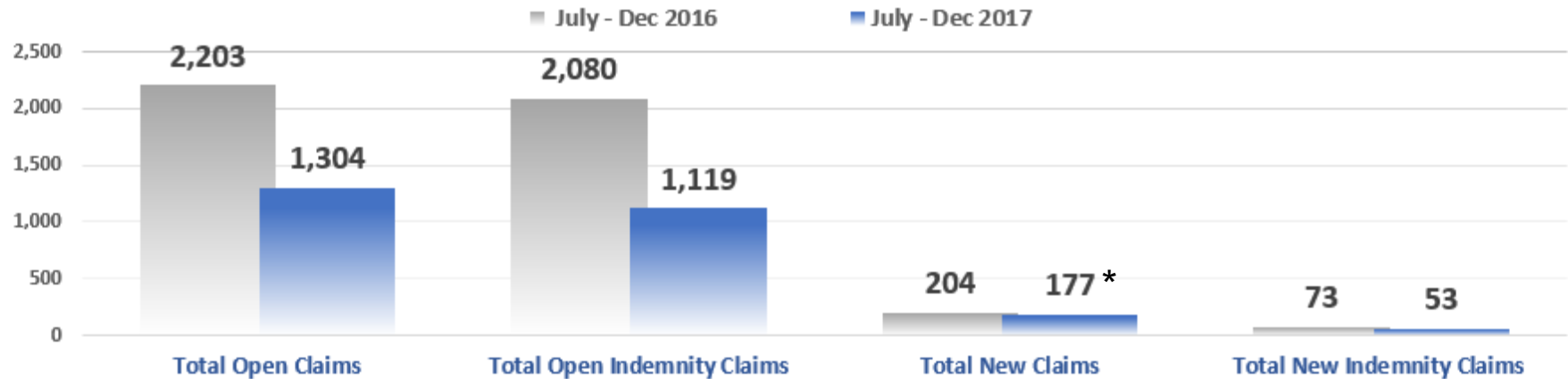
## March 15, 2018
### Item: d (5)

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**SAN JOSE**
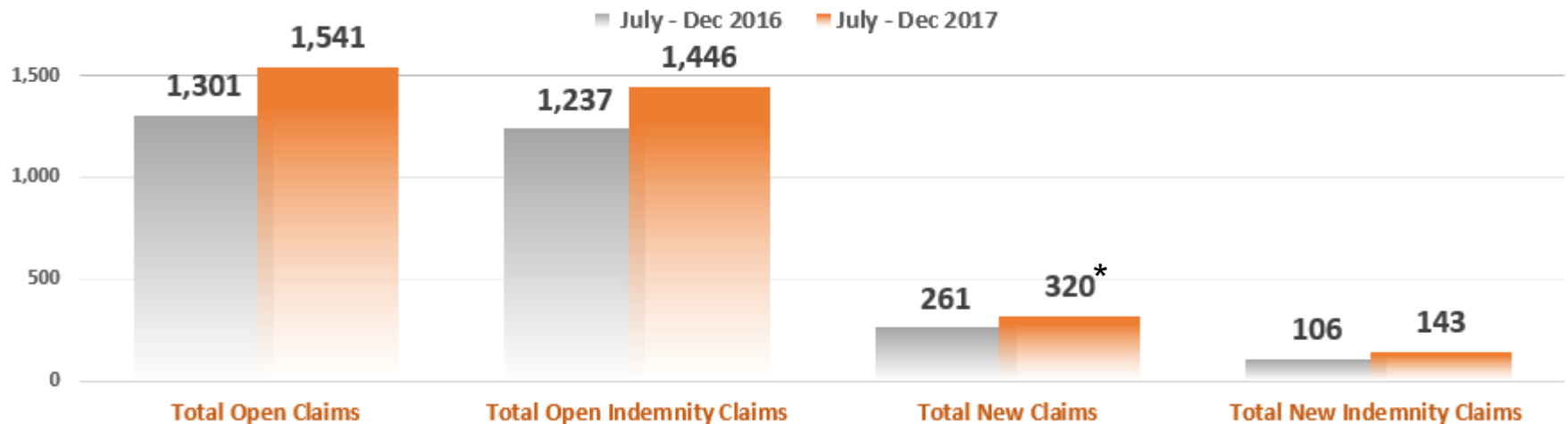CAPITAL OF SILICON VALLEY

# Workers' Compensation Program Highlights

✓ Transfer of all non-Police claims to TPA (Intercare) completed on May 22, 2017.

✓ Total open claims decreased 18.6% by improved claims management practices implemented by the In-House Program and the TPA.

✓ 2017-2018 Budget (All Funds):          $22.6 million
✓ Claims costs July – December 2017:    $12 million
✓ Projected 2017-2018 Expenditures:    $20.5 million

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# New and Existing Claims

## SELF-ADMINISTERED (CSJ IN-HOUSE)

Legend: ■ July - Dec 2016  ■ July - Dec 2017

| | Total Open Claims | Total Open Indemnity Claims | Total New Claims | Total New Indemnity Claims |
|---|---|---|---|---|
| July - Dec 2016 | 2,203 | 2,080 | 204 | 73 |
| July - Dec 2017 | 1,304 | 1,119 | 177 * | 53 |

## ATHENS/INTERCARE ADMINISTERED

Legend: ■ July - Dec 2016  ■ July - Dec 2017

| | Total Open Claims | Total Open Indemnity Claims | Total New Claims | Total New Indemnity Claims |
|---|---|---|---|---|
| July - Dec 2016 | 1,301 | 1,237 | 261 | 106 |
| July - Dec 2017 | 1,541 | 1,446 | 320 * | 143 |

*Data Source: CSJ & Athens/Intercare System Data*

**\*Total New Claims for In-House and TPA: 497 claims – 6.9% increase from prior year**

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# New and Closed Claims (July - Dec 2017)

Legend: New Claims | Closed Claims | Closing Rate (%)
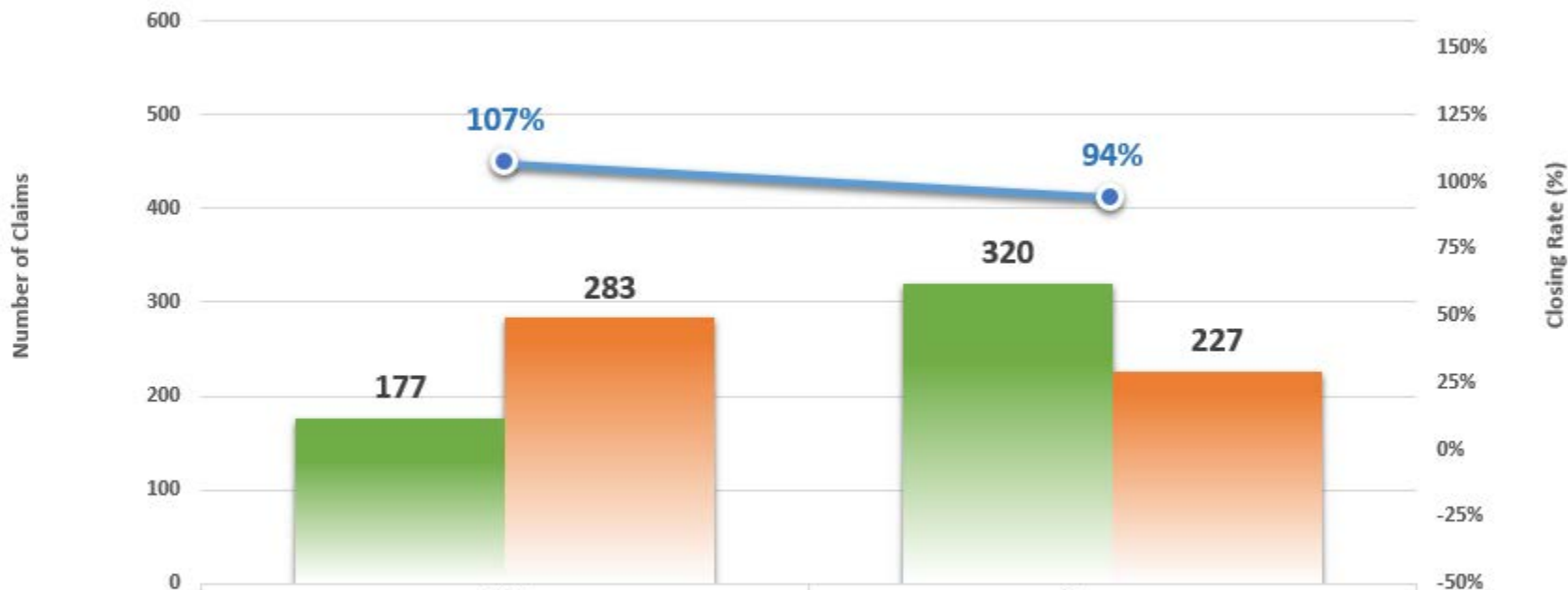


| | CSJ | Intercare |
|---|---|---|
| New Claims | 177 | 320 |
| Closed Claims | 283 | 227 |
| Closing Rate (%) | 107% | 94% |

*Data Source: CSJ & Intercare System Data*

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# Total Claims Costs and Count
# by Departments with Largest Claim Costs

|  | POLICE | FIRE | DOT | PRNS | PUBLIC WORKS |
|---|---|---|---|---|---|
| **Claims Costs July – Dec 2016** | $3,087,419 | $4,115,230 | $430,279 | $603,930 | $373,745 |
| **Claims Costs July – Dec 2017** | $5,710,830 | $4,078,829 | $202,320 | $504,852 | $244,662 |
| **# of Claims July – Dec 2016** | 158 | 148 | 41 | 51 | 26 |
| **# of Claims July – Dec 2017** | 177 | 184 | 14 | 65 | 27 |

# Performance Metrics
## July 2017 through December 2017

## Cost

– <u>Claims Administration</u>

- Administration Costs
1. TPA (Intercare): $1,067,904*
2. In-house City Team: $734,851**

*\* TPA costs increased with the shift of cases from the City team to the TPA as well as the implementation of the new TPA on Jan. 1, 2017.*
*\*\*City costs include personal costs only (salaries, benefits, retirement) and do not include team costs for non-personal, office space, equipment, overhead, etc. that will need to be included in the final analysis of the pilot.*

- Claims Costs*
1. TPA (Intercare): $6,314,735 (Average cost per claim - $4,098)
2. In-house City Team: $5,710,830 (Average cost per claim - $4,379)

*\*Data sourced from FMS and claims management systems.*

## Customer Service

– <u>Customer Service Survey</u>

1. Intercare – 53 surveys issued.  Responses received – 19. Responses were overall favorable.
2. In-house City Team – 86 surveys issued.  Responses received - 36.  Responses were overall favorable.

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# Performance Metrics
# January 2017 through June 2017

**Quality Performance Metrics**

- 8 separate quality metrics
- Data compiled from auditing claims
- In-House and TPA demonstrating positive results
  - In-House Team Results – Overall 98.9% (out of 100%)
  - TPA Results – Overall 99.1% (out of 100%)

# Safety Improvements

## HR Safety Team - Experienced Safety Officer and Safety Analyst

- Workplan: Comprehensive safety analysis, to include:
  - Evaluation of current safety protocols and emergency procedures,
  - Development of effective safety training programs,
  - Cross-department collaboration with safety personnel,
  - Development of Monthly injury statistics for all departments. Use data analytics to reduce injuries.
    - Delivered comprehensive analysis of 3 years of injury data for PRNS. Developing safety programs to reduce PRNS injuries moving forward with Monthly Safety Meetings, root cause analysis, and training.

# 2018 State Audit

- Implemented:
    - Specialized workflows, training, and oversight
    - Internal trainings provided by the Division Manager
    - Training by the State Audit Unit

- In process:
    - Pre-audit workflow
    - Thorough review of all claims potentially subject to December 2018 re-Audit
    - Address outstanding issues

- Risks:
    - Passage of the next audit is necessary for the City to continue to self-insure
    - Failure to pass could result in the State requiring the City to purchase workers' compensation insurance
    - Insurance would be significantly more expensive than self-insuring

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# Next Steps

- Budget Process for 2018-2019
  - Conduct RFQ (Rules direction)
  - Service Delivery Analysis
  - Refine Service Delivery Evaluation and submit recommendation

# Questions?