

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
Workers' Compensation Program	<ul style="list-style-type: none"> ▪ One component of City's overall health and safety efforts for employees <ul style="list-style-type: none"> ▪ First goal is to prevent injuries/accidents ▪ 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
Benefits	<ul style="list-style-type: none"> ▪ State-mandated benefits for workers who are injured on the job, including: <ul style="list-style-type: none"> ▪ Medical Care, Payment for Lost Wages, Public Safety Officers, Return to Work, Payments for Permanent Disability, and Death Benefits
Costs	<ul style="list-style-type: none"> ▪ 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 ▪ Current cost to City is approximately \$25M
Hybrid Pilot Program	<ul style="list-style-type: none"> ▪ Currently, in-house team only those claims from Police Department ▪ All other claims (approximately 49%) are handled by TPA
Service Delivery Evaluation Policy	<ul style="list-style-type: none"> ▪ Council Policy 0-41 – Helps to provide decision-making framework and consistent criteria for evaluating service delivery models

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>		
Issue	TPA	In-House
<i>Wellness and Health/Safety</i>	✓	
<i>Utilization of Resources</i>		
Issue	TPA	In-House
<i>Program Staffing</i>	✓	
<i>Technology and Infrastructure</i>	✓	
<i>Quality of Service</i>		
Issue	TPA	In-House
<i>Staffing-Recruitment/Retention</i>	✓	
<i>Performance Consistency</i>	✓	
<i>Communications</i>	✓	✓
<i>Conflict of Interest/Bias</i>	✓	
<i>Mitigation of Risks</i>		
Issue	TPA	In-House
<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>
Division Manager	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)
Analyst	1.0	Filled	Currently Sworn Liaison	Maintain position to be customer service liaison between employees and TPA and focus on health and safety
Principal Account Clerk	1.0	Filled (as of 6/4/18)		Maintain position to handle banking reconciliation, financial data entry, questions related to payments
Senior Analyst	1.0	Filled	Claims Adjuster Supervisor	Eliminate; place employee in another position within the City
Senior Office Specialist	2.0	Filled	Claims Assistants	Eliminate; place employees in other positions within the City
Claims Adjustor	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 1st, with goal to complete transition by September 8th
- 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