

CCSF WORKERS' COMPENSATION COUNCIL
MINUTES

Regular Meeting

December 05, 2016

9:00 a.m.

ROOM 408, CITY HALL

1 Dr. Carlton B. Goodlett Place

CALL TO ORDER

9:00 a.m.

ROLL CALL

Micki Callahan, Human Resources Director Present

Melissa Whitehouse, Budget Director (Represented by Laura Busch)

Naomi Kelly, City Administrator (Represented by Peter Goldstein)

Norm Nickens, Retirement Board Secretary, Retirement System Present

Todd Rydstrom, Deputy Controller, Controller's Office (Represented by Michelle Allersma)

Lorenzo Donati, Deputy City Attorney Present

**PUBLIC REQUESTS TO SPEAK ON ANY MATTER WITHIN THE JURISDICTION OF
THE WORKERS' COMPENSATION COUNCIL APPEARING ON THE AGENDA (Item
No. 1)**

Speaker: Micki Callahan

Micki welcomes Lorenzo Donati to the Workers' Compensation Council.

APPROVAL OF MINUTES (Item No. 2)

Action: Minutes approved for the meeting on September 12, 2016.

REPORTS FROM THE WORKERS' COMPENSATION DIVISION

Discussion Items: **(Item No. 3)**

Speaker: Peggy Sugarman, Deputy Director, Workers' Compensation Division

Reported on Claims: Claim Costs, Frequency & Fiscal Year Results

Peggy begins the meeting by discussing the claim filing frequency. As seen on the chart, there is an overall decrease in the number of claims filed by the top ten departments for the first quarter of this year compared to the first quarter of last year. However, the SF Police Department has an increase of 34 claims. Peggy explains that this increase is believed to be due to injuries sustained by recruits such as pulled hamstrings and exhaustion.

Micki asks if the recruits are getting injured as they are doing the physical training. Peggy agrees and explains that they are not eligible for Disability Pay because they are not yet police officers but at-will trainees. They receive Temporary Disability when they get injured. There is also an increase in the academies being offered which likely has some bearing on the numbers. Micki points out that the top ten departments is in reference to the number of claims and the cost. Peggy reiterates that claim filing is down by 20 claims overall despite the increase in the Police Department.

For expenditures, the chart shows a decrease of \$1.1 million compared to the first quarter of last year. Based on first quarter results, there is a surplus of \$1.3 million. Peggy states that this is good news as there is usually an increase in the first quarter since settlements are often pushed into the new fiscal year which did not happen this year. Therefore, there is a decrease in the total payments.

Peggy discusses claims costs by category. There is an increase in temporary disability by 25%. Total medical is down 16.24% this year compared to last year which is attributable to great oversight and the MPN. Overall, 9% decrease this year notwithstanding the increase in Temporary Disability.

Peggy continues to report on the Top 5 departments in terms of open claims stratification by severity. The charts show open claims for SF Police Department, SF Fire Department, Sheriff's Department, Department of Public Health and Recreation & Parks Department.

Micki asks if the \$1 million claims are cancer claims. Peggy suggests that these could be death benefit claims where minor dependents are being paid out, very serious injuries as well as future medical claims. She reiterates that future medical claims are costly, 40% of the total medical cost last year was on future medical claims.

Micki asks if CCSF would have to deal with future medical if claims are settled through Compromise and Release. Peggy mentions that CCSF has been reluctant to settle by C&R for current employees whereas public agencies such as the Schools Insurance Authority are settling 80% of their claims by C&R with medical. The goal for next year is to have an actuarial study in terms of that type of claim development and to determine if

CCSF should change the thinking about settling future medical. One of the concerns with settling via C&R has to do with whether or not the injured worker would treat through the group health policy which affects premiums. However, there is no evidence. In addition, some self-insured programs determined that when an injured worker receives a big payment and the claim is closed, they are less likely to treat in the future.

Peggy continues to discuss the Top 10 claim causes by severity for the Top 5 Departments: SF Police Department, SF Fire Department, Sheriff's Department, Department of Public Health and Recreation & Parks Department. Physical assault continues to be the top cause in the SF Police Department while lifting is the top cause in the SF Fire Department and pushing and pulling is the top cause in the Sheriff's Department.

Micki comments that she is surprised that physical assault is low in the Sheriff's Department given their job duties. Peggy explains that the Sheriff's Department deals with people who are already in jail and under heavy surveillance whereas the SF Police are out on the streets. In the Department of Public Health, there are 28 physical assaults but most are considered Report only claims with no medical, no lost time and no temporary disability.

Michelle asks if the slide for the Top 10 Claim Causes for the Department of Public Health is by severity or by frequency as listed in the slide. Peggy clarifies that the slide is for frequency and she will input the correct slide for severity. Michelle also asks why settlements are pushed to the first quarter. Peggy explains that it has to do with department budgets. Sometimes departments may be running out of money by the end of the budget year and for big settlements, CCSF WCD agrees to pay a higher settlement if the injured worker and their attorneys agree to wait until the next fiscal year to receive payment.

Peggy moves on to discuss the Organizational Projects and Initiatives.

- RFP – Bill Review/Utilization Review Proposal Update
On the fourth try for the RFP and proposals are expected by the end of December.
- SFMTA/DHR TPA RFP – Intercare has been selected and the draft contract is almost finalized. The contract comes with programs such as the Pharmacy Benefit Management program and Nurse Case Triage for immediate advice on injuries. Peter asks if the Pharmacy Benefit Management includes a strategy to deal with opioids. Peggy says yes and explains that through the Pharmacy Benefit Program, injured workers will receive a pharmacy card which can be used to centrally track medications.
- Excess Liability Insurance – Broker obtaining quotes for “Cash Flow Policy”, budget number will be available this month
CCSF has been submitting data to brokers for almost three years. Peter mentions that the previous insurer would not offer CCSF a quote. CCSF had to start over with other insurers which is one of the causes for the delay. Micki also adds that another challenge in getting the quote is providing the number of city employees and their work locations as well as what they do.
- Electronic Deposit/Pay Card in collaboration with Treasurer's office and US Bank continuing, working on payment file export.
- Pilot for PUC to input claims/track Cal-OSHA directly in iVOS Claims system

- Implementing an outside contract to audit Section 111 Medicare reporting processes for compliance and development of updated protocols
- WC “Carve-Out” proposals in development

Peggy concludes her presentation with the MPN/Medical Care Update

- Consideration of extending the Fast track preauthorization and expanding adjuster-approved treatments
- MPN Committee recommended termination of two providers, notices served and terminations proceeded without objections

Public Comment: None

REPORT FROM THE MTA WORKERS’ COMPENSATION DIVISION

Discussion Item: **(Item No. 4)**

Speaker: Dan Roach, Municipal Transportation Agency

Dan begins his presentation by reporting on claim volumes. For this fiscal year, SFMTA is averaging 43 claims per month compared to 47 claims per month from the prior fiscal year. Medical only claims are also still lower than they should be but steps are being taken to turn Indemnity claims into Medical only claims as a cost-saving move as well as allow more prompt provision of benefits to the injured workers.

Dan discusses the Lag Time Report which has been an on-going issue for SFMTA. Lag time report attempts to track the time period between when an injury occurred, when the injury is reported to SFMTA and when SFMTA reports the injury to the TPA. The goal is to have claims reported within 3 working days which would allow for prompt provision of benefits, timely accommodation in the modified duty program as well as better claims handling. The rolling report for the past 12 months shows that the average days between the employer knowledge and when a claim is reported to the TPA is at 59 days. This lag time is driven by outliers such as the injured workers or attorneys waiting to report a claim. Empirically, the lag time for routine claims is under 20 days.

Dan moves on to discuss the Nurse Triage Program which is expected to be done by the middle or end of January 2017. The benefits of the program include the reporting of the claim as the nurse inputs the information into the IVOS system as well as allow the employee and the employer to get appropriate medical direction from the nurse. Dan is hoping that through this program, the reporting time would be shortened.

Micki comments that the high number between employer knowledge and reported to the TPA is surprising. She asks if this is due to supervisors not knowing how to report the injury or to hand-out the appropriate forms. Dan states that there are a variety of contributing factors. He states that trainings are provided on workers compensation reporting. The majority of late reported claims come from the divisions with the operators. The operations group tends to shuffle supervisors, and the supervisors have a large number of direct reports ranging from 200 to 300 as well as supervisors delegating the responsibility for reporting an injury. He also states that when a claim is

reported in an untimely manner, a follow-up is done to find out why and to take steps to rectify it.

Dan continues to report on Financials. SFMTA is trending down for the first quarter of the fiscal year. He states that October of this year is \$200,000 below October of last year. He points out that although there are less open claims, the total net incurred is larger which is attributable to catastrophic injuries and the rising cost of benefits and medical treatments.

Reporting on Stratification by Severity, the chart demonstrates the number of high exposure claims. There are 19 \$1 million claims but SFMTA is taking aggressive steps to resolve these claims. Peter asks if there is a trend to the increasing catastrophic claims. Dan explains that the main driver is motor vehicle accidents with bus collision with another motor vehicle being the most common. SFMTA continues to work with systems safety and environmental safety people in addressing these issues. Additional training is provided on how to avoid accidents and improving their visibility and safety gear.

For litigation statistics, there is a slight uptick but the overall trend remains strong. The litigated ratio was at 45% a little over a year ago but is now currently down to 35%. An advocacy program is being discussed with the TPA in order to facilitate communication. An email program is being set-up which would enable injured workers to have their questions and issues resolved within 24 hours. Micki suggested that SFMTA look at the Carve-Out Pilot with the Sheriff's Department if it is successful.

Dan discusses Cause Analysis by Frequency. Assault claims remain steady at 72 claims. Continuous trauma remains the top cause of injury. SFMTA was able to secure funding for an Ergonomic Program mostly for office workers in order to address ergonomic issues. For operators, SFMTA has been working on renewing their fleet of vehicles. By virtue of having a newer fleet, a decrease in continuous trauma claims should follow. Dan also discusses Cause Analysis by Severity. Continuous trauma and assault are leading the way.

For Cost Analysis, the slide shows a breakdown of the frequency and the average cost per claim for the different claim drivers ranging from assault to abrasions to vehicle accidents. The average total cost per claim is under \$30,000.

The injury rate per 100 employees in February 2013 is 14.35 whereas in October 2016, the injury rate is down to 11.05. The goal is to get the injury rate under 10.

Reporting on Claims Denied, Dan states that SFMTA averages about 10 to 15 denied claims per month. However, these denials may be disputed and litigated in an attempt to secure benefits for the injuries.

The Division Statistics slide shows the number of injuries based on the division names. The Transportation Division has always been two-thirds of the SFMTA injuries. The next slide breaks down the Transportation Division by location or mode of transportation.

Dan concludes his presentation by reiterating the benefits of the new programs being rolled out which are the Nurse Triage Program and the Pharmacy Benefit Management.

Public Comment: None

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS

Discussion Item: (**Item No. 5**)

Council Comment: None

OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE COUNCIL'S JURISDICTION

Discussion Item: (**Item No. 6**)

Council Comment: None

NEXT REGULAR MEETING: Tentative meeting date is March 06, 2017

ADJOURNMENT

9:55 a.m.