

CCSF WORKERS' COMPENSATION COUNCIL

MINUTES

Regular Meeting

June 12, 2017

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	Present
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

APPROVAL WITH POSSIBLE MODIFICATION OF MINUTES (Item No. 2)

Action: Minutes approved for the meeting on March 5, 2017.

REPORT 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 with the third quarter results for claim filing frequency as compared to last year at the same time. As seen on the chart for the top ten departments, there is a reduction in indemnity cases and an increase in medical only. This is a good trend as it shows there is a decrease in serious injuries. These are just numbers and not injury rates.

Micki asked if Workers' Compensation was going to be following up with Human Services as to the reason for the large increase in indemnity claims.

Peggy announced that Carlos Torrez has been hired as the new Safety Coordinator. Much of his job focus will be to look at injury causes for every department and coming up with an analysis as to causes and suggestions for prevention strategies.

Julian Robinson has been appointed as the new claims manager. Lupe Perez has been appointed as an acting supervisor pending the supervisor exam process.

For expenditures, the chart shows a projected surplus of \$3.7 million overall minus overhead allocations. The police department is over budget. Workers' Compensation is asking them to find an additional \$2 million. The reason is a lot of cancer claims, which is expected to also affect next year's budget. There are two officers which have leukemia and are scheduled for bone marrow transplants, which will cost over a million dollars each for the treatment.

Micki asked for clarification on the cost of the treatment. Peggy answered that one treatment they knew of was about \$900 thousand. They are anticipating that the second person will also need a transplant, but they are not sure at this time.

Micki commented that Public Works seems to have done very well on decreasing their costs. Peggy mentioned that Public Works and the Department of Public Health have a very active safety programs and return to work programs.

Peter asked how it would be determined which departments the new Safety Officer works with. Peggy responded that he would be working with all departments, but he would be starting with departments with the highest cost and work from there. Micki said that some of the highest cost departments is because they are large or have large presumptions in which case Worker's Compensation might just be doing a check in but then focusing in on the next level. Worker's Compensation will be looking for trends to ensure that departments have all the support they need to help improve cost. An in depth analysis has been done on injuries in the police academy to see if there is a way to assist with lowering the injury rate without affecting the training.

Todd asked that when Peggy drilled down into the numbers for the Human Services department if she could look to see if there was any impact of people who were reassigned to the Department on Homelessness and Supportive Services. He also asked that Peggy drill down into the Sheriff's office numbers so that they know why they are so over budget even with the decrease for this quarter.

Peggy discusses claims costs by category. Temporary Disability did go up despite the reduction in indemnity claims. This is due to the yearly increase to the TD rate. Medical is looking very good with hospitalization down 4% and total medical down almost 2.5%. Total year increase at the end of the third quarter is 5%. Projecting ahead she estimates a 3% increase on the year.

Micki asked how much of the percentage increase to temporary disability can be attributed to the rate increase. Peggy said it was hard to say, but the TD rate is tied to the statewide average weekly wage, which is generally 3 to 4 percent a year. Peggy said the actual increase to the temporary disability pay is also a reflection of the severity of the cases.

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 Sheriff's Department is covered by the same presumptions as the Police Department. Peggy answered yes but they are a smaller organization with different exposures.

Micki asks what types of claims would put us over a million dollars in Recreation and Parks as there are no presumptions for this department. Peggy would have to look for an answer to this question.

Todd asks for future presentations there is a chart of how many of the claimants are multiple claimants compared to single claimants.

Peter asks if the information presented to the council is also shared with the individual departments. Peggy answered that all departments are sent monthly chargeback statements showing what Worker's Compensation has spent by claim. Norm also asked if the departments were also provided with the estimated final cost on the claims or just the cost to date. Peggy answered that the chargeback report shows them what their budget is and where they are in comparison to their budget by claim and cost category.

Micki and Peggy explained that there is a budgeting process at the beginning of the fiscal year which uses a formula to project Worker's Compensation costs for the next year. This formula is based on the severity of cases in the past 12 months. Peggy also mentioned that Ben Feng was retiring at the end of June.

Peter rephrased his question. He is asking if Worker's Compensation sees that there is a possibility of a much larger incurred cost than expected, is this information being shared with the individual departments. Peggy said that this time that is not being done but this will be looked into as a future action item.

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.

Micki asks what Bodily Reaction captures. Peggy answered that it encompasses the cancer claims, heart claims, exposure to carcinogens, stressful work situations, and hard physical work, such as the police academy training.

Bodily Reaction is also the top cause in the SF Police Department for the same reasons as the Police Department.

Micki asks what Adverse Reaction captures. Peggy answered that it encompasses allergic reactions and exposure to poisonous substances which is similar to Bodily Reaction.

Peggy mentions that the categories have been revamped to be the same as Intercare's categories so as to be more consistent in our reporting.

Micki suggested that these reports be shared with the departments. Peggy explained that the new Safety Coordinator will be working on doing this along with an explanation of the terms and some suggestions on how to combat these items in the future.

Micki asks about the numbers. Peggy explains that the Department of Public Health wants any type of assault reported, even if there is not real problem for the employee and no worker's compensation is paid out.

Todd asked for clarification on what the graphs represent. Peggy answered that Severity represented the dollar amounts paid out and Frequency represented the number of claims to the end of the quarter.

Peggy moves on to discuss the Organizational Projects and Initiatives.

- RFP – Bill Review/Utilization Review Proposal Update
EK Health won the right with implementation scheduled for 9/1/2017.
It is believed that this will save money as the current contractor has increased costs for Utilization Review since 2012.
- SFMTA/DHR TPA RFP – Intercare's contract has been finalized and is awaiting approval by the Board of Supervisors. Micki asked what percentage of our non-MTA claims are handled by the TPA. Peggy answered it was about 25% which is all of the Department of Public Health, Department of Public Works, Recreation and Parks, Department of Human Resources, and the City Attorney's Office.
- Excess Liability Insurance – An annual premium quote of \$1,197,741 has been given for \$100 million coverage per occurrence. The occurrence is the event, no matter how many claims or injuries it causes. This is under consideration as the budget and risk tolerance is considered. Micki thanked Peter in assisting in getting an extension on the quote to October 1st.
- Pharmacy Benefit Management Program is still under review. This program would allow employees to get their prescriptions faster with the use of a benefits card and would allow us to get the Pharmacy Benefit Managers discounted rates. This is a subcontract through

Intercare. We want to ensure that all questions are answered and that we can get all needed data back into our system.

- Worker's compensation 'carve-out' negotiations with the Deputy Sheriff's Association are underway with a goal of 10/1/2017. If this program is successful, this option would be rolled out to other departments, primarily Police and Fire. We are following the State of California recommendations as to the guidelines for the program. This has been implemented all over the state by other cities with good results.

Micki let the council know that this is a pilot program which can be terminated. The Comptroller's Office will help with identifying any cost savings which occur from this program. These cost savings, if any, will be split with the department. This money could then be used to help with employee wellness program within the department. Micki also added that once the program is in place, the same structure will apply to any other departments who want to use a carve-out program.

- Thanks were given to Peter Goldstein and Matt Hansen in getting an external claims auditor selected to review Workers' Compensation claims handling to ensure we are in compliance in preparation for the state audit next year.
- Transitional work project with the Public Utilities Commission is a great success and they are planning on expanding. The Juvenile Probation Department has started a pilot return to work program using the same model. They are focusing on counselors and juvenile probation officer classifications at this time.
- Electronic Deposit/Pay Card in collaboration with Treasurer's office and US Bank continuing, working on payment file export. We may have to look at getting a new system which can produce the file which is HIPPA compliant. Other systems already have the ability to produce this file, where IVOS does not.

Micki asked if IVOS had a plan to develop this file. Peggy answered that they have not, as the export specification for the file is 300 pages alone and we do not want to pay for the development cost as it would not be beneficial to just us. IVOS is looking at other file exportation options. Todd offered any help possible from the Controller's Office to help implement this function. Part of the problem is ensuring that all the related notices are included with the payments. Micki asked if splitting the electronic payments up between just the employees or just the vendors would help. Peggy said that she did not know, but take that into consideration.

- Implementing an outside contract to audit Section 111 Medicare reporting processes for compliance and development of updated protocols.
- Peggy concludes her presentation with the MPN/Medical Care Update

Todd thanked Peggy and her staff for all of their work and accomplishments for the last year.

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. This is a rolling 12 month report through April.

This fiscal year SFMTA is averaging 42 indemnity claims per month compared to 47 claims per month from the prior fiscal year. Medical only claims stayed at the same rate as the prior fiscal year.

For claims closed, SFTMA has a 109% closing rate by their third party administrator, which is 9% higher than the 100% of the prior fiscal year.

The Injury Reporting Hotline was implemented April 15, 2017. Lag time is impacted adversely by outliers such as the injured workers or attorneys waiting to report a claim. Empirically, the lag time for routine claims is between 10 and 20 days, which has caused some claims which could have been medical only claims to roll over into indemnity claims. While the information does not show on this report, the lag time is now down to 4 days. This has exceeded expectations for the Injury Reporting Hotline.

Micki asked Dan to talk about the Hotline. Dan explains that it is an additional resource for either the supervisor or the injured worker to call a clinical registered nurse in place of going to the emergency room or a MPN doctor. This allows for immediate triage of the injury along with appropriate information on how to proceed. The nurse also completes an intake form, which is given to the MTA Workers' Compensation staff and Intercare, where the claim is entered into IVOS the same day, even before the required 5020 and doctor's first report of injury form are received. SFMTA also expects to see a reduction in litigation and to be able to facilitate the injured employee's return to work better.

Micki congratulated Dan on the program. Dan also mentioned that the city would be looking into using this same program in the future.

Dan continues to report on Financials. SFMTA during the past 10 months is down almost 3% in total costs. The majority of that is a 12% drop in medical, a 9% drop in expense. SFMTA did see a 4.24% increase in disability, which is largely driven by permanent disability, as opposed to temporary disability, which saw a reduction.

Reporting on Stratification by Severity, the chart demonstrates the number of high exposure claims. There are 18 \$1 million claims but SFMTA is taking aggressive steps to resolve these claims.

Micki asked what types of injuries would typically be in the million or more cost category. Generally these are motor vehicle accidents, two of which were a death caused by an operator being hit by a motorcycle and another operator who was hit by a car and is still recovering. Another operator was injured in a motorcycle accident which occurred when he was going to

physical therapy. Micki commented that it seems that all the big claims are motor vehicle related and Dan said that virtually all of them were.

For litigation statistics, these are moving downward and they do expect the Injury Reporting Hotline to assist with this trend.

Dan discusses Cause Analysis by Frequency. Assault claims have dropped slightly but they do remain high at 66. Continuous Trauma continues to be the top cause of injury. Dan also discusses Cause Analysis by Severity. Continuous trauma and assault are leading the way. Part of the cost driver for the assault claims is the city charter where salary can be continued up to a year.

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

In regards to the injury rate per 100 employees for a 12 month period, SFMTA has been in the 10 to 11% range for quite some time, as of the end of April, the rate has dropped to 8.4%. Dan reported that similar agencies who are customers of Intercare are in the 15% per hundred employees range.

Micki asked if SFMTA is able to access the CWCI information that is used by the city. Dan said that they could access that information and he would look at using it.

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.

Dan moved on to his summary. The new TPA contract is nearing finalization. The Injury Reporting Hotline went live as of 4/15/2017. New claims are down. This is attributed to SFMTA's strong wellness program, where they have almost a 60% participation rate, vehicle replacement and ongoing ergonomic program. And the benefit payments are lower for 2017 vs. 2016.

Micki asked Dan to provide more information at the next meeting on the SFMTA Wellness Program which has such a high participation rate. Dan said that he would, but added just briefly that part of the success can be attributed to the fact there is a hands on approach by the vendor, who provides face to face wellness services. And the services provided are evaluated and vetted.

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 September 11, 2017

ADJOURNMENT