

CCSF WORKERS' COMPENSATION COUNCIL

MINUTES

Regular Meeting

March 06, 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 Absent

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

Todd Rydstrom explains that he will be chairing the meeting instead of Micki Callahan as she had a conflict .

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

Speaker: Todd Rydstrom

Todd asks if there are any public requests. There are none.

APPROVAL OF MINUTES (Item No. 2)

Action: Minutes approved for the meeting on December 5th, 2016.

REPORTS FROM THE WORKERS' COMPENSATION DIVISION

Discussion Items: (Item No. 3)

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

Reported on Claims: Half Year Results, Claim Costs, Frequency & Other Initiatives

Peggy begins by welcoming Kathy Hermanson, who is assisting the council, Carolyn Pantaleon, new claims assistant handling medical only claims and George Whittaker, new claims adjuster.

Peggy discusses the claim filing frequency. As seen on the chart, the indemnity claim rate is slowing slightly. Not as much as it was at first, but still slowing. The police department is still up but it is slowing. For the first quarter of the year, there were 111 indemnity claims which were 34 more than last year at that time so the rate is slowing down. Everyone else is in pretty good shape.

For expenditures, what jumps out is the police department, which at the six month mark, does show a fairly significant deficit. When this is delved into, there have been some very high value settlements, two death claims which total about \$820,000, another heart claim settled for \$70,000, and some substantial medical bills as well. Ben Feng has been working with the Police Department get some money added to their budget since these numbers are so high.

Peter Goldstein asked is the large six month drop for Department of Public Works due to the previous year having large settlements? Peggy said that there was a huge settlement last year. Also, the claim for Germain Jackson, the young man who was killed, has been accepted but has not been settled.

Overall, we are projecting a budget surplus of 1.125 million and as we go forward we will keep an eye on that as well. Worker's Compensation is working hard on closing old claims. For the police department about 25% of the claims closed this year are older than 5 years.

Peggy discusses claims costs by category. There is an increase in temporary disability payments. Some of that is being driven by the police department cases. For the police department alone, 48 employees were paid temporary disability totaling about one-half million dollars. This seems to be an area where there are issues. Peggy plans to let the police chief settle in a little bit before dealing with some of these issues, but Worker's Compensation does have some recommendations going forward to help with addressing the frequency and cost.

Todd Rydstrom comments that these numbers are exclusive of Labor Code 4850. Todd asks how much of this is broken down between sworn and non-sworn personnel. Peggy responded that most of the costs will be sworn personnel. The numbers presented do not include the 4850 pay. Once the individual has a year of 4850 pay they get temporary disability. So looking at the temporary disability number, that is after the first year of being off work. The police department's ability to bring people back to work in a modified capacity is a bit more limited, as opposed to the fire department which has

a very robust temporary modified work program. They are always looking to bring the firefighters back on modified duty. So, it is a little tougher at the police department.

Medicals continue to be on a downward trend, which is really good news. Good medical cost controls with fast track pre-authorization program speeds medical care to the employees for the first 90 days has been going well. We will talk about expanding that when we get to our initiatives section. Overall, the six month mark, about a 3 percent increase from last year at this time.

Peggy continues to report on the top five departments in terms of open claims stratification by severity and frequency. The charts show open claims for SF Police Department, SF Fire Department, Sheriff's Department, Department of Public Health and Recreation & Parks Department. For the Police Department, assault – physical was the most frequent and expensive claim filing. For the Fire Department, lifting was the most costly and equal to the most frequent claim filing. For the Sheriff's Department, pulling/pushing injuries were the most severe. For the Department of Public Health, Continuous Trauma claims are getting more focus in the industry. Last year we heard from Thomas Swedlow about the CWCI has an entire focus on cumulative trauma claims and how they are affecting the industry as a whole. For Recreation and Parks Department, lifting was the most costly claims.

Todd Rydstrom asked Peggy to explain how the fire department has such good results with return to work policies. Peggy explained that there were more opportunities for light work assignments within the Fire Department as compared to sworn police officers within the Police Department. Also, Worker's Compensation is seeing a lot of claims in the police academy. While cadets are not eligible for 4850 pay, these incidents are contributing to the numbers and there is a question of what to do with them while they are recovering.

Peggy continues to report on the top five departments in terms of open claims stratification by severity for all policy years. For many of these claims, Worker's Compensation is trying to settle out not only the permanent disability but the medical as well, if they can. It is a little more difficult for sworn officers because if there is an industrial disability retirement pending, then as soon as those are approved, they take over the disability. So Worker's Compensation has to be careful settling the permanent disability to prevent double dipping.

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. There are five proposals that are in and they are being evaluated for qualifications. Peggy expects that the proposals will be given to the panel today for review.
- SFMTA/DHR TPA RFP – Intercare has been selected and the final draft contract is almost finalized. The contract includes items which will improve both DHR and SFMTA's Worker's Compensation programs.
- Excess Liability Insurance – Broker obtained a quote for "Cash Flow Policy", for \$100 million retention, the annual premium is estimated at \$1,250,000. CCSF is working with Risk Management and the broker to actually place the policy with a carrier and SFMTA is finalizing their application as well. All data has been submitted and they are shopping for a final quote

Laura Busch asked that the purchasing of this item not be moved forward on without talking to the Mayor's Office first. Peggy agreed and said that this is on the proposed budget and would depend on that line item being approved.

- Electronic Deposit/Pay Card in collaboration with Treasurer's office and US Bank continuing, working on payment file export. This process is moving forward well. US Bank is working on taking over check printing and they will then move forward on the automatic deposit and electronic payments for our vendors.
- Pilot for PUC to input claims/track Cal-OSHA directly in iVOS Claims system. It is going well in the test system.
- Implementing an outside contract to audit Section 111 Medicare reporting processes for compliance and development of updated protocols. We have had some problems and we might be back to the drawing board on this one.
- Worker's Compensation "Carve-Out" proposals with the Deputy Sheriffs Association is in draft format. We are working with the City Attorney's office as well as Labor Relations to finalize the proposal. We hope to send the draft to the Deputy Sheriffs Association within the next few weeks. A "Carve-Out" is an alternative dispute resolution program where we would be streamlining dispute resolution processes rather than going out for protracted litigation.
- Worker's Compensation has a Pharmacy Benefit Management Program through a subcontract through our Intercare contract. We are beginning the technology interface with Optim. We will get better savings through a pharmacy benefits network, employees will have a first fill option of a limited supply of medications that is paid for through the program, and if it turns out that the employee is not entitled to worker's compensation we don't pay that fee for the initial first fill. The employee will get a pharmacy benefits card which they can take to the major pharmacies to get prescriptions filled. There is a daily electronic feed from our claims system to the pharmacy benefit management company so that they have an continual update. If something happens and a medicine is no longer appropriate it gets sent to the system immediately so if they try to use the card for those items it will not work. We believe that this will give us great savings and well as wonderful reporting capabilities as to analyzing prescription drug use, particularly opioids.
- There will be an Initial Injury Reporting/Nurse Triage through the Intercare contract. Peggy said she would leave that for Dan to report on as SFMTA will be rolling it out first.

Peggy concludes her presentation with the MPN/Medical Care Update

- Fast Track preauthorization pilot has been so successful it is being expanded from 90 days to 180 days from date of injury. Our utilization review plan had been updated with the state. We are doing outreach to our clinics and secondary specialists.
- For our cancer claims, we have added NantHealth, an advanced laboratory test resource, to our Medical Provider Network. It is a first of its kind that can match three billion base pairs of the tumor's genes. This is available to our firefighters at a negotiated rate. So if those oncologists want to order this particular type of test so as to better target the chemotherapy options, they will be able to do so and it is preauthorized. Peggy mentioned that she has received an award at the San Francisco Firefighters Cancer Prevention Foundation Gala on Saturday night. While she knows it can be difficult for employees and employers to be happy with Worker's Compensation, she was one of five honorees to receive the honorary white helmet. The presentation made by Tom O'Connor can be seen on the San Francisco

Firefighters Local Facebook page. Also on the stage was Jamie Redford, Robert Redford's son, who has made Toxic Hotseat, which can be seen on Utube, which is a documentary about the chemical industry and flame retardants and how those flame retardants: a) don't keep us any safer and b) provide that sort of toxic soup that is now being shown by many studies, including the National Institute for Occupational Safety and Health, to have a direct tie to cancer mortality and incidence for firefighters.

- Worker's Compensation is working to add additional resources for our catastrophic injuries (brain trauma, spinal cord injuries) to allow better options for our injured workers. The two groups are:
 - NeuroNet: a consortium of services with Santa Clara Valley Medical Center.
 - Kindred Hospital, an acute/subacute care facility in San Leandro.

Todd Rydstrom added if the preauthorization for safety officers is unique to firefighters or does it include police officers. Peggy answered that it would cover anyone who was covered under the cancer presumption laws. So under California law, public safety officers who have a diagnosis of cancer it is presumed related to their work. Worker's Compensation has implemented a streamlined process for evaluating the compensability of those claims, working with physicians to figure out what is the minimum latency period from exposure to the development of cancer that would que us to yes, this is related to work. The only way to fight that in court is to prove that the exposure wasn't related to work which you really cannot do. So we worked with Dr. Martin and Dr. Terasas with the police and fire departments to come up with those guidelines. We have dedicated adjusters that Peggy publicly thanked Joseph Carrillo, with the fire department, and Victor Lee, with the police department, and their supervisors, Ed Stone and Arnold Pacpaco, for shepherding these claims through and making sure the claims are handled with care and dignity and making sure we get people what they need. Peggy has a list of classifications which the preauthorization would apply but most frequently it is the fire department.

Todd Rydstrom congratulated Peggy on the award she was given.

Public Comment: None

REPORT FROM THE MTA WORKERS' COMPENSATION DIVISION

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

Speaker: Dan Roach, Municipal Transportation Agency

Dan begins his six month report by talking about the fact that from 2015 the Municipal Transportation Agency has had a 20% growth in the agency from approximately 5,000 to 6,000 employees and heavy turnover. This is usually not an optimal formula for the worker's compensation program due to the fact there tends to be a higher frequency of injuries among new employees, particularly in the transit industry, where the majority of the new employees are transit operators. But, regardless of that premise, their program is performing well. They are working with their third party administrator to control claim cost. They also have a dynamic wellness program, they are rolling out a new ergonomics lab, and they are using a root cause analysis program to hit their main areas of exposure, particularly, continuous trauma claims.

Dan believes they are seeing some results from those efforts. In terms of claim volume, they have a monthly average of 41 indemnity claims and 6 medical only. That is a six month figure for this fiscal year. Last fiscal year, they averaged 47 indemnity claims and 7 medical only. So that is a significant reduction in new claim volume.

In terms of claims reopened and claims closed, reopens are roughly the same, claim closers are down slightly but their monthly average is still above 100%, which is the goal for claims management. They strive to work with the TPA to ensure more claims are closed than are coming in which has a significant impact on their open inventory. The bottom line shows their current open inventory is 1,592 claims and they had been averaging over 1,600 open claims in the prior fiscal year, so that trend is strong as well.

One thing SFMTA is trying to do is to drill down and identify program issues so that they can be addressed. They historically have had issues with is lag time report. Lag time report attempts to track the number of days between when an injury occurred and when they are able to report to the third party administrator. One is the reasons for the lag time is the 38 locations SFMTA has within the city, 2/3 of the employees are more work-in-the-field, and they don't have wide spread internet access in the field. While the report might be technically accurate, it is misleading, because it includes several outliers. They are currently facing an average time between 10 and 20 days delay in reporting the claim to the TPA, which is significant because if it is not reported timely the injured worker waits for their benefits, the TPA cannot set up the claim and make timely contacts, and claims that might be medical only end up being indemnities even if it is a minor indemnity claim. SFMTA has been able to address this issue moving forward. Dan will speak to that when he talks about the injury reporting hotline which is about to be rolled out and he feels will have a dramatic impact on the lag time.

Dan continues to report on Financials. SFMTA is roughly on a par to spend slightly less than we did last year, which is a good result. Medical costs continue to trend upwards. They have made some gains in terms of medical expenditures partially due to future penetration of their MPN and good claims management.

Reporting on Stratification by Severity, the chart demonstrates the number of high exposure claims. There is an emphasis placed on these when they do a review with the claims administrator to move them to resolution as promptly as they can. They have had quite a few successes in the past year, closing high exposer claims via stipulations and compromise and release. Dan does not know if the city attorneys are happy or harried, but overall they have partnered with the program for a lot of success stories.

For litigation statistics, SFMTA is roughly the same, at 37%, which for a completely unionized city agency is a pretty good result. We were in the high 40s a couple of years ago. Dan believes this is the result of better communication service to the claimants and good interaction between the claims administrator and the injured workers.

Dan discusses Cause Analysis by Frequency. Continuous trauma remains an issue for the agency as well as assaults. Assaults have crept up incrementally and they are being addressed by several means within the agency. SFMTA has several task groups busy identifying issues to reduce assaults. Those include putting up barriers between the operators and the public in the buses and additional training for the operators to give them more tools to moderate situations and prevent them from escalating into an assault. Some are unavoidable and SFMTA continues to do their best with that.

Continuous trauma claims continue to be a cost driver. They are addressing the Continuous trauma issue with the Ergonomic Lab to try to improve ergonomic situations for our administrative staff and they are completing a turn over of replacing their rubber tire fleet with which all come with better ergonomic cockpits than their older busses did. It is expected that will help with the reduction of the continuous trauma numbers as well as their wellness program, which helps with the reduction of injuries in the first place.

Dan also discusses Cause Analysis by Severity. Continuous trauma and assault are the cost drivers which is due to the frequency of the claims directly relates to the severity. The slide shows the expenditures for the last 12 months in these areas.

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 around \$30,829.

Using all the claims management tools possible, Dan feels the key to driving down their exposure and improving the situation for the employees is the prevention of injuries, which is why SFMTA has a strong, and growing effort with the Ergonomics Lab, the root cause analysis of injuries, and the wellness program.

The injury rate per 100 employees in had a slight uptick in the month of January, however, they are down from the majority in 2016. SFMTA has had 11.04 injuries per 100 employees for the past 12 months.

Reporting on Claims Denied to get a sense of how actively they are addressing causation when new claims are filed.. Dan states that in January, SFMTA had 10 claims denied out of 41 claims filed. That is a denial rate close to 25%.

The Division Statistics slide shows the number of injuries based on the division names. The Transportation Division and Enforcement Services, which includes the Parking Control Officers continue to be the main drivers in the program. The next slide breaks down the Transportation Division which is used in conjunction with their safety analyst to address issues in the units which hold the highest number of injuries. There is also a significant size difference amongst these units.

The next slide give definitions for the reports presented by SFMTA.

Dan concludes his presentation with a flyer which is about to be distributed regarding the new injury reporting hotline, which is part of the new contract with Intercare, and the pharmacy benefit program. Dan is more excited about the Injury Reporting Hotline as they are going to endeavor to have injured workers or supervisors call the hotline when an injury occurs. When they call the hotline, the nurse will be able to gather some information over the phone. The nurse will be able to give them clinical, medical direction, which would help the injured worker decide whether they need to go to the emergency room, to the clinic perhaps, today, tomorrow, maybe even it is a first aid claim. They will have the clinical, medical direction to help them sort through those issues. In addition to that, when the nurse takes their information and triage their injury, they complete an intake template which is immediately communicated to Intercare. So the claim is entered on the same day. As this program gets more and more utilization

over time, we are going to see the lag time hopefully shrink to next to nothing. SFMTA really has a goal of three days or less so that people who are able to participate in transitional work and essentially have a medical only claim will be able to do so without having to miss time. The injured worker will get their benefits faster, which will help lower litigation, it will improve communication, will have better claims reporting, and Dan believes that it will be a very successful program for the agency. SFMTA is finalizing the communication to the injured workers. The main triage nurse has already been hired and is in training with Intercare right now. She will handle the phone line during business hours. When an injury occurs during off hours, the call will roll over to a nurse call center where they will have the same level of clinical expertise to direct our injured workers. Also of note, in the event of a serious injury, whether 911 is dialed or not, if indicated, if the issues of the injury transcends the clinical expertise of the nurse, the nurse would be able to contact John Hopkins Medical Center and triage in an emergency room physician for a direct consultation on the injury. So they should see some improvement all the way around with the implementation of this program.

In addition to the hotline, the pharmacy benefit program will evoke an immediate fill of any prescriptions for an injured worker upon the reporting of the injury. The Optim program has a very large network of all the large pharmacies (CVS, Walgreens, and virtually Stone River, and the vast majority of the bigger chains) and the injured worker will be able to get a curtesy fill of 2 or 3 days worth of medicine simply by going to a network pharmacy to help tide them over until they get the medical treatment and formal prescriptions they need. In addition, they will get a pharmacy benefits card which will facilitate the filling of pharmacy prescriptions. This has always been problematic for injured workers because not only is there a lag time when they are initially injured but currently pharmacies have to contract the TPA for authorization to fill medication. This issue will be eliminated with the Optim program. In addition, they will submit management reports for SFMTA to help measure and manage medications being prescribed, including opioids, which our program currently doesn't have a dramatic problem with. We will also realize additional savings because Optim has pricing agreements with these pharmacies below fee schedule and it is essentially a no-cost program to the SFMTA.

Peter Goldstein asked Dan about the change in the work force and after the initial training period, his work force would be younger and it seems like he would have some improvement in the continuous trauma category just from the wear and tear on employees, is that true? Dan stated that there would be fewer comorbidity factors by virtue of their age, although since we don't have age related discriminatory hiring, he sees quite a few older people being hired to operate in the positions. Also of note, this is a soft, empirical observation that we don't measure, but it is true none the less, it is really tough to operate a vehicle in the city, whether you are driving a bus, a cable car, or a street car, due to the geographic challenges, the issues with the public, the condition of the roads, it's physically and mentally demanding. When they hire operators there are some qualifications in terms of commercial operating vehicle licenses, verification of lack of drug and alcohol abuse and criminal background check, but the qualifications are such the number of people available to work that qualify for a

transit operator position is relatively high. So we get people from all walks of life applying to be transit operators. The pay scale is relatively attractive compared to what they may earn elsewhere in the work force. And, frankly, there is an element of surprise and perhaps even shock when they actually get out on the road and have to navigate that 60 or 70 foot articulating bus on the worse routes during the worse shifts of the day. So, SFMTA Worker's Compensation being the path of resolution of last resort, they tend to see more than their share of claims filed amongst new operators with less than one year of experience that you would not expect to see considering other factors.

Peter also asked about the issue of time lag with the reporting of injuries all the way through to the TPA. While the new system will improve reporting, he was wondering whether an injured employee is not currently able to report their injury within 24 hours. Dan explained that currently an employee is required to report their injury within 24 hours and they are able to seek treatment within SFMTA's primary care facilities whether the injury is with the TPA or not. So the employee can go and get the medical treatment needed. Where the bottleneck is is with the supervisors. SFMTA's supervisors and managers in the divisions with the operators, due to too many administrative tasks and direct reports, often delegate the completion of the 5020 claim form and the supervisor's report of injury to a dispatcher or an administrative assistant which has created too many lags and maybe not enough accountability. For whatever reason, there is a sticking point with the supervisors and managers which delays the reporting of the injury to the TPA. Of course, there are some which report the injury religiously on the same day it occurs and others, for a variety of reasons, are not as timely with their reporting of injuries so despite charge back of worker's compensation cost directly to departments and ongoing training, SFMTA has not made what Dan feels is satisfactory gains in the reporting lag. Dan expects that by virtue of being able to call this hotline and initiate a claim even if the supervisor is an administrative bottleneck for the paperwork, the claim is going to get reported the same day, TPA can make the three point contact and even follow up directly with the supervisor for the paperwork. So, currently, the injured worker is able to get treatment but is unable to get any physical therapy approved or participate in modified duty due to the lag in reporting.

Todd Rydstrom asked about the numbers on page 24 of the packet. The first line of the paid to date only shows the first half of the year, compared to the next line which shows a full fiscal year. What is the possibility of having this sheet show the same time periods for comparison, and what is being done to help prevent the \$4 million increase in cost if the current trend continues? Dan explains that this financial report is a canned report out of IVOS which tend to be very confusing. He knows from having drilled down in the numbers and having reported to the SFMTA management team, they are on target to spend less this year than last year. He is planning on removing the current reports and changing the way he reports information to ensure it is clearer what is being spent in the different categories over the reporting period. He does expect that this year they will be a little less than a million dollars under last year's expenditures in benefits. Dan that the reports are hard to understand due to the fact it includes not only the paid benefits, but reserves (which is an estimate of future benefits to be spent), total incurred, and recoveries (which are up dramatically). He is planning on simplifying and clarifying the

reports to make them more concise. Todd Rydstrom indicated that he did appreciate the current report he just wants to ensure that the final estimated cost for the year is shown. Peter Goldstein asked that whatever information he is giving to his senior management to indicate that the total expenditures for the year are trending down, he would like to see in a report to the council. Dan said that was the plan for future reports.

Todd Rydstrom observed that while the report on claim volumes is very good, the data for the counts seems to indicate that one in three SFMTA employees have a worker's compensation claim. And he feels like this is staggeringly to see that many open claims even taking into account the nature of the work, the continuous motion, and assaults being up. Dan agrees while the statistics make it look at high, there are people in the industry known as "frequent flyers" , which is an employee who has filed multiple claims. Fortunately, not one in three employees have been injured to date.

Public Comment: None

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS

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

Council Comment: None

Public Comment: None

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

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

Public Comment: None

NEXT REGULAR MEETING: Tentative meeting date is June 12, 2017

ADJOURNMENT

9:55 a.m.