

CCSF WORKERS' COMPENSATION COUNCIL
MINUTES

September 14th, 2020

9:00 a.m.

Meeting Held Virtually via WebEx

CALL TO ORDER

9:02 AM

ROLL CALL

Micki Callahan, Human Resources Director	Present
Kelly Kirkpatrick, Acting Budget Director	Absent
Naomi Kelly, City Administrator (Represented by Peter Goldstein)	Present
Caryn Bortnick, Deputy Executive Director, San Francisco Employee 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

Public Comment: None.

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

Action: Minutes approved for the meeting on June 1, 2020.

REPORT FROM THE WORKERS' COMPENSATION DIVISION

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

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

Reported on Accomplishments, Initiatives and Challenges, Covid-19, Performance Quick Facts, Claim Analytics and Financials.

Peggy began with a review of Workers' Compensation Vision and Objectives. The division continued to focus on accountability, prompt return to work policies, compliance with law, and information sharing with client departments. We aim to provide an environment in which all employees thrive.

Peggy continued by discussing the Accomplishments and Initiatives for the Workers' Compensation Department. We finished the implementation of Phase II of our Banking and Modernization Plan. This phase activated automated deposit for workers' compensation benefit payments to injured employees, including to the SF Municipal Transportation Agency employees, and payments to non-medical vendors. Furthermore, we successfully closed and reconciled our Bank of America accounts, which included the re-issue of replacement checks for outstanding, stale-dated checks under new US Bank Accounts. We will be moving into Phase III during the next year which will focus on medical provider payments.

In September of 2019, in association with this initiative, our Division received an Environmental Service Award from the Commission on the Environment.

We also accomplished successful deployment of a telecommute program for our entire staff including limited rotation of in office staff performing critical functions that cannot be performed remotely.

This year we completed EK Health/SFMTA data integration for managed care bill and utilization review services in iVOS. We also completed the first annual Alternative Dispute Resolution report, and we completed our contract renewal with Ventiv Technologies for the iVOS Claim System as well.

We deployed automated client department quarterly dashboards, which communicates claim data to city departments in a timely manner. We also deployed bulk refund technology in iVOS for large transaction posting.

The Workers' Compensation Division continued to monitor and identify cost saving opportunities while preserving access to high-quality care and benefits. Some cost saving initiatives already in place include our Alternative Dispute Resolution Program; ACH Payment Program; Medical Bill and Utilization Review Program; Pharmacy Benefit Cost Reduction Program; and State Formulary for Prescription Drugs Program.

Effective June 1, 2020, Optum Pharmacy Network reduced our pricing for medications provided through this network by 16% achieving an estimated savings of \$286,609 annually. Further cost savings were achieved as 85.7% of all medications dispensed under the Pharmacy Benefit Management Program were for generic drugs. Since inception, 6,356 total cards have been issued for CCSF. In fiscal year 2019, 2,058 cards were issued.

Micki Callahan asked if there are some people who do not use the benefits of the Optum card for prescription use. Peggy explained, yes, some may have additional prescriptions and therefore do not use the Optum card to get their medicine.

We also standardized guidance on long-term care agreements and medical services for which no official medical fee schedule applies. Our EK Health contract renewal resulted in capped fees for negotiated agreements, such as long-term care facilities, and elimination of COLA on Utilization Review service fees.

Additional Workers' Compensation accomplishments include a successful launch of Alternative Dispute Resolution Program, also known as Carve-Out, and completion of its inaugural first year.

We achieved claim closing ratios of 99.9% for CCSF and 103% at Intercare, resulting in an average citywide closing ratio of 101%.

The Division of Workers' Compensation is pleased to have passed the Department of Industrial Relations Profile Audit Review (PAR) and Utilization Review Audits. A passing score for PAR is 1.36134 or lower. Our PAR Audit Score was 0.88209. Additionally, our utilization review audit score was a perfect 100%! Based on the audit results, we provided training and improved processes.

Per the Controller's Office Program Assessment recommendations, we implemented quarterly Catastrophic Illness Program (CIP) dashboard reports for departments with employees using the CIP. Throughout Fiscal Year 2019-2020 we processed 88 employee and 20 family Catastrophic Illness Program applications.

This year our emphasis on safety efforts included assisting departments with federal OSHA reporting. We also collaborated with Department of Public Health to launch the Electronic Learning Management Ergonomic Awareness Program. We expanded our Safety Reporting Hotline to include an email option for notifying us of potential safety hazards in city workplaces. Furthermore, we launched a pilot program with PUC having limited iVOS access to assist with their OSHA reporting.

Enhancements to the Medical Provider Network included termination of two providers from the network due to poor performance, failure to adhere to MOU standards, and/or adhere to treatment per the Medical Treatment Utilization Schedule. Due to the pandemic, we implemented a remote voting process for adding doctors to the network. Many thanks to Lupe Perez who developed and implemented program guidance for MPN providers delivering Telehealth services.

We also enhanced our MPN website to include supplemental information on providers, resulting in easier searches and fewer questions. We successfully added providers to fill necessary gaps in specialty care and met with clinic providers and several MPN physicians to expand and enhance the network. We developed a partnership with EK Health to establish a workflow for cancer care review. Additionally, EK Health hired an Oncologist to assist in review of complex cancer claims. Thank you to Nonie Devens and Dr. Fiona Wilson for their contributions to the network.

Based on external audit findings, we developed and implemented a consistent Medicare Reporting workflow and protocol.

This year we successfully trained our staff in the subjects of Managing Emotional Intelligence, and in Essential Writing Skills for Business and Insurance Professionals.

We were front and center in contributing to CCSF response to Covid-19. In March, the Nurse Triage Injury Hotline was expanded to incorporate quarantine and return to work guidance to employees.

Our office also supported the development and launch of the CityTestSF Covid-19 testing centers at Piers 30-32 and SOMA sites. These centers have capacity to provide almost 2000 tests per day. Our finance team securely distributes test result data daily to employer departments and claims teams.

We hired Fiona Wilson, MD, who, in collaboration with Peggy Sugarman, conducts clinical contact with all Covid-19 positive employees, and coordinates development of Human Resources policy consistent with CDC and DPH health orders and guidance. These policies include personal protective equipment and face coverings, screening, telecommuter ergonomics, return to work policies, and workplace contact tracing procedures.

We also developed an FAQ document for claims adjusters, providers, and CCSF employees. This document focuses on details for departments and unions, and especially addresses the area of leave of absence.

Peggy continued by talking about performance quick facts and fiscal health on slide 14. Fiscal health, which measures how well we budgeted overall, shows we spent 93.9% of the budgeted amount. Our claim volume, which is the number of new claims in a period, counted 1805 indemnity claims and 854 medical claims. While the number of claims has gone up, there has also been an increase in the number of employees within the city, so the injury rate is down. Included is the average claim cost comparison of CCSF to SFMTA. Our average duration of days to close a claim shows us below our four-year benchmark.

Micki asked if the number of claims this year include Covid-19 exposure. Peggy differentiated that some exposure claims are Report Only, therefore only claims that were filed and accepted are part of this count.

On Slide 15 and 16, Peggy summarized the volume of work that was done over the last fiscal year. Workers' Compensation processed 75,700 bills in the 2020 fiscal year, down from 78,663 in 2019, while retaining a 66% net savings without duplication. Also, 10,511 medical authorization requests were processed, of which 8,075 were administratively addressed by examiners and 2,203 underwent formal utilization review.

Slide 17 is a snapshot of our Optum Pharmacy Benefit Program Performance. This program continues with 6,356 total cards issued for the City and County of San Francisco since program inception. Of these, 2,788 were issued during the 2020 fiscal year. The program is functioning well with generic drugs making up 97% of all medications dispensed under the program. This program also reviews the drugs being prescribed and sends letters to doctors regarding possible problems.

Peggy continued by presenting claim analytics. The slide shows a comparison of claim filing frequency between the past four years and the current fiscal year. The total decrease citywide in indemnity plus medical claims was -1%. There was an increase of 16% in indemnity only, which are the higher cost claims, due to lost time. This was supplemented by a decrease in medical only claims by 24% overall.

Regarding Covid-19 only claims, as of September 1st, 2020, Police had 17 accepted claims, followed by the Sheriff's Office with 14 claims and Fire with 10 claims. Any denied claims were due to either finding no illness or findings of exposure from outside of the workplace.

Citywide, the rate of all claims incurred per 100 full time employees has dropped down to our long-range goal of 10 per 100 FTE for the fiscal year. Peggy is pleased to have met this target. Fewer people in the office result in fewer claims. Police, Sheriff, Fire and Public Health rates have decreased, while the volume of claims in Recreation and Parks held steady.

The next slide shows a line graph of claims incurred per 100 FTE for the top ten departments and a general city-wide number.

Peggy continued with Claim Cost Distribution by Frequency in the fiscal year for new claims. This gives the claim causes for the city with the top five departments separated to show who has most claims. The slides in Appendix 1 show how these larger groupings were achieved. The top cause group remains to be bodily motion, followed by exposures, such as hazardous materials, possibly cancer, and exposure of blood borne pathogens. Covid-19 is affiliated with cause group Pandemic, rather than exposure.

The next slide shows open claim stratification for claims which are projected to incur costs of \$100,000 or more. The graph is color coded to show the top five departments and then all other departments.

The next slide gives the same information in a pie chart format.

Peggy continued with slide 26, Litigation Statistics for open indemnity claims added from Fiscal Year 2016 through the first quarter of Fiscal Year 2020. Citywide 34% of our claims become litigated at some point. This does not mean we are going to trial on all of these, but that there has been an application filed with the Workers' Compensation Appeals Board. The percentage of Police claims which are litigated has dropped from 48% last

year to 37% this quarter and Fire claims have dropped from 45% to 33%, which was predicted due to the Alternative Dispute Program.

Currently, about 42% of claims are represented by counsel. Whereas, 34% of claims are litigated, *represented claims* are those who are managed by an attorney but may or may not have filed an application with the Workers' Compensation Appeals Board. Litigated claims have filed an application with the court and are proceeding towards hearing or trial. Litigated claims may or may not be represented by an attorney.

Next, we see the average total cost of litigated versus non-litigated claims. Police, Sheriff and Fire claims tend to be higher than the citywide average over time.

Peggy continued with slide 28 which shows Alternative Dispute Resolution (ADR) litigation statistics. Non-litigated claim costs are substantially lower than represented claims. Our Alternative Dispute Resolution Program focuses on trying to reduce litigation costs.

Looking at ADR Statistics, Police Department have historically had about 75% in represented claims. Fire Department claims have historically had about 83% of claims represented. Last year in the ADR program, the number of represented claims were down to 24%. The litigated numbers are far lower, and we have currently had one mediation regarding cancer and settlement language, which points to the success of the ADR program in reducing litigation.

Stanley Ellicott, the Finance and Technology Manager, presented the information on the division's financial status and confirmed healthy savings for the end of the fiscal year against its revised budget.

Slide 30 shows Department Expenditure Trends. For Fiscal Year 2020, there was a deficit of \$7,455,302 in a budget of \$78,248,879. This is mainly due to deficits in the Police, Sheriff, and PUC – Wastewater departments.

The next slide shows where the money is being spent by category. Included are Fiscal Year 2019 actuals, and Fiscal Year 2020 actuals. There is a moderate increase in temporary disability. The decrease in medical of 9.1% can be mainly attributed to the pandemic. We expect these costs to go up in 2021. Overall, there was a 5% decrease in our costs.

Stan next talked about the program and overhead costs. The overhead cost rate has gone up slightly from last fiscal year due to large unbudgeted state assessment fees.

We saw a cost decrease in expenditures by transaction type. We are also seeing moderate increase across the board for Temporary Disability. Like other trends, we saw a decline towards the end of the fiscal year. There seems to be a behavioral change in claim filing of temporary disability benefits. Permanent disability decreased significantly. Notably our medical expense declined, partially due to lack of available access to services due to Shelter-in-Place. Overall, we are projecting \$54.15 million in benefit expenditures for the year.

Peggy concluded her presentation by talking about Initiatives for Fiscal Year 2020-2021.

- In quarters one and two, we will implement the Franco Signor subcontractor module in iVOS to assist with CMS Section 111 reporting.
- A major technology initiative is the upgrade of our claims system, iVOS Claims Enterprise. The most current release will provide us with more functionality. New modules allow for official disability guidelines, enhanced reporting for Medicare, and electronic payments to medical providers.
- Our RFP Managed Medical Care Services contract is going out early due to its complexity.
- We plan to study our Alternative Dispute Resolution "Carve Out" Program for costs and savings.

Micki asked Workers' Compensation to please include Actuaries data when it becomes available.

- We will move into Banking Modernization Phase III: This phase focuses on Activation of ACH payment capability for medical providers
- With the help of Joseph Carrillo, our compliance supervisor, we will be reviewing subcontractors with Ventiv to ensure accurate Medicare Reporting.
- This coming year, Peggy Sugarman will expand the annual Customer Service Survey to include injured workers in addition to city departments.
- Workers' Compensation is placing an emphasis on Racial Equity Initiatives to include opportunities for understanding systemic racial inequities within the division. We can measure whether there are disparate impacts in Workers' Compensation injuries and claims decisions, and make changes going forward.

Lastly, Peggy and Stan took a moment to address the retirement of Micki Callahan. Peggy thanked Micki for supporting the Workers' Compensation Division during her time as Director of Human Resources. Micki has run 48 council meetings since 2008. Additionally, she has overseen \$835.44M in benefits paid and 42,054 claims filed. Thank you, Micki, for supporting our innovations during your time as director. We wish you the very best in your retirement.

Micki thanked Peggy and Stan for the appreciation. Micki then reminded the council of an additional accomplishment within Workers' Compensation this past year. Peggy Sugarman was the recipient of the Good Government Award, which is a merit award to recognize outstanding job performance for those serving the City and County of San Francisco.

Public Comment: None

REPORT FROM THE San Francisco Municipal Transportation Agency WORKERS' COMPENSATION DIVISION

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

Speaker: Dan Roach, San Francisco Municipal Transportation Agency

Dan began his presentation by reporting on claim volumes.

For the month of July, 42 claims came in. As a wrap-up for the past fiscal year, there were 666 total claims filed. We saw a drop in claim volume due to employees working remotely. Most claims are coming from operators and parking control personnel.

Dan continued by reporting on Financials. Temporary disability increased about 23%. The increase of assault claims continues to drive disability claims. Also, the city charter provides up to one year of salary continuation, which is an incentive for workers to stay out of work for as long as possible. Finally, as a priority of the program, there has been an increase settling claims. A consequence of clearing out these settlements, such as for EDD liens, is increased number of disability payouts. Permanent disability decreased by almost 43% due to less catastrophic claims.

Total indemnity costs are down by just over 1%. Medical costs increased by 508% due to all prior bills being paid after a found delay of bills getting to Mitchell, and delay of transferred information to iVos. This led to an expense increase of 95.38% and a recovery decrease of 100%.

Dan discussed Cause Analysis by Frequency which has been consistent for the most part. Battery claims continued to lead as cause of injury. The agency continues to work on mitigating assault claims. The agency also continues to train operators to manage confrontational situations without leaving their seats.

The injury rate per 100 employees is at down to 9.96% which is lower than in the past. This is trending down from 11.7%. Our litigated ratio is 38.6%.

Regarding Covid-19 issues, most employees are not seeking active medical treatment, only telehealth treatment, resulting in stagnant claim levels. SFMTA reported 36 claims through July 2020 including 14 indemnity claims and 22 report only, exposure claims, through the end of July.

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

ADJOURNMENT:

10:10 a.m.

NEXT REGULAR MEETING: Meeting date is December 7, 2020 at 9:00 a.m.