

**CCSF WORKERS' COMPENSATION COUNCIL**  
**MINUTES**

Regular Meeting

December 2, 2019

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
Kelly Kirkpatrick, Acting Budget Director	(Represented by Ashley Groffenberger) Present
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	(Represented by Nicole Wolff) Present

**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

Public Comment: None

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

**Action:** Minutes approved for the meeting on September 9, 2019.

## **REPORT FROM THE WORKERS' COMPENSATION DIVISIONS**

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

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

**Reported on Accomplishments and Initiatives, Performance Quick Facts, Claim Analytics and Financials.**

Peggy begins by discussing the Accomplishments and Initiatives for the Workers' Compensation Department.

- Peggy congratulated Stanley Ellicott for the implementation of Phase II of the Banking Modernization Project which activated ACH payments for vendors and claimants. Direct deposit of Workers' Compensation benefit payments to injured employees started on August 6, 2019 and payments to vendors started on July 15, 2019.

From implementation through November 22, 2019, 13,022 EFT transactions have been processed and 2,215 claims are enrolled in direct deposit for benefit payments.

In addition, the Commission on the Environment presented the Department of Human Resources with an Environmental Service Award on September 24, 2019 for eliminating waste and reducing the City's carbon footprint consistent with the City's environmental goals.

- There was a successful integration of EK Health managed care services program for the San Francisco Municipal Transit Authority, including utilization review and bill review services.
- The Workers' Compensation Division staff completed the Mastering Emotional Intelligence training as of early September. This is being used to help our staff to better interact with the injured workers and help to reduce litigation.
- We have training scheduled for January 2020 on Medicare Reporting to correct some problems found by our audit.
- The Alternative Dispute Resolution (ADR) program now includes a total of 324 claims comprised of 147 from the Fire Department and 177 from the Police Department. Also, five claims have opted-in to the Alternative Dispute Resolution program as of November 22, 2019.

We are experiencing significantly lower rates of legal representation on these claims. The Fire department has only 10% representation compared to 49% representation overall, and the Police department has only 12% compared to 50% overall.

- A Request for Qualifications for Special Investigation Services is underway with the goal of awarding new contracts beginning July 1, 2020
- We plan to launch project development of Phase III of the Banking Modernization Program in the third quarter. This phase develops the export file needed to make payments to medical providers electronically, a more challenging project because of the remittance advice which is required to be provided to medical providers explaining how the payment was arrived at under the fee schedule, and because the export file has to be in a ANCI standard format which is not currently available from the iVos claims system.

- The Bank of America bank account closure and reconciliation has been largely completed. Cancelled outstanding checks will be re-issued on December 2, 2019 and a notice will be sent to the payees regarding the reason for the new check.
- Pre-planning has begun for the largest-ever claim system software updates which will move us to the 5.X release of the iVos claims Enterprise system. This upgrade will include the following:
  - a visual interface re-design,
  - a complete overhaul of user security profiles and access,
  - reconfiguration of all existing interfaces (State of California, Medicare, Medical Bill Review, Optum Pharmacy Program, US Bank, Employee Portal/FSP, ISO Claim Research and all local network interfaces for document imaging, faxes, etc.) and scheduler job activities, and
  - development enhancements to improve workflows requiring the 5.0 release to be launched in tandem.

Peggy continues by talking about the upcoming challenges for the Workers' Compensation Division.

- We are undergoing our State Claims Audit and will have the results for the Council at the next meeting.
- State Medical Legal Fee Schedule increases will be adopted in 2020. There has been no increase in the fees since 2006.
- SB 542 becomes effective on January 1, 2020 which provides a rebuttable presumption that Post Traumatic Stress Disorder is related to work for peace officers and first responders. This bill sunsets in 2025. Statewide, there is a shortage of psychologists and psychiatrists for workers' compensation, but we are currently working on adding more doctors to our Medical Provider Network.

Peggy continues by talking about performance quick facts for the first quarter. Included in the numbers is a benchmark which is the four-year historical average of the number given.

Fiscal Health, which measures how well we budgeted overall, currently for fiscal year 2020 we are projected to spend 98.27% of the budgeted amount.

Claim Volume, which is the count of new claims in a period, we had 476 indemnity claims and 289 medical claims. Historically for this quarter, we had 402 indemnity claims and 281 medical claims.

Claim Cost, which is the average cost of claims closed in period for the City and County of San Francisco including 4850 disability pay, shows a historical average of \$15,266 per indemnity claim and \$685 per medical claim. During this quarter, the average was \$15,699 per indemnity claim and \$580 per medical claim. The average cost of claims closed in period for the San Francisco Municipal Transportation Agency shows a historical average of \$9,756 per indemnity claim and \$463 per medical claim. During this quarter, the average was \$4,739 per indemnity claim and \$192 per medical claim.

Duration, which is the average number of days open for the claims closed in this period, shows that we are closing claims in 233 days compared to a historical average of 277 days.

Peggy continued by talking about claim analytics. The slide shows a comparison of the claim filing frequency between the past four years and the current fiscal year quarter. Most notable is the increase in claims for Recreation and Parks indemnity claims and the decrease in both indemnity and medical

claims for the Public Utilities Commission – Water department. Overall, there was an increase of 12% for this quarter.

The next slide shows the Number of Claims Incurred per 100 Full Time Employees. It is estimated that the number will stay the same for this fiscal year.

The next slide shows a line graph of claims incurred per 100 FTE for the top ten departments and a general citywide number. Included is an estimate of claims for Fiscal Year 2020.

The next slide shows the same Claims Incurred Per 100 FTE in table form.

Peggy continued with the Claim Cause Distribution in the first quarter for new claims. This provides the claim causes for the top five departments. Claim Cause definitions were collapsed into larger aggregate groupings. The slides at the end of the presentation show how these larger groupings were achieved. Exposure includes cancer claims and claims exposed to blood borne pathogens.

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 Litigation Statistics for open indemnity claims added from Fiscal Year 2016 through the first quarter of Fiscal Year 2020. Citywide 38% 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 quarter to 41% this quarter and Fire claims have dropped from 46% to 43%.

Peggy continues by talking about expenditure trends. For Fiscal Year 2020 year-to-date, the table shows a deficit for several departments. The surplus in the Police and Fire Departments are due to budget adjustments for Fiscal Year 2020. The deficits in Public Health and Sheriff's departments are significant but are being analyzed and addressed. The major cause for these increases is the increases in medical costs overall. Peggy mentioned that the costs were based on the first quarter data and would become more reliable as the year continued.

The next slide shows where the money is being spent by category. Included are the fiscal year 2018 and 2019 actuals, fiscal year 2020 actuals through the first quarter, and the estimated actuals through the end of the year. We have seen a slight decrease in total indemnity expenditures. There was a 9.3% increase in temporary disability which was mainly offset by a 7.1% decrease in permanent disability. We have been settling more claims and closing them out has contributed to this decrease. There has been an increase in vocational rehabilitation and an increase in our recovery amounts.

Public Comment: None

## **REPORT FROM THE SFMTA 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.

For Claim Volumes they are up slightly from last year. There has been an increase in indemnity claims and medical only claims have stayed relatively flat. Medical only claims do tend to cost less than indemnity claims.

The next slide shows the re-opened claim, closed claims, and the closing ratio which is an important performance metric for the program. Currently, they are slightly below their goal of 100% for claim closing ratios. They are at 89% but will be working with Intercare to get that number back up to at least 100% if not better. The closing rate impacts the claims pending which is at 1,648 total open claims where last year ended at 1,644 claims.

Dan continues by reporting on Financials. Temporary disability has increased by almost 24%. He feels the drive for this is the shift back to more indemnity claims from medical only claims. When they can improve the trend back to more medical claims, they should see the temporary disability costs go down. Permanent disability also increased by almost 12%. So overall total indemnity costs are up by 19.50%. There is still a small vocational rehabilitation cost which was reduced by \$16,240. And for medical they are seeing an increase of 3.07%. Expenses have increased 7.97% and the recoveries have decreased by 71.85%. Thus, for the program overall, there has been an increase of 13.94% or \$869,082.

Reporting on Stratification by Severity, the chart demonstrates the number of high exposure claims showing paid plus reserve numbers. They have 16 high exposure or catastrophic claims.

For litigation statistics, they are 38.61% currently which is down from fiscal year 2018-2019 when it was just over 39%.

Dan discusses Cause Analysis by Frequency. The number which stands out is the physical assault claims which continue to be the number one drive in terms of frequency. In the past 12 months, there has been 91 assault claims. They are categorically working on doing everything they can to mitigate these occurrences. The other cost drivers they are seeing is repeated motion and pushing and pushing which are indicative of cumulative trauma type injuries. We have also had several vehicle accidents.

The next slide shows Severity as opposed to Frequency. Assault claims continue to be the top cost driver. There is a tendency for multi body parts to be included which may be impacted by the benefits of the city charter.

Dan continued with Cost Analysis; the slide shows the average cost per claim by main cause description. The average total cost per claim is \$35 thousand and the average duration open is 34.89 months.

The injury rate per 100 employees is at 11.96 percent, which seems close to the rest of the city. In September 2015 they were at 9.97 percent for just over 5,500 employees. The increase in claims roughly corresponds to the increase in employees which is currently approximately 6,000 employees

Reporting on Claims Denied, Dan states that this reflects their ongoing effort to evaluate the compensability of each claim. Their goal to provide what is due as timely as possible yet continue to dispute what is not due and/or deny it is that is appropriate. So, in September of this year, 13 claims were denied.

Division Statistics show the frequency and severity of claims by division. The Transportation Division continues to be the most significant contributor to claims frequency. This division is mainly comprised of the operators.

The next slide shows a drilling down of the number of claims for their transportation division which encompasses all their operators. The larger numbers in places like Bus Transportation Section, Cable

Car Cable Transportation Unit, Potrero Electric Trolley Transportation, Transportation Division II (Tran), and Woods Motor Coach Transportation Unit reflect the larger number of employees which work out of those units.

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

#### **ADJOURNMENT**

**NEXT REGULAR MEETING: Meeting date is March 2, 2020 at 9:00 a.m.**