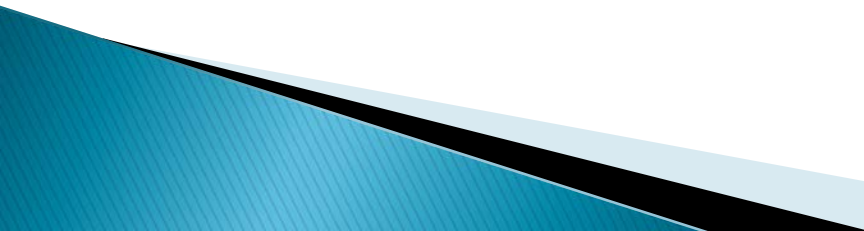


CITY OF MESA WORKERS' COMPENSATION TRUST FUND

Self-Insurance Trust Fund Board Presentation
February 13, 2017

Statutory Requirements

- ❖ Arizona law requires that all public and private employers provide worker's compensation coverage for their employees.
 - ❖ The Industrial Commission of Arizona (ICA) approved the City of Mesa's application to act as a self-insurer on **July 01, 1982**. The Workers' Compensation Trust fund was created pursuant to this authorization.
 - ❖ The City of Mesa's Workers' Compensation Program provides medical and loss wage compensation benefits to City employees who have a work-related injury or illness.
 - These benefits are also extended to City of Mesa's Official Volunteers, pursuant to City Resolution Number 6491.
- 

WC Trust Funding Mechanisms

- ❖ 100% City Funded

- No employee contributions or premiums are collected.

- ❖ Workers' Compensation Trust Fund:

- General Fund contributions (Department Rates)
 - Excess WC Insurance Reimbursements (Stop Loss)
 - **2015: \$154,176**
 - **2016: \$225,160**
 - Subrogation Reimbursements:
 - **2015: \$108,730**
 - **2016: \$ 59,867**
 - Trust Fund investments

Workers' Compensation Trust Fund Overview

❖ *From the Workers' Compensation Trust fund, the City pays all:*

- Industrial injury and illness claims,
 - Medical and Lost income/wages
- Legal costs;
- Network access fees – Medical providers
 - (AZ Blue Cross / Blue Shield),
- Self-insurance surety bond costs,
- Special and administrative taxes (ICA),
- Excess workers' compensation insurance premiums (Stop-Loss),
 - Self-Insured Retention (SIR) of \$1 Million per Claim
- Personnel Costs – *Program Administration*

Workers' Compensation Program Overview cont.

- ❖ Workers' Compensation claims: Claims Adjudication
 - 2015: 407 – new claims
 - 2016: 394 – new claims

- ❖ First Contact Program – Program Assistant (1)
 - New injury / Illness: Phone calls and emails

- ❖ Workers' Compensation Representatives (2)
 - Manage an average of 170 claims each
 - Oldest open claim **September 1985**

- ❖ WC Bill Payment Program – Sr. Program Asst. (2)
 - 2016: 4,465 processed and paid medical bills = \$1,428,167

Workers' Compensation Program Overview cont.

❖ Cost Containment Programs:

- ❖ Directed-care Policy – requires 1st visit to designated medical facility.

- *Banner Occupational Health Clinics*

- ❖ AZ Blue Cross / Blue Shield Workers' Compensation Network of medical providers

- 2016: **BILLED - \$3,272,051 PAID - \$1,189,874 SAVED - \$2,082,178**

- ❖ WC Prescription Pilot Program – Pharmacy Benefits Manager (Cypress Care) – 03/02/2015

- 2016: **BILLED - \$208,040 PAID - \$125,752 SAVED - \$82,288**



Workers' Compensation Program Overview cont.

- ❖ *Third Party Bill Review Program*

- *Non - Blue Cross/Blue Shield Providers*

- 2016: **BILLED - \$349,467** PAID - \$145,998 **SAVED - \$203,469**

- ❖ *Total Cost Avoidance (\$\$):*

- 2016: **\$2,367,935**

Potential Impacts to the Trust

- ❖ National increase in medical costs (**2017 - 8%**)
- ❖ Specialty providers leaving the BCBS network
(Hand specialists, Chiropractors / Upper Extremities specialists, etc.)

Questions???

