

CITY OF MESA WORKERS' COMPENSATION TRUST FUND – Operations Report

Self-Insurance Trust Fund Board Presentation
March 25, 2019

Workers' Compensation Program

Overview

- Arizona statute requires that all public and private employers provide worker's compensation coverage for their employees.
 - Industrial Commission of Arizona (ICA)
- The City's Workers' Compensation Program provides medical (including prescription) 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.
 - City of Mesa – Self-Insured since **July 1, 1982**
 - *Self-Administered since October 1990*

WC Trust Funding

- 100% City Funded
 - No employee contributions or premiums are collected
- Workers' Compensation Trust Fund is funded by:
 - General Fund contributions (Department Rates)
 - *(Job Title & Assigned Risk Rate)*
 - Excess WC Insurance Reimbursements (Stop Loss)
 - **2013: \$491,420**
 - **2014: \$162,602**
 - **2015: \$182,925** ****Self Insured Retention (SIR) - \$250,000 - \$600,000**
 - **2016: \$234,839**
 - **2017: \$377,797**
 - **2018: \$669,217** *****Current SIR - \$1 Million**
 - Subrogation Reimbursements (*i.e.; motor vehicle accidents*)
 - Trust investment income

Workers' Compensation Program Operations

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

- Industrial injury and illness claims,
 - ***Medical and Lost income/wages***
- Prescriptions (***Rx Invoices***)
- Legal costs – WC Attorneys
- Network access fees – Medical providers
 - (AZ Blue Cross / Blue Shield),
- Specialty bill review services
- 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 * July 01, 2007***
- Personnel (*Staff*) Costs – *Program Administration*

Workers' Compensation Program

Operations cont.

- ❖ Workers' Compensation claims: Claims Adjudication
 - 2013: **434** – new claims
 - 2014: **437** – new claims
 - 2015: **407** – new claims
 - 2016: **397** – new claims
 - 2017: **426** – new claims
 - 2018: **411** – new claims

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

- ❖ Workers' Compensation Representatives (2)
 - Manage an average of **190** claims per Representative
 - Oldest open claim **September 1985**

- ❖ WC Bill Payment Program – Safety and Workers' Compensation Specialists (2)
 - 2016: **Processed and paid medical bills = \$1,452,056**
 - 2017: **Processed and paid medical bills = \$1,775,667**
 - 2018: **Processed and paid medical bills = \$1,997,984**

Workers' Compensation Program

Operations cont.

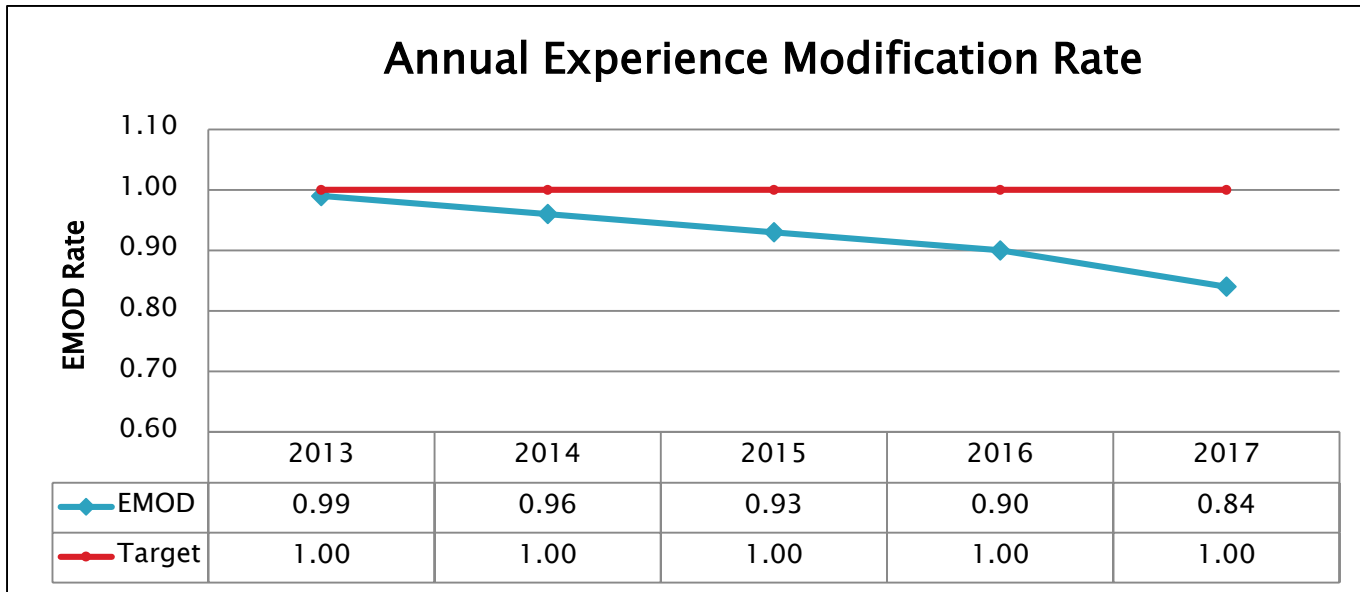
- ❖ Transitional Work Program (Return-to-Work): Transitional Work Coordinator
 - **Reduction in hours** – Less than full-time work to meet the temporary restrictions.
 - **Alternative Work** – Offering the employee a position other than his/her regular job to meet the temporary work restrictions.
 - **Modified Work** – Changing or eliminating specific job duties within the employee's regular job to meet the temporary work restrictions.
- Work-related and Non-Work-related Conditions

Workers' Compensation Program Operations 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 - \$3,272,646 PAID - \$1,190,050 SAVED - \$2,082,596**
 - 2017: **BILLED - \$3,395,225 PAID - \$1,177,245 SAVED - \$2,217,981**
 - 2018: **BILLED - \$3,797,798 PAID - \$1,477,116 SAVED - \$2,320,681**
- Specialty Bill Review Services – Hospitals, DME & Non-Participating Providers
- ICA State Fee Schedules
- WC Prescription Program – Pharmacy Benefits Manager (PBM)
 - 2015: **BILLED - \$258,819 PAID - \$221,165 SAVED - \$37,655** *03/02/2015
 - 2016: **BILLED - \$208,040 PAID - \$125,752 SAVED - \$82,288**
 - 2017: **BILLED - \$215,115 PAID - \$123,760 SAVED - \$91,356**
 - 2018: **BILLED - \$250,153 PAID - \$177,830 SAVED - \$72,322**
- RFP Procurement process (2018)
- myMatrixx awarded 3 Year contract starting 01/01/2019

Workers' Compensation Program Operations cont.



Safety Program Operations:

Workplace Safety

- ❖ Injury Prevention Programs: Safety Coordinators (2) & Safety Technician (1)
 - Safety Inspections
 - Safety Training
 - Safety Program Manuals/Procedures
 - Indoor Air Quality Monitoring
 - Special Safety Considerations – Department employee concerns
- ❖ Safety Committees:
 - Citywide Safety Committee – multi-department representation
 - Citywide LOTO & Electrical Safety Committee
 - Commercial Motor Vehicle Committee
 - Department Safety Committees
- ❖ Safety Awareness: Injury Statistics
 - Department Specific & Citywide
 - Slips, Trips, and Falls
 - Lifting & Carrying (sprains and strains)

Operational Challenges: WC/Safety

- ❖ Expansion of Presumptive Cancer Statutes (2018):
 - 13 Additional Cancers added to list in 2018; **21 presumptive cancers**
- ❖ Safety Statistics: Injury Statistics
 - Time Lost Claims 2018 – Severity of injuries up!!!