

CITY OF MESA WORKERS' COMPENSATION TRUST FUND

Self-Insurance Trust Fund Board Presentation
February 08, 2016

Workers' Compensation Trust Fund Overview

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

- Industrial injury and illness claims,
 - Medical and lost wages
- Legal costs,
- Provider network access fees (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
- Personal Services (Administrative) Costs
 - i.e., Safety Administrator; 2 Workers' Compensation Representatives; 2 Sr. Program Assistants (bill payment/processing).

Workers' Compensation Program

Overview cont.

- ❖ Average approximately 421 new claims a year (4 Year Avg.)
- ❖ 2015: 401 new claims – WC Rep averages 165 claims
- ❖ Cost Containment Programs:
 - ❖ Directed-care Policy – requires visit to designated medical facility.
Banner Occupational Health Clinics
 - ❖ AZ Blue Cross / Blue Shield Workers' Compensation Network of medical providers
 - ❖ Utilization Reviews – medical necessity
 - ❖ WC Prescription Pilot Program – Pharmacy Benefits Manager (Cypress Care) – 03/02/2015 ***YTD Savings approx. \$37,100***

WC Trust Funding Mechanisms

- ❖ 100% City Funded
 - No employee contributions or premiums are collected.
- ❖ Workers' Compensation Trust is funded by:
 - The General Fund contributions (Department Rates)
 - Excess WC Insurance Reimbursements **2015: \$154,176**
 - Subrogation Reimbursements: **2015: \$108,730**
 - Trust Fund investment income

Potential Impacts to the Trust

- ❖ National increase in medical costs
- ❖ Specialty providers leaving the BCBS network
 - ❖ (Hand specialist / Upper Extremities specialists, etc.)