



CCSF WORKERS' COMPENSATION COUNCIL MINUTES

Monday, May 06, 2024, at 9:00 a.m.

Room 408, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

CALL TO ORDER

9:03 AM

ROLL CALL

- Carol Isen, Human Resources Director Present
- Anna Duning, Mayor's Budget Director (Represented by Jack English) Present
- Carmen Chu, City Administrator (Represented by Mark Hennig) Present
- Erik Rapoport, Deputy Executive Director, San Francisco Employee Retirement System Present
- Todd Rydstrom, Deputy Controller, Controller's Office (Represented by Devin Macaulay) Present
- Matthew Barravecchia, Deputy City Attorney, City Attorney's Office Present

PUBLIC REQUESTS TO SPEAK ON ANY MATTER WITHIN THE JURISDICTION OF THE WORKERS' COMPENSATION COUNCIL APPEARING ON THE AGENDA (Item No. 1)

Speaker: Carol Isen, Human Resources Director and Chair of the Workers' Compensation Council

Council Comment:

None.

Public Comment:

None.

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

Matthew Barravecchia motioned to approve the minutes from the meeting held November 20th, 2023. The motion was seconded by Jack English.

Action: The November 20th, 2023, minutes were approved unanimously.

UPDATE FROM CHAIR (Item No. 3)

Carol Isen spoke to the council about a significant issue which recently impacted our Workers' Compensation system. Several months ago, a former city employee was arrested for alleged crimes related to his previous work in city employment. Then, in March 2024, he was arrested again for alleged crimes related to his conduct in the Department of Human Resources and the Workers' Compensation Division.

We live in a system of laws, and Mr. Ellicott is innocent until he is proven guilty in a court of competent jurisdiction. Nevertheless, to protect ourselves and prevent future incidents, we moved the management of the Workers' Compensation Finance Team directly under our Department of Human Resources Finance and IT Division.

Chief Financial Officer, Mike Cotter, explained there are three key components when considering fraud: motive, rationalization, and opportunity. We immediately focused on addressing the opportunity aspect by conducting a comprehensive end-to-end mapping of all our systems and subsystems to identify any vulnerabilities. Additionally, we reviewed all active and inactive vendor profiles and conducted a thorough review of payments made. Our short-term goal was to mitigate any existing risks, while our long-term objective was to gain a comprehensive understanding of our vendors. As a result, we implemented several additional internal processes and access controls to minimize future opportunities for fraud and to rebuild confidence in our operations.

Director Carol Isen added that she is reasonably confident that we will be able to recover the losses into the workers' compensation system, and we'll be reporting on recovery as soon as possible.

REPORT FROM THE WORKERS' COMPENSATION DIVISION

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

Workers' Compensation Director Julian Robinson was called to present the report from the Workers' Compensation Division.

Speaker: Julian Robinson, Deputy Director, Workers' Compensation Division

Report on Accomplishments and Initiatives, Return-to-Work Program, Performance Quick Facts, Financials, and Claim Analytics.

Julian Robinson greeted the council. He advised the presentation will summarize Workers' Compensation Division accomplishments, initiatives, and provide an update on the Temporary Transitional Work Program. Next, Mike Cotter, our CFO for the Department of Human Resources, is going to come back and talk about performance quick facts and financials, and lastly, Arnold Pacpaco, our Assistant Director of Claims Operations, will go over claim analytics.

Julian Robinson first addressed accomplishments. The Center of Medicare and Medicaid Services (CMS) enacted penalty regulations in October. As an accomplishment, we reviewed our Medicare reporting to ensure compliance with the regulations. We reduced our annual self-insured assessment by over \$680,000 through our Return-to-Work program. Our pharmacy benefit program now captures out-of-network claims, generating bill review fee savings. We negotiated a new agreement with our

ISO claim search services to identify prior workers' compensation claims which will help reduce liability exposure.

Regarding initiatives, we are actively involved in contract renewals, adjusting essential services provided through workers' compensation, and prioritizing training and development. Staffing and succession planning are also key areas of focus as we anticipate ongoing retirements. In terms of savings from the carve-out program in the last fiscal year, we are awaiting the yearly draft report to assess its impact on that year and the current fiscal year.

Julian Robinson next discussed the Temporary Transitional Work Program (TTWA) Report. We are continuing to collaborate with departments, medical providers, and injured workers to address inquiries and concerns about providing temporary modified duty. Our objective is to uphold this program as a leading initiative, ensuring it remains a central focus. We are enhancing our data development for more consistent and reliable reporting. Currently, over 1,100 claims are being tracked for work status, with 92% qualifying for modified duty. Of these, 73% have been accommodated by departments and 27% not accommodated. Claims not accommodated by departments average out to another 87 days of lost time, costing over \$30,000 per claim.

The decision to accommodate rests with the individual department. When an employee is released for restricted duty, we outline the restrictions and inquire if the department can accommodate them. The department will affirm or deny accommodations. If denied, Workers' Compensation is unable to proceed further as the department has stated an inability to accommodate the restrictions.

Carol Isen complimented the division and offered support due to results of cost savings and higher employee productivity and morale.

In response to a council inquiry, Julian Robinson clarified there are two accommodation categories. Temporary light duty assignment, the focus of TTWA, refers to performing non-essential job functions. Alternatively, accommodation under the ADA program does perform essential job functions and addresses work in a more permanent modified or alternative capacity, when the worker can no longer do their job. Carol Isen said DHR is focused on returning workers in a temporary, light duty capacity as they recover from their injuries.

Mike Cotter was then re-introduced to go over performance quick facts, analysis, and insights.

Mr. Cotter explained the Workers' Compensation Division uses four high level key metrics to assess and provide insight into fiscal performance: fiscal health (dollars to budget), claim volume, claim cost, and duration.

Although our actual spending has been higher than budgeted in the past four years, we have saved a significant amount in the general fund at the overall level. Claim volume as an indicator helps us better assess how many claims are coming in. We are seeing indemnity volume and claim cost increase slightly per the four-year rolling average benchmark, however, the increases shown are at a lower dollar amount. Duration, the length of time a claim is open, averages 319 days.



FY24 Q3 Performance Quick Facts

Fiscal Health

Ratio of Actuals to Budget

FY24 Q3 103%
Benchmark: 95%

Claim Volume

Count of New Claims in Period

	Indemnity	Medical
FY24 Q3	588	172
Benchmark	529	178

Claim Cost

Average Cost of Claims Closed in Period

	Indemnity	Medical
FY24 Q3	\$15,629	\$720
Benchmark	\$11,746	\$710

Duration

Average Days Open of Claims Closed in Period

	Days
FY24 Q3	319
Benchmark	199

Notes: All benchmarks based on rolling four-year averages (FY20-23). Fiscal health metric includes overhead and claim expenditures and is based on original budget, excluding any carryforward. Duration excludes disability retirement and future medical claims.

Mike Cotter indicated that there is a spike in permanent disability and medical cases compared to the last two years' actuals. A large percentage of this claim was due to one specific catastrophic police claim. This is reflected under medical on slide 12 and more clearly on slide 13 which shows benefit expenditure trends by department.



Benefit Expenditure Trends by Dept

Department	FY23 Actuals	FY24 Revised Budget	FY24 Projected Actuals	FY24 Projected Surplus / (Deficit)	FY24 Projected YOY Change
Police	21,219,758	23,518,565	28,247,307	(4,728,742)	7,027,549
Fire	15,434,996	19,745,818	17,352,088	2,393,730	1,917,092
Public Health	17,621,380	19,529,775	19,120,044	409,731	1,498,664
Sheriff	8,732,773	9,194,384	8,827,405	366,979	94,632
Public Works	5,232,696	5,582,304	4,805,599	776,704	(427,097)
Airport	5,430,115	5,460,365	4,865,539	594,826	(564,576)
Recreation & Parks	4,177,684	5,190,316	3,445,702	1,744,614	(731,982)
Human Services	3,160,362	2,944,000	2,899,680	44,320	(260,682)
PUC-Wastewater	2,524,332	2,709,668	1,971,399	738,268	(552,933)
PUC-Water	2,565,732	2,632,268	2,342,912	289,356	(222,820)
Total Top Ten Departments	86,099,827	96,507,464	93,877,677	2,629,787	7,777,850
Total of All City Departments	97,283,839	109,591,433	105,875,121	3,716,311	8,591,282

Notes:

- Expenditures exclude LC4850 salary continuation benefits and SF Community College, and include program overhead
- Departments sorted by FY24 Revised Budget

The projected police deficit is less than the \$5 million plus originally expended. The police department has assured us they will be able to cover this deficit within their existing budget. We are seeing about a \$1.9 million savings across the General Fund.

Assistant Claims Director, Arnold Pacpaco then presented claim analytics and claims filing frequency. Citywide average claims hold steady at about 11 per 100 FTE. Police and Sheriff are returning to pre-pandemic levels. Fire and Public Health have increased so, we are engaging with them to discuss risk management and safety practices.

Open claims inventory, including indemnity and medical only, has leveled off to around 5,000 claims.

Focusing on litigation statistics, litigated claims tend to cost more than non-litigated claims because they may include additional body parts or require specialty evaluations and depositions. The citywide average litigation rate is 25%, compared to the industry average of about 40%. Litigation rates for Police were 7% and for Fire were 4%, both reduced from 37% prior to the creation of the Alternative Dispute Resolution (ADR) program. Rather than going to lawyers, injured workers instead can go to an Ombudsperson who is able to provide clarification and guidance, resulting in reduced litigation rates.

Mr. Pacpaco then returned the meeting to Carol Isen, who requested questions or comments from the council.

Council Comment:

Carol Isen asked whether the division has considered further departmental contemplation of the ADR program. Julian Robinson replied that further departmental interest in the ADR program will require requests from the unions or labor organizations, as well as securing permission to negotiate from the State of California Administrative Director.

Public Comment:

None.

REPORT FROM THE WORKERS' COMPENSATION DIVISION

Discussion Items: **(Item No. 5)**

Speaker: Jim Radding, San Francisco Municipal Transportation Agency Workers'

Compensation Manager

The Workers' Compensation Manager at SFMTA, Jim Radding, led the WC Council Meeting and covered several topics related to workers' compensation. He highlighted the accomplishments and initiatives of SFMTA's workers' compensation program. Among the accomplishments, the LightSpeed initiative, which is designed to ensure timely reporting and improves the overall claim information, was discussed. The Early Intervention Program, which ensures employees receive prompt medical care and pursue a quicker return to work, was also covered. The Ambassador program, which provides employment opportunities for employees who cannot perform their Usual and Customary job duties.

Other topics included the Return-to-Work program and a review of SFMTA's claim analytics and financials.

This FY 24 (Q3) third quarter the SFMTA Workers' Compensation team, led by Jim Radding discussed the Accomplishments and Initiatives:

During the meeting, several key initiatives and accomplishments were discussed.

Here is a summary of the main points:

- LightSpeed Initiative – 243 investigations have been completed for the last fiscal year, this is part of the initial part of the claim where the Investigation Firm will complete investigations, in addition provide digital videos of motor vehicle accidents to physicians to assess the nature and extent of employee injuries, and this will be extended to other on-the-job work injuries.
- Early intervention program – over 600 claims have been referred to the program within the first 24 hours of the incident, involves a telephonic nurse who interacts with medical facilities, employees, and SFMTA to ensure prompt medical care and quicker return to work. The nurse/advocate coordinates communication with the SFMTA, and the Claims Adjuster to expedite the employee's process through to the light duty or modified work programs to return the employee back to work.
- Quarterly claim reviews with SFMTA and the team is scheduled for 5/15/24, focusing on claims older than 24 months and reviewing progress on new claims.
- Monthly Round Table Discussion – Review of New Claims with 30 days and TTD paid.
- Transitional Work Program (TWP)/ Return to Work (RTW) programs; The program enhances return-to-work outcomes by working with Intercare and placing employees in modified duty roles for employees whose medical conditions permit temporary transitional work assignments for 90 days. The TWP/RTW Program is averaging 35-50 employees per week.
- Ongoing training with the division on talking with management on the importance of workers' compensation and general oversight the program.
- Initiative – Project Ongoing – Updating job analysis/job descriptions.
- Streamlined Claims Management. Continue efficient claims management by reporting claims within 24 hours of incident. Utilization of the LightSpeed program, education of staff, reducing the reporting lag time of new claims and improving employee satisfaction.
- New hires are trained on the Workers' Compensation program/procedure during new employee orientations. As we emphasize transparent communication, establishing clear channels between management, employees, and Intercare regarding the Workers' Compensation procedure is expected to promote transparency and build trust between management and employees.

Current Challenges:

The following challenges were discussed:

- General rise in claim costs/expense due to an increase in both medical and inflation costs.
- Discussion of the SFMTA's Return-to-Work program, which focuses on finding jobs for injured employees beyond the Ambassador program; that can meet their work restrictions. The program has specific timeframes and emphasizes open communication, including written agreements and communication with healthcare providers. Our Human Resource Director has been helpful in encouraging our management staff to assist us in the expansion of our TWP by sending out an email and discussing in Senior Management meeting requesting their participation and expanding the program to find additional suitable jobs in the agency. A successful TWP effort is essential in transitioning the injured worker back into the workforce to cut costs and the closing out claims sooner.
- Assault claims, whether physical, verbal, or related to mental health, pose significant challenges and often result in higher medical costs. These challenges include:
 1. Assault-related injuries can be complex to diagnose and treat, especially when they involve both physical and psychological components. Mental health issues, such as PTSD or anxiety, can be particularly difficult and returning them to work.

2. Recovery from assault-related injuries may require prolonged medical treatment and rehabilitation, increasing both the time and cost involved.
3. Ensuring a safe work environment for the transit operator to prevent further incidents can be challenging since many interact with public/passengers daily.
4. Providing adequate support to affected employees and facilitating their reintegration back into the workplace.

Performance Quick Facts:

Claims Volume:

- There were 143 new indemnity claims, up from 141 in FY 2023, Q3, indicating a slight increase in claims involving compensation for disability.
- Medical only claims numbered 13, compared to 8 in FY 2023, Q3, showing an increase in claims solely for medical expenses without indemnity payments.

Claim Costs:

The average amount paid on closed indemnity claims for FY 2024, Q3 showed a decrease compared to FY 2023, Q3, suggesting potential cost-saving measures are in effect.

Total year-to-date spending for FY 2024, Q3 exceeded spending in FY 2023, Q3. The number of claims closed in FY 2024, Q3 also increased compared to FY 2023, Q3, reflecting positive progress in claims management.

CLAIM ANALYTICS:

Highlights of Claim Filing Frequency:

The overall claim filing frequency has increased in FY 2024, Q3 compared to FY 2023, Q3. While the number of new indemnity claims saw a slight rise of 1%, there was a 63% increase in new medical claims. This resulted in a 5% overall increase in total claims (indemnity + medical). The substantial rise in medical claims suggests trend in claim filings that may need closer attention and Intercare is providing efficient claims management processes to handle the rising volume.

The claims frequency rate per 100 full-time equivalent (FTE) employees for FY 2024 through Q3 is 7.97. This indicates that, on average, approximately 8 out of every 100 employees have filed reportable claims during this period. This metric provides a measure of the overall frequency of workplace incidents requiring claims processing and highlights the importance of ongoing efforts in workplace safety and injury prevention.

Jim noted, various workplace incident types were reported across departments during the period, with trends in the Transportation Division. Assault incidents, predominantly physical or verbal, accounted for

the larger part of cases within this division. Vehicle incidents were also frequent; Other common causes included repeated motion and slip/trip/run/walk incidents, particularly in Transportation and Maintenance departments, ongoing efforts are being done to enhance ergonomic conditions. Issues such as stress-related cases and fall incidents were prevalent in the Transportation Division, emphasizing the importance of addressing both physical and mental health factors in promoting employee well-being and workplace safety. The report highlights the importance of targeted safety programs and interventions tailored to address specific risk factors within each department.

In addition, Jim commented on the analysis of open claims within the Transportation Division provides significant insights into the division's claims landscape. The majority of open claims are relatively lower-cost, with a substantial number falling below \$100K. However, there are also a considerable number of claims in higher cost brackets, including several exceeding \$500K. This distribution underscores varying financial impacts on the organization. Despite these costs, the Transportation Division incurs the highest total expenses among all divisions, reflecting the frequency and value of claims associated with its operations. SFMTA and Intercare employ proactive management strategies to handle these claims swiftly, aiming for early resolutions and effective cost management. Categorization based on total incurred amounts, ranging from \$100K to over \$1 million, further highlights the Transportation Division's central role in SFMTA's claims management efforts.

Claim stratification by cost highlights several key findings. The Transportation Division has a majority of claims incurring costs over \$100K, comprising 70% of its total claims and accounting for \$153.3 million in total incurred costs, which is 66.1% of the departmental total. This emphasizes the division's significant financial impact within SFMTA. In contrast, Maintenance, Enforcement Services, and Safety, Security & Enforcement divisions have lower percentages of high-cost claims, indicating different risk profiles and lower financial exposure. Active Indemnity claims significantly outnumber Future Medical claims, reflecting higher financial liabilities associated with ongoing indemnity payments. The grand totals reveal substantial financial exposure from open claims, totaling \$265.5 million as of 3/31/24. Effective claims management and proactive interventions are crucial for mitigating these risks and enhancing overall claims management outcomes across the organization.

Comparing litigated and non-litigated claims within Intercare reveals several significant trends. Firstly, the number of litigated claims has consistently remained lower than non-litigated claims across fiscal years, with a notable decrease observed from FY 2020 to FY 2024 YTD. This decline suggests potential improvements in claims management practices or successful dispute resolution strategies. Secondly, the litigation rate, calculated as the percentage of litigated claims out of total reported claims, shows a decreasing trend over the years: from 28% in FY 2020 to 13% in FY 2024 YTD. This trend indicates effective efforts to minimize legal disputes or achieve resolutions before litigation. Overall, these findings underscore positive advancements in claims management and dispute resolution within Intercare, contributing to overall operational efficiency and cost containment efforts.

The analysis of average paid per litigated and non-litigated claims over multiple fiscal years reveals several insights: The average for the last 5 fiscal years is \$104,934. Regarding non-litigated claims, the average for the last 5 fiscal years is \$16,909. The average for the last 5 fiscal years is \$44,335 between litigated and non-litigated claims. This metric provides an overall view of average financial commitment per claim.

In summary, while litigated claims have higher average payments compared to non-litigated claims, both categories show variability in payment amounts over the years. Monitoring these averages helps in

understanding cost trends and identifying opportunities for cost containment and improved claims management strategies.

SFMTA's overall budget and expenditure trends reveal variability in actual spending compared to budget allocations across fiscal years. Effective management in FY 24 YTD, Q3 with expenditures budgeted amounts, suggests enhanced financial oversight. However, historical data highlights the ongoing need for careful budget planning.

Jim noted in conclusion, the analysis of various payment categories reveals several trends in financial expenditures within SFMTA's workers' compensation program. Indemnity payments have remained stable, with FY 24 projected actuals indicating a possible slight decrease compared to FY 23, suggesting effective cost management strategies. Temporary disability payments have fluctuated, showing a notable decrease from FY 23 to FY 24 YTD. Permanent disability payments have increased from FY 23 to FY 24, (Q3) indicating a higher settlement rate for claims in this category. Vocational rehabilitation payments have shown a slight increase, while medical payments have risen, slightly reflecting higher healthcare costs and inflation. Expense payments have increased from FY 23 to FY 24, that require careful management and monitoring.

Jim underscored the importance of ongoing vigilance and strategic management to address challenges and optimize SFMTA's workers' compensation program.

Jim thanked the Workers' Compensation Council for their time.

Council Comment:

Matthew Barravecchia asked how injured workers receive electronic payments upon retirement and/or moving out of the country? Julian Robinson answered retirees continue to receive direct deposits as long as no changes are made to the individual's bank account following separation from the City. However, should the retiree or former City employee change their bank account following separation, electronic deposit is no longer available to them. We are also seeking solution in a future banking project phase for retirees and medical providers

Public Comment:

None.

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS

Discussion Item: **(Item No. 5)**

Speaker: Carol Isen, Chair

Council Comment:

None.

Public Comment:

None.

OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE COUNCIL'S JURISDICTION

Discussion Item: **(Item No. 6)**

Public Comment:

None.

ADJOURNMENT:

Director Carol Isen thanked the council and presenters.

The next Workers' Compensation Council meeting will be held Monday, August 5th, 2024, at City Hall, in Room 408 at 9:00 a.m.

The meeting adjourned at 9:57 a.m.