



CITY OF OAKLAND

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

13 MAY -2 PM 1:40

# AGENDA REPORT

**TO:** DEANNA J. SANTANA  
CITY ADMINISTRATOR

**FROM:** Jim Reese

**SUBJECT:** Second Quarter Informational Report  
Regarding the City's Workers' Compensation  
Program for Fiscal Year 2012-13

**DATE:** April 22, 2013

City Administrator  
Approval

Date:

5/01/13

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff requests that Council accept this Second Quarter informational report regarding the City's Workers' Compensation Program for Fiscal Year 2012-13.

## EXECUTIVE SUMMARY

The State of California requires all employers to provide Workers' Compensation benefits to employees who become injured or ill as a result of their work. The City of Oakland is self-insured for the majority of these Workers' Compensation benefits. The Department of Human Resources Management (DHRM) administers and oversees the Workers' Compensation program, working in collaboration with other City departments to promote injury avoidance and early return-to-work efforts at the department level.

In a continuing effort to provide the Council with regular updates on the City's Workers' Compensation Program, DHRM submits this Second Quarter informational report on the Workers' Compensation Program for Fiscal Year 2012-13 (for the period July 1 through December 31, 2012). This report demonstrates the continued collaboration among City departments to control the impact of injuries and illnesses on City finances. These collaborative efforts include continued participation in the Transitional Duty Program, continued staff support for the Police Department, Fire Department, and Public Works Agency. Supporting the staffing enhancements are improvements such as the availability of real-time workers' compensation program data, and the expansion of the City's web-based training program for a more comprehensive delivery of internal training and loss control messages.

Item: \_\_\_\_\_  
Finance & Management Committee  
May 14, 2013

The following are highlights of the more detailed statistical breakdowns at the department level contained later in this report:

- The combined number of First and Second Quarter Transitional Assignment days (2,398) exceeded the number of Lost Work days (2,072). (Reporting this as an aggregate number helps mitigate the volatility of quarterly reporting.)
- \$820,209 in expenses was deferred from the Workers' Compensation Program due to Transitional Assignment days.
- Medical and allocated (rehabilitation, investigative, and legal defense) expenses are significant Workers' Compensation costs. For the First and Second Quarters, 81 percent (\$3.3M) were for medical costs, and 19 percent (\$.80M) were for allocated costs.
- The Second Quarter Closing Ratio is 127%, indicating that more than one claim was closed for every one claim that came in.
- The City relies heavily on Agreed Medical Examinations (AMEs); a State-approved tool to provide third-opinion resolutions in disputed medical cases. 47 claims were settled in the Second Quarter of Fiscal Year 2012-13.

In addition, this report contains:

- A review of the annual 2012 Employees Health Fair

### **OUTCOME**

Acceptance of this informational report will provide updated Workers' Compensation Program activities and statistics as of December 31, 2012.

### **BACKGROUND/LEGISLATIVE HISTORY**

The Risk and Benefits Division of the Department of Human Resources Management has been directed to provide quarterly updates on the City's Workers' Compensation Program. This report contains information through the Second Quarter of Fiscal Year 2012-13 (as of December 31, 2012).

### **ANALYSIS**

The following section compiles Workers' Compensation statistical information for the Second Quarter of Fiscal Year 2012-13 (as of December 31, 2012).

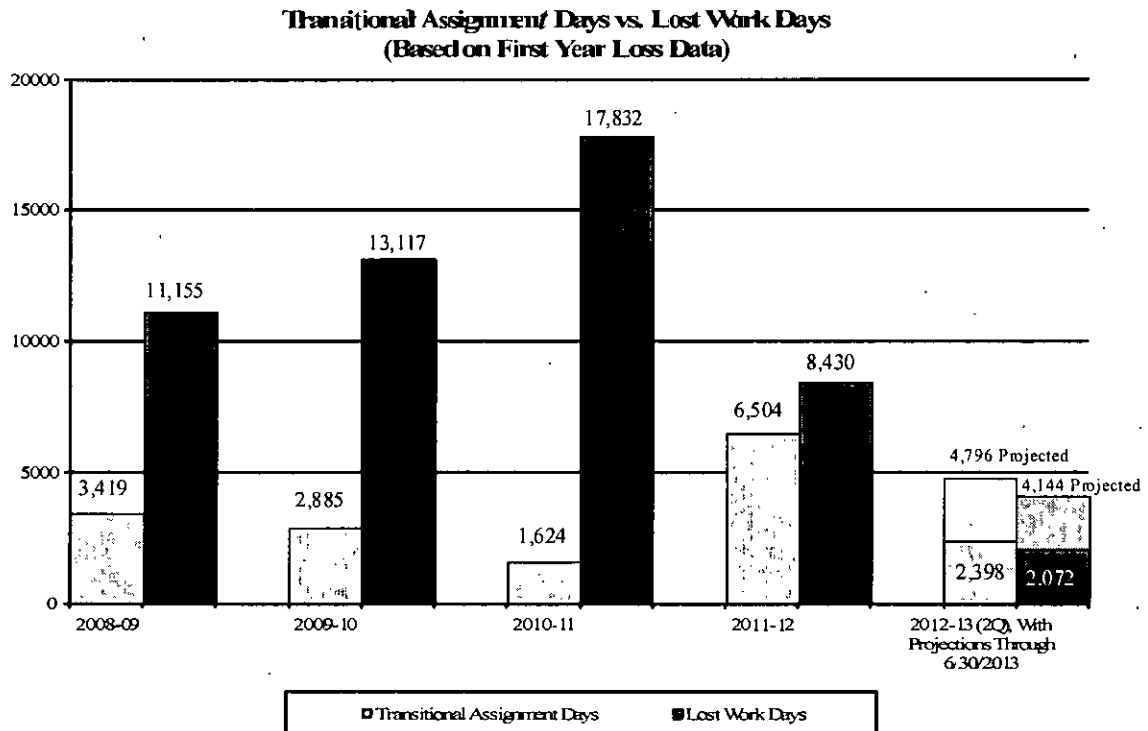
A. Return-to-Work Program Participation

Workers' Compensation expenses were financed from Fund 1150 from Fiscal Year 2008-09 through Fiscal Year 2010-11, during which time the number of Transitional Assignment Days steadily declined while the number of Lost Work Days increased. With Fund 1150 serving as an alternative source of funding for employee payroll and overhead, departments had little to no incentive to encourage their employees with a physician's work restriction to return to work.

Since transferring the cost of indemnity expenses for employees with work restrictions from Fund 1150 to the department payroll budget on July 1, 2011, the proportion of Transitional Assignment Days worked by injured employees increased in comparison to the number of Lost Work Days. Complementing this funding change were modifications to the Return-to-Work Program. Additional resources such as the retention of return-to-work specialists Norman Peterson and Associates (a sub-vendor contracted by the City's Third Party Administrator) have also been made available to departments to assist with the implementation of the program.

The effect of these changes continues to be evident, as fiscal year-end projections based on Second Quarter data indicate that the number of Transitional Assignment Days worked may outnumber the number of Lost Work Days in Fiscal Year 2012-13.

The table below shows first year loss data specific to Transitional Assignment Days and Lost Work Days for claims with a date of injury in the same fiscal year. (This differs from the chart in Section (B)(1), on page 5 of this report, which captures *all* temporary disability days incurred in a fiscal year, regardless of the date of injury.)



As a result of the participation in the Return-to-Work Program and funding changes, the indemnity expense deferred from the Workers' Compensation Program increased significantly beginning in Fiscal Year 2011-12. The following chart reflects costs avoided due to transitional duty for Fiscal Years 2009-10 through 2011-12, and the year-to-date avoidance for Fiscal year 2012-13 (through December 31, 2012).

	2009-10	2010-11	2011-12	2012-13 (YTD through 12/31/12)
<b>Transitional Assignment Cost Avoidance (City-Wide)</b>	\$ 1,054,855	\$ 1,326,794	\$ 4,605,285	\$ 1,887,755

More detailed information (grouped by Police Department, Fire, Public Works Agency, and All Other) is appended to this report as *Attachment B*.

Attachment B shows a considerable decline in the amount of transitional duty utilization by the Fire Department. OFD should review their internal workers' compensation processes to ensure all eligible employees are being placed into

transitional assignments in lieu of temporary total disability where restrictions have been provided by the employees treating physician.

**B. Workers' Compensation Program Statistical Information**

This section provides updates to information specifically requested by Council as well as other information meant to provide additional insight into how the Workers' Compensation Program is funded and monies expended.

**(1) Average Time Employees Are Out On Workers' Compensation**

The chart below captures *all* temporary disability (TD) days incurred in a fiscal year, regardless of the date of injury. (This differs from Chart 1, on page 4 of this report, which captures Lost Work Days for claims with a date of injury in the same fiscal year.)

	2008-09	2009-10	2010-11	2011-12	2012-13 (YTD Through 12/31/2012)
Open Indemnity Claims (All Years)	697	646	686	631	635
Total TD Days (All Open and Closed)	22,463	28,023	38,031	26,693	15,500
Average TD Days per Claim	32.23	43.38	55.44	42.30	24.41
Percent Change from Prior Year	--	25%	36%	-30%	--

**(2) Long-Term Cases -- The chart below shows the number and percentage of City employees out on Workers' Compensation for more than 12 months:**

	2008-09	2009-10	2010-11	2011-12	2012-13 (YTD Through 12/31/2012)
Total Number of City Employees (PTE)	4,288	4,124	3,950	3,755	3,701
Number of Employees on Long-Term WC leave (12 months or more)	17	21	12	12	13
Percentage of Employees on Long-Term WC Leave	0.40%	0.51%	0.30%	0.32%	0.35%
Percentage Change from Prior Year	--	28%	-40%	5%	--

In some cases, depending on the severity, Workers' Compensation strategies for long-term absence cases involve moving cases to closure and assisting employees with the job reassignment as required under the California Fair Employment and Housing Act (FEHA) and/or the disability retirement process, as appropriate. This

usually occurs once a case reaches the point where the employee has permanent medical restrictions and it has been determined that the employee can no longer perform the essential functions of his/her job classification, with or without accommodation. Depending on the severity of the injury, it may take more than 12 months for this determination to be made. Until this stage is reached, the City is obligated to continue working with the employee and his/her medical provider in returning them to full functionality in their designated job classification.

*Long-Term Workers' Compensation Leave Costs*

The following table provides information about the financial impact of Workers' Compensation cases, where the employee has been absent from work for one year or more during Fiscal Year 2011-12. This table is updated annually as of June 30<sup>th</sup>.

DOI	Claim No.	Department	Job Class	Totals PAID Through 6/30/12	Total INCURRED Expenses Through 6/30/12	Status
08/26/08	808002081	OFD	Fire Fighter	\$242,958.13	\$361,605.30	Retirement pending
07/22/11	110700133	OFD	Fire Fighter	\$87,351.01	\$151,436.00	Retirement pending
03/19/10	1003000505	OFD	Fire Fighter	\$409,621.76	\$893,622.00	AME Exam
07/12/10	1007001409	OFD	Fire Fighter	\$168,008.82	\$371,573.81	Panel QME Exam
03/29/10	1003000626	OFD	Captain	\$138,922.21	\$180,041.92	AME Re-Exam
08/31/10	1008001950	OFD	Fire Fighter Paramedic	\$210,721.10	\$266,129.96	Awaiting AME Re-Exam
05/24/11	110500253	OPD	Police Officer	\$141,929.24	\$274,106.00	QIW, PERS Retirement Pending
06/02/11	110600018	OPD	Police Officer	\$109,279.37	\$171,442.54	PERS Retirement Hearing
04/12/11	110400086	OPD	Sergeant	\$134,149.22	\$171,187.60	Off work, awaiting A/A AME agreement to address issues
10/05/10	101000240	OPD	Sergeant	\$116,292.05	\$200,454.00	QIW/PERS Retirement Pending
10/06/10	101000014	PWA	Maintenance Worker II	\$84,710.06	\$166,644.30	Surgery Pending
08/06/10	1008001619	PWA	Gardener II	\$85,696.52	\$151,199.85	Surgery Pending

*Industrial Disability Retirement (IDR)*

On the chart above, even though a safety retirement is listed as "pending," a medical determination has been made that the injury is career ending. Safety members who suffer career ending work injuries are eligible for a CalPERS disability retirement. While the early medical reports received by the workers' compensation claims administrator may point to a career ending injury, the final determination is up to the doctors. If eligible by age and years of service, a

Item: \_\_\_\_\_

seriously injured safety member suspecting that their injury is career ending may opt for a CalPERS "service pending industrial disability retirement," in which case, they separate from City service, and then proceed with protracted medical treatment.

Post injury safety members are eligible for full pay, for up to one year, and partial pay for an additional two years, if the doctor takes them completely off work during treatment. Treatment often starts with conservative options, in the hopes that the safety member will respond and not need surgery or other invasive procedures. During the period of treatment and recovery the doctor may return the safety member to multiple periods of transitional duty. However, in some cases, despite a variety of treatments, the safety member is unable to return to their job. For serious injuries, safety members go through a prolonged course of treatment and develop long-term relationships with their doctors, thus, they are often fully aware that they may have suffered a career ending injury.

First, the doctor advises the safety member that under the California Labor Code, they are deemed a "qualified injured worker," with permanent restrictions. This means that the safety member has medical restrictions which will preclude return to the essential functions of the job. As required by workers' compensation regulations, the doctor then submits a narrative report to the City's workers' compensation administrator. The third party administrator then notifies the department of the doctor's findings. Upon receipt of this information, it becomes incumbent on the department to provide the safety member, both, an industrial disability retirement application, and a written referral to the City's Fair Employment and Housing Act (FEHA) accommodation process. Participation in the FEHA process by the employee is not mandatory.

Once the employee returns the signed application to the City's Retirement Division Administrative Assistant, the application is processed for scheduling on the CalPERS Safety Retirement Committee agenda.

- (3) **Workers' Compensation Program Contributions and Utilization, by Department --** While Workers' Compensation continues to be financed through Fund 1150, the Risk and Benefits Division tracks the usage of the fund by department. This provides the Administration with a clearer picture of where the Workers' Compensation Funds are being expended and equip departments with information to assist in developing loss control strategies.

According to the Budget Office, contributions by the departments to the Workers' Compensation Fund were allocated as shown below for Fiscal Year 2009-10 through Fiscal Year 2011-12. The contributions for Fiscal Year 2012-13 were calculated by the Risk and Benefits Division by applying the Workers' Compensation annual fringe rates set forth in Administrative Instruction 1303 to actual annual salary expenses as of June 30, 2012.

**DEPARTMENTAL CONTRIBUTIONS TO FUND 1150**

	2009-10	2010-11	2011-12	2012-13
Mayor	\$ 60,706	\$ 32,693	\$ 30,128	\$ 24,615
City Administrator	259,279	173,057	167,741	238,081
City Council	116,983	63,904	64,418	54,420
City Attorney	371,456	226,429	218,596	172,791
City Auditor	35,978	23,628	26,809	20,486
City Clerk	33,582	25,175	24,645	18,795
Community and Economic Development Agency	1,472,915	641,177	633,079	265,996
Finance and Management Agency	574,566	381,684	433,250	240,924
Fire Services Agency	6,869,761	6,897,298	7,088,383	5,505,434
Housing & Community Development	--	--	--	40,838
Human Services	544,894	395,453	361,975	248,694
Information Technology	328,866	191,076	181,032	137,739
Library	397,347	272,367	387,720	301,915
Office of Parks and Recreation	249,494	173,718	297,372	209,416
Personnel Resource Management	156,660	100,154	94,900	70,457
Planning, Building & Neighborhood Preservation	--	--	--	121,679
Police Services Agency	10,206,540	8,647,464	6,800,907	5,760,126
Public Works Agency	1,435,393	1,273,012	1,491,321	1,143,760
	<u>\$23,114,420</u>	<u>\$19,518,289</u>	<u>\$18,302,278</u>	<u>\$14,576,167</u>

*Workers' Compensation Program Utilization, by Department*

The following tables present components of the program expenditures, by department. (More detailed information, including third-party recoveries and administrative expenditures, is appended to this report as *Attachment A.*)

Table 1, below, shows detailed operating costs, by department, for Indemnity/Settlement, Indemnity/Salary, Medical, and Allocated expenses. Indemnity/Settlement costs include permanent disability, applicant attorney fees, death benefits, and life pensions. Indemnity/Salary includes temporary disability, MOU benefits (non-sworn), and LC 4850. Allocated expenses include costs for rehabilitation, investigative, legal defense, and Labor Code penalties.

Table 1: Operating Costs by Department

Department	2010-11	2011-12	2012-13 (YTD through 12/31/2012)	2012-13 (Year-end Projection)
Police	\$10,885,351	\$12,421,701	\$5,002,393	\$10,004,786
Fire	6,965,379	5,619,375	3,509,343	\$7,018,687
PWA	1,943,992	2,057,114	1,050,651	\$2,101,303
All Others	2,608,443	1,740,049	1,521,017	\$3,042,033
Subtotal	<u>\$22,403,164</u>	<u>\$21,838,239</u>	<u>\$11,083,404</u>	<u>\$22,166,808</u>
Subrogation / Insurance Recoveries	<u>(340,184)</u>	<u>(2,411,517)</u>	<u>(109,292)</u>	<u>(109,292)</u>
Operating Cost Total	<u>\$22,062,980</u>	<u>\$19,426,722</u>	<u>\$10,974,112</u>	<u>\$22,057,517</u>

Item: \_\_\_\_\_  
 Finance & Management Committee  
 May 14, 2013



LC4850 pay refers to disability payments made to public safety mandated by Labor Code section 4850. LC4850 requires that sworn personnel who are injured on the job receive 100 percent of their salary for up to 12 months.

- (4) **Indemnity (Mandated Disability Leave Benefits) Cost Analysis** – Indemnity expenditures (LC4850 and Temporary Disability Benefits) is one of the major Workers' Compensation costs. This cost is paid from Fund 1150 with no financial burden or responsibility placed on departments. As of December 31, 2012, the City expended \$4.6 million in Indemnity costs.

The table below shows indemnity costs for Fiscal Year 2010-11 and Fiscal Year 2011-12, indemnity costs as of December 31, 2012, and a projection through June 30, 2013.

Table 2: Disability Leave Costs by Department: Includes indemnity/salary, temporary disability, MOU benefits (non-sworn), and 4850 (sworn).

Department	2010-11	2011-12	2012-13 (YTD through 12/31/2012)	2012-13 (Year End Projection)
Police	\$ 5,038,423	\$ 3,896,359	\$ 2,470,949	\$ 4,941,897
Fire	2,672,983	2,220,446	1,580,673	\$ 3,161,347
PWA	1,236,218	602,754	340,667	\$ 681,334
All Others	1,140,804	206,991	186,222	\$ 372,444
<b>Total</b>	<b>\$ 10,088,428</b>	<b>\$ 6,926,550</b>	<b>\$ 4,578,511</b>	<b>\$ 9,157,023</b>

- (5) **Significant Cost Components** – In addition to Disability Leave, significant compensation costs are medical (treatment, diagnostic tests, prescriptions hospitalization and medical management), and allocated (rehabilitation, investigative, and legal defense). All of these costs are currently paid from Fund 1150. The table below presents various cost components for the Workers' Compensation Fund, by department, for the period July 1 through December 31, 2012.

Table 3: Significant Cost Components: Medical and Allocated Costs (rehabilitation, investigative, legal defense and Labor Code 10% penalties).

Department	Medical	Allocated Costs	Total
Police	\$ 1,265,700	\$ 261,687	1,527,387
Fire	1,000,614	158,224	1,158,838
PWA	397,323	107,611	504,934
All Others	678,112	275,090	953,202
<b>Total</b>	<b>\$ 3,341,749</b>	<b>\$ 802,612</b>	<b>\$ 4,144,361</b>

Of these significant cost components, medical costs accounted for 81 percent of the total cost, while allocated costs accounted for the remaining 19 percent as shown in the table below.

Table 4: Significant Cost Components as a Percentage of Total

Department	Medical as a Percentage of Total	Allocated Costs as a Percentage of Total
Police	83%	17%
Fire	86%	14%
PWA	79%	21%
All Others	71%	29%
<b>Total</b>	<b>81%</b>	<b>19%</b>

- (6) Claims Analysis – The total number of new claims (Indemnity and Medical Only) as of December 31, 2012 was 114.

Table 5: Claims by Department

Department	2010-11	2011-12	2012-13 (YTD through 12/31/2012)	2012-13 (Year-end Projection)
Police	214	236	86	172
Fire	143	115	54	108
PWA	115	84	41	82
All Others	104	85	22	44
<b>Total</b>	<b>576</b>	<b>520</b>	<b>203</b>	<b>406</b>

Dashboard Reports: Working with the City's Workers' Compensation Third Party Administrator, Risk and Benefits has developed Dashboard reports which will provide departments an annualized snapshot of injury data. California Occupational Safety and Health Administration (OSHA) injury statistics were provided to departments on a monthly basis, at monthly Safety meetings.

These monthly OSHA reports provided a snapshot of the injuries that occurred each month, but they provided summary, not detailed information. The Dashboard Reports provide a department level overview of the nature of the injuries, and the body parts being injured and allow departments to better focus their safety training efforts.

Additionally, the Dashboard reports are set up to collate the injury data over a 6-month period, as well as provide departments a breakdown of the types of their open claims.

A Dashboard report for the City, as a whole, is attached as Exhibit C. Dashboard reports for the Police Department, Fire Department, Public Works Agency and All Other Departments are attached as *Attachments D through G*.

- (7) **Performance Measures for Workers' Compensation Administration** – Four measures are used to monitor the performance of how claims are administered: closing ratio, timeliness of bill payments, medical utilization review (timeliness and approval rate) and customer's satisfaction with claim administration.

- (a) **Closing Ratio** – This ratio measures how many claims are closed as compared to newly opened claims over a specific period of time. A closing ratio of greater than one is preferred and indicates that more claims are being closed than opened, thereby reducing the City's total number of open claims (and future liability). The chart below indicates continued positive progress in productivity for the four years reported:

**Claims Productivity Ratio by Fiscal Year**

<b>FY Ending</b>	<b># Claims Closed</b>	<b># Claims Opened</b>	<b>Productivity Ratio</b>
2009	829	650	128%
2010	812	592	137%
2011	701	568	123%
2012	634	598	106%
2013 (YTD 12/31/2012)	364	341	107%

- (b) **Timeliness of Bills Payment** - This measure monitors the timeliness with which bills are being paid. From October 1 through December 31, 2012, a total of 5,951 bills were received by the City of Oakland. They were paid according to the following timeline:

- 100 percent were paid within the statutory timeframe of 60 days
- 100 percent were paid within 30 days
- 85.7 percent were paid within 15 days

- (c) **Medical Utilization Review** - This measures the approval rate of the requests for medical treatments under the State's Medical Utilization Review (UR) Program, and the timeliness with which requests are addressed and the UR outcomes. From October 1 through December 31, 2012, there were 324 prospective reviews, 18 retrospective reviews, and 22 appeals/requests for reconsideration:
- 100 percent of UR referrals were reviewed with a decision rendered on a timely basis, as required by the State (within 5–14 days, depending on the need for additional information from the provider.)
  - 49 percent of the UR referrals were initially approved.
  - 51 percent of the UR referrals were initially denied, modified, or withdrawn from the UR process (of these, 58 percent were Denied and 42 percent were Modified).
  - 41 percent of the UR referrals that were initially denied were appealed. 41 percent of those were upheld, and 18 percent were reversed or modified.
- (d) **Fraud Investigations** - The table below provides the information regarding investigation activity during the period July 1 through December 31, 2012.

Total Claims Filed	Surveillance	Field Investigation	Fraud Referral (FD-1) Submission	Background Checks	Denied Claims
224	9 (4%)	1(0.5%)	0 (0%)	0 (0%)	48 (21%)

*Fraud investigations* are a sequence of three activities. *Surveillance* activities include observation of individuals, without contact with the subject. *Field Investigations* are a progression of surveillance activities, and involve the taking of statements from the subject and from others. A *Fraud Referral* is the final step taken, when a case meets the standard for fraud set by the District Attorney.

#### *Program Description*

The remainder of this section provides updated information on educational and cost-containment efforts undertaken this past quarter.

- A. **Utilization of Agreed Medical Examinations (AME) as a tool to resolve Workers' Compensation claims:** An Agreed Medical Examinations (AME) is a tool approved by the State of California as a method of seeking third opinion resolutions on disputed medical cases. It is used predominately in cases where the employee's treating physician and the employer's physician are not in agreement on the severity of injury and permanent disability caused by the injury. When such disagreement exists, either party (employee or employer) have the option to invoke an Agreed Medical Examination. However, the examination cannot go forward unless both parties agree to

the need for the exam. Additionally, the State of California requires that the injured worker have legal representation to qualify for an AME. If the employee does not have legal counsel, the City cannot require the employee to participate in the AME process.

The physician selection process is managed by the State of California. When a request for an AME has been received, the State will provide a "panel list" of physicians for the two parties to select from for the examination. The State of California establishes the panel, and frequently there is a waiting list of several months for an examination appointment to be obtained due to the number of backlogged disputed workers' compensation cases within the State.

The City of Oakland relies heavily on AMEs to bring resolution to a number of our workers' compensation cases. The table below provides information on the number of AME and QME (Qualified Medical Examination) processes that have been utilized for Fiscal Year 2008-09 through December 31, 2012. In addition, the table reflects the number of cases settled on the basis of the opinion of the employee's Primary Treating Physician (PTP):

**City of Oakland Medical - Legal Statistics**

	2008-09	2009-10	2010-11	2011-12	2012-12 (YTD 12/31/12)
Number of Claims Settled	212	277	157	322	102
AME (Agreed to Medical Examination)	118	161	106	258	83
PTP (Primary Treating Physician)	35	50	24	42	16
Panel QME (Employee Unrepresented by Attorney)	25	38	14	13	3
QME (Employee Represented by Attorney)	19	13	7	6	0
Other (Death or other decision/action)	15	15	6	2	0

- B. **2012 Employee Health and Wellness Fair** – The annual Health Fair for Frank H. Ogawa Plaza employees was held in November 2012. To accommodate the hours worked and the physical distance from downtown, a separate Health Fair for Public Works employees was held at 7101 Edgewater in December 2012. Approximately 675 employees attended both health fairs.

The promotion of injury prevention and healthy lifestyles are other ways the City seeks to proactively avoid workers' compensation costs. Moreover, by holding the Health Fair during working hours, it shows that the City has a commitment to the health of its employees.

Attendees had the opportunity to talk directly with service providers about the City's Employee Assistance Program, emergency preparedness kits, the Ergonomics Program, life insurance, eyeglasses for Video Display Terminal users, and general Workers' Compensation matters. The 2012 activities roster included medical services (blood work, blood pressure and hearing tests, and flu shots), self-defense workshops, healthy lifestyle seminars, and chair massages.

The next Employee Health Fairs will be in November and December 2013.

- C. **Oakland Police Department Update** – In the First Quarter report, it was stated that the dedicated Analyst assigned to the OPD Medical Unit will be focusing on establishing services, tools and programs that will help to reduce incidents and claims and making a safer working environment for all employees at OPD. The three areas of action are Monitoring, Education, and Training.

For monitoring, the Medical Unit staff keeps track of medical slips that are submitted and makes sure that 1) they are submitted in a timely manner; 2) that as soon as the employee is released with restrictions, he/she is placed in a Transitional Assignment and if the employee is released to full duty, that he/she obtains a medical clearance from Concentra; 3) if the restrictions are permanent, that the ADA/FEHA process is initiated; and 3) if the doctor deems the employee as Permanent & Stationary, that a disability retirement packet is sent to the employee notifying him/her to explore the options. Staff also notes trends in the type of injury and the conditions in which most injuries occur (training, during course of work, out on the field, etc.) in order to find ways to prevent injuries from occurring repeatedly.

There are various events planned in the coming year to help in the education of employees in order to stay healthy, reduce adverse reactions, and to prevent injuries.

- (1) **Health Fairs** – One right before the flu season will consist of flu shots as well as other health monitoring services, blood pressure, blood sugar testing, BMI (Body Mass Index) measuring, etc. This is done in conjunction with the Fire Department and Public Works Agency. A second one will be held during in spring that will target healthy eating, exercising, ergonomic tips and desk exercises to prevent carpal tunnel, and provide resources for mental health.
- (2) **Distribution of Information** – Posters and signs around the work areas or e-mails providing employees with tips on avoiding the flu; resources for seeking help when feeling adverse reactions; notices from local fitness centers of yoga and dance classes or membership discounts; reminders of services provided by MHN (for sworn) and Claremont (for non-sworn) which extends to childcare and eldercare assistance, financial services, legal services, and other daily living services.
- (3) **Purchase of Equipment** -- Purchased the OSHA approved respiratory masks for all field personnel.

Some training has already been put in place such as controlling the spread of infectious diseases and proper procedures to follow and what the employees' and supervisors' responsibilities are once an injury has taken place. These trainings are offered during the supervisor/leadership training courses and are offered annually during the CPT training. Information will also be given to employees about webinars provided by MHN on health and wellness, employee skill development, and workplace safety and protection.

During this reporting period (October 1, 2012 to December 31, 2012), 26 employees that were totally off work have returned to work and 4 employees have been disability retired.

### **PUBLIC OUTREACH/INTEREST**

This item did not require any additional public outreach other than the required posting on the City's website.

### **COORDINATION**

This informational report has been reviewed by the City Attorney's Office and the Budget Office.

### **FISCAL/POLICY ALIGNMENT**

The administration of the Workers' Compensation Program supports the City Council's goal to develop a sustainable city through the development and implementation of sound financial management policies and procedures.

### **COST SUMMARY/IMPLICATIONS**

Based on expenditures as of December 31, 2012, the projected overall cost of the Workers' Compensation Program for Fiscal Year 2012-13 is projected to be consistent with Fiscal Year 2011-12. Current year Permanent Disability expenditures are projected to be approximately 29 percent lower than the previous year, but Indemnity/Salary expenditures are expected to increase by one third. Medical costs are projected to be slightly lower (down 2 percent), while expenses for Investigative Claims may be significantly higher (up 38 percent).

*Attachment A – The Workers' Compensation Expenditures Report* provides a breakdown of Labor Code and MOU driven payments made to, and on behalf of, injured workers for the period from Fiscal Year 2008-09 through December 31, 2012.

**LC4850** pay refers to disability payments made to public safety personnel mandated by Labor Code Section 4850. LC4850 requires that sworn personnel who are injured on the job receive

100 percent of their salary for up to 12 months.

Of the Temporary Disability payments listed above, only one – Salary Supplement Pay – is not mandated by the State of California Labor Code. **Salary Supplement Pay** is a negotiated benefit where eligible employees receive a supplemental payment in addition to the mandated Temporary Disability payment. This supplemental payment, when combined with the Temporary Disability payment, results in the employee receiving 100 percent of their regular pay. Other than by Memorandum of Understanding (MOU), the City has no obligation to extend this benefit to City employees.

**Indemnity/settlement** includes settlements, applicant attorney fees, death/survivor benefits, and life pensions, provided following career ending injuries.

**Indemnity/salary** includes Labor Code mandated “temporary disability” (non-sworn), 4850 “full pay” (sworn), and MOU benefits (non-sworn).

**Medical** includes treatment, prescriptions, hospitalization and medical management.

**Allocated Expenses** are listed as individual line items on Attachment A: rehabilitation, investigative, legal defense, and Labor Code mandated 10% penalties. The 10% penalty must be attached to any indemnity/settlement, indemnity/salary or medical payment issued beyond the time limits for payment established by the Labor Code.

It should be noted that the reduction indemnity expenses is largely a transfer of funding sources and does not result in an overall savings to the City. The intent of this funding change is to allocate financial responsibility on the department of the injured employee to promote more proactive participation in injury prevention strategies and the return to work process. Staff will continue to track and report on projected/actual cost reductions in the upcoming months.

### **PAST PERFORMANCE, EVALUATION AND FOLLOW-UP**

This is a recurring informational report that is provided on a quarterly basis.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** There are no economic opportunities associated with this report.

**Environmental:** There are no environmental opportunities associated with this report.

**Social Equity:** There are no social equity opportunities associated with this report.

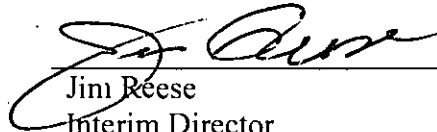


**CEQA**

This report is not a project under CEQA.

For questions regarding this report, please contact Deborah Grant, Risk Manager, at (510) 238-7165.

Respectfully submitted,



Jim Reese  
Interim Director  
Department of Human Resources  
Management/Information Technology

Prepared by:  
Deborah Grant, Risk Manager  
Risk and Benefits Division

**Attachments (7)**

- Attachment A – Workers' Compensation Expenditures Report (FY 2008-09 - December 31, 2012)***
- Attachment B – Return-to-Work Program Savings FY 2009-10 - December 31, 2012)***
- Attachment C – City of Oakland Dashboard (City-wide)***
- Attachment D – City of Oakland Dashboard (OPD)***
- Attachment E – City of Oakland Dashboard (OFD)***
- Attachment F – City of Oakland Dashboard (PWA)***
- Attachment G – City of Oakland Dashboard (All Other Departments)***

## ATTACHMENT A

### Workers' Compensation Expenditures Report FY 2008-09 through FY 2012-13 2Q

Attachment A provides a breakdown of Labor Code and MOU driven payments, to and on behalf of injured workers.

Indemnity/settlement includes settlements, applicant attorney fees, death/survivor benefits, and life pensions resulting from career ending injuries.

Indemnity/salary includes Labor Code mandated "temporary disability" (non-sworn), 4850 (sworn), and MOU benefits (non-sworn salary supplements).

Medical includes medical management, treatment, prescriptions, and hospitalization.

Allocated expenses are listed individually on attachment A, and are self-explanatory, except for the Labor Code mandated 10% penalty. This penalty must be attached to any indemnity/settlement, indemnity/salary or medical payment issued beyond the time limits for payment set by the Labor Code.

	2008-09	2009-10	2010-11	2011-12	2012-13 (2Q)	2012-13 (4Q Projected)	Projected Percentage Change (2011-12 to 2012-13)
<b>OPERATIONS EXPENDITURES</b>							
<b>INDEMNITY / SETTLEMENT</b>							
Permanent Disability	\$ 4,567,441	\$ 5,036,106	\$ 4,939,738	\$ 6,673,128	\$ 2,360,532	\$ 4,721,064	-29%
<b>INDEMNITY / SALARY</b>							
<b>Non-4850</b>							
Temporary Disability	\$ 1,045,350	\$ 1,371,942	\$ 1,750,928	\$ 1,472,842	\$ 879,464	\$ 1,758,928	19%
MOU Benefits/non-sworn	\$ 428,485	\$ 526,605	\$ 626,094	\$ 343,426	\$ 246,562	\$ 493,125	44%
Total Non-4850 Pay	\$ 1,473,835	\$ 1,898,547	\$ 2,377,022	\$ 1,816,268	\$ 1,126,026	\$ 2,252,053	24%
<b>4850/sworn</b>							
OPD - 4850 Pay	\$ 1,726,011	\$ 2,654,322	\$ 5,038,423	\$ 3,162,991	\$ 2,027,708	\$ 4,055,417	28%
OFD - 4850 Pay	\$ 2,677,212	\$ 3,104,530	\$ 2,672,983	\$ 1,947,291	\$ 1,424,777	\$ 2,849,553	46%
Total 4850 Pay	\$ 4,403,223	\$ 5,758,852	\$ 7,711,406	\$ 5,110,282	\$ 3,452,485	\$ 6,904,970	35%
Subtotal -- Indemnity / Salary	\$ 5,877,058	\$ 7,657,399	\$ 10,088,428	\$ 6,926,550	\$ 4,578,511	\$ 9,157,023	32%
<b>MEDICAL</b>	\$ 6,210,839	\$ 6,346,345	\$ 6,393,868	\$ 6,808,933	\$ 3,341,749	\$ 6,683,498	-2%
<b>ALLOCATED</b>							
Rehabilitation	\$ 88,391	\$ 23,955	\$ 34,391	\$ 30,272	\$ 17,095	\$ 34,190	13%
Investigative Claims Expense	\$ 443,300	\$ 403,961	\$ 468,595	\$ 443,173	\$ 304,699	\$ 609,398	38%
Legal Defense	\$ 1,023,725	\$ 1,180,255	\$ 953,583	\$ 942,854	\$ 477,682	\$ 955,365	1%
Labor Code 10% Penalties	\$ 18,587	\$ 7,864	\$ 8,568	\$ 7,468	\$ 3,135	\$ 6,270	-16%
Subtotal -- Allocated	\$ 1,574,003	\$ 1,616,035	\$ 1,465,137	\$ 1,423,767	\$ 802,612	\$ 1,605,223	13%
<b>SUB-TOTAL OPERATIONS EXPENDITURES</b>	\$ 18,329,341	\$ 20,655,885	\$ 22,887,171	\$ 21,832,278	\$ 11,083,404	\$ 22,166,808	-2%
<b>THIRD PARTY RECOVERY - REFUNDED TO CITY</b>	\$ (329,531)	\$ (821,953)	\$ (340,184)	\$ (2,411,517)	\$ (109,292)	\$ (218,584)	-91%
<b>TOTAL OPERATIONS EXPENDITURES</b>	\$ 17,999,810	\$ 19,833,932	\$ 22,546,987	\$ 19,420,861	\$ 10,974,112	\$ 21,948,225	13%
<b>ADMINISTRATIVE EXPENDITURES</b>							
Claims Administrator Contract	\$ 2,082,888	\$ 2,112,868	\$ 2,162,655	\$ 2,162,655	\$ 180,221	\$ 360,443	-83%
Bill Review Expense	\$ 582,384	\$ 582,384	\$ 582,384	\$ 582,384	\$ 48,532	\$ 97,064	-83%
<b>SUBTOTAL -- ADMINISTRATIVE EXPENDITURES</b>	\$ 2,665,272	\$ 2,695,252	\$ 2,745,039	\$ 2,745,039	\$ 228,753	\$ 457,507	
<b>TOTAL WORKERS' COMPENSATION EXPENSE</b>	\$ 20,665,082	\$ 22,529,184	\$ 25,292,026	\$ 22,165,900	\$ 11,202,866	\$ 22,405,731	1%

Attachment B

**City of Oakland  
Return-To-Work Program for Fiscal Year 2013**

	FY 2012 - 2013 Q1	EY 2012 - 2013 Q2
<b>City Wide</b>		
# Cases	101	84
# Transitional Days	4,544	3,662
TTD Cost Avoidance	\$ 1,067,546	\$ 820,209

<b>POLICE</b>		
# Cases	58	49
# Transitional Days	2,363	2,196
TTD Cost Avoidance *	\$ 675,143	\$ 627,429

<b>FIRE</b>		
# Cases	15	8
# Transitional Days	813	260
TTD Cost Avoidance **	\$ 278,743	\$ 89,143

<b>PUBLIC WORKS</b>		
# Cases	16	15
# Transitional Days	686	780
TTD Cost Avoidance	\$ 65,267	\$ 72,224

<b>OTHERS</b>		
# Cases	12	12
# Transitional Days	682	426
TTD Cost Avoidance	\$ 48,394	\$ 31,413

Q1: 07/01/12 - 09/30/12

Q2: 10/1/12 to 12/31/12

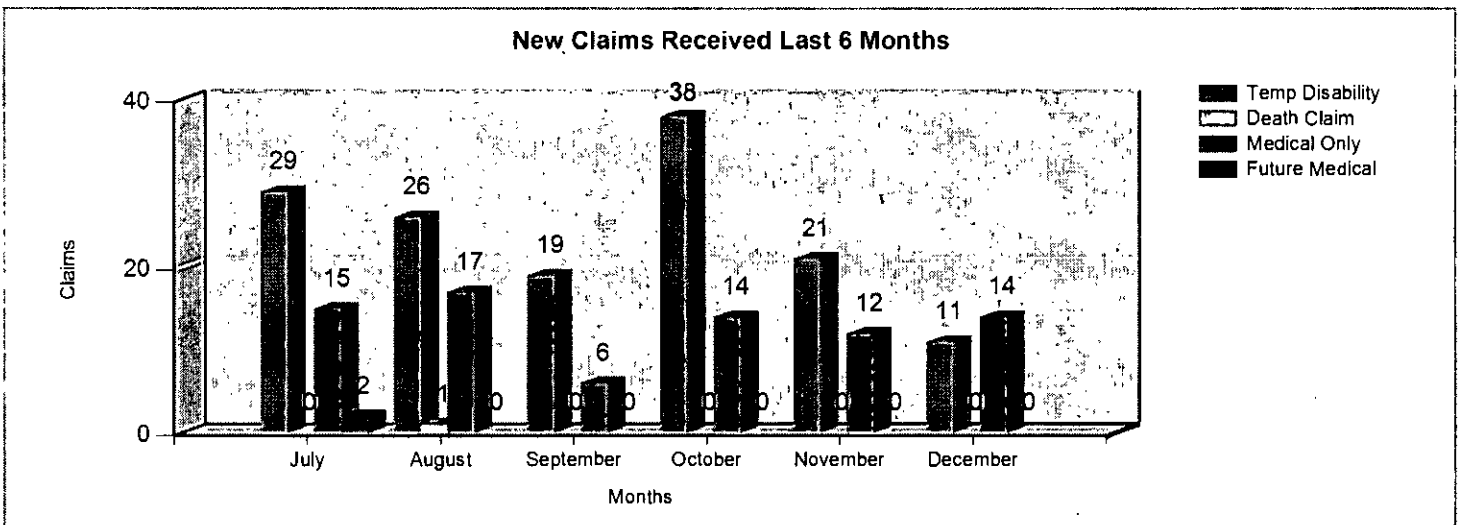
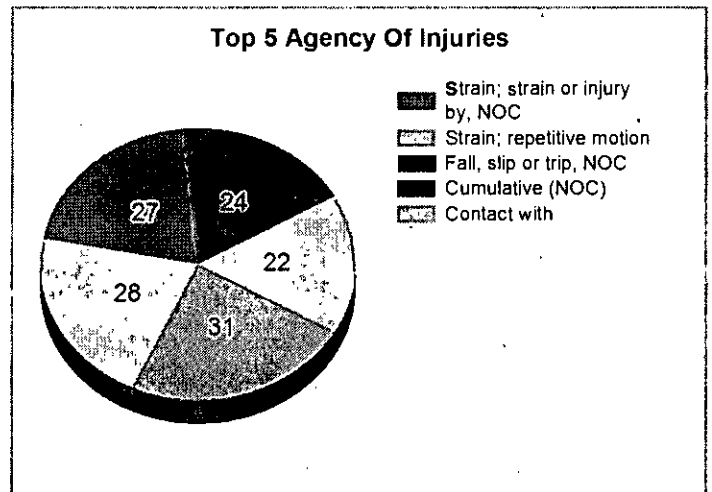
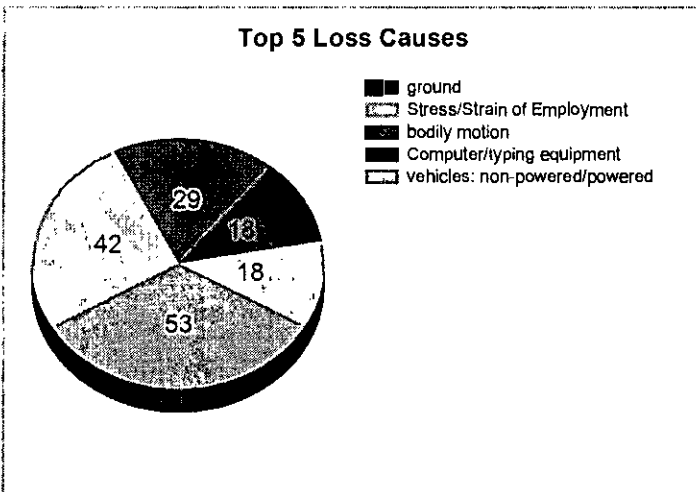
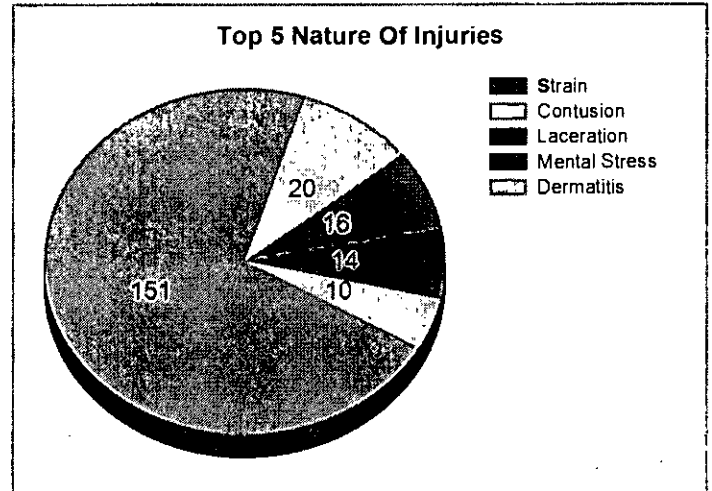
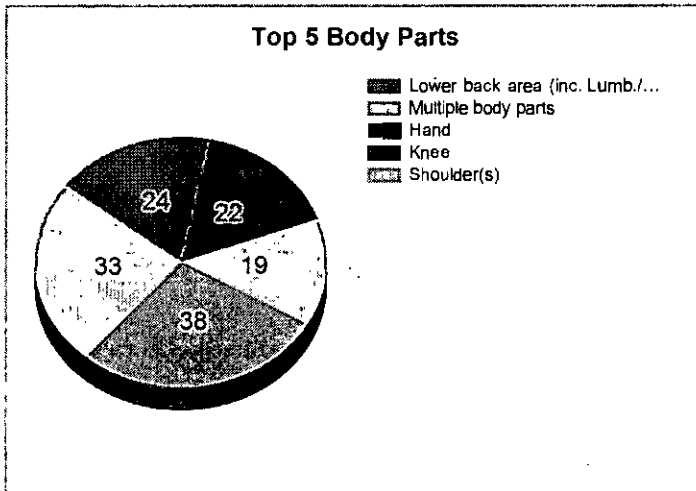
Q3: 1/1/13 to 3/31/13

Q4: 4/1/13 to 6/30/13

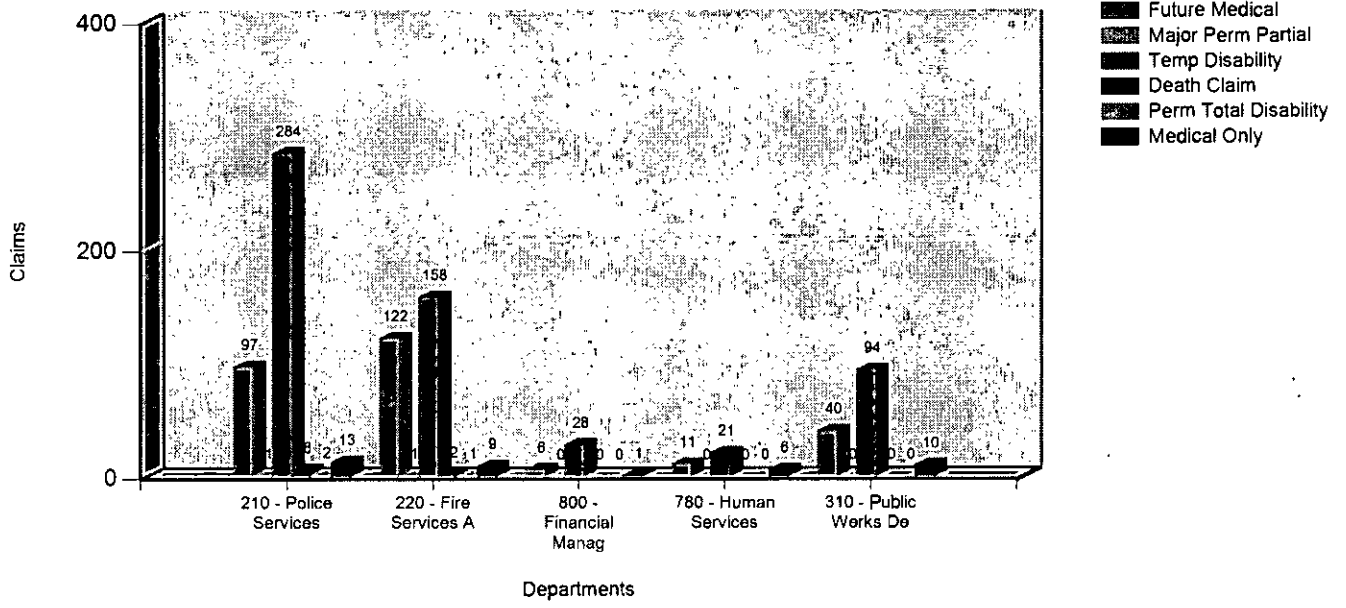
\* TTD Cost Avoidance amount for OPD Sworn based on estimated 4850 savings calculated at \$2,000/week

\*\* TTD Cost Avoidance amount for Fire Sworn based on estimated 4850 savings calculated at \$2,400/week

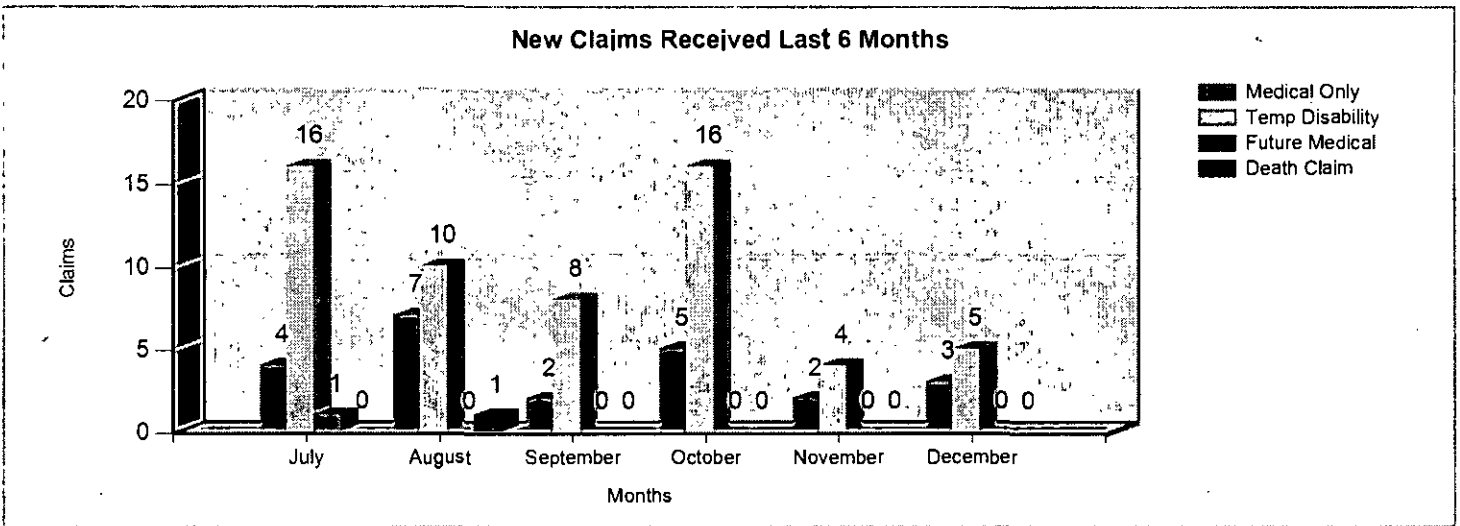
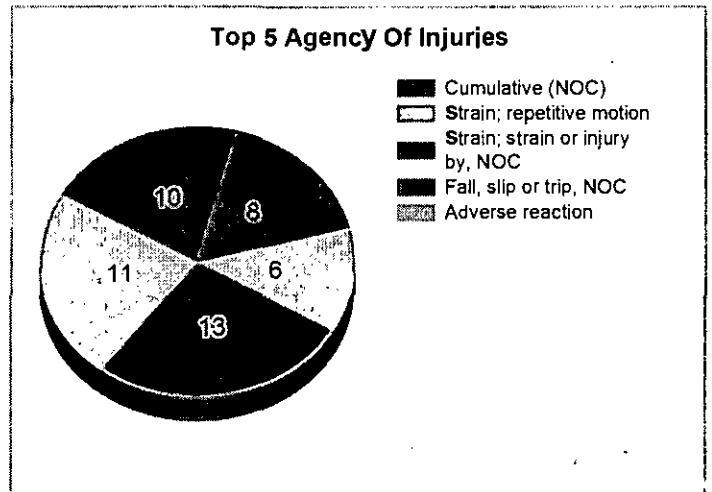
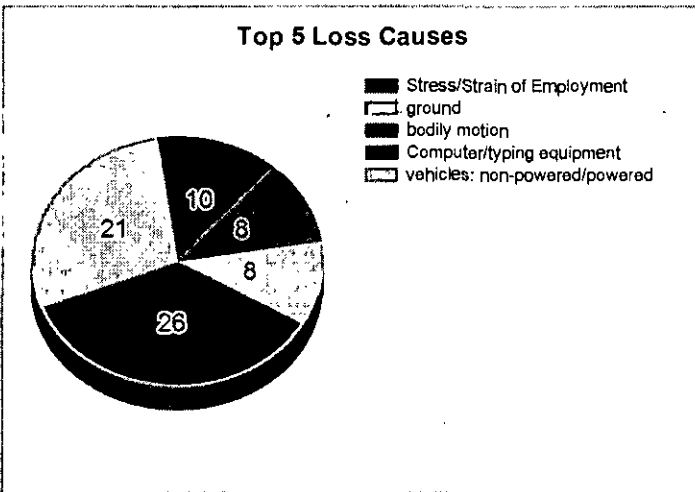
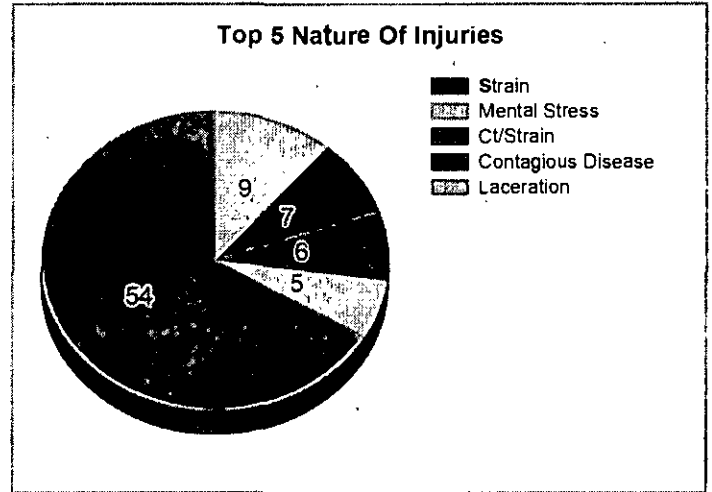
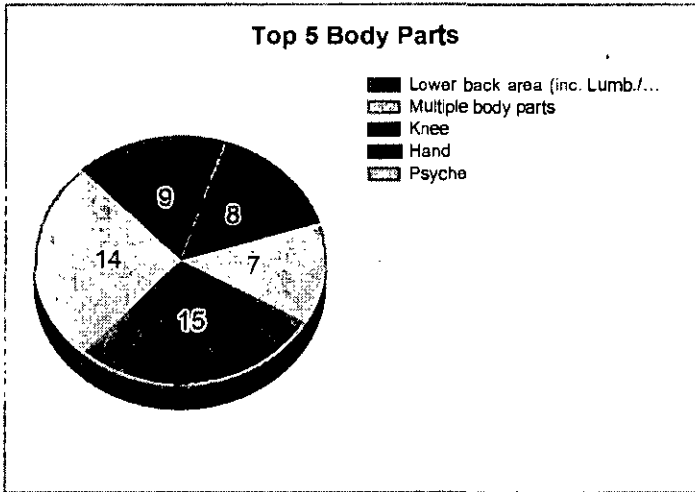
Loss Dates From 7/1/2012 Thru 12/31/2012



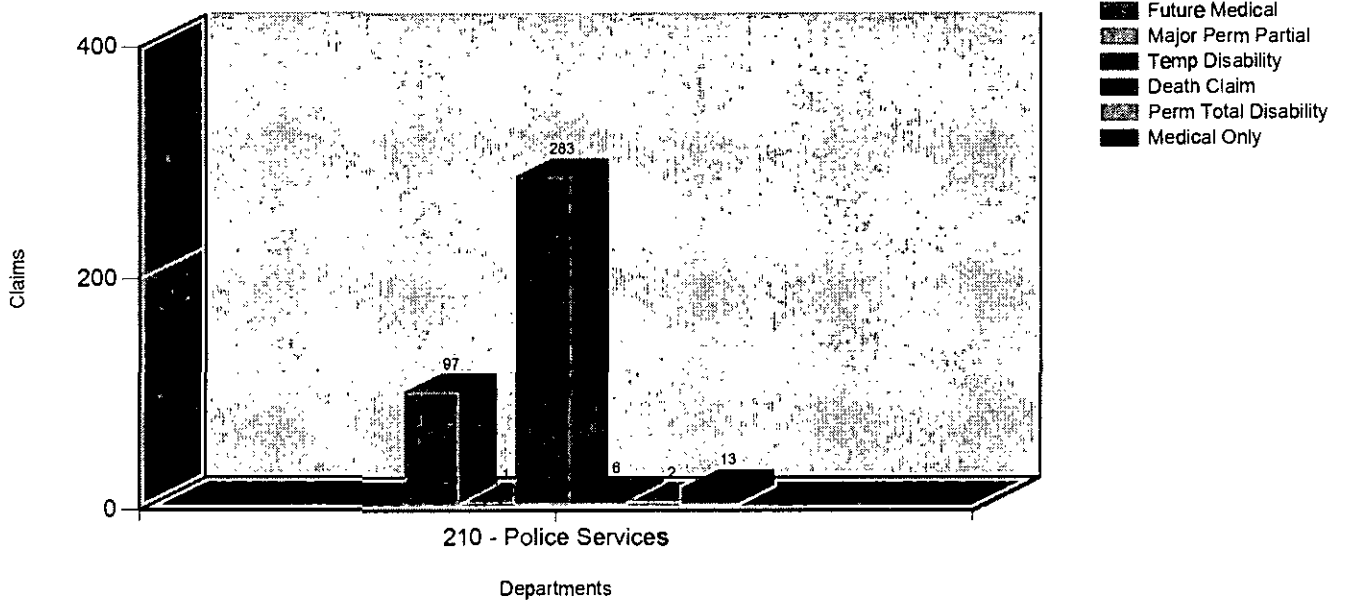
### Open Claims By Department



Loss Dates From 7/1/2012 Thru 12/31/2012

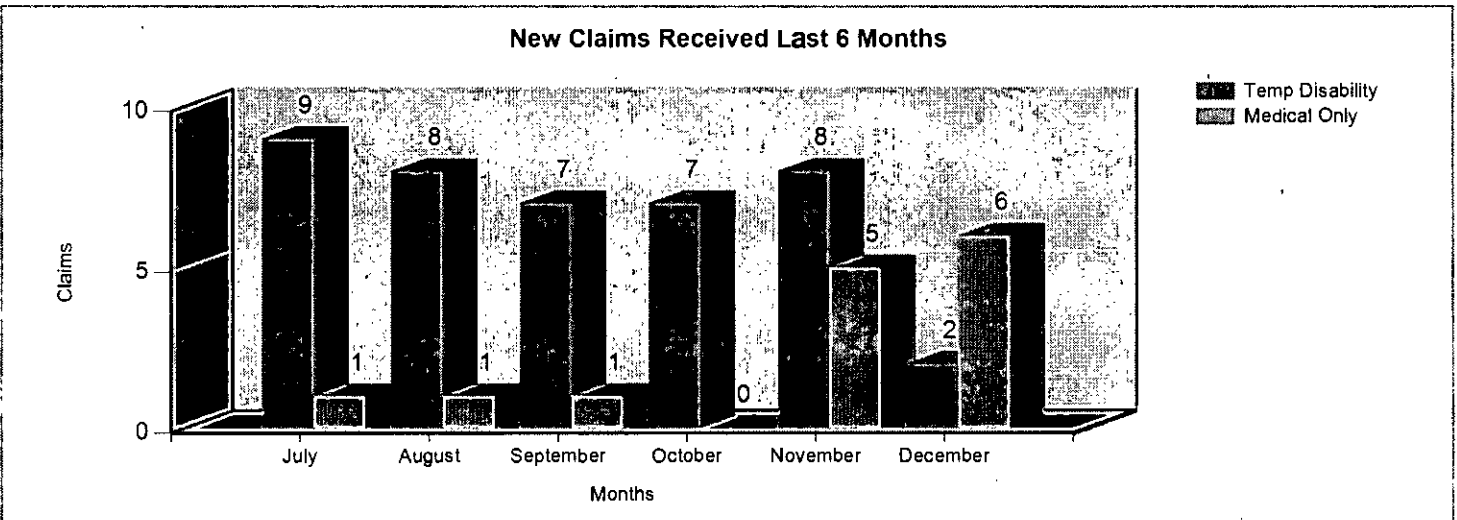
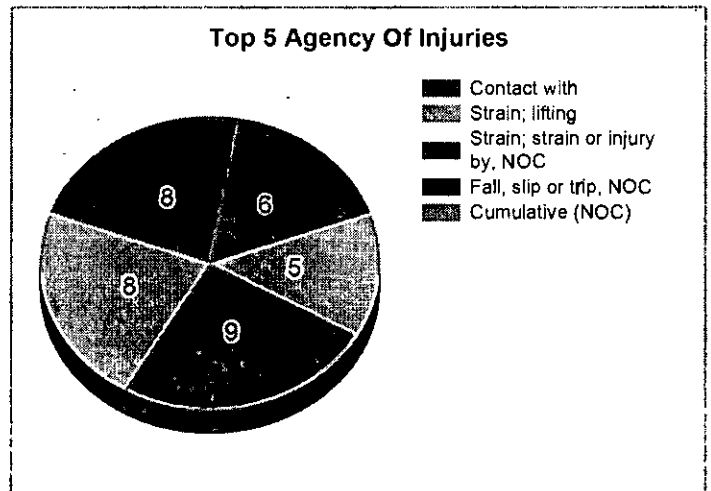
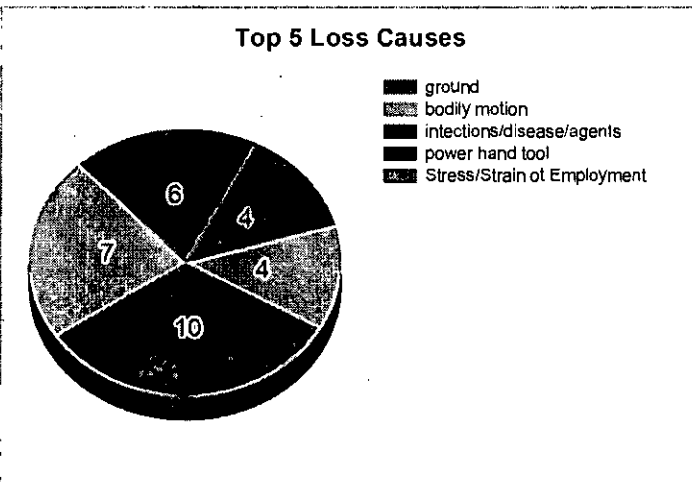
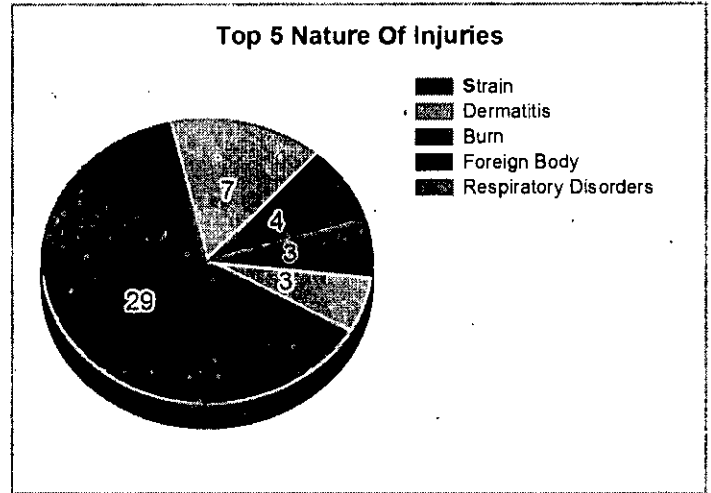
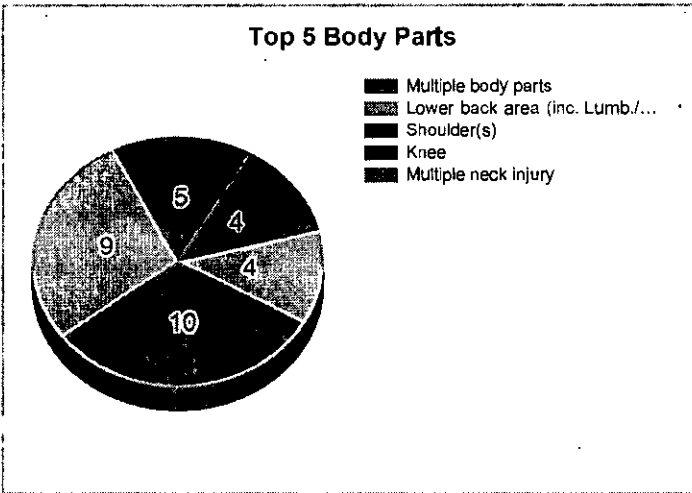


### Open Claims By Department



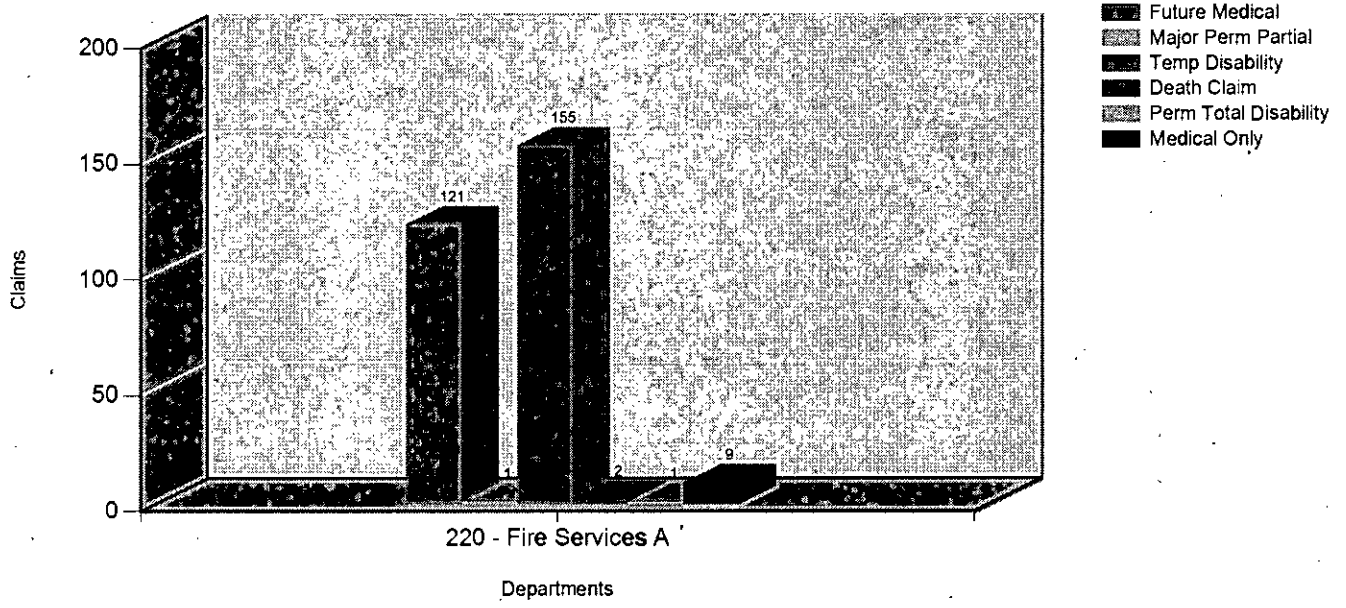
Dashboard Report

Loss Dates From 7/1/2012 Thru 12/31/2012





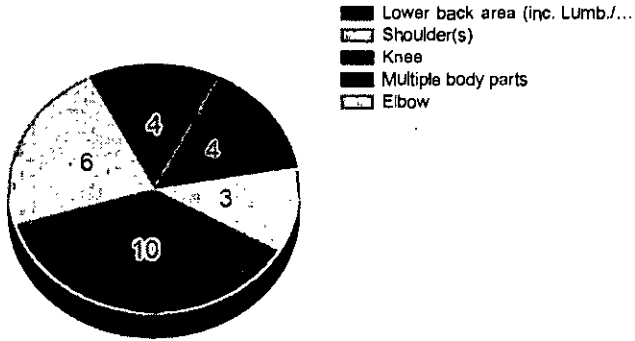
### Open Claims By Department



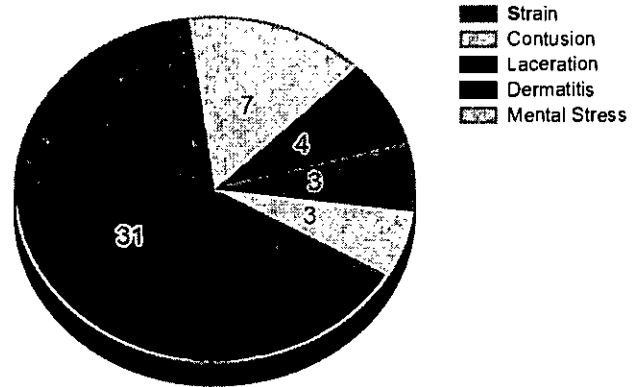
Dashboard Report

Loss Dates From 7/1/2012 Thru 12/31/2012

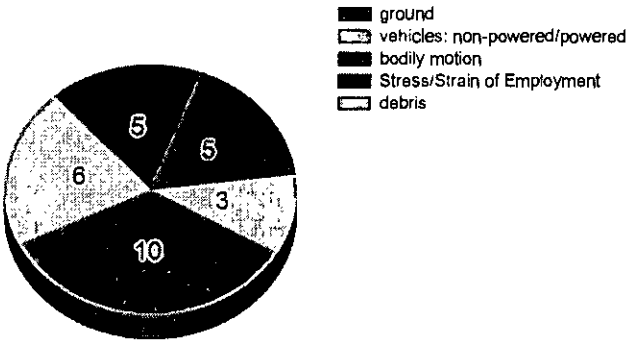
Top 5 Body Parts



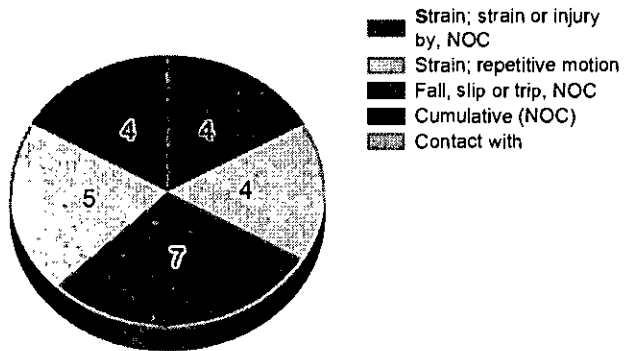
Top 5 Nature Of Injuries



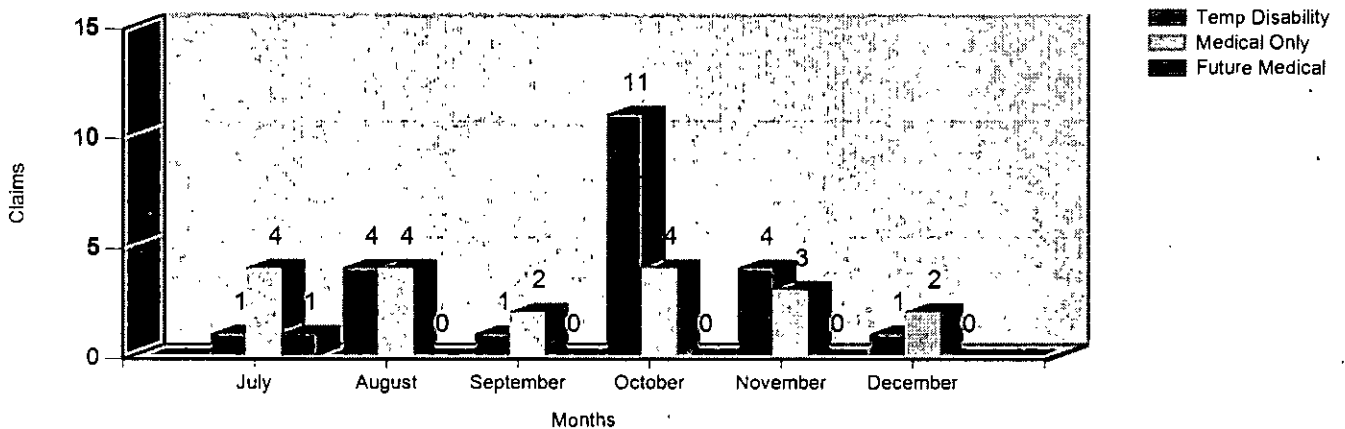
Top 5 Loss Causes



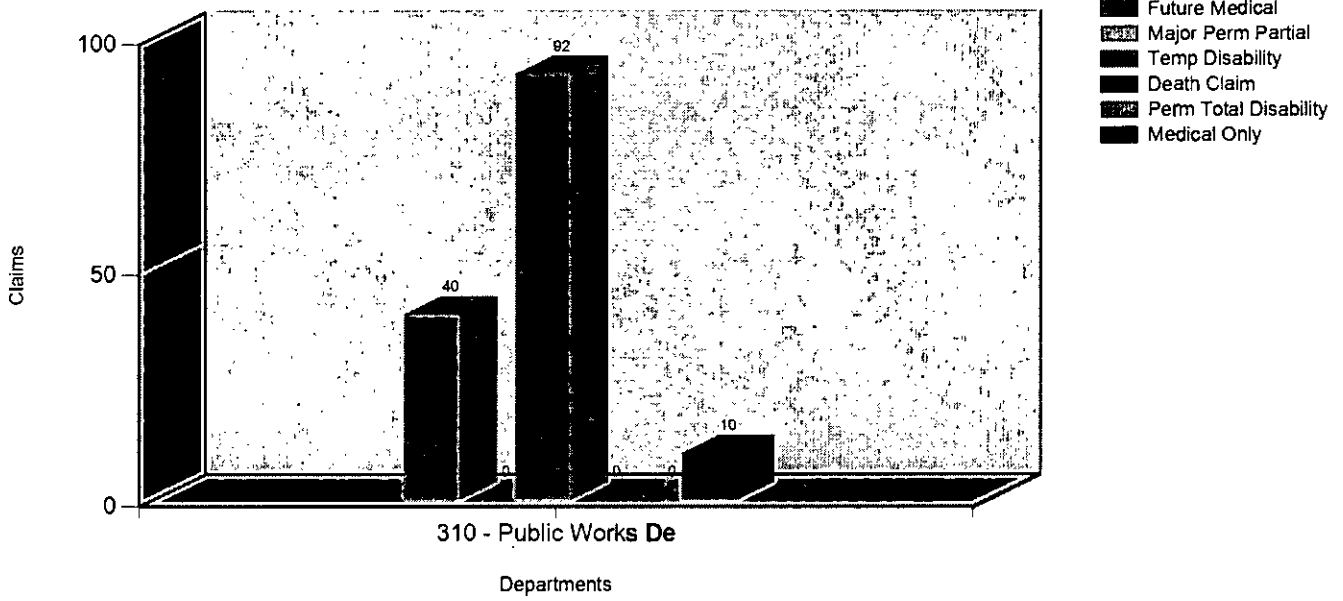
Top 5 Agency Of Injuries



New Claims Received Last 6 Months



### Open Claims By Department



### Open Claims By Department

